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Smaller agents have edge over renewal fees

Dear Sir,

I have just read the Mar/Apr issue and am surprised at the article on hidden fees. I started my letting and management company a year ago and after continuous research into my competitors, I have, as of the 1st March scrapped renewal fees.

This, for now has given me the edge over some larger agents who are not able or willing to cut the cost, however my concern is, if the government and industry continue to suggest, then enforce all of these cuts in fees, caps on per centage and bans on unregistered agents, surely there will come a time when it is not financially possible to run an agency, and the legislation that everyone fights so hard for will be meaningless as there will be no agents to regulate and make sure the tenant and landlords are abiding by the law.

Julie Ford
Gothard Rowe Lettings
& Management
Norfolk

Renewal fees should be scrapped

Dear Sir,

Regarding the recent Landlord & Buy to Let magazine, and the article 'Hidden fees warning for London and South East'. I would like to inform you of my own local letting agency, www.primesurreylets.co.uk, which clearly states 'no renewal fees'. I believe in a fair deal for landlords, especially as I am one myself, and wholeheartedly agree that these renewal fees should be scrapped.

There may be some justification for a small administrative fee if the landlord requests another contract to be drawn up, but in my experience, this can be avoided, as the original AST rolls on into a 'statutory periodic tenancy', which offers flexibility for landlord and tenant. There can be no justification for taking another large percentage off the rental money.

Clare Price
Director
www.primesurreylets.co.uk
Surrey

STAR LETTER

Scrap renewal fees - what renewal fees?

Dear Sir

I read with interest your article in the March/April edition of Landlord and Buy-to-Let magazine about letting agents in London and the south east charging "money for nothing" fees.

I run a building business and I have recently become involved in lettings and tenancy management for some of my clients who we have done work for. I have realised that this new string to our bow could be quite profitable for the company. The reason is not only because we pride ourselves on our attention to detail and good service, but also because many high street agents in the Brighton and Hove area, where we are based, do charge these absurdly high fees that do not reflect the work involved. This makes our company and our approach unique.

Our philosophy is that the landlord is our client and if it were not for them placing their property with us, we would not have a business. We believe that the tenant is the landlord's client and so we do not charge the tenant anything, as we believe it is not our place to do so. Many agents will charge tenants various signing on fees and fees to renew a tenancy. The landlord engages our services to manage his let and so with the exception of charges for EPCs and gas safety inspections; all management work we undertake is included in our published fees.

We do not believe in charging a percentage fee for the initial set up, as this fee is for a set amount of work and nothing to do with the rental income the property generates. We believe a percentage fee is unfair for landlords with large properties as the work involved in the set up of a family in a large six bedroom house is essentially the same and takes a similar amount of time as a professional couple sharing a small flat. Therefore we charge a fixed fee of £200 plus VAT for the initial set up of the tenancy and that includes the first month's fee.

From month two onwards we charge 7% of the rental income plus VAT which is very competitive in our area.

We only take on properties that are, in our opinion, "fit for purpose" and any landlords who really should be pumping some capital into making their property habitable will be told so. We also only take on full management. As we are a small business, we don't yet have the exposure that high street agents can afford, and therefore do not operate a tenant find service. However, as our rates are so competitive we find that many landlords are happy to let us fully manage their property.

We do not believe in renewals. In our view an AST is designed to run for the initial assured six months and after that time run on with, depending on the agreement, a one or two months notice period on either side. Renewing tenancies every six months is a ploy thought up by letting agents as a way of generating income. Some letting agents tell you that by renewing the tenancy every six months the landlord is protected and assured of income. This is rubbish, if a tenant is going to default, they will default regardless of what agreement is in place.

Tenants faced with signing up for another six months may just end the tenancy if they feel that they might need to be out in three months. However, where a tenancy rolls on, invariably the tenant is still there in eight months as they feel no pressure and live their lives without worrying about contracts.

John Socha of the NLA says in the article that he would be interested to hear from letting agents in London or the South East that are happy to scrap these fees. We are not happy to scrap them! We just never charged them in the first place!

Simon Davey
Ventnor Property Services Ltd
Hove, East Sussex

Have your say: Send your letters to oliver@accession.uk.com or by post to the Editor, 117 Chestergate, Macclesfield, SK11 6DP.