



Briefing for Members' Debate on 18 June 2008

A Tenancy Deposit Protection Scheme for Scotland

Shelter welcomes the debate on motion S3M-1812. Shelter calls on the Scottish Government to use powers in the Housing (Scotland) Act 2006 to introduce a Tenancy Deposit Protection Scheme without further delay.

Over 173,000 households live in the private rented sector in Scotland with an estimated £50 million of tenants' money held as deposits.

In Scotland, unlike many other countries worldwide, there is no regulation of rental deposits in the private rented sector. Landlords in Scotland are free to determine how deposit money should be held, how quickly it should be returned and who should benefit from the interest accumulated during the tenancy.

A deposit legally remains the property of the tenant throughout the tenancy, but a significant proportion of private tenants have difficulty getting their money back at the end of the tenancy:

- The 2001 survey of English Housing found 1 in 5 tenants had all or part of their deposit unreasonably withheld, and 9 per cent of tenants said landlords had given no reason.
- Research for Shelter and Citizens Advice Bureau found 48 per cent of clients had a deposit unreasonably withheld.

Unfair withholding of deposits by landlords causes hardship, misery and insecurity to people as they attempt to move from one tenancy to another. Evidence from Shelter's clients suggests that this problem can affect anyone who rents privately, but causes significant problems for tenants on low incomes renting at the lower end of the market.

The only form of redress for tenants who have had a deposit unfairly withheld is to take action at a small claims court. But people are often deterred from legal action by the complexities and costs involved.

Good practice information for managing deposits may be provided through Landlord Accreditation and Registration. This may help to raise standards among landlords who strive to become more professional, but cannot help individual tenants who face hardship from mismanagement of deposits at the hands of landlords or letting agents who won't engage with local authorities.

Shelter is calling on the Scottish Government to introduce a Tenancy Deposit Protection Scheme in Scotland which would be comprehensive, independent and provide effective dispute resolution.

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