

Renters (Reform) Bill briefing: Income discrimination in the private rented sector

Shelter strongly welcomes the introduction of the [Renters \(Reform\) Bill](#). It sets out many crucial reforms and is a once-in-a-generation opportunity for genuine change in the private rented sector. But the current version of the bill fails to address the discrimination that many renters face when trying to find a property – be it explicit “No DSS” adverts or the more informal barriers posed by rent in advance or guarantor requirements.

In order to meet the government’s ambition of creating a fairer private rented sector, the Renters (Reform) Bill must address income discrimination by:

- 1. Urgently bringing forward promised legislation to directly outlaw discrimination against renters in receipt of benefits, and those with children.**
- 2. Capping the amount of rent in advance that landlords and agents can request to two months.**
- 3. Prohibiting the use of guarantors as a pre-requisite for renting.**

Why do we need these reforms? We asked Dave, a Shelter service user who now campaigns to make private renting safer and more secure, to share his thoughts...

I’m Dave and I live in Woking, Surrey. I am in my fifties, have a disability, receive benefits, and have found that my circumstances make it even harder for me to find a home in the private rented sector. I have had to find new accommodation twice in the last four years due to receiving section 21 eviction notices. When searching for a place to rent, I have been told dozens of times: “sorry, the landlord would prefer a professional couple”. I have been told by every agent and landlord I have spoken to that a council bond is not accepted as a deposit, so I had to find £2,600 to move into my current flat. I have been told outright: “it is our policy not to take benefits without a guarantor”. These guarantors often need to be high-earners or homeowners – but I don’t know anyone that owns their own home. Being questioned on the details of your income is invasive, and having to stump up six months’ rent in advance is ludicrous.

I know case law already says blanket bans are unlawful and yet every agent and most landlords do it anyway. The most important thing from my point of view is removing the invisible barriers: intrusive questions, rent in advance and guarantor requests. I would welcome a scheme where a landlord can do a blind affordability check on a prospective tenant, negating the need for these barriers.

The Renters (Reform) Bill must outlaw discrimination outright.

The version of the Renters (Reform) Bill published at First Reading is missing certain key White Paper commitments. The bill must be urgently amended to make it directly and specifically illegal for landlords or agents to have blanket bans on renting to those in receipt of benefits, or families with children.

Shelter’s landmark court wins have already proved that “No DSS” adverts and blanket bans are unlawful indirect discrimination under the Equality Act 2010, as they have a disproportionate impact on certain marginalised groups, such as women, Black and Bangladeshi households, and disabled



people. But as it stands, renters facing income discrimination can only make a legal challenge if they belong to one of these protected groups. Even then, these renters face extraordinarily high evidence bars and legal costs, and contend with legal aid 'deserts' which make it impossible to secure support, in order to bring a claim to court.

The Renters (Reform) Bill must change this by introducing the first ever direct prohibition on discriminating against people due to their source of income, making blanket bans unlawful outright. This would change the game for over 385,000 households who were unable to rent a home they wanted to in the past five years due to their benefit status (Shelter/YouGov DSS Phase Two survey, April 2022).

The Renters (Reform) Bill must prioritise enforcement and access to justice.

Making blanket bans directly illegal will theoretically enable anyone to make a claim and remove the high evidence bars for doing so – but this will not work in practice without proper enforcement mechanisms or improved access to justice.

In order to make any anti-discrimination legislation effective in practice, **the government must implement robust enforcement mechanisms, which prioritise prevention rather than redress**, to act as a serious disincentive to any landlord or agent tempted to discriminate on the basis of income. It should also extend legal aid to cover cases of income discrimination to help renters bring cases to court.

The Renters (Reform) Bill must also address informal barriers.

Outlawing blanket bans is a great first step, but there are more opportunities to turn the bill into a genuine vehicle for change. Shelter wants to see the bill address the other, more informal, strategies that landlords and agents employ to make it more difficult for low-income households to secure a home. The two most prolific tactics are asking for multiple months' rent in advance, and requesting that the tenant appoints a guarantor to assume liability for any missed rental payments.

In 2021, 65% of renters we spoke to reported being asked for some level of rent in advance, and we've seen many cases of very large amounts being requested. In some cases, landlords are insisting on as much as 12 months' rent upfront. **To give people on all incomes a fair chance of securing a home, the government must use the Renters (Reform) Bill to cap the amount of rent in advance landlords and agents can request to a maximum of two months.**

Guarantor requirements are also an unfair obstacle for people from low-income households, few of whom will know someone who can afford to take on the risk of covering missed payments, especially when they themselves may be renting. Guarantor requests are becoming commonplace (particularly for those in receipt of benefits), and with the added caveats that the guarantor must meet a certain income threshold or own their own home, those without an affluent enough support network are pushed out of the market. **The government must prohibit the use of guarantors as a pre-requisite for renting, and encourage landlords to take advantage of widely available insurance products as an alternative precautionary measure.**

Contact

If you have any questions or would like any further information on this briefing, please contact public_affairs@shelter.org.uk.

