



Renters' Rights Bill: amendment to restrict guarantor requests

INTRODUCTION

In England's private rented sector, landlords commonly require tenants to provide a guarantor, as security against missed rent payments or damages. A guarantor often must be a UK-based homeowner earning above a set (usually very high) income threshold. Requests for a guarantor are in addition to requirements for a 5-week deposit, the first month's rent in advance, and passing an affordability assessment.

This practice disproportionately impacts renters on low incomes, those from low-income backgrounds, those without family support, and marginalised groups, creating barriers to accessing stable housing – sometimes excluding them from the private rented sector entirely.

Over the last 5 years, 550,000 private renters were unable to rent a home they wanted because they did not have a guarantor that met a landlord's requirements.¹ This is more than 100,000 people per year prevented from renting a home due to a guarantor request. And yet, 79% of landlords who request guarantors say they have never actually tried to claim a loss of rent from one.² Unnecessary guarantor requests are unfairly locking renters out.

The government rightly recognised that large rent in advance requests are too often a barrier for renters from marginalised groups. With the Renter's Rights Bill now setting a limit on rent in advance, it is important that safeguards are put in place to prevent guarantor requests increasingly being used to unfairly discriminate. The Bill should restrict the scenarios in which a landlord can legitimately request a guarantor to those in which a prospective tenant *cannot* prove that the rent is affordable to them.

Without reasonable restrictions on the use of guarantors, there is a risk that more renters with low incomes and from marginalised groups are forced to approach their local authorities for homelessness assistance and rent in advance payments. With the numbers of homeless households in temporary accommodation at a record high, the government must ensure the bill prevents unnecessary guarantor requests to avoid further burdening stretched homelessness services.

Shelter are supporting the amendment tabled by Baroness Kennedy of Cradley to this effect, which can be found [here](#). Sponsored by Baroness Lister of Burtersett, Baroness Greender and the Lord Bishop of Manchester.

¹ Figures are from a Shelter/YouGov survey of 2,038 private renters in England. The survey was carried out online between October – November 2024. The figures have been weighted and are representative of all private renters in England. Population calculations have been carried out independently by Shelter using census data.

² YouGov survey of private landlords in England. Total sample size was 1007 adults. Fieldwork was undertaken between 14th – 26th July 2023. The survey was carried out online.



GUARANTOR REQUESTS AS A DISCRIMINATION TOOL

Landlord preferences that disadvantage renters in receipt of housing benefit are a serious concern, particularly given that **a third of private renting households rely on housing support.³ The English Housing Survey found that nearly 100,000 households were refused tenancies in the last 12 months because they were in receipt of housing support.⁴** Shelter's own research shows that **52% of landlords do not or prefer not to let to these tenants.⁵**

Requirements such as the need for a high-earning/home-owning guarantor are employed in a targeted and exclusionary way, locking groups of tenants out of the private rented sector.

In effect, these arbitrary barriers are a form of discrimination, disproportionately affecting those more likely to receive benefits. **Groups such as women, single-parent households, Black and Bangladeshi households, and people with disabilities are particularly impacted.**

- Renters in receipt of benefits are 60% more likely to be asked for a guarantor, than those not in receipt.⁶
- Renters with a disability are 20% more likely to be asked for a guarantor, than those without.⁷
- Black renters are 66% more likely to be asked for a guarantor than white renters.⁸

DIFFICULTIES FINDING A GUARANTOR

Renters from low-income or marginalised backgrounds face greater difficulty providing a guarantor compared to those from more affluent or privileged backgrounds. Consequently, these groups are disproportionately impacted and face more barriers than others in accessing a stable home, because of guarantor requests becoming a more commonplace requirement.

21% of tenants looking for a private rented property (1.85 million renters) were asked to provide a guarantor as part of their current tenancy, and nearly a third reported that they found it difficult to meet this demand.⁹

³ Shelter analysis of DWP, Stat Xplore and ONS Census

⁴ Ministry of Housing, Communities & Local Government (2024) *English Housing Survey 2022 to 2023: rented sectors*. [online] MHCLG. Available at: <https://www.gov.uk/government/statistics/english-housing-survey-2022-to-2023-rented-sectors/english-housing-survey-2022-to-2023-rented-sectors>

⁵ YouGov survey of private landlords in England. Total sample size was 1007 adults. Fieldwork was undertaken between 14th - 26th July 2023. The survey was carried out online

⁶ YouGov survey for Shelter of 4,023 nationally representative private renting adults (18+) in England, conducted in 2023.

⁷ Ibid.

⁸ Ibid.

⁹ YouGov survey for Shelter of 4,023 nationally representative private renting adults (18+) in England, conducted in 2023.



For some groups of renters, securing a guarantor is even more challenging. It is notable that the groups who are disproportionately impacted by guarantor requests are the very people the bill aspires to empower with its anti-discrimination provisions, and even includes groups (such as those with problem debt) who opponents of this amendment have assumed to be beneficiaries of guarantor demands.

- 45% of benefits recipients asked to provide a guarantor said they found it difficult, compared to just 24% of those not in receipt.¹⁰
- 39% of women found it difficult to provide a guarantor, compared to 24% of men.¹¹
- 43% of families struggled to find a guarantor, compared to 24% of households without children.¹²
- 39% of people with a disability found it hard to find a guarantor, compared to 30% of people without a disability.¹³

Additional criteria for appointing a guarantor – that they should earn over a certain amount, be UK-based or own their own home – excludes individuals from backgrounds where they are less likely to have people in their support network that meet these conditions, preventing them from being able to access a home in the private rented sector.

GETTING THE RIGHT BALANCE OF REASSURANCES

When landlords assess a prospective tenant's reliability, a 5-week deposit, the first month's rent, and passing an affordability assessment should suffice—the additional assurance a guarantor provides is both unclear and limited.

It is important to note that 16% of landlords believe guarantor requests to be standard practice,¹⁴ which would suggest that, for a significant number of landlords, these demands are *not* made in response to a tenant's application, but in advance of the landlord knowing anything about their individual circumstances.

Overwhelmingly, landlords are asking for guarantors they will in reality never need to fall back on. Of the group of landlords surveyed who say they use guarantors, 79% said they have never actually tried to claim a loss of rent from a guarantor.¹⁵

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

¹⁴ YouGov survey of private landlords in England. Total sample size was 1007 adults. Fieldwork was undertaken between 14th – 26th July 2023. The survey was carried out online.

¹⁵ YouGov survey of private landlords in England. Total sample size was 1007 adults. Fieldwork was undertaken between 14th – 26th July 2023. The survey was carried out online.



When you consider the disproportionate impact that guarantor requests do have, as an upstream method for discrimination, the role they play in private renting should be heavily restricted to circumstances where they are genuinely required (in situations where a prospective tenant cannot demonstrate that they can afford the rent).

This is to be taken with the knowledge that guarantor requests are frequently employed unfairly, often based on assumptions about tenants' ability to pay the rent. In fact, **33% of landlords who asked for a guarantor did so because they were letting to a tenant they considered to be 'high risk'.**¹⁶

Based on experiences in Shelter's advice and legal services, we see that this request – and the landlord or agent's perception of 'risk' – is often related to the applicant's benefits status, **even where tenants are able to demonstrate they can afford the rent.** The expectation that a tenant is more likely to default on their rent as a direct result of their benefits status is highly prejudiced and also leads to disproportionately worse outcomes in accessing a home for households on low incomes.

Similarly, private tenants with problem debt are often assumed to represent a higher risk of failing to meet their rental payments. However, evidence shows that private renters, even those with problem debt, will prioritise paying the rent over other bills and avoid falling into arrears.¹⁷ Rent arrears are rare in the PRS generally, with only 2% of PRS tenants in 2023-24 reporting being in arrears and a further 3% saying they had fallen behind in the 12 months prior.¹⁸

The interpretation of 'risk', therefore, is narrow and simplistic, based on prejudicial assumptions and reinforced by arbitrary referencing criteria.

The Renter's Rights Bill should restrict the scenarios in which a landlord can legitimately request a guarantor to those in which a prospective tenant cannot prove that the rent is affordable to them.

If you would like to discuss the Renters' Rights Bill with Shelter, please feel free to contact us at public_affairs@shelter.org.uk.

Shelter urges peers to support the amendment outlined below:

Lead member: Baroness Kennedy of Cradley

Sponsors: Baroness Lister of Burtsett, Baroness Greender, the Lord Bishop of Manchester

¹⁶ Ibid.

¹⁷ [Trapped-in-Rent-report-May-2023-StepChange.pdf](#)

StepChange's research shows that PRS tenants with problem debt are less likely to have been in rent arrears than social tenants (21% compared with 51%), but more likely to have fallen behind on other household bills.

¹⁸ [Chapter 2: Housing costs and affordability - GOV.UK](#)



After clause 20, insert the following new Clause –

“Restriction on landlord's ability to require tenant to provide guarantor

- (1) A relevant person must not, in any of the circumstances set out in subsection (3), require a person, as a condition of the grant of a relevant tenancy, to provide a guarantor in relation to the observance or performance of the tenant's obligations under the tenancy.
- (2) For the purposes of this section, requiring a person to provide a guarantor includes accepting an offer by that person to provide a guarantor.
- (3) The circumstances are –
 - a. that the person has paid a tenancy deposit or has been assisted under a deposit scheme;
 - b. that the person is required to pay rent in advance of one month's rent or more;
 - c. that on a reasonable assessment of their means the person's income (including state benefits received and any other lawful source of income) is sufficient to enable them to pay the full rent due under the tenancy;
 - d. that arrangements will be made for housing benefit or the housing element of universal credit to be paid directly in respect of rent to a relevant person;
 - e. that the relevant person has entered into a contract of insurance under which they are insured against non-payment of rent; or
 - f. such other circumstances as may be prescribed by the Secretary of State.
- (4) In any other case where a relevant person lawfully requires a person, as a condition of the grant of a relevant tenancy, to provide a guarantor, the sum for which the guarantor may become liable under the relevant guarantee shall not exceed a sum equal to six months' rent.
- (5) In any case where a relevant person lawfully requires a person, as a condition of the grant of a relevant joint tenancy, to provide a guarantor, the sum claimed under the guarantee shall not exceed such proportion of the loss as is attributable to the act or default of the individual tenant on whose behalf the guarantee was given; and if such proportion cannot be proved, shall not exceed the sum obtained by dividing the total loss by the number of tenants.
- (6) In this section –

a “guarantor” is a person who enters into a guarantee in relation to a relevant tenancy;



a “guarantee” is a contractual promise to be responsible for the performance of an obligation owed by the tenant to a relevant person under the tenancy if the tenant fails to perform the obligation;

a “deposit scheme” includes a scheme whereby a sum payable by way of deposit or a bond or guarantee is provided by a local authority, registered charity or voluntary organisation for the purpose of providing security to a landlord for the performance of a tenant’s obligations under a tenancy;

“tenancy deposit” has the same meaning as in section 212(8) of the Housing Act 2004;

“relevant person” has the meaning given by section 16M(1) of the 1988 Act.”

Explanatory statement

This new clause would restrict the circumstances in which a landlord can request a guarantor. In any case where a landlord can lawfully insist on a guarantor, the guarantor’s liability under the guarantee is not to exceed a total of six months’ rent.