



Stop DSS Discrimination

Ending prejudice against
renters on housing benefit

In partnership with

**NATIONAL
HOUSING
FEDERATION**

Shelter

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Introduction

Open discrimination against people on benefits is freely taking place on high streets up and down the country. A recent survey of almost 4,000 private renters by YouGov found that almost a third of people receiving housing benefit¹ said they hadn't been able to rent a home due to a 'No DSS'² policy in the last five years³.

Given that there are over one million private renting households in England who receive housing benefit, this means that the equivalent of hundreds of thousands of people may have come up against this type of discrimination in recent years⁴.

The reality is, that in an expanding and competitive lettings market, too many renters are being locked out of finding a home. The reason – blatant prejudice fronted by 'No DSS' policies frequently employed by letting agents and landlords.

This does not affect all people equally. Analysis of official figures from the Department for Work and Pensions reveals that 95% of single parents receiving housing benefit are female⁵. As well as women being disproportionately affected, our research also suggests that people with disabilities are more likely to receive housing benefit. It is plain to see that not only are 'No DSS' policies deeply unfair, the practise is morally bankrupt.

Bans on renters claiming housing benefit are a common sight in property adverts. 'No DSS', 'working households preferred', 'professional tenants only': these are messages that many prospective tenants will be familiar with.

Additionally, a recent YouGov survey of more than 1,000 private landlords confirms this widespread prejudice – showing that six in ten landlords would prefer not to rent to tenants on housing benefit, and four in ten landlords operate an outright ban⁶.

The struggle for renters on housing benefit is real. Successive governments have failed to prioritise the need for good homes for people on lower incomes. Many people are stuck on social housing waiting lists for years on end. The dwindling numbers of social homes and high house prices mean the only option for many is to grapple with expensive and unstable private renting.

**6 in 10
landlords**
prefer not to rent to
tenants on housing
benefit

-
- 1 Whenever this report mentions 'housing benefit'(HB), it refers to Local Housing Allowance (LHA) – the name for the housing benefit received by private renters, and the housing element of universal credit.
 - 2 The 'DSS' or 'Department for Social Security' is a defunct political department that was merged into the Department for Work and Pensions in 2001. Nevertheless, the term 'DSS' remains a common shorthand for welfare benefits, including housing benefit. 'No DSS' policies therefore seek to bar housing benefit claimants.
 - 3 YouGov, survey of 3,978 private renters in the UK, online, weighted, August 2017
 - 4 YouGov, survey of 3,978 private renters in the UK, online, weighted, August 2017
 - 5 This statistic was calculated using caseload data published by the Department for Work and Pensions. Data is as of December 2016. 95% of single parent households claiming housing benefit are led by a woman.
 - 6 YouGov, survey of 1137 private landlords in the UK, online, July–August 2017

With more people relying on private renting, the sector has more than doubled in size in the last two decades: there are now 11.5 million private renters in England⁷. The type of people living in it is also changing, with private renting quickly becoming the only option for many families with children.

Sadly, it is these families who are frequently the worst affected by discriminatory policies, as almost half of private renting households who receive housing benefit are families⁸. But in a climate of sky-high rents that have outstripped wages, many people simply can't get by without a top-up from housing benefit – even though a high proportion are working.

Against this backdrop, thousands of hard-pressed renters are caught in a vicious circle. More and more people are facing a daily battle to find a place to call home. Many renters on housing benefit already struggle to find somewhere affordable to live. But this situation is being made even harder by an undercurrent of discriminatory and potentially unlawful policies in the private letting industry.

We know that the benefit system can be frustrating and prone to delays⁹. However, a survey of private landlords shows that the leading factor fueling discrimination against housing benefit tenants was advice from letting agents – with over a third (36%) of landlords' who use letting agents on all their properties citing this as the reason they prefer not to let to this group¹⁰.

Such practices encourage or compel landlords to impose bans, without taking individual circumstances into account. They also feed into unfair, negative perceptions of renters on housing benefit, inflating the perceived risks of letting to this group.

**6 in 10
adults**
on housing
benefit are women

We think this treatment of housing benefit tenants is unacceptable and could be unlawful. Responsible landlords, letting agents, mortgage providers do not operate bans on particular groups of tenants.

In this report, Shelter and National Housing Federation (NHF) expose these discriminatory practices and the impact they can have on housing benefit tenants. With new research and analysis, we will reveal the policies and practices fueling 'DSS discrimination' in private renting and why it must come to an immediate stop, so that all renters are treated fairly in their search for a place to call home.

⁷ English Housing Survey 2016-17, MHCLG

⁸ Taken from analysis using DWP Stat-xplore

⁹ Although it can be a more secure way for landlords to receive income, as in some cases people on housing benefit are able to have it paid directly to the landlord.

¹⁰ YouGov, survey of 1137 private landlords in the UK, online, July – August 2017

What does the law say – is a blanket ‘No DSS’ policy unlawful?

The Equality Act 2010 makes it unlawful to discriminate against anyone with a ‘protected’ characteristic – such as sex, disability or race. Under this law, you are protected from discrimination across a number of areas, including at work, in education and importantly, when buying or renting a property.

Looking at the demographic of who claims housing benefit there is evidence to suggest that some groups – for example women and people with a disability – are disproportionately affected by ‘No DSS’ policies.

For example, analysis by Shelter shows that people in receipt of disability benefits are three times more likely to also receive housing benefit.¹¹

Additionally, our analysis of official figures from the Department for Work and Pensions suggest that 60% of adults on housing benefit are women. Additionally, these figures show that 95% of single parents receiving housing benefit are female.¹²

We believe an outright ban on housing benefit tenants indirectly discriminates against women and people with disabilities and could therefore be unlawful.

This argument was recently tested by Rosie Keogh, who with support from Shelter and the Bar Pro Bono Unit, took legal action against her letting agent. The letting agent admitted to indirect discrimination and agreed to settle out of court, and Rosie was awarded compensation.

The outcome of this case strongly supports Shelter and NHF’s view that ‘No DSS’, policies or bans could be unlawful and open to legal challenge under the Equality Act.

This also resonates with private renters across the country. New polling by YouGov shows that the majority would welcome a legal ruling. 6 in 10 (59%) private renters think that it should be illegal for letting agents and private landlords to operate housing benefit bans¹³.

11 Due to the inability to cross refer disability and housing benefits on the DWP stats tool this data is taken from wave 7 of Understanding Society. Tenure data was matched to the Household identifiers for the individual respondents, and filtered by those within the PRS and claiming Disability Living Allowance. Total unweighted base is c.4,000 within this group. Data was collected January 2015 – January 2017.

12 These statistics were calculated using caseload data published by the Department for Work and Pensions. Data is as of December 2016. The 60% of adults on housing benefit who are women is the number of adult women in a household with a housing benefit claim. 71% of these women are the only adult in the household, 29% are part of a couple. 95% of single parent households claiming housing benefit are led by a woman.

13 YouGov survey of 1,029 private renters in England, online, weighted, 18+, July–August 2018

Rosie's story

Rosie is a working mum who uses housing benefit to top up her rent. She faced 'DSS discrimination' and decided to fight it.

"We can't help you if you're on housing benefit." These were the words that prompted Rosie's ejection from a letting agent's office last year, dashing her hopes of finding a new home for her and her son.

Rosie is a working mum and a former paralegal with a law degree. But when house hunting, she encountered a letting agent that could not see past the fact that she claimed housing benefit.

Rosie had been living at her address for 11 years. Although she had never missed a rent payment, the house was damp and mouldy, which had been causing problems for her seven-year-old son, who is asthmatic. After searching for a suitable property, she found one within her price range and visited the letting agent to begin filling out the paperwork.

Due to childcare responsibilities Rosie now works part-time, and uses housing benefit to top-up her earnings and help pay the rent. However, when she explained this to the letting agent, things became awkward. The agency said it would not proceed with her application because she claimed housing benefit. It did not even ask how much housing benefit she would be receiving.

Rosie's former line of work in employment law spurred her on, and she decided to fight this unfair treatment by the letting agent – taking legal action against them on the grounds of indirect discrimination on the grounds of her sex. This is supported by Shelter's analysis of official figures, which show that single mothers are more likely to claim housing benefit in the private rented sector.



In the end, the letting agent admitted to indirect discrimination and chose to settle out of court, paying Rosie compensation.

Unfair and potentially discriminatory behaviour continues to plague private renting.

The result of this case was a significant step, but the bitter truth is that unfair and potentially discriminatory behaviour continues to plague private renting.

In the end, Rosie gave up trying to find a new home. Her house is still damp and unsuitable for her son. Unless the private renting becomes more accessible for people like Rosie, moving home will continue to be an uphill struggle.

Context – exposing 'No DSS' policies

The research below sets out the prevalence of 'no DSS' policies by landlords and letting agents. This includes how these practices affect housing benefit renters, as well as the opinions and policies of landlords, letting agents and buy-to-let mortgage lenders.

Survey of private renters:

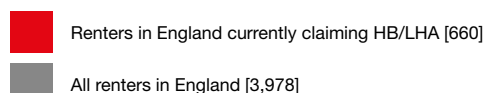
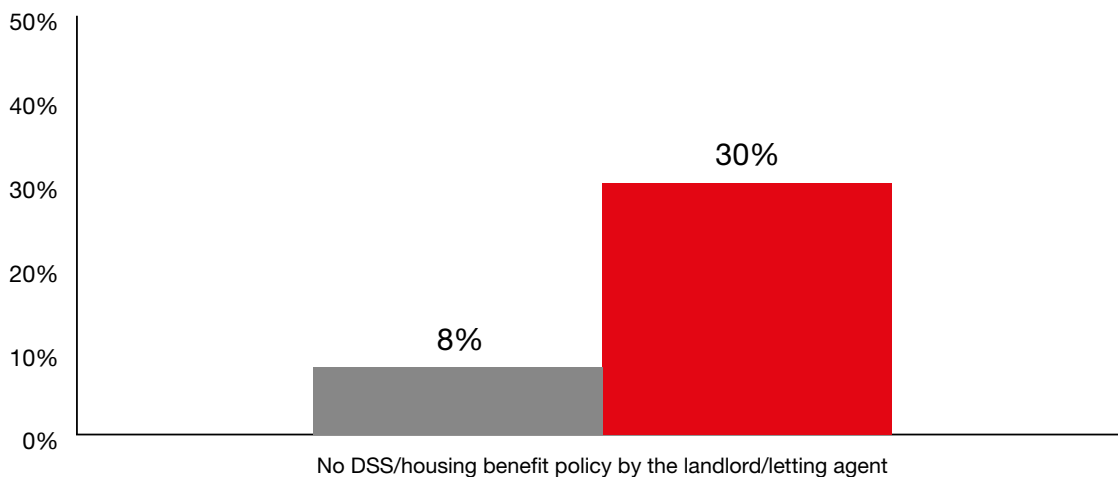
In the largest survey of private renters in England (3,978 respondents), the problem posed by 'No DSS' policies for housing benefit tenants was clear¹⁴.

Almost a third of renters receiving housing benefit (30%) said that they had not been able to rent a home due to a 'No DSS' policy in the last five years. Given that there are over one million private renting households in England who receive housing benefit, this means that the equivalent of hundreds of thousands of people may have come up against this type of discrimination in recent years¹⁵.

**1 in 3
renters**

on housing benefit
aren't able to rent a
home due to 'No DSS'

Have you wanted to rent a home, but not been able to, for any of the following reasons?



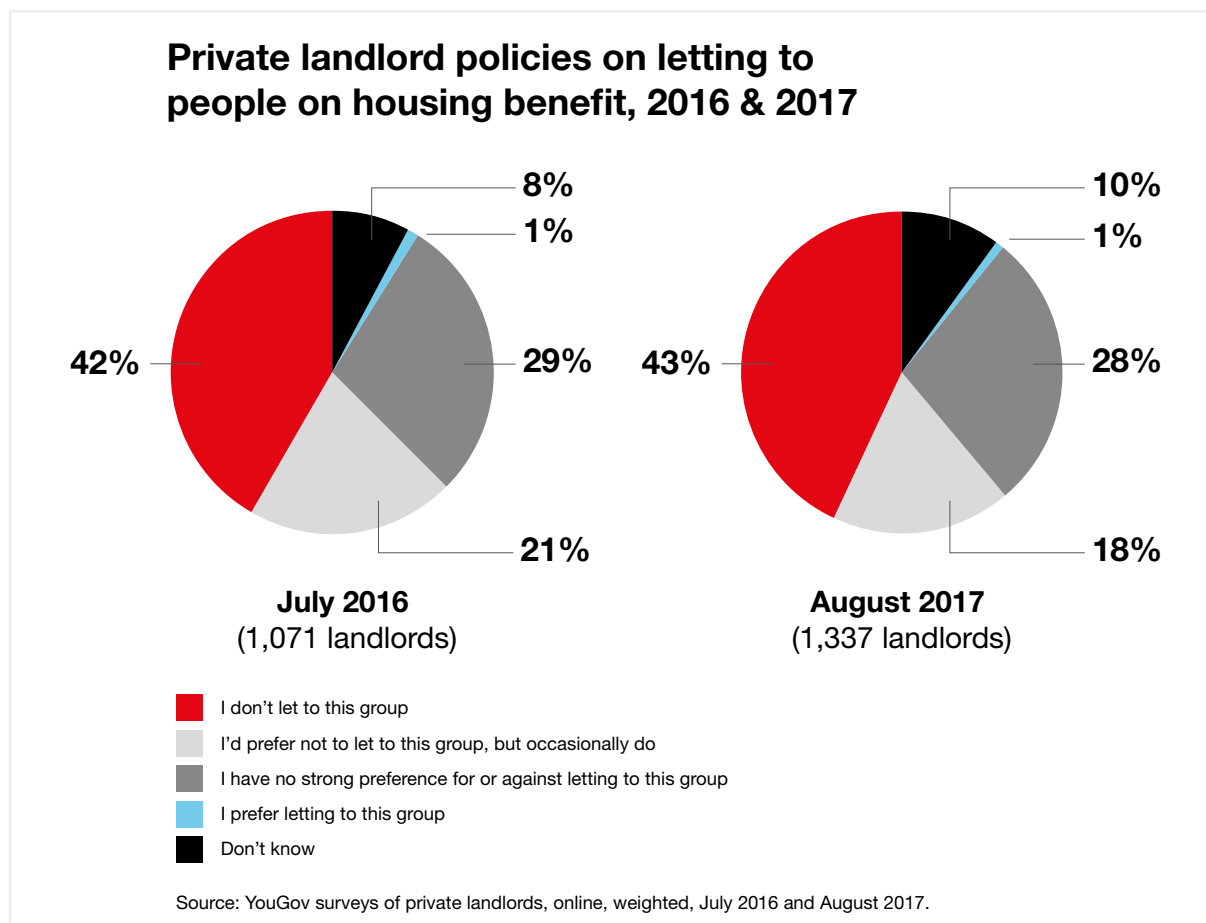
Source: YouGov survey of 3,978 private renters, online, weighted, August 2017.

¹⁴ YouGov, survey of 3,978 private renters in the UK, online, weighted, August 2017

¹⁵ Number of Housing Benefit claims in Private Rented housing from DWP Stat-xplore

Survey of private landlords:

A 2017 YouGov survey of more than 1,000 private landlords shows that 43% operate an outright bar on households claiming housing benefit and a further 18% say that they prefer not to let to this group¹⁶. This means that overall 6 in 10 private landlords surveyed prefer not to let to people on housing benefit or bar them outright. These results are very consistent with the last wave of the survey two years earlier, as shown by the chart below:



The survey also found that the reasons landlords give for not renting to people on housing benefit are varied, but the leading factor was that 'my letting agents advised against it'. This was the highest result of any of the prompted reasons given on the survey, with 36% of landlords who use an agent on all properties citing this as the reason for barring housing benefit tenants. Many letting agents are treating renters on benefits unfairly, locking them out of homes they could afford.

Another reason commonly given by landlords is that they are not allowed to rent to people on housing benefit because their mortgage or insurance policy does not allow it – 13% of landlords cited this as their reason for barring or preferring not to rent to those on housing benefit.

16 YouGov, survey of 1137 private landlords in the UK, online, July - August 2017

Although some buy-to-let mortgage lenders continue to operate this policy, a number of lenders have chosen to change their policies in recent years. For example, Nationwide Building Society and BM Solutions (the buy to let arm of Lloyds Banking Group) removed restrictions to allow renting to housing benefit tenants in 2013:

“Restricting letting to tenants on benefits does not fit with Nationwide’s ethos as a building society, because of the unfair disadvantage it implies. Our founding principles included helping people escape poor quality housing and ensuring everyone can access a safe and secure home remains at the heart of our business today.”

Paul Wootton, Director of Specialist Lending, Nationwide Building Society

“As a longstanding supporter of the Buy-to Let Market, it’s important that we regularly review our lending policies to keep pace in what has become a rapidly changing environment. We also recognise our role in supporting the Private Rented Sector (PRS) and therefore our policies must reflect the needs of our customers, and supporting landlords whose tenants may be in receipt of benefits is considered within our lending policy at BM Solutions. The PRS is playing an increasingly important part in helping address the UK housing shortage and ensuring a broad range of tenants have access to the sector when they need it most.”

Phil Rickards, Head of BM Solutions

Other lenders are quick to point out that they have never operated such policies. Paragon Bank – a specialist buy-to-let mortgage provider - is one such example:

“Paragon Bank has been active in the buy-to-let mortgage market since the mid-1990s and has a wealth of experience and data specific to the sector. We have always supported landlords letting to tenants in receipt of benefits, in part because we believe it’s a responsible business approach, but also because we have not seen any link whatsoever between mortgage arrears and the form of tenancy.”

**John Heron, Managing Director – Mortgages, Paragon Bank
and Chair of UK Finance’s Buy-to-let Panel**

It is difficult to understand the scale of the problem within the mortgage industry. According to research published by the Residential Landlords Association in May 2017, two-thirds of the largest lenders, representing approximately 90% of the buy-to-let market, bar landlords from letting to tenants who claim housing benefit.¹⁷ However, recent discussions with the representatives from the mortgage industry have suggested the majority of the buy-to-let market do now allow landlords to let to tenants in receipt of benefits – with some suggesting that up to 85% of the market, by market share, allow it.

17 RLA press release, <https://news.rla.org.uk/two-thirds-mortgage-lenders-bar-benefits-claimants/>, May 2017

Even if it is only a minority of lenders who continue to bar renting to people on housing benefit, it is still one of the most commonly cited reasons by landlords. This perception is unlikely to change unless the mortgage industry as a whole commits to removing any remaining restrictions.

Insurance providers can also impact on a landlord's willingness to rent to people on housing benefit. Landlords highlight that some insurance providers will not offer them insurance cover if they are renting to tenants on housing benefit or that they will charge them higher premiums.



Sarah and her family have been renting privately for eight years. They've faced homeless after coming up against no DSS policies in their search from somewhere to live.

‘The biggest barrier to us finding places to live has definitely been the fact we get housing benefit. Mostly we just get told no straight away. Sometimes the estate agents say they've contacted the landlord, but they don't want someone on DSS. This needs to stop.’

Telephone mystery shopping

At Shelter and National Housing Federation we frequently hear from people struggling to find a home because every letting agent tells them the same thing – ‘we don’t have properties available for people on housing benefit’. To explore the extent of these ‘no DSS’ practices by letting agents, we split our investigation into two phases to understand what it’s like to look for a property to rent when you receive housing benefit.

Phase 1

The starting point for this investigation was that we knew from a recent YouGov survey of private landlords that the main reason cited for not renting to housing benefit tenants was advice from a letting agent¹⁸. To test this, our in-house team conducted mystery shopping calls to range of letting agents operating across England.

We called a sample of letting agent branches posing as a prospective landlord and a renter who receives a housing benefit top-up. Ludlow Thompson, a leading London letting agent, stood out for its housing benefit responses.

In the calls posing as a new landlord, employees indicated that it was not company policy to let properties to housing benefit recipients.

In the phone calls posing as a tenant, nine out of the ten branches also said that it was company policy not to let properties to people on benefits. In the remaining call, it was initially unclear, but in a follow-up call we were told it was company policy not to rent to housing benefit tenants.

It appears from this investigation that Ludlow Thompson is banning people on housing benefit from homes they let, across all its branches.

Despite finding such widespread ‘no DSS’ practices across Ludlow Thompson branches, the results from other letting agent brands were mixed. Therefore, we decided to explore this issue on a larger scale.

**9 out of 10
branches**

said it was company
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¹⁸ YouGov, survey of 1137 private landlords in the UK, online, July–August 2017

Phase 2

In order to understand the extent of 'no DSS' policies in letting agents across the country, we commissioned an independent, market research society accredited agency – Mystery Shoppers Ltd. to conduct mystery shopping on six leading letting agent brands across England.

In total, calls were made to 149 branches, split evenly between the six letting agents. The mystery shopper posed as someone who was working, but received a top-up from housing benefit to cover the rent, and noted the responses they received from each branch.

The findings were stark. It found that five out six of the letting agent brands have an outright ban on renters on housing benefit in at least one of their branches. Overall, an alarming one in ten branches called had a policy banning renters on housing benefit.

In addition, our analysis revealed that in total almost half (48%) of all branches called had no properties available for people on housing benefit. The most common reason cited for this was that the landlords they work with don't want to rent to people who receive housing benefit (this was the case in 20% of calls).

The shoppers who were turned away from branches sometimes noted being treated differently after mentioning housing benefit to the agent, revealing the prejudice and misconceptions people frequently come up against.

Caller quotes:

"Once I mentioned housing benefit she was abrupt and wanted to end the call. She was very dismissive and unhelpful."

"Their tone of voice changed to unfriendly as soon as I mentioned housing benefit and they did not treat me with respect or dignity."

"I felt like I was a second-class citizen and that he wanted to get off the phone to me as soon as he could."

These findings demonstrate that renters on housing benefit often fall at the first hurdle in their search for a home, often due to prejudice and discrimination driven by 'no DSS' practices within letting agent branches.

Agent names	Total number of calls	Branch policy for people claiming housing benefit			
		Accepts but no properties currently available (reasons unclear)	Accepts but no properties currently available (because no landlords currently let to people on housing benefit)	Does not accept	Total where no properties are available
Bridgfords	25	2	6	2	10
Dexters	25	8	6	2	16
Fox & Sons	24	5	1	2	8
Haart	25	3	4	8	15
Hunters	25	5	5	0	10
Your Move	25	3	8	1	12
Total	149	26	30	15	71
Total (%)	149	17%	20%	10%	48%
Source: Analysis by Shelter, Mystery shopping fieldwork carried out by independent MRS accredited research agency Mystery Shoppers Ltd. Responses are only categorised in the table above if they definitively meet the criteria, any with any element of doubt are not included.					



Tam started receiving housing benefit after an accident left her unable to work. She has just been offered a council flat after nearly two years of searching for a privately rented home.

‘

I looked daily for places to rent and I did so for months, but I couldn't find anywhere even to view because no landlords would accept housing benefits. In all I spent nearly two years looking for private rental properties but got nowhere because everywhere said 'no DSS'.

Changes to stop DSS discrimination

In light of our research and the struggles faced by thousands of private renters on housing benefit in their search for a home, urgent change is needed. We are calling on everyone involved in the lettings industry to take action to stop the unfair treatment of people who claim housing benefit. This change cannot be achieved by one organisation alone but requires letting agents, landlords, mortgage lenders, insurance providers and the government to step up and commit to ensuring that all renters are treated equally, regardless of whether they claim housing benefit.

Below are Shelter and National Housing Federation's recommendations for stopping DSS discrimination:

Letting agents

Treat all renters equally and decide their suitability to rent a property based on whether they can afford the rent, not where their income comes from.

- **End all bans** against letting to tenants on housing benefit.
- **Stop using adverts** which state or imply that properties are not available to tenants on housing benefit e.g. "No DSS", "professional tenants only"
- **Stop advising landlords** not to let to tenants claiming housing benefit.
- **Provide all staff with training** on the benefits system so they understand how it works and can advise landlords about letting to tenants on housing benefit.

Professional bodies and parent companies in the lettings industry

Help to end DSS discrimination in the lettings industry by ensuring their members do not operate bans and by improving understanding of the benefits system amongst their members.

- **Ensure their members do not have bans** against letting to tenants on housing benefit.
- **Professional bodies to remove membership** from any member who continues to operate a ban.
- **Provide training** for their members about the benefits system to help improve understanding across the lettings industry.

Buy-to-let mortgage lenders and insurance providers

Help to end DSS discrimination by ensuring their policies do not prevent or make it more difficult for landlords to let to tenants claiming housing benefit.

- **Buy-to-let mortgage providers to remove any terms** in their mortgage policies which bar landlords letting to tenants on housing benefit.
- **Insurance providers to stop charging landlords higher premiums,** or excluding them from their insurance cover, if they let to tenants on housing benefit.

Landlords

Treat all renters equally and decide their suitability to rent a property based on whether they can afford the rent, not where their income comes from.

- **Stop using letting agents who have bans** on letting to tenants on housing benefit or who actively advise landlords not to let to tenants on housing benefit.
- **Assess each tenant's suitability** for their property, based on whether they can afford the rent, not where their income comes from.

Government

Make fair treatment of tenants claiming housing benefit a key part of the new framework for regulating letting agents.

- **Ensure that the new single code of practice for the lettings industry requires all letting agents to treat all renters equally,** including those who claim housing benefit.
- **Make training on the benefits system part of the national qualification** and continuing professional development for letting agents.

Conclusion

'No DSS' policies and the practice of barring tenants on housing benefit is wreaking havoc on people's search for a home. It is locking people out of private renting when it is increasingly their only option, and in the worst cases leaving families facing homelessness.

There is currently a chronic national shortage of social housing. For decades there has been a huge shortfall in the number of social homes being built, whilst existing stock has been sold off and not replaced like for like.

For many people receiving housing benefit top-up this means facing long waiting lists for a more secure and stable home. In the meantime, their only option is to contend with costly private renting. In the long term, this will have to change, but until they do, people will continue to need housing benefit to access to private rented properties.

The widespread prejudice towards housing benefit renters set out in this report is not only morally unjust, it could be unlawful. 'No DSS' policies could amount to indirect discrimination because women, especially single mothers, and people with disabilities, are more likely to rely on housing benefit to top up their rent. The bottom line is that discriminating against housing benefit tenants on face value is unacceptable in 2018.

The rewards of a private lettings market that was more accepting of tenants who claim housing benefit could be far-reaching: fewer people would be forced to apply as homeless if they were able to find a new home; fewer families would have to stay for long periods in temporary accommodation; fewer households would put up with poor conditions if there was more choice over where they lived.

We will continue to fight to ensure that everyone can find a safe, secure and affordable home. For Shelter, this will include bringing test cases before the courts to argue that 'No DSS' policies can amount to indirect discrimination under the Equality Act. A successful case would send a strong message that these policies are not only discriminatory, but ultimately illegal, and help to put an end to unjust bans once and for all.

**'No DSS' policies
could amount
to indirect
discrimination**

Shelter and National Housing Federation will keep campaigning against 'No DSS' policies to help raise awareness, so that in future, it will be easier for renters to hold letting agents and landlords to account for breaking the law if they discriminate in this way.

The case for change is clear: everyone involved in private renting – from landlords to letting agents to lenders, must pull together and act now to make sure that no renter faces discrimination in their search for a place to call home.

Shelter helps millions of people every year struggling with bad housing or homelessness through our advice, support and legal services. And we campaign to make sure that, one day, no one will have to turn to us for help.

We're here so no one has to fight bad housing or homelessness on their own.

Please support us at shelter.org.uk

Shelter
88 Old Street
London EC1V 9HU

0300 330 1234
shelter.org.uk

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