



Housing Consultancy Ltd

# Empowering Private Sector Tenants – Establishing a System of Reputational Regulation in the Private Rented Sector

**Research conducted for Consumer  
Focus**



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## Executive Summary

## Executive Summary

Each year around 2 million households sign a new tenancy agreement, which for many will be their largest financial commitment during the year. Yet most tenants sign a tenancy agreement with no knowledge of their future landlord, and with typically only a brief, largely subjective, viewing of their property.

There is a clear information asymmetry in play in the private rented sector that favours landlords and works to the disadvantage of tenants. Of 45 market sectors private sector renting scores in the lowest 6 for 7 measures of consumer confidence and overall satisfaction. Ranking second bottom (44th) for complaints, with its best score 27th for value for money<sup>1</sup>.

Two separate surveys of tenants found that around two thirds (65%) knew nothing about their landlord prior to signing their tenancy agreement, with only 10% feeling they “had enough information to be informed”.

One way of addressing this information asymmetry would be through a system of tenant feedback or “reputational regulation”, whereby existing or recent tenants can record their views on their landlord and property, so informing applicants before they commit to a tenancy with any particular landlord.

Over three-quarters of applicants surveyed expressed the view that this would be very useful when they were looking for somewhere to rent.

The views of a wide range of people and organisations engaged in private sector renting were canvassed with regard to:

- the potential impact on the sector of a competently introduced scheme of reputational regulation,
- practicalities that would need to be addressed to ensure a scheme could be competently and effectively run, and
- views on additional or alternative approaches that could be taken.

The potential benefits from a successful introduction of a scheme of reputational regulation can be summarised as:

- More informed applicant choice
- Improvement in the quality of private sector management and property, due to applicants being more able to identify good landlords, and poorer landlords either having to improve their offer, or gradually being displaced by better landlords
- Improved reputation of the sector may facilitate additional institutional investment

Useful evidence to support these views can be found from the experiences of accreditation schemes and tenant feedback in the student rented market.

Positive views are spread across all categories of respondent, as are negative views. There is greater confidence that reputation regulation would have a positive impact in the middle and upper sectors of the rented market than in the bottom 20% to 30%.

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<sup>1</sup> Report on the 2009 Consumer Conditions Survey: Market research survey conducted for Consumer Focus March/April 2009 IpsosMORI

Some negative views related entirely to the perceived impracticality of establishing a successful scheme.

Potential disadvantages that could arise even if a scheme were successfully established include:

- Danger of polarising the market to the further disadvantage of applicants competing for properties at the bottom end of the market, especially in high-demand localities
- Less cost effective, or otherwise a distraction, compared to alternative approaches that could work better for the same investment
- Danger that landlords would be more discriminatory in selecting applicants to reduce chance of adverse feedback. This could particularly impact on arrangements where landlords accept referrals from local councils
- Danger that some property may be lost to the sector, resulting in a smaller pool of properties available for rent.

The features of private sector renting are very different from most consumer markets. Not least due to the duration of the relationship, the fact that payment continues well after “initial purchase”, and in many parts of the market the provider (landlord) is able to select his customer (tenant) from multiple prospective purchasers. Devising a successful scheme of reputational regulation for private sector renting will require a very different approach to the existing customer feedback schemes that clearly work well in areas such as eBay, holidays and hotel bookings.

For a successful scheme to be introduced, a large number of practicalities are identified and need to be addressed. These include:

- |   |                                  |
|---|----------------------------------|
| ➤ Cost and funding                              | ➤ Response rates                 |
| ➤ Administrative burden and opportunity cost    | ➤ Intimidation                   |
| ➤ Capricious, malevolent or inaccurate feedback | ➤ Avoidance                      |
| ➤ Moderation                                    | ➤ Privacy and confidentiality    |
| ➤ Timescale and quantitative issues             | ➤ Property or landlord           |
| ➤ Integrity issues                              | ➤ Dual landlord issue            |
|   | ➤ Complaints and legal challenge |

Careful consideration of these practicalities indicates that a workable scheme can most probably be devised, but would need to be very tightly and precisely structured to obtain fair and representative feedback, address the dangers of capricious and malevolent feedback, and win confidence and support from tenants, landlords and other stakeholders.

Key features of such a scheme are that:

- It would be web based
- It should be administered by a robust agency operating “at arms’ length” from Government
- Feedback would need to be at the “landlord” (or portfolio) level. It will not work on a property-by-property basis
- Feedback would need to be obtained proactively, but cost effectively, and requested from tenants or recent tenants in a manner that robustly confirmed their identity, but enabled actual posted feedback to be provided on an anonymous basis

- The input screen for tenant feedback would need to be structured to ask specific questions capturing different aspects of the service provided, with responses captured on a discrete multiple-choice scale, and with tightly limited opportunities for additional “free field” comments
- The schemes public-facing feedback web pages should allow landlords to include the following information: Whether they are members of a recognised accreditation scheme, whether they are members of an Ombudsman or binding dispute resolution service, a link to their website (if they have one), a small “freefield” box for landlords to enter a brief description of themselves

Serious consideration should also be given to allowing management agents to be rated. This would address a number of practical issues relating to the time it would take for reliable feedback to be obtained on landlords with small portfolios.

Prior to a full-scale launch of such a scheme it would be advisable to run a large-scale pilot, designed in such a way to allow applicants, tenants and landlords to all feed into the design. An approach to delivering such a pilot is included in the main report, including identifying a range of practical details that could only be addressed during such a pilot.

In addition to reputational regulation, the report also considers accreditation schemes and alternative or complementary approaches to reputational regulation.

There is a strong case, widely supported, for introducing minimum standards for all accreditation schemes. The majority of feedback supported a minimum management standard, with differing views as to how practical a common property standard would be to apply, though compliance with accredited properties meeting statutory legal obligations such as no HHSRS (Housing Health and Safety Rating System) Category 1 risks and up-to-date gas safety certificates, and (where relevant) having lenders permission to be letting the property appear practical, as may a requirement that all properties meet the “Decent Homes Standard”.

Other ideas put forward during this study are reported below. Some are clearly alternatives to a scheme of reputational regulation; others can be viewed as either alternative or complementary approaches.

#### **Compulsory membership of Ombudsman or binding dispute resolution scheme**

It is suggested – and widely supported – that for all future lettings landlords should be required to be signed up to either an Ombudsman scheme, or a binding dispute resolutions scheme.

#### **Registration and regulation of all Letting and Managing agents, including a duty on Managing Agents to only manage properties to a defined minimum standard**

This is seen as a very cost-effective, and easy-to-police approach, which will impact on the majority of properties in the private rented sector.

#### **Register of prohibited landlords**

Suggested as a simple and effective way to gradually remove the worst landlords from the sector (and encourage others to improve their performance). Landlords

could be placed on the register by either a court (as part of a wider sentence) or a specialist tribunal.

## Background and Objectives

Over 3 million households in the United Kingdom live in the private rented sector, which at current turnover rates typically means that around 2 million households seek out and sign up for a new tenancy every year. For most new tenants, signing their tenancy agreement will be their largest financial commitment during the year, with both high transaction costs and a major forward financial commitment. Yet it is evident that for most applicants of rented accommodation there is a lack of information available about their future landlord and their track record, and the condition of the properties available for letting.

Most tenants sign a tenancy agreement with no knowledge of their future landlord, and with typically only a brief, largely subjective, viewing of their property.

Consumer Focus considers there to be an information asymmetry in play in the private rented sector that favours landlords to the disadvantage of their tenants. Where such information asymmetries exist between suppliers and consumers (landlords and tenants) markets can work to the disadvantage of consumers as the market fails effectively to reward good businesses over those which fail to meet their obligations.

One mechanism that may help address this informational asymmetry is reputational regulation – a mechanism whereby existing or recent customers can inform potential purchasers about their experience with the product.

Consumer Focus considers that introducing an element of reputational regulation into the private rented sector (PRS) could provide private tenants with the information that may otherwise not have been available to them, so that they are able to make a better-informed decision before entering into a tenancy agreement. This in turn should help drive up competition and standards, push landlords to provide a better service, and root out rogue landlords.

Consumer Focus therefore commissioned this study to explore:

- The extent to which tenants are informed, or uninformed, at the start of their tenancy
- Whether introduction of a system of reputational regulation into the private rented sector would be likely to be beneficial to tenants, prospective tenants, and the sector more widely
- The practicalities of establishing a system of reputational regulation. Assuming that such a system would be web-based, whether it could be linked to the “light-touch registration scheme” proposed in the Rugg Report<sup>2</sup> and if this did not proceed, whether a freestanding web-based system could be developed
- The extent to which accreditation schemes for landlords could be developed to be more visible and useful for tenants, through, for example, having a set of common standards, and being linked in some way into the proposed system of web-based reputational regulation

And also to:

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<sup>2</sup> The Private Rented Sector: its contribution and Potential. Julie Rugg and David Rhodes. Centre for Housing Policy. The University of York 2008

- Design and describe a robust research methodology for testing:
  - The extent to which there is a demand amongst private rented tenants for reputational regulation and improvements to the voluntary accreditation schemes; and the extent to which tenants would find these mechanisms useful
  - Landlords' views and reactions from across the sector, which will include large corporate landlords, down to the smallest landlords
  - An estimate of the cost of undertaking the research approach proposed



## Methodology and Approach

This study was commissioned to be completed to a tight budget and timescale, with a window of around 3 working weeks (later extended to 5) for outreach work, interviewing and data collection. The approach adopted was to manage the project as a scoping exercise – seeking to obtain sufficient information and views from the key constituencies to ensure all major considerations were captured – enhanced by a small amount of primary data collection and research.

The private rented sector is extremely varied. The dimensions of this diversity include the very different nature of assorted types of landlords and tenants, geography, property type and standard, and quality and style of management.

To ensure a representative collection of views and expertise was accessed, agents from the following constituencies were identified and contacted:

### Service Providers

- Individual landlords
- Individual Agents
- Landlord and Agent representative groups
- Lettings websites

### Consumer and Advocacy

#### Organisations

- Advice Bureaux
- Local Authorities Tenancy Relations Officers
- Policy and Advocacy Organisations
- Private Tenants' groups

### Neutral Commentators

- Academics
- Accreditation Schemes
- Central Government
- Experts in web function and reputational software
- Professional bodies

### Consumers

- Applicants
- Tenants

Contact included face-to-face interviews, attendance at participant meetings, telephone interviews, email conversations, postal, email and web-based questionnaires, and on occasions simply accessing published information.

A key element of MOJO's approach included (where practical) the opportunity for participants to identify "what would work", or "what would work better".

As interviews were conducted the arguments and information collected were recorded and analysed to inform this report.

A full list of representational organisations interviewed is recorded in appendix A, along with details of numbers of individual practitioners, landlords, applicants and tenants who responded to questionnaires or requests for views.

Tenants and applicants have a different perspective on private sector renting compared to service providers (landlords and agents), their representatives, and professional organisations. Additionally applicants and tenants are the intended beneficiaries and users of any Reputational Regulation scheme that may be introduced. Tenants and applicants views are therefore reported in a separate section, which includes the results of some primary research to judge the extent to which tenants and applicants may welcome and use any scheme. The views of all

other respondents were collected, and are analysed and collated under the following main headings:

1. Overall views about whether introduction of reputational regulation would be beneficial or otherwise to the sector/respondent (assuming effective implementation)
2. Any safeguards such a scheme would need
3. The main barriers and practicalities to getting such a scheme set up
4. Views on whether a scheme for tenants to provide feedback on their landlords could be linked to the “light touch” register of landlords proposed in the Rugg report, should this proceed and the register of landlords be web-based
5. (Where relevant) views on landlord accreditation schemes, and whether all accreditation schemes should have common standards

## **The Disempowered Tenant**

The main purpose of this chapter is to explore and test the thesis that tenants are indeed disempowered or disadvantaged as consumers, and that balancing this disadvantage would be to the benefit of both tenants and the private rented sector.

Firstly, it is important to address an issue that was raised by many commentators, that the landlord/tenant relationship is one of two parties. There are clearly good, and very good, landlords, and good, and very good, tenants. Equally there are poor, and bad landlords, and poor and bad tenants. The purpose of this project is to consider the landlord/tenant relationship mainly from the perspective of the tenant. This is not however to ignore or play down the impact that a tenant that does not honour their responsibilities can have on a landlord's property and business. This is something the project is sensitive to, and acknowledges where there is a clear impact on proposals or practicalities for reputational regulation.

From the perspective of the consumer, renting a property from a private landlord is likely to be one of the largest and most important financial commitments that a consumer will make. For example, the average monthly rent for a one-bedroom home or apartment in England for the month of July 2010 was £778<sup>3</sup>. Yet, despite the likelihood that a tenancy agreement is the most significant financial commitment that a tenant will make, a tenant is likely to know nothing about their landlord, yet has to make a decision of whether to enter into a tenancy based often only on a short meeting with an agent or the landlord, often at the same time as attending a brief, and largely subjective, viewing of a property. This can be contrasted for example to the very detailed "Fact Find" undertaken by mortgage lenders and brokers as a Financial Services Authority requirement before a normal applicant is allowed to sign up for a recommended mortgage.

During the establishment of their relationship there is normally a clear information asymmetry in play that favours the provider. Tenants are routinely asked to provide references to their landlords, but it is very rare for a prospective tenant to be able to obtain a reference on the landlord.

Evidence for tenants being disadvantaged by this difference in information is available from a number of sources.

In terms of how markets work, a report (Regulation and Reputation) by one of Consumer Focus's predecessor bodies, the National Consumer Council, highlights that markets work well when consumers have the right information at their disposal to choose the product or service that best matches their needs. The report argues – with evidence – that if consumers have this information, they will reward good businesses over those who fail to meet their obligations, which in turn will drive competition and improve standards.

To briefly take a wider perspective, the relationship between a landlord and tenant is governed by property law, and if matters come to dispute and court, interpretation of the law is complex, often ambiguous or unclear, very time consuming, and expensive for both parties. While in the short term a capricious dispute may favour a tenant, especially if on legal aid, in the longer term the outcome is likely to be more onerous on a tenant than a landlord. The issue of the inadequacies and imbalances of the current system of property law has been very thoroughly evidenced and considered

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<sup>3</sup> Rentright, Average Rental Prices for one bedroom homes and apartments in England, 2010

by the Law Commission in its final 2006 report<sup>4</sup> and deliberations and consultations in the preceding years. Two key observations from the Commission relevant to the approach being taken by Consumer Focus are:

- It is generally accepted that the rented housing sector needs regulation. *Market mechanisms cannot redress imbalances in the bargaining power of landlords and occupiers.* At the same time, the regulatory framework must be one that works and can be delivered in a cost-effective way and:
  - *We recommend a new “consumer protection” approach which focuses on the contract between the landlord and the occupier (the contract-holder), incorporating consumer protection principles of fairness and transparency.* Thus our recommended scheme does not depend on technical legal issues ... This ensures that both landlords and occupiers have a much clearer understanding of their rights and obligations.
- [Italics added for emphasis]*

While the draft Act prepared alongside the report has never been submitted to Parliament, the report was supported by a large body of commentators and clearly concluded that [existing] market mechanisms cannot redress [the] imbalances in the bargaining power of landlords and tenants, and also recommended an approach incorporating the consumer protection principles of fairness and transparency.

The Rugg report observes that, while there is limited reliable, documented evidence of excessively poor landlord practice:

An imbalance between supply and demand, particularly with regard to properties suitable for people on low incomes, means that there remains a ready supply of tenants for properties owned by landlords who operate in an overtly unscrupulous fashion. Qualitative research has demonstrated that, even where a landlord has a poor reputation locally, they will still be able to find tenants (Rugg, 2008). As a consequence, market forces cannot be relied on to “police” the sector.

Further evidence, from a different perspective, comes from research carried out by Ipsos MORI for Consumer Focus on Consumer Conditions in different markets<sup>5</sup>.

This study allows a comparison of consumer conditions and consumer perceptions across a range of different markets. The study’s objectives are assessing and quantifying the conditions of consumer confidence, transparency and complaints in a wide range of specified UK markets for goods and services. This allows a direct comparison of how private sector tenants (as consumers) perceive their relationship with their landlord (as provider) in the private renting sector compares to 24 other customer provider relationships.

Each of the consumer groups analysed had a sample of 500 participants, and the survey was a repeat of one carried out a year earlier that had very similar outcomes. It is therefore statistically robust.

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<sup>4</sup> Renting Homes: The Final Report Volume 1: Report; Law Commission Cm 6781 – 1 May 2006 HMSO.

<sup>5</sup> Report on the 2009 Consumer Conditions Survey: Market research survey conducted for Consumer Focus March/April 2009 IpsosMORI

Comparison between sectors was achieved by developing a Consumer Confidence Index (CCI), which was calculated by taking the average scores on 6 Key Performance Indicators (KPIs):

- the ease or difficulty of comparing the quality of goods and services
- the ease or difficulty of comparing prices
- the range of goods and services and the degree of choice available
- how well, or poorly, what was bought or experienced lived up to expectations
- the degree of confidence that consumers' rights are protected
- the degree of confidence that advertising and marketing is trustworthy

Overall, private sector renting ranks 38th of 45 sectors in 2009, a rise of two places from 2008 attributed to “better value for money” arising from a slight fall in rent levels. The following extract table<sup>6</sup> shows the best and worst sectors:

| CCI rank '09 | Market  | CCI rank '09 | Market   |
|--------------|---|--------------|--|
| 1            | TVs, DVD or MP3 players   | 35           | Internet service providers   |
| 2            | CDs, videos, DVDs, video games or other computer software                         | 35           | Vehicle repairs or servicing   |
| 2            | Books, newspapers or magazines  | 35           | Home maintenance services  |
| 2            | Clothing or footwear goods  | <b>38</b>    | <b>Renting a property or management services from a private landlord</b> |
| 5            | Small domestic appliances   | 39           | Personal banking   |
| 6            | Garden equipment or plants  | 39           | Telephone services, fixed line, not mobiles                              |
| 6            | Jewellery, silverware, clocks and watches   | 39           | Professional services  |
| 6            | Large domestic appliances (washing machine, cooker, dishwasher or fridge freezer) | 42           | Estate agents or house purchase services                                 |
| 6            | Food or drink for consumption at home   | 43           | Mortgages  |
| 6            | Toiletries, perfumes, beauty products or hairdressing goods                       | 44           | Private pension plans  |
| 11           | Booking holidays to be taken within or outside the UK (not just flights)          | 44           | Gas or electricity   |

<sup>6</sup> Report on the 2009 Consumer Conditions Survey: Market research survey conducted for Consumer Focus March/April 2009 IpsosMORI [Table Page 6, reduced]

On an indicator-by-indicator basis private sector renting scores as follows:

| <b>Rankings</b>                          | <b>Best = 1<br/>Worst = 45</b> |
|--|--------------------------------|
| Overall                                  | 38                             |
| Comparing Quality                        | 38                             |
| Comparing Price                          | 27                             |
| Range and Choice                         | 42                             |
| Living up to expectations                | 39                             |
| Protecting Consumer Rights               | 38                             |
| Trust in Advertising and Marketing       | 39                             |
| Satisfaction with the Overall Experience | 40                             |
| Complaints                               | 44                             |

While some allowance may be made for the nature of the PRS against the other services the scores clearly indicate that consumers experiences of the PRS leave them with far more negative perceptions than in most other sectors.

Of particular note is the very poor performance on complaints. 22% of tenants reporting they had made a complaint “in the past year or two”, with 26% reporting “they had cause to complain”. The following extract compares the PRS to other market sectors:

| <b>2009</b>  | <b>Made a complaint</b> | <b>Cause to complain</b> |
|--|-------------------------|--------------------------|
| <b>Worst Sectors</b>   | %                       | %                        |
| Telephone services, fixed line, not mobiles  | 23                      | 27                       |
| <b>Renting a property or management services from a private landlord</b>                                     | 22                      | 26                       |
| Gas or electricity   | 21                      | 26                       |
| <b>Mid Rank</b>  |                         |                          |
| Used cars or vehicles  | 9                       | 15                       |
| Booking holidays to be taken within or outside the UK (from travel agents or online, excluding just flights) | 9                       | 12                       |
| Mortgages  | 9                       | 12                       |
| <b>Best Sectors</b>  |                         |                          |
| Vet's goods or services for pets or animals  | 3                       | 5                        |
| Betting, gambling, competitions, prize draws or lotteries  | 3                       | 4                        |
| Books, newspapers or magazines   | 2                       | 4                        |

The reported level of complaints in the PRS is a clear order of magnitude higher than in the best sectors.

Practical evidence of the asymmetry between a landlord or agent's ability to verify a tenant's status, compared to a applicant's ability to verify their landlord, can be seen from the process that occurs before a tenancy is signed. In what is likely to be the

majority of lettings, the agent or landlord will require a tenant to provide references, pay for a credit check, and provide either a deposit or a guarantor. A useful flavour of how the market is balanced in favour of the prospective landlord at the stage a property is let is provided by the website [www.tenantVERIFY.co.uk](http://www.tenantVERIFY.co.uk), which in addition to providing a service to landlords to credit check their prospective tenants, also offers landlords a chance to take out a Tenant Guarantee. In the words on the website:

the unique **insurance guarantee** that **costs you nothing**, but secures you against rent shortfalls, damage caused by tenants and legal fees to remove a problem tenant....  
What's more it's incredibly easy to set up your **Tenant Guarantee**, and it shouldn't cost you as landlord a penny as your tenant pays!

While there are ways for applicants to verify prospective landlords these either cost the tenant money, or rely on a web search to try and identify any feedback that may have been posted on bulletin boards or other feedback sites. If a tenant uses a landlord verification service such as that provided by [www.rentchecks.com](http://www.rentchecks.com) they need to pay a fee of £19.95 plus require the permission of the prospective landlord, along with having sufficient information from the landlord for them to be uniquely identified. Evidence is that many, if not most, prospective tenants are not in a position to access such a service, and that if they are able then the tenant will have to pay for both their check on the landlord, and the landlord's check on them.

While a web search can often provide information on landlords the relatively unmoderated nature of much of the feedback, the happenchance of any relevant posts being made, and lack of precision in identifying specific landlords greatly limits the value of such searches as a source of reliable information.

A final perspective on the perceived quality of property is contained in the English House Condition Survey 2006 Private Landlords Survey, which observes:

"Landlords and agents tend to have a much more optimistic view of the condition of their properties compared with professional surveyor assessments"

## **A Good Thing?**

**Would reputational regulation be beneficial – or otherwise – for landlords, tenants and the private rented sector overall? (Assuming competent and effective implementation).**

The research attempts to make a clear distinction between the potential benefits (or otherwise) of reputational regulation and the practicalities of successfully implementing a successful scheme. Where respondents are broadly positive to the introduction of a system of reputational regulation they generally have little difficulty separating out potential benefits from the practicalities of setting up and running such a scheme, and are usually able to articulate clear reasons and potential benefits.

Where respondents are broadly negative to reputational regulation it appears much harder for them to separate practical problems that could arise, from the wider issue of whether a competently managed scheme would prove beneficial or not.

This is important in two ways. Firstly, if there is clear evidence that reputational regulation – however perfectly implemented – would in itself be bad for private sector renting, then clearly the argument stops at this point. It is only if reputational regulation can be beneficial that any case can be made for exploring whether a practical scheme can be devised.

Secondly should a decision be taken to implement reputational regulation it is important for the implementing team to be aware that much of the opposition is likely to be argued on grounds of practicalities, as opposed to outcome.

This chapter will concentrate on the views and arguments as to whether a system of reputational regulation would generally be beneficial, or otherwise. Practicalities will be considered in the next chapter.

### **Views of Service Providers**

(Landlords, agents, and representative bodies)

Service providers are more cautious than other commentators, though still with a very wide range of opinions. Larger providers tend to be more positive, smaller providers more negative.

Where providers viewed reputational regulation as having a beneficial effect this was generally along the lines that a competently implemented scheme would give good landlords a market advantage, would act to raise overall management standards, and would also tend to drive poorer landlords out of the sector.

Where providers saw reputational regulation as having no benefit or a detrimental effect their main arguments were that the real and opportunity costs would exceed any benefits, that any scheme could have capricious and disproportionate impact on certain sectors of the market, resulting in a reduction in the total amount of property available to let, or/and landlords being less willing to consider certain profiles of applicant. Additionally a number of the more considered respondents were concerned that reputational regulation could result in increased polarisation within the PRS.

Supportive views from representative bodies include the observations that:



- Lots of our members are better landlords and are keen to differentiate themselves in the marketplace
- This (i.e. Reputational Regulation/tenant feedback websites) will happen anyway in time. Better to do with careful thought than on an ad hoc basis

A number of individual landlords are supportive on grounds of “fairness”, others are more explicitly positive:

- “I’d like to say if I want to rent something out I want to do it responsibly. I want to offer a premium service so attracting a premium tenant. As first tenant referenced onto second tenant, etc, I could benefit from a positive spiral”
- “As a good landlord... I would like to find ways of distinguishing myself from bad landlords”

A small number of landlords have already experimented with their own schemes to pass feedback from current/recent tenants to applicants. This includes making a point of introducing applicants to existing tenants and leaving them alone together, and having a feedback form from outgoing tenants. The latter did not seem to work very well, but the private personal feedback enabled applicants to gain a useful perspective on the properties and how the landlord worked.

Interestingly a number of agents are starting to look for ways to capture tenants’ perceptions of performance of either themselves or their landlords. This includes adapting the Status Survey of tenants which is widely used by social landlords, and looking for ways of obtaining tenant feedback on their websites.

Negative views from representative bodies include the observations that:

- Cost of such a scheme would fall on the good landlords, but have no effect on poor landlords
- There are better and more cost-effective ways of improving standards<sup>7</sup>
- Due to the overwhelming excess of demand over supply at the lower end of the market tenants have very little choice of property, so the scheme would have no impact

Individual landlords are generally more concerned about the likely costs, administration burden and potential for capricious feedback. One respondent sums the perspective on this quite eloquently:

- “People used to become landlords to make easy money, regulations have put paid to this notion. More and more people are finding they cannot buy or get social housing. Perhaps we are in danger of a significant loss of investment in the PRS, fewer homes mean higher rents. *Can the nation afford to be more idealistic in its approach to housing those on no or low incomes. Is it not better to be in a scruffy, cramped room or flat than in a cardboard box under the bridge?*”

A significant number expressed the view that statutory minimum standards for the rented sector would be preferable and more effective than reputational regulation. A

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<sup>7</sup> See for example suggestions made under “Other Good Practice”. Also mechanisms which would promote/ensure widespread take up of accreditation schemes

significant number expressed the view that to be fair and balanced, reputational regulation should also be applied to tenants.

There was concern that negative feedback from tenants whose tenancy had been terminated for non-payment of rent or other breaches of tenancy conditions could damage a landlord's reputation sufficiently to make them withdraw from the market.

One landlord made a very powerful argument that reputational regulation could seriously *restrict* the choice of properties for vulnerable tenants, explaining that he let around half his properties to tenants referred by the local council. These were often tenants who had already experienced difficulty in maintaining a tenancy, and both he and the council knew and accepted that a significant proportion of the referrals would fail. If reputational regulation were introduced, he would then become reluctant to consider these tenants, as his reputation would be vulnerable to adverse feedback from the referrals who failed their "second chance". On a wider front he argued that in general a system of reputational regulation could result in landlords adjusting their selection criteria to discriminate against tenants who they consider more likely to post negative feedback.

Some agents also make the points that there is already a considerable amount of information available on the web, so duplication is unnecessary, and that investing in other regulatory approaches, such as ensuring all tenants had access to an ombudsman or binding dispute resolution service would be a more effective solution.

### **Views of Consumer and Advocacy Organisations**

(Citizens Advice bureaux, Local Authority tenancy relations officers, Policy and Advocacy organisations, Private Tenants' groups)

As might be expected the views of consumer and advocacy organisations were generally more developed and tenant focused than other organisations. A number of commentators identify both positive and negative outcomes that may arise from reputational regulation, with positive outcomes judged more likely to impact the "mid market", with much weaker impact, or even negative outcomes more likely at the bottom of the market.

There was a strong overlap between the views of Advice bureaux, Policy and Advocacy organisations, and Private Tenants' groups. Supportive views included:

- Likely to work well "higher up market" for example in University Towns and amongst young professionals
- Will make it much more difficult for bad landlords to operate, and so remove them from the market

Negative views concentrated on questioning what impact reputational regulation could have at the bottom of the market. "It's a jungle out there", and concern that the approach was too "soft" to impact in circumstances where the key to obtaining a tenancy was being first in the queue for any property<sup>8</sup> with a rent the applicant thought they might just be able to afford.

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<sup>8</sup> A clue to property conditions at the lower end of the rented market can be deduced from an unpublished finding from a tenant survey of families in Brent, where around a third of the tenants' properties had neither a doorbell, nor any other means of contacting the occupier from the street, other than through the tenant's mobile phone. "Avoiding homelessness among private rented sector tenants". G. Martin Friends Provident Foundation 2008

There were also concerns that a move to Reputational Regulation could either result in less resources being available for direct enforcement against the worst landlords, or that if Reputational Regulation worked well in the better market sectors then there would be a further polarisation of poor landlords and the most disadvantaged applicants at the bottom of the market.

### **Views of Neutral Commentators**

(Academics, Accreditation Schemes, Central Government, Professional bodies)

Neutral commentators mainly see reputational regulation as having a positive impact on private sector renting. Some see it working only or best at the middle to upper end of the market, others see it having a positive impact on all market sectors. Officers from accreditation schemes in particular envisaged some very positive outcomes from reputational regulation:

- “Commercial advantage for better landlords, potentially improving the reputation of the private rented sector”
- Help tenants make an informed choice and have a better understanding of expectations”
- “Identify poor landlords and raise standards”
- “Increased (landlord) professionalism”
- “Identify where bad practice exists”

Negative views concentrated around reputational regulation only having the potential to be effective “for students and professionals”, or at the upper end of the market, and that its implementation may be a distraction or complication at the expense of other approaches that could have greater impact<sup>9</sup>.

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<sup>9</sup> Such as ideas put forward in “Other Good Practice”

## Other Good Practice

During this research a number of alternative or complementary approaches were identified which advocates argued could be as or more effective in terms of outcome than the tenant feedback approach envisaged as the core of a reputational regulation scheme. A brief exercise was also carried out to explore what is happening in comparable market sectors and other countries.

A limited search for properly established reputational regulation schemes based on tenant feedback identified no substantially established schemes abroad, though a number of websites in the UK were clearly seeking to obtain tenant feedback to rate landlords. The majority of these were unstructured, generally unmoderated, contained a high degree of “ranting” and with no evidence of proper validation of the poster. One respondent expressed particular concern about a site allegedly containing around 100,000 postings, many of an apparently libellous nature.

One site, which is clearly a genuine attempt at collecting and structuring tenant feedback is [www.loveyourlandlord.co.uk](http://www.loveyourlandlord.co.uk). Postings are all moderated. However, the site has struggled to attract postings or any commercial support. And while actively seeking positive and negative feedback, the great majority of postings are negative. A similar site is [www.livedthere.co.uk](http://www.livedthere.co.uk).

An alternative approach in the student rented sector, which appears to be having a greater degree of success is [www.liveout.co.uk](http://www.liveout.co.uk) that combines inviting feedback with advertising properties. A number of landlords have sites which encourage tenant feedback e.g. [www.wildprops.com](http://www.wildprops.com) where some very positive feedback can be obtained. This is good practice and to be commended, though there appears to be no independence in the obtaining of this feedback, and applicants can make a reasonable assumption that critical feedback may be less likely to be posted.

A potentially comparable sector in America is the rating of medical practices. In the UK, hospital feedback sites relate to large institutions, generally have relatively low response rates, and block any reference to named individuals. There is a different culture in the USA. Here moderated public domain “patient rating and feedback systems” rate individual medical practitioners. Of interest to this study is the positive feedback given from medical practitioners on both good practice changes they have introduced as a result of feedback, and the positive effect in terms of increased business arising from prospective patients scrutinising the feedback of existing patients. One practitioner reports an increase of around 10 new patients a month as a result of a patient feedback site<sup>10</sup>.

Scotland has adopted a very different approach to the rest of Britain to landlord regulation. Here landlords are now required by law to be registered with their Local Authority. To be registered landlords must pass a “fit and proper person” test. Local Authorities have the power to decline to register, or de-register landlords who fail this test. Additionally there is a private rented housing panel that can deal with complaints about repairs.

Feedback from respondents with an experience of how the landlord registration system is working in Scotland (including commentators renting, living and owning property in Scotland) indicates that at best, insufficient time has passed for the

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<sup>10</sup> “Patient Feedback can grow your practice – if done right” Modern Physician Online. Feb 10 2008. [www.modernphysician.com](http://www.modernphysician.com)

system to be fairly judged. In policy terms there appears to be a commitment to making registration and regulation work.

The view of most respondents, however, is that to date in most areas the system is having little positive impact. Specific observations including concern that Local Authorities are struggling to use the “fit and proper person” test to prevent poor landlords owning property, that there is unnecessary duplication of process, with landlords with properties in different localities needing to be assessed separately by each locality, and that many Local Authorities are operating the scheme in a very administrative manner, and failing to properly fund the work necessary. Registration rates appear to be patchy. In good areas it can be up to 80% but much lower in many localities. One respondent, who is also a tenant, reported ringing around other tenants he knew to see how many of their landlords were registered, finding that (so far as the tenants knew) none were.

One lesson from the Scottish experience may be that any system of landlord registration may be more effectively delivered centrally, allowing a greater emphasis at local level on engagement rather than administration.

Landlord accreditation schemes are generally considered to be good practice, and are considered in a separate chapter.

Other ideas put forward during this exercise are reported below. Some are clearly alternatives; others can be viewed as either alternative or complementary approaches.

### **Compulsory membership of Ombudsman or binding dispute resolution scheme**

It is suggested that for all future lettings landlords should be required to be signed up to either an Ombudsman Scheme, or a binding dispute resolutions scheme.

A significant number of landlords’ representational bodies supported this idea, as did many of the advocacy groups. It is seen as a means of protecting tenants against poor landlord practices (and thus either driving up standards or landlords, or encouraging poor landlords to leave the market). It is also seen as being much cheaper and more effective than the court system, and of value to landlords as a means of resolving disputes with their tenants.

### **Registration and regulation of all letting and managing agents**

Both advocacy groups and some representational bodies support this. It is seen as preventing poor landlords “hiding behind” poor agents. It would also ensure a minimum service standard for all tenants renting through agencies, and provide pressure on poorer landlords to either improve or leave the sector. Regulation of agents is also seen as cost effective, and not out of line with current practice towards other professions.

A significant number of respondents considered this approach to be likely to be more effective, and cost effective, than the introduction of a system of reputational regulation for landlords. Both systems could however be designed to run together.

### **Duty on managing agents to only manage properties that meet a defined minimum standard**

This would fit well with registration of managing agents, and would place a specific duty on agents not to cater for properties or landlords where the property or approved management practices were not up to a defined standard. Additionally there would be a linked duty on an agent to notify the Local Authority if they needed to de-instruct a landlord due to property or management failings.

Again this is seen as ensuring an easy-to-police minimum standard of management and property for all properties let through managing agents. Applicants would be reassured of the agreed standard, and poorer landlords and properties would gradually be improved, or removed from the sector.

### **Register of prohibited landlords**

One representative body suggests that a simple and effective way to gradually remove the worst landlords from the sector (and encourage others to improve their performance) would be the legal establishment of a register of prohibited landlords.

The process could be similar to that applied by, for example, the FSA to renegade Insurance Brokers, and would require either a tribunal or court order to place a landlord on the register.

Advantages are that such a scheme would not require a formal register of landlords, provided a body could hold the banned list. It would generally self-police, in that banned landlords would not be able to access insurance, and would have no rights (as landlords) in court. There would also be a clear mechanism by which tenants, or their representatives, could take action to trigger a banning. This would not be something that could be done lightly, but would need to be linked to a court or similar finding against a landlord. The perceived outcome is that the worst landlords would gradually be removed from the private rented sector, and tenants who were victims of particularly poor practice would know that by taking action an effective sanction could be applied to their landlord.

### **Allowing Landlord Feedback on Tenants**

A significant number of landlords and independent commentators propose establishing a parallel system to allow responsible landlord (and agent) feedback on tenants. This is seen as helpful to landlords, as a caution to tenants about irresponsible behaviour, and as a means by which responsible tenants can be rewarded by enable them to more successfully compete for better properties.

Interestingly it is the landlord and agent representative bodies who are most critical of this as an approach. The most powerful criticism is that where this has already been tried the experience is that feedback tends to be far more critical than can be justified by the facts. Additional arguments against this approach include the presence of fairly robust means for landlords to obtain credit checks and references on their tenants, to insure against abuse, and the very real problems of proportionality and complying with Human Rights legislation.

### What Tenants and Applicants Think

The views of applicants and tenants are clearly positive about the prospect of being able to find out what previous tenants thought of their landlord.

In the words of one tenant:

“It would make me feel that these people have record, which makes them accountable and makes them (hopefully) care about reputation – just like rewarded star-sellers on eBay. If there were such ratings and comments available that would be superb”

Views are broadly consistent by age, household type and employment status.

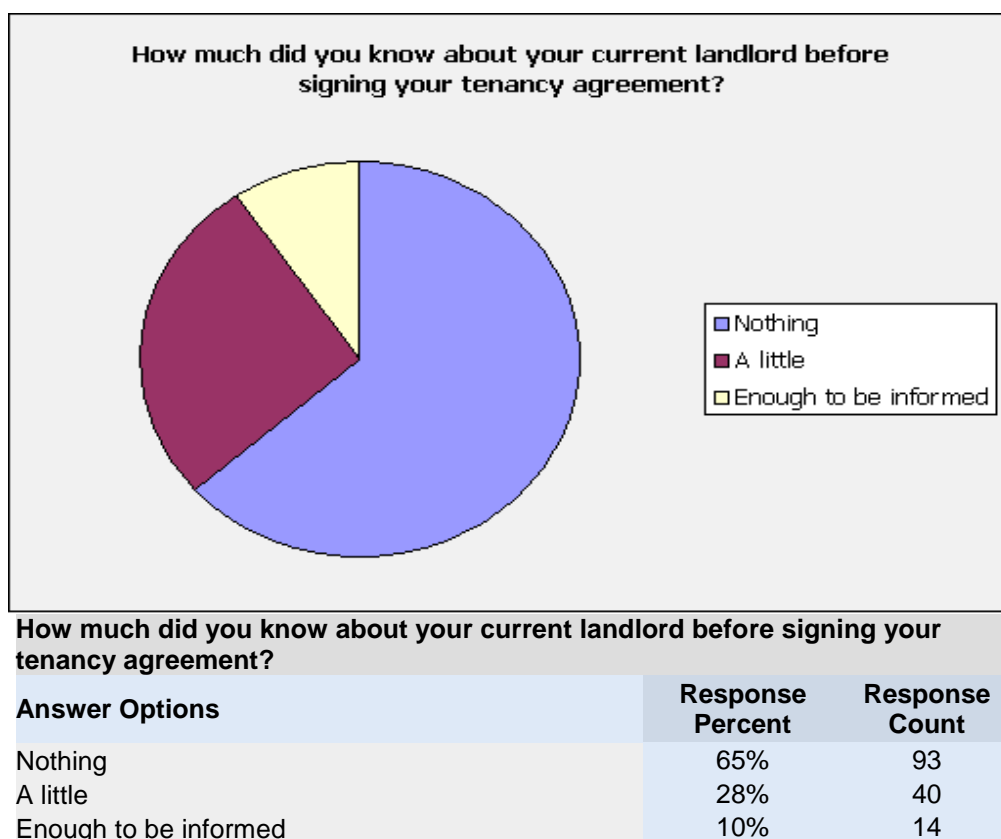
Four approaches were taken to obtaining the views of applicants and tenants. Initially a small number of tenants were identified and opportunity taken to discuss the broad principle of reputational regulation, and pilot the questionnaire.

Subsequently a postal survey was undertaken of tenants identified by Brent Private Tenants Rights Group, and a small number were subsequently interviewed.

Additionally, an online Estate Agent, uPad, invited a sample of its applicant database to participate in completing the survey. This was carried out online.

Most of the applicants in the uPad survey are also private tenants (86.5%), and able to answer as both applicants and tenants. A further 7% are Housing Association or Council tenants.

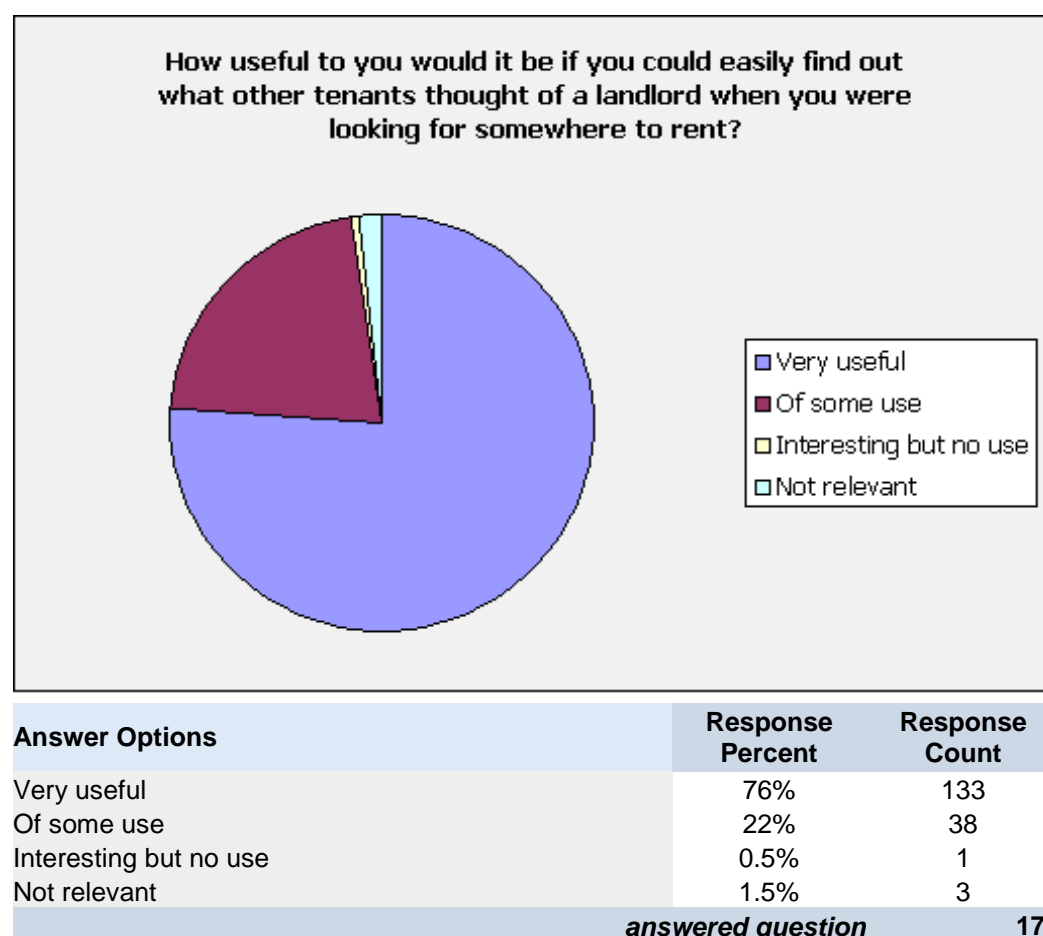
The information tenants have about their landlords at the time they sign the tenancy agreement is very low. Nearly two thirds (62%) of tenants know nothing about their landlord when they sign their tenancy agreement, with only one in 10 (10%) considering they “Have enough information to be informed”.







Given the very limited knowledge applicants have about landlords, it is not surprising that the clear majority of applicants (98%) consider it would be very useful, or useful if they could easily find out about what other tenants thought of their landlord:



Very similar results are expressed by existing private sector tenants about how helpful it could have been to check on what other tenants had thought of their current landlord before they took on their current tenancy.

The survey allows tenants to expand their views on why feedback would have been useful, or not useful. For a small number of tenants (7%) feedback would not have been useful as they already knew the landlord, or their landlord was a Council or Housing Association, or in two cases due to concerns that poor feedback could have come from bad tenants.

A minority of tenants (17%) clearly have experienced problems with their current or a former landlord, and would welcome the opportunity to have been informed, either to avoid their landlord, or to have been forewarned about their landlord's practices.

The experiences of a small number of tenants can be seen through such comments as:

“As I am being made homeless now and my landlord has absconded with my deposit if I'd known he was dodgy before I would have thought twice before renting this place.”

And:

“My previous landlord was uncommunicative (avoiding my calls and texts) and swindled us for most of our deposit when we decided to leave. He also tried to dupe us into signing for another six-month tenancy when we didn't want to. If we'd known his character beforehand, we would never have signed.”

However even amongst tenants with bad experiences of their landlord, the main reason for wanting feedback from previous tenants was not to actually avoid letting a specific property, but rather so they would be better informed about their landlord, and any problems they may have. Particularly at the bottom end of the market many tenants have no real choice but to accept an offer of accommodation, and even for mid and higher market tenancies tenants are often willing to trade a poor landlord or property for a good location. Being aware of potential problems is however greatly appreciated. As one tenant explained during an interview:

“It was the only property I could find. However it would have really helped us if we had known from a previous tenant that the landlord had a habit of coming into the [ground floor] flat and leaving the back door open.”

The great majority of applicants appear to be more driven out of a genuine concern to obtain useful information about their future landlord than reacting to adverse experiences in a recent tenancy. Some applicants wanting feedback place this in the context of being overwhelmingly positive about their private renting experiences:

“Landlords insist on references on their tenants – so why not the other way round? My landlord is brilliant! Anything needs doing, he acts immediately; makes time to get to know me without always being ‘in my face’. Very happy!”

“I would have known that my landlords are the best!”

Most however are just looking for credible information to help them make decisions, or be better informed of what they are letting themselves into:

“Find out whether the landlord is easy to work with if something goes wrong with something within the house.”

“It would be great to know in advance how your landlord looks after their property.”

“Because it will help me decide to go ahead with this landlord or not.”

“– to see if he followed up the rules given by the law – if problems were solved in a short time – complaints were dealt with and in what way the solution took place”

For many tenants information could greatly influence whether to take a particular tenancy:

“If I was deciding between two similar properties it would have helped to choose. Also, if the landlord had received very poor marks it would have allowed me to reconsider.

“any red flags that might mean that with that information I wouldn't take the tenancy would be highlighted”

Tenants have a realistic view that feedback may not always be accurate or impartial:

“No matter whether there are biases or not, I can basically get a rough idea before I move in, can be of certain value as reference.”

“If a landlord has a bad record from more than 2 previous tenants, you might be cautious.”

One applicant identifies another benefit of a properly run system of tenant feedback. This is that while there is increasingly information available about landlords available through the internet, it invariably appears to be only negative feedback that is posted:

“Most of the people who take the time to write about their landlords/letting agents have had negative experiences while good ones go relatively unnoticed. Having both would have been invaluable during my recent flat hunt.”

This comment making the point that reliable good feedback is as valuable as reliable bad feedback.

The applicants in the uPad survey are by selection “internet savvy”. They are also mainly younger, mainly in employment and predominantly adult-only households, as the following table shows:

| <b>Applicant Age Profile</b> |     | <b>Household Type</b>       |     | <b>Employment</b>         |     |
|------------------------------|-----|-----------------------------|-----|---------------------------|-----|
| <b>Under 25</b>              | 24% | <b>Single person</b>        | 25% | <b>Employed full-time</b> | 69% |
| <b>26-40 years</b>           | 52% | <b>Two adults</b>           | 35% | <b>Unemployed</b>         | 8%  |
| <b>41-60 years</b>           | 18% | <b>Three or more adults</b> | 21% | <b>Student</b>            | 17% |
| <b>Over 60</b>               | 6%  | <b>Family with children</b> | 20% | <b>Retired</b>            | 5%  |

The Brent tenants (from the postal survey) are rather older (a quarter were over 60), and include more families with children (35%), and from the sampling methodology are mainly at the lower, problematic end of the private rented sector. However, otherwise their responses are very similar to the uPad applicants, including employment amongst the under 60s’.

As the table below shows, both the uPad applicants and the Brent tenants show a very strong preference for accessing information on landlords via a dedicated website, with lettings agents’ websites proving the second most popular location. In interview, even tenants with no personal access to the internet make the point that if there was a dedicated website they could always access it via an advice agency or the Council, and it would be more up to date than a printed list.

| What would be good places to find out information about a landlord? | "Choose as many as you like" |                | "Best Place" single option |                |
|---|------------------------------|----------------|----------------------------|----------------|
| Answer Options  | Response Percent             | Response Count | Response Percent           | Response Count |
| On a special website  | 82.3%                        | 144            | 60.6%                      | 106            |
| On letting agents web sites   | 60.0%                        | 105            | 24.6%                      | 43             |
| At an advice centre   | 26.3%                        | 46             | 2.3%                       | 4              |
| At your local library   | 20.6%                        | 36             | 2.9%                       | 5              |
| At the Council Offices  | 30.3%                        | 53             | 7.4%                       | 13             |
| Other (please specify)  | 11.4%                        | 20             | 2.3%                       | 4              |
| <b>answered question:</b>   |                              | <b>175</b>     |                            | <b>175</b>     |

"Other" includes single entries for "Council website", "Social networking sites like Facebook", "speak to previous tenants", "with the papers for letting the property", and "local landlords association", plus a number of named property sites (Gumtree, findaproperty.com, flatshare).

Tenants also regularly make the point that information should be available about the performance of lettings agents as well as landlords.

## Practicalities and Solutions

As a business, private renting is perhaps unique in the extent to which the provider is able – at least in many sub-sectors of the market – to pick and choose between many potential purchasers, who in many locations can have expended significant amount of money and time simply trying to find an acceptable property. It is also atypical in the degree to which mutual interdependence continues after initial purchase, the timescale which passes between start and final completion of purchase, the transaction costs as a proportion of the purchaser's income, and often the very small amount of product (number of tenancies) the provider (landlord) will have to be rated upon.

Successful customer feedback sites generally capture the response of consumers to at least dozens, and potentially thousands, of transactions. In most cases the transaction (holiday, hotel room, washing machine) has been fully paid for, and either consumed or is in full ownership of the consumer. This is a very different profile to that experienced by the tenant consumer and landlord provider. While there are also sites which seek to capture feedback on public services, such as <http://www.patientopinion.org.uk> and NHS Choices reporting on NHS services, feedback is restricted to comments about the customer experience of large institutions, and explicitly prohibits any mention of individuals' names. With the majority of landlords being individuals or couples, there is a huge disparity in both personal exposure of the service provider, and the proportionality of any individual posting.

These broad considerations translate into a far larger number of practical issues identified during the research. There is a high overlap between the practical issues identified by the different categories of respondent. Where a practicality or concern is predominantly raised by one category of respondents (e.g., landlords or tenants) this is recorded. Notably there is very little difference in the practical issues identified by those respondents who consider a competently managed system of reputational regulation to be beneficial for the PRS and respondents who do not see positive outcomes. This chapter firstly summarises all the practical issues identified during the research, and then explores potential solutions.

| Practicality or concern                              | Commentary   |
|--|--|
| <b>Cost and funding</b>                              | There is concern, particularly from service providers, that any scheme would prove either disproportionately expensive, or poor value for money in terms of outcomes vs. alternative approaches. The cost of managing legal challenges to postings is seen by many respondents as a threat to low-cost implementation, as is the cost of ensuring only "genuine" postings from existing or former tenants. |
| <b>Administrative burden and opportunity cost</b>    | Service providers in particular are concerned about the indirect costs of any scheme. These include the paperwork element, and any consequences of managing adverse (particularly capricious) feedback.  |
| <b>Capricious, malevolent or inaccurate feedback</b> | While a major concern of providers, many other commentators share these concerns. Points made include: <ul style="list-style-type: none"> <li>➤ A significant number of tenancies fail due to tenant default. Landlords are therefore vulnerable to adverse feedback from delinquent (former) tenants <ul style="list-style-type: none"> <li>○ More vulnerable tenants may also be</li> </ul> </li> </ul>  |

|  |  |
|--|--|
|  | <p>disadvantaged if landlords start to select tenants according to their assessment of the risk of adverse feedback</p> <ul style="list-style-type: none"> <li>➤ Smaller landlords may be disproportionately disadvantaged by a single adverse report</li> <li>➤ Tenants may be over-influenced by a single poor experience, which does not reflect the wider quality of service provided</li> <li>➤ Concern that a single aggrieved tenant can orchestrate a “negative posting” campaign.</li> </ul>  |
| <b>Moderation</b>                        | <ul style="list-style-type: none"> <li>➤ The issue of how feedback can be moderated to ensure it is fair is a concern expressed by all classes of respondents.</li> <li>➤ Allowing current or former tenants to provide feedback raises issues of how far posters’ views can be unmoderated, and what remedies could properly – and cost effectively – be available to landlords who consider they have been unfairly reported upon.</li> </ul> <p>[Appendix B provides details of “open” postings made on a website. This captures a degree of genuine tenant angst, but also illustrates the problems of what provides “fair comment”, and provides examples of postings that, if factually unjustified, would clearly be a source of damage to a landlord if placed in properly constituted reputational regulation portal.]</p>  |
| <b>Timescale and quantitative issues</b> | <ul style="list-style-type: none"> <li>➤ A typical private sector tenancy can last 17 months, with a presumption that satisfied tenants may stay longer than dissatisfied tenants. This leads to the issues of: <ul style="list-style-type: none"> <li>○ Significant delay in feedback</li> <li>○ Potential for bias in reporting due to timing issues, especially if feedback were only reported at the end of a tenancy (e.g. if a landlord with say 4 properties had three satisfied tenants who all stayed for 3 years, and one dissatisfied tenant who moved out after 6 months and left a poor referral, the landlord’s public rating would not fairly reflect his customers’ experience).</li> </ul> </li> <li>➤ Landlords with small holdings of property are likely to generate very few feedback postings in any year. As these landlords own a high proportion of all rented property, reliable and up-to-date information will not be available to prospective tenants for these properties.</li> <li>➤ Many respondents observe that the end of any tenancy can be stressful for tenants and may not be the best time to solicit “dispassionate” views about the service received from their landlord/agent.</li> </ul> |
| <b>Integrity issues</b>                  | <ul style="list-style-type: none"> <li>➤ Concern that a minority of unscrupulous landlords may orchestrate “false positives” from feedback from phantom tenants or friends. In the worst case this could lead to applicants being disadvantaged due to reliance on “false postings”, or/and the whole scheme becoming discredited.</li> <li>➤ Similarly landlords would be vulnerable to orchestrated adverse postings if these could be made by anyone other than a current or recent tenant.</li> </ul>  |
| <b>Response rates</b>                    | <ul style="list-style-type: none"> <li>➤ Any scheme would only work well if a sufficiently high response rate could be obtained. This would require both the</li> </ul>  |

|                                       |   |
|---------------------------------------|---|
|                                       | goodwill of existing tenants, but also an efficient and effective contact mechanism.  |
| <b>Intimidation</b>                   | <ul style="list-style-type: none"> <li>➤ Both tenants and the advocacy groups are concerned that if feedback were obtained during a tenancy, tenants wishing to post adverse comments would be vulnerable to abuse or retaliatory eviction from their landlords.</li> <li>➤ Some landlords (and others) are concerned that tenants could threaten poor reviews as part of negotiations of rent outstanding, tenant damage to property, etc.</li> </ul>  |
| <b>Avoidance</b>                      | <ul style="list-style-type: none"> <li>➤ Unless a scheme were near universal, it is likely that poor landlords will avoid or opt out.</li> </ul>  |
| <b>Privacy and Confidentiality</b>    | <ul style="list-style-type: none"> <li>➤ One representative organisation argued very strongly that the information which became available about the size of landlords' holdings could result in unwanted intrusion from commercial vendors, and, more seriously, make landlords vulnerable to extortion by publicising the extent of their wealth.</li> </ul>   |
| <b>Property or landlord</b>           | <ul style="list-style-type: none"> <li>➤ While many tenants indicated they would appreciate feedback on specific properties, the timescale of the feedback loop is such that this may not be practical,</li> </ul>  |
| <b>Dual landlord issue</b>            | <ul style="list-style-type: none"> <li>➤ This problem arises where a landlord (of a flat or apartment) is also a leaseholder. Their tenant may then experience management from two different landlords. The tenant can be legitimately dissatisfied that a service – e.g. staircase cleaning – is not being carried out. However it is most likely that the tenant will direct dissatisfaction at their immediate landlord about this failing, even though the fault lies with the head landlord or block management company, a state of dissatisfaction their landlord may completely share, but be virtually powerless to influence.</li> </ul> |
| <b>Complaints and Legal Challenge</b> | <ul style="list-style-type: none"> <li>➤ As many landlords are individuals rather than companies there is a danger of a legal challenge on the grounds that adverse posting can damage their livelihood or human rights. There will also be a need for a complaints and appeals system.</li> </ul>  |

These practical issues are explored in more detail below, including consideration of the effectiveness of potential solutions.

### **Cost and Funding**

Four main costs are identified with establishing and running a web-based system of reputational regulation. These are:

- Costs of procuring, hosting and maintaining the appropriate web-based software
- Publicity costs to ensure that all landlords comply with the system (if mandatory) or are encouraged to comply (if voluntary)
- Publicity costs to ensure that applicants are aware of the system, to encourage large scale take-up
- Administrative costs of running the system, particularly obtaining tenant feedback and ensuring compliance and resolving disputes, including legal challenges.

While a detailed costing exercise is beyond the scope of this study, it is possible to identify some pointers to how much of a burden costs are likely to be.

Conversations with software and hosting providers indicate that costs of adapting existing systems or writing new systems of appropriate software, and providing hosting are unlikely to be significant. This is particularly true if a system could be linked to or integrated with either the national landlord register proposed in the Rugg Report, or adapting software as already deployed by (for example) the Deposit Protection Service. Assuming a large-scale take-up, costs per property of the order of £0.10 appear realistic.

Were the national landlord register proposed in the Rugg report to proceed, and assuming this can be linked to a reputational regulation scheme, the marginal costs of publicising reputational regulation would be minimal.

With Government indicating that no national landlord register will be established, publicity costs will be significantly higher. It should however be possible to achieve substantial economies by partnering with one or more of the three tenancy deposit protection schemes<sup>11</sup>, and by obtaining cooperation from Local Authority Housing Benefit departments. With a high proportion of letting activity taking place on the web it would be likely that, on achieving “critical mass” most of the letting portals on the web would flag up the existence of any well established scheme.

Potentially the largest and most unquantifiable costs relate to moderation and legal costs. The experience of a number of respondents is that some landlords will take aggressive legal action when adverse observations on their performance are made public, even when obtained from sources such as surveys of tenants’ experiences of their landlord.

Commercial organisations which run customer feedback sites have developed a degree of expertise in designing their feedback systems to minimise grounds for complaint from aggrieved providers, while still enabling the views of consumers to be clearly expressed. Provided best practice in this area is adopted, and provided an adequate initial budget is provided to allow for the system to be legally tested, the issue of the costs of moderation and managing challenges to adverse comment should be sufficiently low not to endanger success of the scheme. Potential good practice to be adopted and adapted is considered later in this report.

### **Administrative Burden and Opportunity Cost**

As with direct costs, were the national landlord register proposed in the Rugg report to proceed, there should be minimal, or probably nil, further administrative burden on a landlord.

With a purely voluntary scheme, positive posting from tenants should generate increased demand for the landlord’s property, reducing void times and potentially allowing the landlord to marginally increase rents. Direct evidence for this comes from the student lettings market, where release of “positive feedback” by the Students Union (or similar body) results in a much faster re-letting by the landlord at the end of the academic year.

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<sup>11</sup> The Deposit Protection Service <http://www.depositprotection.com/>, MY Deposits (a partnership between National Landlords Association and Hamilton Fraser Insurance <http://www.mydeposits.co.uk/>, The Tenancy Deposit Scheme <http://www.thedisputeservice.co.uk/>.



Real administrative and opportunity costs will arise for landlords if they experience adverse feedback. Where this feedback is justified, then this is fair, and reflects an improvement in the market, with poor landlords being penalised.

Where negative feedback is unfair or capricious, there will be a real burden on landlords. This will be particularly the case with smaller landlords. As one put it:

- “Reputational feedback works well with eBay as it is a statistical measure – sellers have hundreds of transactions and if there are a few rotten apples then it won’t spoil their statistics. We offer a premium property and the tenants seldom leave. So we get less than one tenant per year (on average I’d guess about 0.2-0.4 tenants per year) and one rotten apple would tarnish us for years. They would realise that and then potentially hold us over a barrel for the slightest issue”.

How to address this issue is considered in the appropriate sections below.

### **Capricious, malevolent or inaccurate feedback Moderation**

#### **Timescale and Quantitative Issues**

We consider these issues together, as there is a strong inter-relationship between them, and overlap with potential solutions. We also look at how to minimise legal challenges.

They are also the practical issues that, put together, appear to carry most weight with all concerned and which are probably the source of greatest interest to individual landlords.

The route to minimising the costs of moderation is to structure the web customer feedback site to maximise accuracy and minimise the opportunity for feedback to extend beyond “fair comment” into diatribe or mischievous or malevolent allegation.

One effective way is to ask a number of very specific rating questions covering different aspects of the service, all of which can only be answered on a multiple-choice basis. Development of specific questions and responses would be a requirement of any pre-implementation pilot, but illustrative questions could address such areas as:

- Property meeting initial expectations
- Rent collection and statements/receipts
- Experience of repairs service (where needed)
- Overall satisfaction with property
- Ease and affordability of heating
- Value for money
- Ease of contact with landlord/agent
- Overall satisfaction with management service
- Would you recommend this landlord to a friend?
- Cause for complaint

By providing discrete multiple-choice scale answers such as:

Very satisfied, Satisfied, Neither, Unsatisfied, Very unsatisfied, n/a  
Very good, Good, Neither, Poor, Very poor, n/a

Yes, No, n/a

and awarding scores to each answer, it is possible to provide an overall score for a landlord (and specific property), and for each chosen aspect of the service provided.

By requiring tenants to answer a number of questions on different aspects of the service received, the impact of dissatisfaction around a single issue is much less likely to result in a “bottom” score than if the tenant considers they have received poor service on all fronts.

If *only* discrete answers to specific questions are allowed, then the issue of moderation completely disappears, and the potential for legal challenge is enormously reduced.

Allowing tenants to input specific comments would add value through providing context, but also open up the opportunity for both abuse and time-consuming moderation or potential legal challenges.

There are a number of good-practice pointers to reducing the cost of moderation and danger of legal challenge.

- By only allowing a very limited number of characters for a response/explanation under each answered question, feedback providers would need to focus tightly on the specific issue, and “rants” (of the type exemplified in appendix B) would be avoided.
- Use of “context software” can identify (and exclude) any postings using offensive language, and can also identify postings that need to be read by a human moderator prior to public posting.

Good practice of this type would greatly reduce the level of human scrutiny needed in the moderation process, but would allow substantial enrichment of the feedback available to applicants.

While there is still a general risk of malicious feedback or a “crank review” this is greatly reduced. Feedback from the tenant interviews indicate that most applicants are well able to spot and discount a single negative “outlier” review. A respondent involved with commercial feedback sites also observed that, “The experience of the reviewer is the experience of the reviewer as they expressed it at the time. It is their experience alone, and who are you or I to try and get into their head? That is how it is, and has to be accepted”.

The above indicates that a practical, and affordable means can be found to capture and moderate tenant feedback. It will require significant work and piloting of feedback templates to optimise responses and useable outcomes, but this would appear to be both practical and achievable.

There are a number of practical issues still to be addressed. These relate to timing, timescale and quantitative issues.

In areas where reputational regulation generally works well, such as on eBay and hotel bookings, there are a large number of postings over a relatively short time period. This absorbs and generally cancels out (between equal suppliers) the impact

of the occasional capricious review. Except for the very largest landlords, this will not be the case.

If feedback were sought only at the end of a tenancy, then this would have a number of serious implications for any scheme of reputational regulation in the PRS, including:

- On average, and assuming 100% feedback, there would only be a single post every 17 months (or thereabouts). Except for landlords with quite significant holdings it would take considerable time for any reliable profile of tenants experiences to be built up.
- Termination of tenancy is probably not the optimum time to capture feedback. This is because:
  - Around 6% of tenancies are terminated due to the tenant failing to pay the rent<sup>12</sup> (or similar tenancy breaches). Unless some measure could be put in place to capture fault (and filter feedback accordingly) significantly biased distortion could result in terms of published feedback.
  - Moving home is a busy and stressful event for a tenant, reducing the chance of a “neutral” post. (i.e. a post which is neither selectively solicited by the landlord, nor retaliatory by a disgruntled tenant).
  - It is also a time when an otherwise good experience with a landlord can be disproportionately overshadowed by a single element of dispute.
  - In many cases a new applicant will have been “signed up” to a property before the existing tenant moves (with student accommodation this can be several months in advance). This will date the value of the feedback loop.
  - In some sectors of the market it is likely that satisfied tenants will stay longer than dissatisfied tenants. In the early years of any reputational regulation scheme this will heavily skew the results (for any landlord) towards poor feedback. In the longer term there is still a degree of bias, in that, if say dissatisfied tenants stay half the time of satisfied tenants, there will be two “dissatisfied” postings for very satisfied posting.
  - Tenants contact details may change.

One way to speed up feedback, and place it in a more “neutral” or “dispassionate” context would be for feedback to be solicited at a set time after the start of a tenancy, say four months, and thereafter potentially on an annual basis. The benefits of this approach are:

- Avoidance of distorted feedback at the end of a tenancy
- Captures longer staying satisfied tenants in fair proportion to dissatisfied tenants who may leave earlier
- Reduces opportunity for “selective harvesting” by landlord
- Tenants’ email and mobile phone numbers are less likely to have changed since signing up for the tenancy, and the address will be the same

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<sup>12</sup> English House Condition Survey 2006: Private Landlords Survey. Key finding “d”. Published April 2008 CLG

There are some disadvantages of the above “four months and annually” approach that would need to be addressed:

- Most seriously the fear many tenants have that they could suffer retaliatory eviction (or worse) if their landlord could identify them from their posting.
- The possibility that four months (or any chosen time period) is too short for a tenant to form a fair view of their landlord’s service. If there have been no repairs needed, for example, less feedback can be given.

The need to protect the anonymity of tenant posters is essential to the viability of the scheme, at least while they are still tenants of their current landlord. One approach would be to allow tenants to make a post at the four month (or other) anniversary, but to have the option to delay the post “going public” until either a minimum number of other posts have been received for that landlord, or until there is evidence that the tenancy has been ended. While the practical details would need to be tested through a pilot, this approach would appear most likely to optimise the number and balance of responses.

The issue of ensuring fairness to smaller landlords is a challenging one. The Rugg report finds tenant satisfaction is highest for landlords with 2–4 properties in their portfolio (at 82%)<sup>13</sup>. While smaller landlords appear to have the most satisfied feedback, they are arguably the most vulnerable to capricious or disproportionate adverse feedback. Even with “normal” turnover rates, or full tenancy sampling, it would be a considerable time before the impact of a single heavily negative post would be “averaged out”. Meanwhile the landlord is unfairly disadvantaged in the market place. Addressing this issue is both important in terms of fairness, but almost certainly important in terms of winning support for a scheme of reputational regulation from smaller landlords.

Several approaches are considered. These include:

- Allowing landlords with portfolios below a certain size to remain outside any system of reputational regulation, or alternatively to be allowed to opt in (or out) on a voluntary basis.
- Allowing landlords (of all sizes) to provide certain information on or linked to their feedback ratings page.
- Allow the landlord to instead be rated by their property’s managing agent (where one is used).

### **Considering these options in more detail**

The approach of allowing landlords with portfolios below a certain size to opt in (or out) appears to have limited value. This is because such a high proportion of properties are owned in smaller portfolios, that excluding them would greatly reduce the value and credibility of any scheme of reputational regulation.

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<sup>13</sup> Table 3.7: Private tenant satisfaction with their landlord by their landlord characteristics, 2006. Reported in *The Private Rented Sector: its contribution and Potential*. Julie Rugg and David Rhodes. Centre for Housing Policy. The University of York 2008

Allowing landlords (of all sizes) to provide certain information on or linked to their feedback ratings page would have the advantage of providing applicants with additional information, but more importantly would allow there to be a balance against any one-off negative postings. The information provided should be of a type that can easily be appreciated and understood by an applicant, and could include:

- Details of any *approved* landlord accreditation scheme of which they are a member
- Details of whether the landlord is a member of an Ombudsman or binding dispute resolution scheme
- Details of any professionally available “rating” (analogous to hotel star ratings) provided by an *approved* agency
- A small text box in which the landlord can post concise information about themselves
- Web-link to their own website

Advocacy organisations suggest other information could usefully be posted alongside the landlord’s reputational rating. These include evidence that the landlord is complying with basic legal requirements, such as gas certification, mortgagor permissions and deposit protection, and any record of recent successful court prosecutions.

While such information would clearly be of interest and use to applicants, it comes with a considerable burden of administration and requirements for providing evidence. This works against simplicity, will generate considerable internal administration costs, and any proposed implementation is very likely to generate considerable opposition. There is also a danger in the feedback site becoming construed as being liable for the integrity of any factual information of this type which it displays.

A safer and potentially equally effective approach may be to simply include on the web page a list of key questions all applicants should ask their potential landlords (or agents) ahead of signing a tenancy agreement. A wide range of commentators emphasise that for any scheme of reputational regulation to work it has to be kept as simple as possible, and that many landlord/tenant problems can be avoided by educating and supporting applicants to ask the right questions ahead of entering into a tenancy agreement.

An alternative (or parallel) approach would be to allow rating of a property’s managing agent (where one is used), rather than the landlord. This approach appears to have two main advantages:

- For many properties the tenant’s experience is as much dictated by the agent’s competence as the landlord’s willingness to fund necessary works. Several respondents considered that the competence of an agent is often more relevant than the competence of a landlord.
- By providing a substantial pool of managed properties the problems relating to small numbers of properties in a portfolio, time delays for adequate feedback to become available, and tenant confidentiality issues are resolved.

In considering this approach there is an awareness that some focus is lost on individual landlords. However that would appear to be more than offset by the faster and deeper pool of tenant feedback. Additionally where agents become aware that

the instructions of certain landlords are reducing the agent's overall satisfaction score this has the potential to either encourage and provide evidence for the agent to make appropriate representations to their client landlord, or to encourage the agent to drop the landlord from their books. Over time this should drive up the quality of management in the PRS, not least on the grounds that landlords would themselves be motivated to place their business with agents with the higher feedback ratings.

There are a number of practical issues with this approach. Agents would be vulnerable to landlords who are slow to authorise repairs, or parsimonious in their approvals. Administratively clear rules would be needed to cover situations when landlords change agents, or withdraw their properties from a specific agent. Another practical issue is whether there should be an upper limit on the number of properties a landlord can own and still have them rated only through an agent? An alternative approach could be to allow landlords the choice of having all agent-managed properties rated against both the agent and themselves.

Additionally parameters would need to be drawn to define the minimum level of "management" that should apply before a property was rated with the "managing" agent. A number of commentators emphasise this last point, reflecting concerns that poor landlords could shelter behind "agents of convenience" – though in practice any such agents would almost certainly suffer from having their own feedback rating sufficiently impaired to alert potential tenants and impact on their wider business. However these are the type of details that can be readily resolved during the exact working up and piloting of any scheme.

### **Integrity Issues**

A key concern of many respondents is the danger of postings arising from people other than genuine current or recent tenants. Landlords are concerned by the potential for orchestrated "attacks" from aggrieved former tenants (or even people who just do not like landlords). Advocacy groups and tenants have concerns about the danger of landlords "getting their mates to post good reviews". Either possibility undermines the trust of participants, and the value of the feedback generated.

For any scheme of reputational regulation to work for private sector renting it is essential that feedback is restricted to current or recent tenants, and with a rule which limits any (current or former) tenant to only a single "live" post about any particular landlord at any one time (so as to avoid distortion from "multiple posts" by the same person). It is also essential that all parties can have confidence that this is the case.

How this can be achieved is considered in detail in the following chapter "Towards a workable scheme"

### **Response Rates**

For a scheme of reputation regulation to be credible and attractive to potential applicants, it is important that as high a proportion of advertised properties as possible can be linked to tenant feedback. As the majority of rented properties are managed in small portfolios, a high response rate from current or former tenants is essential to provide adequate coverage.

For many customer feedback schemes a customer participation rate of 1% – or less – is likely to generate sufficient responses for potential customers to feel they can make an informed view about the service or product. For private sector renting a

response rate as high as 50% would still leave a significant proportion of landlords with no feedback postings after a year<sup>14</sup>.

Clearly, including the option to rate rented properties through managing agents would, we believe, improve the number of actual responses applicable to any advertised property. However given the time scales involved between first letting and capturing feedback, and the small size of many portfolios, a high feedback rate is necessary for any scheme to have sufficient coverage and momentum.

Tenants appear positive to the idea of being able to provide feedback about their landlord, and if approached in a suitable manner (including guarantees about personal anonymity) are likely to respond providing the process is easy and they feel they can trust the system. To obtain both consistent feedback, and a high response rate it would seem desirable and necessary for feedback to be actively solicited by an agency independent of their landlord (in addition to any general encouragement provided by the landlord or managing agency – this would be a key part of maximising feedback). Practical ways in which tenant feedback can be achieved and optimised are considered in the following chapter “Towards a workable scheme”.

### **Intimidation**

Intimidation can work in either direction, with landlords having valid concerns that tenants could use the threat of adverse postings to deter landlords from, for example, pursuing arrears of rent, or addressing antisocial behaviour; and tenants who consider they have poor landlords being genuinely worried about the danger of retaliation if they could ever be identified by their landlord (a point strongly reinforced by tenants’ groups and advice agencies). While it is probably only a small minority of landlords who would act improperly in the event of an adverse post, it is important that tenants are not inhibited from rating their landlord by even the concern of an inappropriate response. Additionally as the tenants with “the most to fear” probably live in properties with the worst landlords, it is particularly important that their feedback is recorded and made available to potential new tenants.

With tenant-on-landlord intimidation it is important to distinguish between adverse tenant feedback being a *legitimate response* to poor service, and the *threat* of poor feedback being used as a tool to gain unfair advantage, for example in weakening the landlord’s resolve to intervene on reports of antisocial behaviour.

Adverse feedback is not actually a new threat – a quick search of the web can provide myriads of examples, of which appendix B is but a small illustration. However the impact would be potentially much greater if a reputational regulation website became successful. The approach proposed earlier when considering how to mitigate against capricious or malevolent feedback applies equally here. It can also be further enhanced by developing any proposed system so that feedback is only provided when solicited. By limiting the opportunity for feedback to a certain period of time, following external request, the potential for immediate intimidation is greatly reduced. It should also be noted that applicants are not generally naïve, and for larger landlords (or agents) applicants are likely to disregard a small proportion of adverse postings.

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<sup>14</sup> For most postal or “new media” surveys a 50% response rate is very high, and is likely to be at the upper limit of what is achievable by way of tenant feedback. Where – as is the case with specifically invited tenant feedback – there is clear motivation and a degree of incentive to respond then a response rate of 50% may be achievable. Where the number of tenants’ mobile phones or/and emails are known Deeplake ([www.Deeplake.co.uk](http://www.Deeplake.co.uk)) who work in this area with Social landlords advise they can obtain up to 70% response rates when contacting social housing tenants with their landlords permission.

One additional way in which greater landlord protection on rent arrears or property damage could be achieved is if a practical way can be found to link end of tenancy feedback to the different deposit protection services. Part of the feedback including a line which indicated that a deposit dispute had been resolved in a landlord's favour would strongly counter adverse feedback from a tenant.

It needs to be accepted that this will always be a small risk or burden that applies to the landlord side of reputational regulation, and that for some smaller landlords this could be significant.

The potential for landlord-on-tenant intimidation can be greatly ameliorated by ensuring that all feedback is presented on an anonymized basis, allowing adverse feedback to be held back until a number of posts have been obtained or until the tenant has moved on. If Government were minded, further support could be achieved through legislation, which would apply the same safeguards against retaliatory eviction for critical posting as now apply for tenants who take repair enforcement actions against their landlords.

### **Avoidance**

Unless a scheme achieves near universal take-up, it is likely that poor landlords will avoid it or find ways to opt out.

A degree of avoidance is almost inevitable. The informal lettings networks surrounding migrant workers are a likely example. However for a scheme to be properly effective it needs to maximise take-up, particularly for applicants who are seeking accommodation in an "openly advertised" property.

One approach which could maximise take-up would be to allow reputational feedback to be directly linked to the websites of the deposit protection agencies. This would capture the majority of landlords who charge (and register) deposits. Additionally with most Councils including a section on Housing Benefit on their websites, and a high proportion of private tenants claiming Housing Benefit, additional engagement could be achieved through including either links or clear promotional messages on the Housing Benefit section of Council websites.

A number of respondents were of the view that reputational regulation would work best in the sector of the rented market above "the worst 20%", and below the very top. Experience from the student rented sector is that inclusion in an accreditation scheme drives demand, and a positive rating from tenants drives demand further. This experience would imply that provided a system of reputational regulation could achieve "critical mass" in any sector or locality the fact that a property was not covered could be sufficient to discourage demand by alerting potential applicants that the landlord "may not want feedback".

An alternative view, supported by a number of the tenant interviews, is that reputational regulation could have the most effective impact at the very bottom of the sector. This would depend on applicants being willing to avoid landlords who had a particularly bad rating – or alternatively on very bad ratings acting as a wider prompt for negative publicity and prioritising enforcement action. To achieve the near universal take-up by landlords to reach this sector of the market would require very clear Government support linked to the proposed register (or similar action).

### **Privacy and Confidentiality**

All tenants are entitled to the name of their landlord, and contact details.



One representative body was concerned that placing contact details and an indication of size of a portfolio in the public domain – ie, for applicants – could be an unfair intrusion of privacy. In the worst circumstances this could make larger property owners vulnerable to criminal extortion, or vindictive intrusion. The Companies Act 2006 restricts public access to the personal addresses of company directors on similar grounds, and it therefore seems a valid requirement of any scheme that the personal addresses of landlords are not made publicly available through the scheme.

In less extreme circumstances it is very likely that making available contact details for landlords would generate a considerable amount of “junk mailings” and similar market activity. While such mailings can in theory be avoided through use of mailing preference lists, in practice there seems no reason why any scheme would actually need to provide direct contact details for the landlord (or agent). All that would be required would be for a “landlord name”, and unique landlord code allowing web access to feedback details just of that landlord.

### **Property or Landlord**

Tenants very clearly would welcome feedback on a property as well as landlord. However it would appear almost impossible to design a scheme that would provide large-scale feedback on properties within a meaningful timescale. This is due to the time-lag issues discussed above, and the uniqueness of each property immediately identifying the tenant who posted the report.

### **Dual Landlord Issue**

From a landlord’s perspective it seems unfair that they can be criticised due to failure of a superior landlord to ensure services paid for are properly delivered. One possible remedy would be to ensure both the immediate and superior landlords are available to be rated on the tenant feedback page. This would add a degree of complexity to setting up the initial feedback webpage, and it is also questionable as to how many tenants would be able to properly distinguish between service failures of their immediate and superior landlords. This is something that can be tested should a pilot scheme be implemented.

However from an applicant perspective there is also an argument that it is irrelevant where the poor service originates, what the applicant needs to know is that the service to be expected will be poor. This may feel unfair to the immediate landlord, but ultimately they have acquired and chose to let a property on which service is below standard. A prospective tenant ought properly to have the opportunity to be informed of this.

### **Complaints and Legal Challenge**

While the scheme can be designed to minimise the opportunity for complaint, there must of course be a mechanism for any complaints received to be considered, with an appropriate appeal process. Experience of the Deposit Protection Schemes is that the level of dispute grew to being significantly higher than initially indicated by the pilots. It is important therefore that any scheme is provided with adequate capacity to manage and fairly consider complaints, but more importantly that the design of the feedback system and moderation is such that all publicly posted information can be robustly defended as “fair comment”.

Given the litigious nature of current society, and the experience of Student Unions and accreditation schemes which have sought to publish adverse feedback on landlords, it is very likely that a serious legal challenge would be attempted should

the scheme start to impact on landlords receiving poor feedback from their tenants. In setting up any scheme there is therefore a need to ensure adequate funds are in place to fund a legal defence, or alternatively to obtain a government or third party underwrite of any costs arising.

## **Towards a Workable Scheme**

This chapter sets out how a scheme of reputational regulation for private sector renting could be established, which would meet the requirements identified in “Practicalities and Solutions”. A successful scheme of reputational regulation for private sector renting is likely to include the following features:

- Be web based
- Apply to landlords (and preferably agents) only, but not to individual properties
- Protect the privacy of landlords, but ensure they are genuine
- Ensure anonymity of tenant/previous tenants providing feedback, but verify they are genuine
- Be linked to a large, existing database of landlords (such as managed by the deposit protection and dispute agencies, or just possibly to the large property web portals or Council Housing Benefit websites)
- Be endorsed and supported by Government
- Be adequately funded at start-up, including having adequate budgets for set-up costs, piloting, initial publicity and to manage legal challenges
- Have very low running costs
- Allow landlords to include a brief self-description and identify any accreditation schemes of which they are members, and allow for independent “star ratings” to be provided by appropriate, approved third-party agencies, and allow a web link (where relevant) to the landlord or agents website
- Allow applicants to easily find the feedback and other information about the landlord, along with simple “good practice” advice to tenants on what questions to ask, and what to think about, before agreeing to a tenancy
- Minimise administration and moderation costs through good design of the feedback site, including:
  - Specific questions designed to capture the different areas in which a tenant can rate a landlord’s services
  - Multiple choice “ranking” answers
  - Limiting ability to post free field responses
  - Use of intelligent software to screen free field responses to minimise number requiring judgement by a human moderator
- Maximise feedback, and optimise “dispassionate” feedback by proactively seeking tenants views at a specific point of the tenancy

Prior to any large-scale roll out of a scheme it is important that considerable work is carried out to test the views of interested parties and develop the detail of the proposed scheme. It is also very important that any proposed scheme is subject to a thorough pilot prior to being implemented on a national scale.

The remainder of this chapter sets out an approach to achieving a sufficiently large pilot to test “proof of concept”, including identifying areas for further work.

A first requirement for a successful pilot would be a sizeable pool of volunteer landlords willing to sign up. One obvious source would be the databases of the deposit protection schemes. Alternatively, access to large landlord databases may be obtainable through either web-based lettings agencies or portals or the larger landlord accreditation schemes. The Deposit Protection Service has indicated it would be willing to approach its landlords for volunteers, and has explored the

practicalities of enhancing its current web programmes to include offering a pilot tenant feedback service. Individual agents could also be asked to participate.

If, as it appears reasonable to assume, it is possible to acquire an adequate pool of volunteer landlords for a scheme pilot, then the following are the key issues to be addressed and tested during design and implementation of the pilot:

- Design and content of tenant feedback screens
- Design and content of applicant enquiry/landlord detail screens
- Hosting of the service
- Verification and privacy protocols
- Moderation
- Optimising tenant feedback
- Government support
- Assessment of outcomes

While the detail of addressing these key issues is a matter for any pilot, the following observations are appropriate to establish that issues identified in this report are capable of being properly addressed.

### **Design and Content Issues**

Development of optimally performing web pages (from a user perspective) requires work to establish:

- What questions will tenants feel comfortably able to answer, and leave them with the sense that they have given a “fair perspective” of the service received from their landlord
- What information applicants and potential tenants consider is useful to inform their choice about whether to accept a tenancy from a particular landlord

and to develop a menu of questions and standardised answers which reflects the perspective of both inputting tenant and reviewing applicant.

This could be achieved through a mix of tenant focus groups and “user panels” which would firstly identify the main question areas to be captured, and then test out specific wording and options.

The process would greatly benefit from the input of a competent web designer, and oversight from a panel representing landlord and tenant interests.

### **Hosting**

The main requirements for web hosting are security, reliability and capacity. There is a good choice of commercial and not-for-profit web hosts available. If the project is linked to a current online activity – such as the deposit protection schemes – then there may be commercial sense in sharing the same host.

### **Verification and Privacy Protocols**

A pilot – and any final scheme – should have the confidence of both landlords and tenants in terms of:

- Ease of access
- Ease of identifying relevant landlord for feedback
- Avoidance of false posting

- Protection of privacy – to the extent desired – for the landlord, and ensuring anonymity – again to the extent desired – for tenants

Practical ways in which applicants could be directed to the relevant landlord feedback include:

- Direct web link from web advertisements
- All advertisements having web address and unique landlord name and identifier, to be entered into the screen. (This could be as simple as a telephone number)

Practical ways to gather only genuine tenant responses are considered under “maximising feedback” below.

### **Moderation**

For the initial part of the pilot, moderation of tenant posted comment can (and should) be carried out by personal review of all postings by a human moderator. As the pilot develops, intelligent contextual software could be applied to postings to reduce the need for full human scrutiny, and to fine-tune the parameters of the referral filters on the contextual software.

The pilot will also be able to test the extent to which free text input boxes are needed and valued by both tenants and applicants.

Developing a robust and tested, but low cost, methodology for moderation will be a key factor in reassuring the wider landlord community against the dangers of vexatious feedback.

### **Optimising Tenant Feedback**

For reputational feedback to work effectively in private sector renting a far higher, and less reactive, level of customer feedback is needed than in other market sectors.

Additionally it is essential – for reasons of trust and confidentiality – that only genuine current or recent tenants are able to enter feedback.

A number of ways of contacting tenants to obtain feedback are considered below. The requirements of a pilot and permanent scheme are a little different, but a key element of the pilot would be testing and comparing the different methods of ensuring an optimum tenant response for minimum operating costs.

There are three ways of directly contacting tenants that should normally ensure the person contacted and responding is the correct person. These are via:

- Email
- Mobile phone (or landline)
- Postal address

For the pilot, compliance with data protection requirements will be necessary, and any national scheme will need to be designed to ensure default compliance with data protection regulation.

Landlords, online estate agents, high-street estate agents and deposit protection schemes will all hold a limited amount of contact data on tenants. For implementation of a national scheme, paperwork (or regulation) will need to be amended to secure

consent of tenants to be contacted for feedback purposes. This can also be applied for new tenants in a pilot study.

The cheapest way to contact tenants, and obtain feedback, is via email with a web link. For this to be effective, the tenant's email needs to be known, and the tenant needs web access. The technology exists and is well proven to capture the tenants "web click" and direct them to a unique feedback site.

Most tenants have mobile phones. For tenants with smart phones it is possible to send a text that allows direct contact to a web feedback site. For all tenants, response could be achieved through including a choice of web address and input code (to be separately entered) or telephone line to an automated or semi-automated telephone questionnaire. Similarly, semi-automated telephone calls to tenants would be reasonably cost effective.

Responses generated by email or text are either fully or mainly automated, and are very cheap in terms of marginal cost per response.

Postal surveys can be moderately cost effective where participants can be persuaded to respond via a website, but become more expensive when postal responses need to be paid for and data from returned forms entered, even where forms are designed for automated scanning and data entry.

For a pilot, and perhaps extendable to a permanent scheme, there would also be the option of using direct delivery of a feedback request by the landlord or agent. This is likely to be more achievable with volunteer landlords or agents in a pilot than in a permanent, national scheme. If this approach were found to be effective, a number of safeguards (such as random verification calls) would need to be in place to ensure the integrity of the responses.

A parallel approach would be to work through agents, who, if willing could instigate systems which encourage tenants to complete feedback during a tenant's routine contact with the agent's office.

An alternative or additional approach could be to seek feedback linked (where applicable) to refund of the tenants deposit from the relevant deposit protection agency. This may be attractive to tenants who had reservations about responding while still in their tenancy, but may also allow a filter where the agency decides that a deposit is not returnable (due to rent arrears for example).

A key part of the any pilot would be to identify which forms of feedback work best, and what prompts-pre-publicity or small incentives-work best to optimise feedback. A failure to demonstrate that a sufficiently high rate of feedback can be achieved would be a valid reason for not supporting the roll out of a national scheme.

### **Government Support**

There are a number of ways in which Government support would be very helpful to the development of a scheme for reputational regulation in private sector renting. These include:

- A general endorsement of the idea, and supportive publicity. This is valuable to achieve momentum and gain practitioner and participant support, and to speed take-up

- If additional authority is needed, or otherwise to avoid doubt, ensuring that it is a legitimate extension of purpose of the deposit protection agencies to cooperate and support a scheme, and if any agency felt willing and able, that it could provide hosting and related services
- Assisting with provision of adequate funding to cover the costs of developing a robust pilot, and independent monitoring and appraisal of the outcome
- Providing regulatory or tax incentives, and ideally “roll out” funding to promote landlord accreditation schemes<sup>15</sup>
- Subject to the working up of detailed proposals Government support would be very valuable in providing enhanced safeguards to ensure:
  - Tenants could safely publish critical information about landlords without (subject to safeguards) the threat of legal action or retaliatory termination of tenancy
  - Managers of the Reputational Regulation feedback system could safely and effectively publicise and share headline findings from the scheme, particularly with regard to landlords whose feedback ratings are judged to be seriously below the acceptable norm
- If demonstrated to be necessary or desirable by the pilot, appropriate regulatory changes to ensure the scheme can operate without being in conflict with data protection legislation.

### **Assessment of Outcomes**

Any pilot scheme would have its authority greatly enhanced by being subject to independent scrutiny by a separate body or person (such as a university academic) who was able to comment upon and validate the methodology, findings and outcome of the pilot.

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<sup>15</sup> There is a powerful argument that tax revenue would rise if most landlords could be brought into accreditation schemes, due to the associated reduction in tax avoidance and gradual driving out of the sector of less reputable landlords

## Accreditation Schemes

Both Government and landlord representative organisations see landlord accreditation schemes as a means of improving the quality of the private rented sector. There are a substantial number of such schemes in existence. Local authorities and educational establishments are behind the majority of schemes, but the National Landlord's Association is launching its own. According to the UK Accreditation Network (ANUK), there are at least 80 different types of private landlord accreditation schemes operating in Great Britain.

Accreditation schemes in England are voluntary, and landlords are encouraged to join by a mixture of incentives, offers of training, the prospect of improved reputation in the market place, and in some cases a degree of mild coercion.

These voluntary accreditation schemes largely require a landlord to demonstrate that they are a "fit and proper" person before they can become a member, and require certain standards to be met in relation to the management and condition of the property to be let.

This chapter explores the relationship between a scheme of reputational regulation and accreditation schemes, and also considers:

- Should minimum standards for accreditation be introduced and would this assist prospective tenants?
- The case for making the voluntary private landlord accreditation schemes more visible, and less confusing for tenants
- Perceived weaknesses of current schemes and how these could be addressed

There is potential for a clear and powerful relationship between a scheme of reputational regulation and accreditation schemes. One of the key practicalities identified in introducing a scheme of reputational regulation is the limited amount of feedback that small landlords may receive, and their need for a degree of protection against early unmerited poor feedback. Allowing the "applicant-facing" reputational regulation web page to include details of accreditation schemes to which landlords belong acts both as a positive "reference" to applicants, and a shield against unmerited poor feedback. Joining an accreditation scheme could also be a way for poorer landlords to demonstrate they are improving their quality of management.

Introduction of a reputational regulation scheme could therefore act as a powerful driver towards encouraging smaller landlords in particular to join accreditation schemes. This has the potential to be beneficial for all parties, as many individual landlords are happy to give testimony to the help and good practice they have acquired through membership of accreditation schemes. Additionally:

The use of accreditation as a form of self-regulation has shown that encouraging and acknowledging good landlords is a successful way to improve and maintain standards.<sup>16</sup>

There is an almost unanimous view amongst all groups consulted that there would be great benefit in a minimum common standard for all accreditation schemes. A majority of representational organisations argue that standards should be based on

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<sup>16</sup> ANUK recommended local authority model private rented sector strategy. [www.anuk.org.uk](http://www.anuk.org.uk)



management standards rather than property standards, provided it is clear that all landlords should ensure their properties meet statutory legal obligations such as no HHSRS (Housing Health and Safety Rating System) Category 1 risks and up to date gas safety certificates, and (where relevant) had lender's permission to be letting the property. Local Authority Accreditation schemes support minimum standards for both properties and management, though some have concerns about the problems about the practicality of introducing minimum standards.

The case for concentrating on management standards is three-fold. Firstly good management should lead to good properties, while the reverse does not hold. Secondly there is such a diversity of properties in Britain in terms of age, type, layout and construction materials, that achieving a common property standard would be impractical. In welcoming any move to standardisation, one large landlord with a diverse portfolio observes that his properties have to meet different standards for each of the separate Local Authority accreditation schemes to which he had signed up. Thirdly it would require far less resources to accredit landlords against a set of management standards than to physically inspect a representative sample of every landlords' properties.

Provided the stated minimum standards are actually achieved and enforced, then knowledge that a landlord operates to at least a minimum standard, especially if this is widely published, would help inform tenant choice. It would also be useful to tenants when choosing between two landlords, or considering a landlord who has received poor tenant feedback. A number of consumer and advocacy organisations suggest use of a star rating system, where accreditation agencies could opt for different levels of standard, or landlords could chose to sign up to and be accredited at a defined higher level of service than the minimum.

Clear evidence that applicants appreciate well-run accreditation schemes can be found in university cities. In many locations landlords clearly make significant efforts to ensure they remain accredited, and students very clearly follow the "accredited" brand.

Feedback on performance of Council-run accreditation schemes is much more mixed. On the plus side some individual landlords clearly appreciate help and support given. However, during interviews and from scrutinising feedback there is one concern with accreditation schemes, which regularly occurs. It can be expressed in the questions "Who accredits the accreditors?" and, "How much policing of standards do accreditation schemes actually deliver?" While some schemes clearly sanction landlords, there is a clear sense that some are reluctant to take any action against members once they have been accredited, or to even update their accreditation records.

In many Council areas accreditation also appears to be a "Council-landlord" relationship, rather than a promotional or recommendation tool for the landlord to prospective tenants. On the plus side council staff indicate fewer problems with accredited landlords, on the negative side there is often a sense of inadequate resources or incentives to be able to motivate non-accredited landlords into joining a scheme and complying with the terms. One Council incentivised landlords into joining an accreditation scheme by allowing an extra 25% improvement grant only to find that a substantial number (8 to10) did not complete the accreditation process. They are being sued for return of the extra grant.

Outside of the student landlord accreditation schemes there appears to be at best limited council promotion of “accredited landlords as good landlords” to potential applicants. Council promoted accreditation schemes tend to be aimed at the more challenging sectors of the housing market, and in part the lack of promotion of accredited landlords may simply be a reflection of the way in which demand for access to accommodation so greatly exceeds supply at the lower end of the market that neither landlord or council considers the branding worth promoting to potential tenants. Housing advice workers can despair of their “approved landlord” lists on the grounds that these can often be out of date, or only able to meet a fraction of local demand (for lower market properties).

Looking forward, the greatest potential for accreditation schemes to assist informed applicant choice, and to positively differentiate landlords in the market, is in the broad mid-market sector where competition between landlords for discerning, quality tenants is probably higher. Take-up of accreditation schemes at a national level is very low, but organisations such as the National Landlords Association are now developing well-supported accreditation schemes, which if taken up on a large scale could have significant impact. The NLA often works closely with local authorities in establishing local accreditation schemes, and includes some clear quality hurdles with which accredited landlords must comply<sup>17</sup>. These include a code of practice, signing up for landlord development (training) and for independent dispute resolution. The NLA sees successful accreditation as having the potential to impact significantly on the PRS, with the following (tenant-facing) advantages<sup>18</sup>:

“Any accreditation scheme should be tenant focused and driven by their needs as consumers. Tenants will be able to use the quality assurance mark associated with the NLA accreditation to identify responsible, professional landlords, as such they will benefit from:

- High management standards and the knowledge that their landlord has attained a nationally recognised quality mark
- Access to a prescribed complaints process and independent dispute resolution service to quickly and effectively resolve potential disagreements with their landlord
- High property standards”

Widespread take-up of national accreditation brands by landlords has the potential to place clear “quality markers” in the market place, which can offer assurance and a benchmark threshold to prospective tenants looking for property to rent. Schemes of this nature could either provide a customer-facing alternative to reputational regulation, or could provide a powerful complement and fit with the development of a national reputational regulation scheme. A clear case can be made for the development of a “quality mark” which can be awarded to and applied by all national accreditation brands ensuring member compliance to the agreed standard. This would enable prospective tenants to easily identify landlords accredited to the agreed

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<sup>17</sup> See for example: “North Dorset District Council: Landlord Accreditation scheme”. “Working in partnership with the NLA” This includes details of the management and property standards to which accredited member landlords sign up, and is available at: [http://www.north-dorset.gov.uk/accreditation\\_landlord\\_booklet.pdf](http://www.north-dorset.gov.uk/accreditation_landlord_booklet.pdf)

<sup>18</sup> NLA Accreditation Pilot – A Concept Paper NLA July 2009

standard, and would have the potential to act as a market driver towards improving landlord standards.

The four biggest weaknesses of current accreditation schemes can be seen as:

- **Low level of take-up**  
In the broad mid-market sector this results in low recognition in the market place, weakening the brand power that accreditation should offer. In the bottom sector of the market accredited landlords are generally swamped out by (often less scrupulous) unaccredited landlords, assisted by high levels of demand from generally undiscerning or desperate applicants.
- **Low levels of public awareness**  
In large part a consequence of low take-up, as described above, but also perhaps reflecting a general lack of “competence” or awareness of many applicants as to how to assess a potential tenancy.
- **Limited trust and understanding of “offer”**  
The lack of agreed standards, and what “accreditation” would mean can confuse applicants. Would for example an applicant know whether an accreditation scheme automatically includes a dispute resolution process? – clearly a potential plus to a tenant, and implicit indicator of landlord quality. Similarly there is no assurance (at least in some schemes) that once a landlord has become accredited their standards will remain at least in compliance with the accreditation minimum.
- **Lack of funding**  
Most local authority schemes operate in relatively challenging environments, and appear underfunded according to the business model by which they seek to work. Funding comes in one form or another from Government, and is broadly justified in terms of the wider problems addressed, rather than a quality private rented sector being seen as an objective in its own right.

National or trade association schemes generally have to look to the schemes members for funding via subscription. This creates particular problems, especially with regard to building critical mass and external trust in self-policing.

There is a certain chicken-and-egg nature to addressing these weaknesses. If there were several, well-established national accreditation schemes with clear minimum standards and covering a high proportion of all rented properties these problems may evaporate. With high market penetration there would be a clear choice for potential tenants, and with brand recognition landlords would be able to see the benefits of membership of an accreditation schemes (as happens in the student sector), so paying for and subscribing to an accreditation scheme would become a rational business investment.

To move to a situation where applicants seek out accredited landlords in the same way as holidaymakers seek out ABTA-registered travel agents is a challenge. Proposing a “route map” is beyond the scope of this study, but the following would appear to be useful ingredients:

- Minimum management standards – possibly set on a tariff or star rating system
- Some form of authoritative, independent validation of accreditation schemes  
(this could be very simple, and linked to an existing organisation, such as the Housing Ombudsman, ANUK, or an extension of the role of the existing deposit protection agencies)
- Some form of capacity funding available to accreditation providing organisations to develop and expand their services on a national scale
- Clear initial incentives (tax or administrative) to landlords to subscribe to (validated) accreditation schemes
- Common branding/identity/mark which distinguishes all accredited schemes working to the agreed standards
- Promotion/information provision. Prospective tenants would require this info (i.e. via managing agents or on relevant websites)

Additionally the development of a national scheme of reputational regulation could provide a very strong market driver, and marketing opportunity for accreditation schemes.

## Conclusions

There is substantial evidence that most applicants for private sector rented accommodation are significantly disempowered and disadvantaged at the time they commit themselves to accepting a private sector tenancy. Only around one in ten tenants consider they “had enough information to be informed” prior to signing their tenancy agreement.

The great majority (98%) of applicants considered it would be useful to be able to find out what other tenants thought of their landlord when looking for somewhere to rent, with the majority (over 80%) preferring to access information from a specialist website.

There is a powerful case to be made that successful introduction of a system of “Reputational Regulation” (tenant feedback on their landlords) would both redress much of the current imbalance that exists between applicants for and providers of private rented accommodation, and over time improve the quality of properties offered and their management. This view is supported by the majority of consumer and advocacy organisations and neutral commentators contacted during this research, with more divergent views being expressed by landlords, letting agents and their representatives. Larger landlords tended to be more positive, smaller landlords more critical.

The most powerful arguments against the introduction of a system of reputational regulation for private sector renting are practical, arguing that either such a system could not be competently implemented in a manner that would work as intended, or that the cost of implementation would be disproportionate to any benefits. The most compelling theoretical arguments relate to possible adverse distortions of the market, with a reduced supply of properties available for vulnerable tenants, and at the bottom of the market.

A large number of practical issues are identified which any scheme of reputational regulation would need to address. Initial analysis however is that it should be practical to devise a scheme which is both workable and affordable. Such a scheme is likely to work more effectively if it includes feedback on both managing agents as well as landlords. Assuming large scale take up the cost per property will be small compared to the normal transaction costs of letting. Such a scheme would be most easily and effectively implemented if it was endorsed and supported by Government, and linked to the deposit protection agencies.

Given the large number of practical issues to be addressed it is strongly recommended that any proposed scheme should be extensively piloted prior to a full launch, with considerable resources applied to design of the pilot and importing of relevant expertise and best practice from other market sectors, and with adequate opportunities for representatives of existing landlords and agents to be fully consulted and engaged in the pilot process.

A number of alternative or complimentary approaches to reputational regulation identified and worthy of further consideration include:

- a common minimum management standard and property compliance standard for all landlord accreditation schemes
- a regulatory requirement that all private landlords should be members of an Ombudsman or binding dispute resolution scheme
- the registration and regulation of all letting and managing agents

- a duty on managing agents to only manage properties that meet a defined minimum standard
- and
- a register of prohibited landlords<sup>19</sup>

The potential benefits for tenants, good landlords and the wider housing stock that could be achieved from a competently administered system of reputational regulation for private sector renting appear to justify the cost of working up, establishing and appraising a large scale pilot.

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<sup>19</sup> This last point would only make sense if the proposed National Register of Landlords were not to proceed. Its proponents argue that it is a simpler and cost effective alternative. All other points are compatible with both a scheme of reputational regulation and the proposed National Registration Scheme.

## **Appendix A**

### **Acknowledgements and Details of Consultation**

The authors would wish to extend their thanks and gratitude to the many landlords, agents, tenants and members of advocacy and representative bodies, and other experts who kindly shared their time, information and views to help inform this report. A very wide range of opinions and perspectives were shared, which this report seeks to capture. Production of this report has required many detailed and often contradictory views to be summarised. The authors have attempted to do this as fairly and even-handedly as possible, but responsibility for any omissions, misrepresentations or uneven balance in this process lies fully with the authors.

Organisational respondents and individual experts were interviewed on a “one to one” basis, either face to face or by pre-arranged telephone call, on occasions supplemented by follow-up email dialogue. Some additional input was obtained by attending industry forums at which the topic of representative regulation was discussed. Individual landlords and agents were usually contacted via a semi-structured email survey, with a number of face to face and telephone interviews carried out to provide additional depth and perspective. Views of tenants and applicants were obtained mainly through a web based survey facilitated by uPad (from their applicant list), supplemented by a small postal survey organised by Brent Private Tenants Rights Group, and by a number of individual face to face interviews.

A total of 175 applicants for private rented sector accommodation responded to the web based survey organised by uPad, of which 143 were currently private sector tenants. A total of 32 tenants responded to the postal questionnaire mailed out by Brent Private Tenants Rights Group, of which six were also briefly interviewed. A further eight other tenants were briefly interviewed.

Responses were obtained from 18 individual landlords, either through a detailed email questionnaire or telephone or face-to-face interview.

Interviews were conducted with individual experts, and members or relevant staff of the organisations listed below:

AIMES Grid Services  
Association of Tenancy Relations Officers (from three different workplaces)  
Association of Residential Lettings Agents  
Belvoir Lettings Agency  
Lord Richard Best\*  
Brent Private Tenants Rights Group  
British Property Federation  
Brighton and Hove Council  
Camden Federation of Private Tenants  
Chartered Institute of Environmental Health  
Communities and Local Government  
Consumer Focus Scotland  
Crisis\*  
Debbie Crew  
The Deposit Protection Service [Computershare Investor Services PLC]  
The Dispute Service Limited [The Tenancy Deposit Scheme]  
Eastern Landlords Association  
Greater London Authority

Hyndburn LA  
The National Approved Letting Scheme  
Landlord Law (.com)  
Liverpool Council  
London Landlord Accreditation Scheme  
London University Accommodation Office  
Martin Partington  
Mostyn Estates Ltd  
National Association of Citizens Advice Bureaux  
National Landlords Association  
National Union of Students  
Newcastle Student Advice Centre  
Northwood GB Ltd  
The Property Standards Board  
Dr. Julie Rugg  
Shelter\*  
Dr. Nigel Spriggins  
TAROE (Tenants and Residents Organisations of England)  
Transaction Partnership Ltd  
uPad Ltd  
Winkworth Franchising Ltd

\*Contributed through a round table forum as part of a wider Private Rented Sector discussion. The organisations also providing previously written papers.



## Appendix B

**These are extracts from public postings on websites. They have been edited for brevity, decency and to preserve anonymity of all parties. Grammar, spelling and punctuation are as posted.**

Frankly, if I could give this a score of zero then I'd happily do it. We paid £xxx a month to let this property and it was absolutely riddled with damp - soaking bathroom floors, rotting wood, mould all over the place. Over ten months, neither the landlady or the lettings agency would do any repairs - the landlady fobbing us off with 'the agency will take care of it' and the agency telling us the landlady would not pay for repairs. All the while, the place was stinking and unusable.

"NEVER IN YOUR LIFE DO THREE THINGS 1.RENT A HOUSE FROM THIS COMPANY 2.PAY RENT THAT DOESNT INCLUDE BILLS 3. GET A HOUSE WITH NO DOUBLE GLAZING Bathroom: The Shower head is still faulty, even after following your advice, it now leaks through the bottom of the shower head through the tubing. There is now a crack in the ceiling that leaks every time it rains and the water coming through is dirty and the crack is getting bigger. This was told to Mr \*\*\*\*\* when he came to inspect the house but no one has come to fix it. The sink hot tap is very loose in its fixing, it can turn almost 270 degrees, it is also beginning to leak.[edited...]

I DOUBT ITS GOING TO GET ANY BETTER AND NOT ONLY THAT THE RENT IS EXPENSIVE AND WILL INCREASE IF I EVEN DARED STAY ON. ITS TAKEN THEM FOREVER TO GET A FEW OF THE STUFF FIXED BUT THEY HAVE IGNORED ME ON THE BOILER AND THE KITCHEN FLOOR AND NOW IM GETTING LEGAL HELP! NEVER RENT WITH THEM!!!!!"

"You want xx land lords you shud see what they won't fix. i shall post it somewhere it is damp wall with the painting coming off they just won't fix it we have told them 5 times now!!!"

"never pay your last month's rent if you know the landlord is a x!!

A girl I went to Uni with had to sue our landlord to get her deposit back... the landlord (who owed about £3,000 on various bills that were sent to the house) was surprised when I told her I didn't trust her enough to give my deposit back and... x off without paying the last month's rent!!

"they're just unbelievable greedy. i terminated the contract with my landlord after he refused to carry out vital repairs and i caught him entering my room/the house without permission. he promised to return deposit and 2 months of my rent which was unused (600 altogether). i find him a new tenant, suddenly he threatens... to sue me for the whole year and turn to new tenant away unless i let him keep the 600. however, he didnt protect my deposit, so he will be getting a nice legal letter in the post soon!"

"what really x me off is the amount of holidays that they take, in the summer alone, my landlord has been away 5..thats right 5 times!!!And you know thats when things go wrong!! like today the washing machine has broke, and he only went away yesterday, and i got my head bitten off when i rang him to tell him, which... i wouldnt mind but he said ring him if something goes wrong"

"Our landlord is worth 7 MILLION!!!! (we know this coz he told us) and he charged us for rat traps when the rats were there before us! x the degree i'm becoming a landlord so i can x over students and become minted."

"Our old landlord kept some of our deposit for a second hand lawnmower he'd given us (which is apparently illegal anyway) which then broke. And then he had the cheek to keep more deposit to pay a gardener to come and sort out the garden which was pretty big and we hadn't been able to mow cos of the broken mower!"

"oh yes, in the wake of realisation that i will be losing my second deposit of this year, i have decided to form this group. no matter what you , even if you x redecorate the entire house, they would not give you the deposit back. its like 'wear and tear' doesn't exist to them. the sofa , that has clearly been in our living room for about a century, that's leg broke, oh no, not wear and tear. we MUST have broken it and therefore must pay for a new one out of our deposit. im so angry i could vomit so im letting off my steam by creating this group !!!"

"Don't ever even entertain the idea of doing business with J\*\*\*\*\* N\*\*\*\*\* letting agents. They're all sweetness and light until they've got your fee, then they're a x nightmare. Actually had to get the council involved at one point because they kept ignoring our requests for fire alarms!"

"I created this group because along with every other student in XXXX i'm sick and tired of dodgy landlords and their dodgy practices

My experience of this is with \*\*\*\*\* and \*\*\*\*\* of \*\*\*\*\* who are Landlords of \*\*\*\*\*. They will do what they can to take your deposit (dodgy contracts, no secured deposit, etc) and you will have to put up with their two faced daughter as well who resides in the house.

XXXXX has the largest number of students in the UK and i believe it's about time we did something about this. It's horrible. It's taking advantage of young students who have no experience and knowledge of the rental market. It's about time XXXXX created some sort of Blacklist to fight back against these horrible snakes."

"Not forgetting our good friend, the estate agent, who in all their eagerness, will do anything to get you into your new dwelling only to disregard you after collection of keys, like a used piece of x. They lie, they cheat and are utterly useless people."  
"Name and shame!!!

You can show me all the dodgy, self-made PC printed certificates of which housing/property management federations you belong to, but it doesn't detract away from the fact that you are still x"

"could we put all the names of substandard lets ,agents & landlords on here, as a warning for tenants to let them know if their no good, i've seen write ups on many a site about \*\*\*\*\* etc. if a let is a business don't we have the right to complain???and if we don't just do it anyway!!!plus its not slander if its ...true.the agents won't give us a flat if we don't measure up,so now why don't do it to them"

"If you would like to put a person's name , what they did, and why someone should not rent to them or from them you are more than welcome to do so. THIS is not slander if the information provided is TRUE!"

Landlords. There are no better x in the world than these guys...

**NB** Not every posting found is critical. The above examples however illustrate the type of feedback that “open posting” attracts. A number of landlords have sites which encourage tenant feedback e.g. [www.wildprops.com](http://www.wildprops.com) where some very positive feedback can be obtained.