

## Comparison of cost to tenant of "deposit-free" schemes and traditional deposit protection schemes

We compared the total non-refundable cost of a number of 'deposit-free' schemes on the market and the traditional deposit protection system. Our calculations were based on a tenant taking on a typical 12 month tenancy at £600pcm, which she renews after a year but leaves at the end of the second year. We calculated two scenarios – in the first the tenant leaves with no deductions by the landlord and in the second her landlord makes a £200 deduction, which is reduced to £100 by arbitration.

| Provider  | Model   | Set up and ongoing cost to tenant   | End of tenancy process and liabilities   | Agent commission              | Total non-refundable cost to tenant | Total non-refundable cost with £100 landlord claim |
|---|---|---|--|-------------------------------|-------------------------------------|--|
| <b>Blinc DRS</b>  | Tenant pays fee to join scheme, which is underwritten by insurance company. Blinc DRS then covers landlord for claims and recovers costs from tenant if arbitration finds against tenant. | Tenants must meet minimum referencing criteria. Tenants pay a non-refundable fee of one week's rent, with an admin fee of £30 per annual renewal.   | Tenants are liable for claims at the end of the tenancy. If tenant disputes claims made by landlord or agent, disputes are passed onto independent adjudicator HF Resolutions Ltd who make a final decision on claim.  | Yes                           | <b>£ 168.46</b>                     | <b>£ 268.46</b>                                    |
| <b>Dlighted</b><br><i>*not currently taking on new clients*</i> | Insurance policy paid for by landlord with landlord as beneficiary. Tenants liable for claims at the end of the tenancy.  | No cost to tenant, but tenants must pass "enhanced vetting" – referencing and credit checks.  | Tenants liable for claims at end of tenancy. Dispute resolution service gives both parties three months to supply evidence if tenant disputes claims.  | Unclear                       | <b>£0</b>                           | <b>£ 100.00</b>                                    |
| <b>Flatfair</b>   | Tenant pays for membership. Flatfair guarantees landlords for claims at the end of the tenancy and recovers claim costs from tenant if dispute arbitration finds against tenant.          | Tenants pay a non-refundable fee of one weeks' rent plus VAT. Tenants must pass income and referencing checks, or a guarantor.  | Tenants are liable for claims at the end of the tenancy. Landlords / agents can make a claim, which tenants have 10 days to dispute. If disputed, independent arbitration asks both parties for evidence. If tenant disputes and arbitration finds in favour of landlord, tenant will be charged an additional £100 + VAT. | Yes                           | <b>£ 166.15</b>                     | <b>£ 266.15</b>                                    |
| <b>Leaders No Deposit Option / Residency Membership</b>         | Tenants pay a monthly fee for 'Residency Membership' throughout tenancy in lieu of a deposit. Tenants liable for claims at end of tenancy.  | Tenants pay a monthly fee (inclusive of VAT) for scheme membership of £30 on rents up to £499, £36 on rents £500 - £999, £48 on rents between £1k and £1999, and £60 on monthly rents £2k+. | Tenant liable for claims at the end of the property. Tenants wanting to dispute claims must pay £120 for arbitration service. Fee refunded to tenant on a pro rata basis of any percentage of the dispute amount being awarded in the Tenant's favour.   | Scheme run by letting agents. | <b>£ 864.00</b>                     | <b>£ 1,024.00</b>                                  |

|  |  |  |  |   |                 |                   |
|--|--|--|--|---|-----------------|-------------------|
| <b>Reposit</b>                                   | Tenants pay for insurance policy underwritten by Canopus, with landlord as sole beneficiary.   | Eligibility dependent on referencing checks or referencing of guarantor. Non-refundable set up fee of one week's rent charged to the tenant. Product lasts for 12 months, can be extended for an additional £30 every 12 months. | Tenants liable for claims at the end of the tenancy. Landlord/ agent can submit claims at end of tenancy, tenants have 7 days to accept or dispute. Disputes referred to third party arbitrator, who asks for evidence from both parties and can uphold, reject or alter the claim. If tenants dispute and arbitrator finds wholly in favour of landlord, tenant receives additional £120 charge on top of claim amount. | Yes, agents paid commission for each product sold to tenants. | <b>£ 168.46</b> | <b>£ 268.48</b>   |
| <b>Romans No Deposit Option</b>                  | Tenant can opt to pay a monthly fee in lieu of a deposit. Tenants liable for claims at the end of the tenancy.   | Tenants pay a monthly fee of £36 inclusive of VAT for No Deposit Option on rents up to £999 per month. £48 per month for rents up to £1999. Higher if pets.  | Tenant liable for claims at the end of the tenancy. If tenants want to dispute claims by, must pay £120 for arbitration service. Fee refunded to tenant on a pro rata basis of any percentage of the dispute amount being awarded in the Tenant's favour.  | Scheme run by letting agents.                                 | <b>£ 864.00</b> | <b>£ 1,024.00</b> |
| <b>Rushbrook &amp; Rathbone Property Protect</b> | No deposit /damages and arrears protection as part of a landlord's insurance package offered by Rushbrook & Rathbone. Tenants pay nothing. Landlords pay £30 per month for properties with monthly rents up to £1000 and £40 per month for properties up to £2500. | Eligibility subject to tenant referencing and credit checks, with ongoing monitoring of tenant's credit report throughout tenancy. No set up fees for tenant.  | Unclear about tenant liabilities and third party dispute resolution services.  | Yes   | <b>£0</b>       | <b>Unclear</b>    |
| <b>Zero Deposits</b>                             | Tenant pays for a Guarantee. Zero Deposit guarantees landlords for claims at the end of tenancy if arbitration finds in landlord's favour. The company recovers claim costs from tenants or passes these onto a debt collection agency.                            | Tenants pay a non-refundable fee of one week's rent, with a further annual administration fee of £26.  | Tenants are liable for claims at the end of the tenancy. Landlords / agents can make a claim, and if the tenant disputes both parties are asked for evidence by TDS who provide dispute arbitration.   | Yes   | <b>£ 164.46</b> | <b>£ 264.46</b>   |
| <b>Traditional Tenancy deposit scheme</b>        | Tenant pays deposit to landlord or agent, who protects the deposit in a government licensed deposit protection scheme (insurance-based or custodial scheme).   | No set up or ongoing cost to tenant. All tenants eligible.   | Landlords / agents can make a claim for deductions up to the value of deposit. Schemes provide alternative dispute resolution at no cost if tenant disputes.   | No  | <b>£0</b>       | <b>£ 100.00</b>   |

Scheme information and fees figures compiled from each company's website as listed in March 2019.