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A Welsh
agent's
insight
into
working
with
Deposit
Schemes



Deposit Schemes

As you are no doubt aware Scotland is adopting a custodial scheme to manage tenant deposits from 12th November 2012.

In 2010, agents in England and Wales had a similar transition, LetMC's sister company Pinnacle Letting Agents went through the deposit change with some interesting experiences of registering, managing and returning 1000s of deposits each year. We would like to share some of those experiences with you.

Caught off Guard

The first year we were involved in the schemes we were caught off guard and entered bit of an unknown; which by the second year caused our highest number of disputes going to arbitration. This is how we brought this number down year on year.

Year	No. of cases
1	1
2	40
3	15
4	4

Inventory

If your opening inventory comes back from a tenant with a 'no' or 'not clean', then you need to prove that you took action and it wasn't left undone.

Advice: Add all work items from an inventory to your maintenance log and get a contractor invoice confirming the work was done as potential future evidence.

Timings

While schemes publish their timings to make decisions, we found in certain busy periods the Schemes organisers took longer than planned.

Advice: Keep an eye on timings and if they over run let the tenants know fast, you will be in the firing line not the schemes.

Maintenance

Within your letting software the maintenance log is evidence. It has recorded when work was reported, actioned and completed.

Advice: Submit maintenance log with disputes.

Dispute

The dispute panels look at everything when adjudicating.

Advice: The more evidence you can collect throughout the year the better, date stamp all photos and keep records of all maintenance issues and requests.

Schemes Term

Each scheme has an overview of their terms, how long a landlord or tenant has to raise a dispute, what the steps they need to take are and that if a tenant is not happy with a deduction that they must provide evidence.

Advice: Read and understand the terms, then use these terms to explain to tenants and landlords the process, steps and timings on how to get the deposit returned. If a party does not follow these terms then they need to discuss this with the scheme not you.

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LetMC software can offer a tenant login feature allowing tenant to report maintenance online, which is automatically added to the maintenance log.

Text Message Evidence

Text messages (as well as emails) can be used as evidence in a dispute.

Advice: Save all your text messages and emails, use those messages as evidence, but also use as an aid with dispute resolutions before going to scheme arbitration.

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LetMC software automatically saves all text, email and letter correspondence into a notes section, including text replies from tenants which are date and time stamped these can then be used as evidence.

Cleaning Charges

Cleaning charge disputes that were from a contractor were sometimes reduced by the arbitration, we found that certain cleaning contractors whose charges were higher caused us more deposits deductions at arbitration as they felt they were unreasonable.

Advice: Standardise the cleaning charges for all your cleaning contractors and categories cleaning as:

- *Light clean - dust and Hoover;*
- *Medium clean - clean skirting boards, clear rubbish;*
- *Deep clean - Ovens, fridges and freezer cleans, move furniture to clean, carpet cleans;*

After we defined our cleaning categories and standardized charges we had less landlord complaints about cleaning charges and more importantly less disputes.

Let Only Deposits

In Wales we used the DPS custodial schemes and would collect Let Only deposits and pay them directly to the DPS scheme. We would then transfer the deposit from our DPS account to the landlords account.

Advice: Start collecting the landlord deposit scheme ID details so you can follow this similar process and ensure that all Let Only deposits are being registered.

Paying Deposits

Disputes are usually only about part of the deposit, not the whole amount.

Advice: Check if you can arrange release of the un-disputed amount to the tenant, most tenants will need this money as soon as possible for their next property.

Case Studies

It is easy for landlord or tenant to say they want to go to arbitration.

Advice: Use the scheme case studies (they should publish them) similar to your situation where the landlord or tenant has lost, this could avoid a drawn out process for all parties.

Obviously we have a lot of advice on Deposits Schemes, we've been using them for four years, we can't fit them all into one advice sheet so follow [@GlynTrott_LetMC](#) who will be tweeting out more advice from the 19th November [#ScottishDeposits](#) make sure to share your own experiences.

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LetMC cloud computing software is used by agents in Scotland, managing the three different Scottish deposit schemes, Scottish leases, landlord registration numbers, and uploads to Citylets and Lettingweb.

Call 029 2036 7960 for a demo and see for yourself.

[Click here to see the main features of LetMC Letting Software.](#)

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