

Holding Deposits

A holding deposit is a deposit paid by a tenant to a landlord/agent on the agreement that the landlord or agent won't show the property to another tenant while carry out reference checks.

Tenants provide a holding deposit on the understanding that they intend to take the property if the checks prove satisfactory.

From 1st June 2019 the value of any holding deposit is capped at one weeks rent.

The holding deposit must be refunded to the tenant upon signing the tenancy agreement (or transferred as part of the security deposit and protected), or where the landlord/agent decides not to offer the tenancy or where the tenancy fails to be entered into within the deadline.

The agreed deadline to enter the tenancy is 15 days after the holding deposit is paid unless a longer deadline is agreed between both parties.

When can a landlord or agent retain a holding deposit:

- The tenant's income declaration was significantly higher than it is (even where there has been a typo)
- The tenant has lied about their income or employment
- The tenant has failed to disclose any relevant information upon being directly asked to provide this information.

When should a landlord or agent return a holding deposit:

- The tenant has misspelled/ made a typo with regards to their name, previous addresses, employer etc.
- The tenant has omitted a previous address which otherwise has no bearing on their suitability as a tenant
- The tenant has misjudged their income or their ability to afford the rent

Where a landlord or agent wishes to retain a holding deposit they should provide the reason, in writing, to the tenant within seven days.

Landlords must not take multiple holding deposits from different tenants (or group of tenants) for the same property.

This document was last amended on 10 April 2019 and was considered accurate at that time.

Changes to legislation which occurred after this date will not be reflected in the content.

This document should not be considered comprehensive, nor should it take the place of legal advice where this is required.