

Bond Agreement Procedure

Purpose

The Bond Agreement policy is to supplement the Key 4 Me scheme guidance to aid both Landlord's and Dorset Council employees. This is to ensure that all officers carrying out related duties in accordance with the scheme have an objective policy to assess and award bond claims against.

All guidance will be issued to Landlords prior to confirmation of any Bond agreements.

Key Facts

- Damages will not be awarded to tenancies that exceed 10 + years
- Bonds will not be awarded where the tenancy was ended earlier than the original expected Assured Shorthold Tenancy duration unless previously agreed with Dorset Council.
- Bonds will not be awarded where the Landlord has moved the tenant to another dwelling or room. It is not transferable.
- If keys are not returned at the end of the tenancy the cost of a lock change will be awarded upon proof of payment
- If keys are not returned at the end of the abandonment procedure being executed, the cost of a lock change will be awarded upon proof of payment.
- Damages will not be awarded to bond claims that are not provisionally brought to the Lettings Team attention within 14 days of the tenant vacating. You will have 30 days to provide invoices/receipts for work undertaken.
- Damages will only be awarded when provided with a receipt or invoice on headed business paper to demonstrate financial loss. This will be subject to fair wear and tear considerations, betterment and apportionment calculations.
- Cleaning, clearance and gardening to restore the property to the standard of commencement will all be considered in line with reasonable market rates and the condition of the property prior to commencement of tenancy.
- All awards are based upon guidance from NRLA, Property Mark and Deposit Protections Schemes
- Bond claims will be pursued with the tenant after award as a debt to Dorset Council and any further bond agreements
- In the absence of an inventory being carried out upon tenancy commencement, no bond claim will be awarded.
- The Tenant(s) will be made aware of the lodged claim within 14 days of the Lettings Team being made aware.
- All bond claims need to be sent to lettings@dorsetcouncil.gov.uk

Definitions

➤ Fair Wear and Tear:

Fair wear and tear is the gradual deterioration or 'damage' that occurs to the condition of the rented property and its contents, fixtures and fittings through a tenant's **normal and reasonable use**. So when you assess fair wear and tear at the end of the tenancy you must make allowances for the:



- Age, quality and condition of any item at the start of the tenancy
- Average useful lifespan of the item
- Reasonable expected usage of such an item
- Number and type of occupants in the property
- Length of tenancy

➤ **Betterment:**

To avoid betterment, you must consider apportionment. If damage exceeds fair wear and tear, you must avoid improving upon the value of the property (betterment). Landlords are not entitled to end up financially or materially better off once a tenancy ends.

➤ **Apportionment:**

Any tenancy deposit deductions must consider fair wear and tear and whether repair or replacement is the most appropriate remedy. The cost of the remedy must then be appropriately divided between you and the tenant (apportionment).

Considerations

1. Quality and original condition

The higher the quality, the longer the lifespan. It's completely understandable that you may not want to necessarily put high quality items in a rented property. It is important to remember that where an item is of budget or medium quality, a tenant can only be expected to contribute to an item of a similar quality should it have suffered from excess deterioration during the tenancy. To replace with an item of higher quality would be betterment.

It's always good practice to keep any receipts for items and invoices for work carried out before and during the tenancy as these can help you to decide whether a tenant should pay towards any costs or whether it should fall under general maintenance. In the instance that you and your tenant are not able to come to an agreement, having receipts and invoices are very useful for an adjudicator.

Where an item is of particularly high value or importance to you, it is advisable not to keep this in the rental property. If something is of high quality which may require some maintenance, you should make the tenant fully aware of this before they enter the property, giving any guidance to help with the care during the tenancy. It may be seen as unreasonable to pass costs onto a tenant if they were unaware of this and their responsibilities.



2. The length of the tenancy

The longer the tenancy, the more natural wear and tear you should expect.

Where something was already not new at the start of the tenancy and a tenant has gone on to live in the property for a relatively long period, it is reasonable to expect to replace some items and redecorate areas. Where an item may have suffered from some deterioration exceeding fair wear and tear, it still cannot be replaced with new.

An allowance must always be made for natural depreciation on any replacement items or redecoration, depending on the length of the tenancy and its original age and condition to avoid betterment.

3. Number and age of occupiers

Consideration must be given to whether there is single occupancy or a large family living at the property. The more occupants, the more wear and tear that will naturally occur, particularly to the common areas such as the kitchen, dining room, living room, stairways and hall.

Some scuffs or marks are inevitable as you know from living in your own home and therefore, it's important to be reasonable when it comes to deciding what contribution, if any, you ask a tenant to make. It may be that you have permitted a tenant to keep a pet at the property, such a cat or dog and this is likely to cause additional wear than otherwise might be expected.

Like anything however, if there is damage caused because of the pet, a tenant can be expected to pay towards the cost of rectifying this. It is important for you to manage the tenants' expectations here and make sure they are aware of this at the start of the tenancy.

4. Nature of the item

Some items following a tenancy may just need replacing where they only have a very short lifespan initially and are of little value.

For example, a shower curtain, where if properly cared for, may only last up to a year before it needs to be replaced. Other items such as door mats and toilet brush holders may also need replacing after each tenancy.

That is not to say that a contribution cannot be asked for but it is essential to be reasonable with your requests. A tenant may be more willing to pay towards other costs where they feel you are being fair in relation to others.

5. Nature of the deterioration



It's important to consider the nature of deterioration and whether it's likely to have been caused through misuse or whether it should be reasonably expected from the tenancy. Examples of deterioration which may be considered as fair wear and tear include things such as loose door handles and toilet seats, carpets flattening to walkways, slight discoloration, light scuffs or rub marks. Where you feel issues such as these are caused by misuse, it's important to be able to support this with evidence.

Where an item may be described as loose at the start and is broken at the end, such as a toilet seat, it may not be reasonable to charge a tenant for this as on a balance of probabilities, this will have occurred due to its original condition and everyday use combined. Any repairs reported by a tenant should try to be addressed as soon as possible to avoid any further damage.

Betterment Calculation:

A	The replacement cost of similar item	£500
B	Age of item	2 years
C	The expected lifespan of the item	10 years
D	The remaining lifespan of item (C – B)	8 years
E	Annual depreciation (A ÷ C)	£50 per year
F	The apportioned cost to the tenant (D x E)	£400

Example:

Budget lounge carpet

A: Replacement =£325.00

B: Age of lounge carpet= 2 years old

C: Expected life span of carpet= 3 years

D: Remaining life span= 3 years – 2 years= 1 year

E: Depreciation: £325.00 / 3 = £108.33

F: Apportioned cost to tenant= 1x £108.33= £108.33

Life expectancy of tenancy items:

Decoration



Hallway / landing / stairs / kitchen / bathroom	Up to 3 years
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Dining room / living room	Up to 4 years
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Bedrooms	Up to 5 years
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Carpets

Budget / low quality	Up to 3 years
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Medium quality	Up to 8 years
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Top quality	Up to 15 years
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Appliances

Washing machines / tumble dryers	Up to 6 years
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Fridges / freezers	Up to 8 years
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Cookers / ovens / hobs	Up to 10 years
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Furniture

Dining chairs	Up to 3 years
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Beds	Up to 5 years
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Mattress	Up to 8 years
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Sofas	Up to 8 years
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Cleaning, Clearance and Gardening

Cleaning

Bonds do not cover the normal landlord costs of general cleaning costs. We look for evidence that the property was less clean at the end of the tenancy than the start. We will not make an award solely based on an obligation in the tenancy agreement. Cleaning costs will only be permitted within the private dwelling, private garden, private courtyard, private driveway. No communal clearance costs will be awarded.

Biohazardous related waste costs are covered by the Bond scheme and should be evidenced through receipts or invoices.

Clearance

Evidence will be required to demonstrate what clearance work needs to be undertaken. Clearance costs will only be permitted within the private dwelling, private garden or courtyard and private driveway. No communal clearance costs will be awarded.

Gardening

Evidence will be required to demonstrate that the garden condition at the end of the tenancy does not mirror the condition at the commencement of the tenancy. Bond claims will only be awarded for private gardens or courtyards.

Rent arrears

Any claim against the bond for rent arrears will only be agreed where it is shown that the landlord made Dorset Council aware of the rent arrears once the tenant is four or more weeks in arrears. This gives the Council an opportunity to work to resolve and mitigate any rent loss and claims will not be agreed unless we have been given this chance.

Should the rent arrears accrue further and at the end of the tenancy still exist, the Landlord will need to provide an accurate rent account statement to be submitted as evidence of the arrears.

We will not pay out on claims relating to administration fees or court costs of any tenancy related matters or breaches.

Pet Bond

A pet bond may be agreed in instances where a landlord has permitted a pet(s). The landlord should carry out periodic inspections as part of the tenancy to ensure the number of permitted pets are as expected and that excessive damage is not being caused to the dwelling.

The bond will cover professional cleaning associated with pet damage and/or damage to the dwelling that has been caused by the permitted pets. Pet related damage or cleaning will only be paid under the pet bond.

For Tenants



Tenant(s) will be made aware of the intention to claim on the bond by the Lettings Team within 14 days of the Lettings Team receiving the claim and evidence. The Lettings Team will attempt to phone, write and email the Tenant using the last known contact details.

Should the Tenant dispute the claim, the Lettings Team will act as an adjudicator and ask for evidence which supports their dispute. The matter will aim to be resolved within 28 days of receiving the initial claim against the Bond from the Landlord.

Should the Tenant not dispute the claim, the claim will be made and the debt raised against the Tenant's account with Dorset Council. This will be pursued by the Housing Finance Team as an aged debt.

References

<https://www.nrla.org.uk/>

<https://www.mydeposits.co.uk/>

<https://www.tenancydepositscheme.com/>

<https://www.depositprotection.com/>

<https://youtu.be/zcdCrmt0vWw>

