

6th March 2006

LANDLORDS - DON'T BE SEDUCED BY CHEAP LETTING AGENTS' FEES

Most letting agents run their businesses efficiently; with care and attention to detail, using their experience and knowledge to locate good tenants, match available properties and run the tenancy to its end. Some are small operations with just one branch, others are national organisations with dozens or even hundreds of branches. But with property sales in the doldrums some estate agents without any lettings experience are offering cheap deals to let your property. They have to get income from somewhere! Additionally, others seeing the publicity on Buy to Let may start their own business as a letting agent, undercutting established businesses just to get started. Coming out to see your property they may claim that they have tenants waiting, that letting is simple, that they have been in the business for years - so why not take advantage of that low, low rate and save a few pounds?

There are many reasons.

First and foremost: MONEY. Money talks, savings matter, mortgages must be paid, profit must be made. The difference (on a fully managed arrangement) between paying 10% to an inexperienced letting agent and 15% to a professional letting agent on a £750 per month rent could be up to £450 per year. But who is to say that the new letting agent will still be in business in a year's time? Who's to say he will have sufficient cash flow to pay his costs and be reliable about paying your rent into your account?

Secondly: SECURITY. Will the new letting agent be careful about who he finds as a tenant? Will he do thorough referencing checks on applicants? Will he have efficient systems to check that rents are paid and chase them when they are not? (will he have time...?) Will he do property visits to ensure that all is well with your let property? Will he serve the right Notices at the right time to ensure you get your property back?

Thirdly: INSURANCES. Unless a letting agent is licenced to conduct general insurance business, either directly authorised or as appointed representatives of authorised financial firms, they are NOT permitted to advise on or sell insurances to protect your property and your rental income. If you, the landlord arrange your own insurance, the unregulated agent would be unable to deal with any insurance claim on your behalf. If you are working/living away from the area and your roof blows away in a storm, he can do nothing about it!

Finally: PROBLEM SOLVING. With an inexperienced agent you could well find yourself 'on your own' when a problem arises with the tenancy. Tenant doesn't pay rent - you don't get paid. Tenant damages property but demands his full deposit at the end of the tenancy - you have to argue (or find yourself in court). Tenants do sometimes fail to pay rent, they do cause legal problems, they do disappear leaving a trail of damage and bad debts behind them.

So, is that worth saving £450 per year?

But if you are new to the lettings game, how do you pick a reputable agency, remembering that the industry remains largely unregulated and anybody at all can set up as a letting agent?

Ashton Burkinshaw, a specialist residential letting company, is not perfect. In all businesses the unexpected and the unwanted can occur, but with the right structure, experience and skills, problems are minimised and quickly resolved. The agency has eleven branches across East Sussex and Kent. All branches are members of The Association of Residential Letting Agents (ARLA). Director, Frances Burkinshaw, is a Fellow of the Association, Operations Director, Lindsay Ostervig is ARLA's Vice-President. All Ashton Burkinshaw staff are fully trained and take the ARLA Competency exams.

Every landlord, tenant and property is protected by the ARLA bond that secures your monies (and your tenants' monies) if the agent should fail. ARLA also demands rigorous standards of business and accounting.

Ashton Burkinshaw is regulated as a 'Principal' by the FSA for the sale of insurances for letting and property management. This means they can directly provide specially tailored insurances, manage those insurances, act on any insured problems and manage a claim for you.

Ashton Burkinshaw is a founder member of ARLA's Tenancy Deposit Scheme for Regulated Agents (TDSRA). This scheme, also backed by the RICS and the NAEA, ensures that any disputes of deposits are fairly examined and resolved by independent experts. Membership of such a scheme will soon be a legal requirement but not all letting agents will qualify.

Don't be seduced by cheap deals offered by some letting agents - make sure they are going to look after you properly!

Photo:- Ashton Burkinshaw's newly opened Swanley branch.

