

Simon Community submission to the consultation on Banning Unfair Letting Fees Bill

May 2025

Who is Simon Community?

As Northern Ireland's largest homelessness charity, Simon Community is determined in our commitment to ending homelessness. Operating right across the region, we provide preventative services, temporary accommodation and specialised support services that address the unique challenges faced by those experiencing homelessness. However, our aim is not only to provide immediate assistance but to also offer long-term solutions and homes that end the cycle of homelessness for good.

Introduction

We welcome the opportunity to respond to this consultation and share our views on proposals to ban unfair letting fees.

Everyone in our society deserves a decent and affordable place to call home. Yet it is well-known that affordability is increasingly becoming a barrier to accessing and sustaining suitable, high-quality homes in the private rented sector, particularly for low-income households.

According to Property Pal, the average monthly rent in Northern Ireland is now £960 and has risen 8.5% in the last year.ⁱ Coupled with the supply of properties in the private rental sector reaching historically low levels, this is creating a situation where people are desperate for a home and are therefore forced to pay a high price or live in unsuitable conditions. And unfortunately, this is also forcing many into poverty and homelessness.

Every day at Simon Community, we see people unable to access or remain in the private rented sector, which is increasingly being depended on in the context of a housing supply crisis. More and more calls to our 24/7 free support line are from people and families who are struggling to pay their rent and bills and are on the brink of homelessness. In an effort to help remove some of the financial barriers to accessing the private rented sector, Simon Community established our Tenancy Deposit Service which provides targeted financial support to individuals through the provision of deposits. This enables them to take on a private rental, ending homelessness for some while preventing others from entering the cycle of homelessness in the first place. In the

last year (from April 2023 – March 2024), we provided 173 deposits, totalling over £86,000, providing people who may not otherwise have been able to with the opportunity to access safe and stable housing.

Letting Fees

Simon Community believe that letting fees are an additional financial burden for tenants, particularly those on low incomes who, in many cases, are already struggling to deal with rapidly increasing costs. We know from our frontline services that the accumulation of upfront costs associated with the private rental sector - such as rent in advance, deposits, and additional fees - creates barriers to accessing housing and can increase the risk of homelessness.

It's extremely disappointing that despite the 2017 court rulingⁱⁱ and the 2020 joint Ministerial Communiqueⁱⁱⁱ, tenants are still being charged unlawful letting agent fees. A mystery shopper exercise conducted by Renters Voice just last year as part of Chartered Institute of Housing NI research found that 36% of the letting agents assessed were still charging fees.^{iv} The lack of regulation in this area is creating a power imbalance between tenants and agents. With no recourse against this practice - short of going to court, which can be daunting and challenging for many - tenants often feel forced into paying these fees.

Simon Community's position on letting fees

Simon Community therefore agree that **the legislation governing these fees must be strengthened and support the Bill's proposals to ban unfair and unlawful letting fees**. We believe that this will help to provide tenants with greater certainty and predictability about costs which can support better financial planning and promote greater trust between landlords, agents and tenants, ultimately reducing the risk of homelessness for many.

However, it's crucial that should new legislation banning fees be brought forward, **clear enforcement arrangements and adequate penalties for those who flout the law are also put in place** so as to fully protect tenants. This could involve greater powers for local councils to investigate and fine letting agents for charging unlawful fees or consideration of the introduction of alternative dispute resolution mechanisms, which are easy for tenants to access and navigate, for the private rented sector. **Public awareness campaigns to increase renters' awareness and knowledge of their rights** and how to fulfil them without fear of being evicted or other reprisals will also be key.

We note that the consultation survey asks for views on the types of tenancies that should be exempt from the Bill. At Simon Community, the people staying in our temporary accommodation services pay modest ‘heat and light’ charges to help cover utility costs. These supported housing costs are vital for the running and sustainability of our services. We would therefore stress that any new legislation should **ensure that essential service charges in supported accommodation are not inadvertently restricted as part of a ban on fees.**

Conclusion

Simon Community thank the member for bringing forward this important Bill. We fully support any proposals to ban the charging of unlawful letting fees which we believe place an unfair financial burden on people and families, restricts access to the private rental sector and places households at a higher risk of homelessness. However, it’s vital that any new legislation is fully enforced and does not restrict essential service charges in supported homelessness accommodation. With 1 in 32 people in Northern Ireland homeless and nearly 90,000 people in need of a social home, it’s vital that we ensure greater protections for tenants as part of our collective efforts to ensure everyone in our society has a place to call home.

ⁱ Property Pal. (April 2025). *Northern Ireland Housing Market Update Q1 2025*.

ⁱⁱ A court ruling in 2017 clarified the law on letting fees when it found that letting fees charged at the start or renewal of a tenancy, where the tenant is being charged for services that they have carried out on behalf of the landlord, are illegal and can be claimed back by the tenant.

ⁱⁱⁱ In March 2020, the Department for Finance and Department for Communities issued a joint statement stating that ‘the court rulings reaffirm the guidance to all those involved with the granting of a lease or letting of land, and that a landlord, or an agent of the landlord, cannot oblige a tenant to pay for the professional services provided by their agent’.

^{iv} CIHNI (2024). *Regulation of letting agents and letting agent fees in Northern Ireland*.