

Adjudication Digest No 1/2015

Time is money

- The adjudication digest takes a recent decision by a SafeDeposits Adjudicator and sets out the reasons behind it. We hope that you will find these digests informative in understanding how we reach our adjudication decisions.
- This document is for guidance only – it is not intended to guarantee when an award will be made.
- Each dispute is different and the actual award made will be based on our interpretation of the specific evidence presented to us.



The aim of these digest reports is to help tenants, landlords and agents better understand how we make our adjudication decisions. The names of the parties involved have been removed and this is only a brief summary of the dispute.

Time is money

This month's case looks at how an adjudicator approaches claims by a landlord for the costs of their time in dealing with issues at the end of the tenancy.

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| Amount of deposit in dispute | £458.81 |
| Award to tenant | £188.81 |
| Award to agent (on behalf of landlord) | £270.00 |

The landlord submitted a claim for cleaning (£85.00), redecoration (£210.00), replacement items (45.00) and administration and travel costs (£163.81). The claim was supported by an inventory and check-out report demonstrating the change in condition of the items claimed for during the course of the tenancy.

The landlord explained that he had undertaken the work himself, and provided receipts for cleaning and decorating materials and the replacement items. In addition, the landlord provided receipts for travel costs to and from his property to undertake the periodic inspections, the check-out inspection, and his time in preparing the report and sourcing replacement items. Included in the landlord's claim was a charge of £25.00 for the costs of dealing with the subsequent dispute on the basis that the tenant had already said he would accept the costs and had then unreasonably (in the landlord's view) decided to dispute them.

The tenant objected to the charges on the basis that the landlord was not using the services of a contractor and his costs were therefore minimal. Although the tenant agreed that there were some outstanding issues at the end of the tenancy, he thought that the deductions proposed were excessive given that the landlord said he was doing the work himself.

Having considered the evidence, the adjudicator was satisfied that the property had been left less clean at the end of the tenancy, that the décor had deteriorated beyond fair wear and tear in two rooms and that two items were missing. The tenant was therefore responsible to compensate the landlord for his loss.

The evidence presented for cleaning supported the amount claimed including the costs of materials bought by the landlord. In relation to the redecoration, the adjudicator awarded £150.00 as a contribution on the basis that the walls were in reasonable but not freshly painted condition at the start of the tenancy. The adjudicator also awarded £35.00 for the replacement of the missing items to allow for the fact that they had not been new at the start of the tenancy.

The adjudicator made no award for the landlord's claim for costs. In particular the adjudicator was unable to make an award for the cost of the check-out report since this was a charge which the tenant would have been unable to avoid even if there had been no issues at the end of the tenancy. In line with SafeDeposits' policy, the sum claimed was returned to the tenant. It is not possible for a landlord to recover any costs of participating in ADR from the tenant's deposit.

In relation to the costs of sourcing replacement items and normal travel to and from the property to undertake periodic inspections and the check-in and check-out, the adjudicator explained that the primary purpose of the deposit is to compensate the landlord for the financial loss caused by damage to the property, missing items or unpaid rent, rather than

the administrative costs in attending to the management of the property.

So what are the key points here?

Landlords are entitled to undertake any work required at the end of the tenancy themselves. They are not required to engage the services of a professional contractor.

The amount a landlord will be able to claim to undertake the work will depend primarily on the evidence provided to show their loss. The adjudicator is looking to assess the reasonable cost of rectifying the loss caused by the tenant's action or inaction.

In the case of cleaning for example, the adjudicator would consider how much cleaning was needed to return the property to the same condition as at the start of the tenancy and what a reasonable rate for that might be. This will not necessarily be the same rate which might apply to an occasional/accidental landlord in his normal course of employment. In other words, an adjudicator would not apply a £150.00 hourly rate for cleaning on the basis that this represented a landlord's normal rate of earnings.

There are inevitable costs in the normal management of a property. Sometimes a landlord will choose to use the services of an agent to manage the property for them and they will incur costs in doing so. Alternatively, they may undertake the management of the property themselves.



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