

THE RENTERS RIGHTS BILL AND THE LOSS OF FIXED TERMS

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When you grant or take on a tenancy, it is normally for a period of time. Six months, a year or whatever. This period is known as the 'fixed term', and it is set out in the tenancy agreement.

One of the big headline changes in the Renters Rights Bill is the loss of fixed terms. From the date the bill comes into force, ALL tenancies will become periodic.

This will not necessarily happen on the date the bill becomes law. Generally, after bills pass into law, there is a period of time before they come into force. The date for this is normally set out in regulations and is known as the 'commencement date'.

It is also common for different parts of a bill to come into force at different times, but the loss of fixed terms will almost certainly come into force fairly soon.

What does this mean in practice?

It means that all tenancies will run on from month to month, or from week to week. It will not be possible to create a tenancy with a fixed term, and any attempt to do so will be of no effect.

Your tenancy agreements (after the bill has come into force) should, therefore, just give a starting date and the period. There should be no end date for the tenancy as it will just run on until it is ended, which will either be by...

- The tenant giving notice and moving out, or
- The landlord obtaining a court order for possession and (if the tenants still don't move out) forcing them to leave by arranging an appointment with the County Court bailiffs or High Court Enforcement Officers.



The bill also provides that the period of the tenancy must not be more than monthly or 28 days. This is to prevent landlords from introducing fixed terms by the 'back door' by having long periods, such as six months or a year.

Why are the government abolishing fixed terms?

The main reason is to prevent tenants from being stuck in tenancies they no longer want or need.

For example, if a tenant moves into a property on a 12-month fixed term and then finds that it is dripping with damp and mould, as the law is at present they are committed to pay rent on a month by month basis for that 12-month period.

The fact that the property may be in a shocking condition is not a justification for refusing to pay rent.

The government thinks that this is wrong and that tenants should be allowed to get out of tenancies, not only because the property may be poor quality but also if they have to move, for example, for their employment. They should not be forced to pay rent when they don't want to live there any more.

During the bill's second reading debate, many young MPs stood up (remember this is a totally different Parliament from the last one, with a considerable number of younger MPs) and explained how they were renters, and how they had suffered from landlords serving unexpected Section 21 notices on them. One MP even said that he was served





a Section 21 notice on the day he was elected! So, the House of Commons as a whole is keen on tenant rights.

What about the point, raised in particular by Propertymark during their evidence at the committee stage, that many tenants actually want a long fixed term as they want the security of tenure it gives? For example, families with young children at local schools.

The Renters Rights Bill, when it is made law, will just give security of tenure for one year, after which landlords can claim the property back under the new and amended mandatory repossession grounds based on their need to use the property for themselves and their family to live in, or to sell it.

However, it is clear that the government is more concerned about the risk of tenants being stuck in inappropriate and unsatisfactory tenancies than it is about tenants losing their security after 12 months. So Propertymark's evidence fell on deaf ears.

Facing confusion

I suspect that the loss of fixed terms will cause a lot of confusion generally. Most people tend to assume that a tenancy will always be for a period of time, and often have difficulty in grasping the concept of a rolling periodic tenancy.

For example, a top search on my Landlord Law blog has long been: 'What is a periodic tenancy?'

So, you will need to explain, probably to very confused tenants, that you are not allowed to do this any more.

Indeed, you can tell them, if you do give them a tenancy agreement with a fixed term in it, you can be penalised and fined up to £7,000.

What about existing tenancies?

When new legislation comes into force, there are normally 'transition rules' set out in regulations which explain how the new law will affect existing situations.

For example, in Wales, when the new Welsh housing law came into force in December 2022, landlords of existing tenancies had to serve a 'conversion contract' on them, which was an amalgamation of their existing tenancy agreement and the new Welsh prescribed terms.

There may be something similar required when this law comes into force, but at the moment we don't know what it will be.

So, until we know more, all you can do is carry on as normal.

When the transition regulations are published, there will no doubt be publicity about this on the landlord websites, plus we will be writing about it in Your Property Network.

You should keep an eye out for this, as if you fail to comply with the transition rules you may find yourself in difficulties. So, make sure you take steps to keep yourself informed.



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Tessa is a specialist landlord and tenant solicitor and author of www.landlordlaw.co.uk (a membership site with extensive resources for landlords) and www.lodgerlandlord.co.uk (a free online resource for people renting a room in their home).

Tessa will be running a two-day online Renters Rights Bill Online Conference in March 2025 to help landlords prepare for the new regime. To find out more visit <http://www.landlordlaw.co.uk/rrbconference>.