

Case study

Mediation



Topic(s)

£2,250 rent arrears

Resolution requested

Payment of all arrears

Resolved by

Property Redress Scheme tenancy mediation service

The facts

- 12 month student tenancy
- HMO
- Monthly rent £3,900 divided by six students

What happened?

The landlord said:

- soon after signing the tenancy agreement, the tenant asked for a rent reduction, which was declined
- this is a modern property which has been rented out for a number of years, with no complaints
- all the other tenants paid their rent on time and in full. It is only fair to the other tenants and their guarantors, to ask for what is owed from this one tenant
- the tenant moved out five months early and is most likely living with his parents
- he has not been contactable, with his phone continuously going to voicemail and his email inbox is full
- all correspondence has had to go through the guarantor
- negotiation is a possible option depending on what terms are proposed

What evidence was provided?

Emails, tenancy agreement

What happened next?

The first step in our process is to encourage the tenant to engage with the Property Redress Scheme tenancy mediation service, a third party, who will get a full understanding of the situation before trying to reach a mutually amicable settlement.

In this case the tenant's guarantor agreed to use mediation and accepted that the tenant:

1. had only lived in the property for three months before leaving
2. moved out of the property without giving any notice
3. paid no rent after moving out, which he understands is still outstanding

The guarantor proposed the tenant be released from the remaining four months of the contract but said he is unable to pay all of the arrears.

What was the outcome?

The landlord was asked how he would like to proceed, in relation to the tenant's contractual responsibility and the outstanding rent. The options we presented were to:

- stand firm on the length of the contract and hold the tenant responsible for rent for the full term
- agree to release the tenant from the last four months of the contract in return for the arrears being paid
- consider allowing the tenant to pay the arrears over a set period of time, rather than all at once, which was a more likely compromise for the money to be paid
- request that the tenant writes to the tenancy deposit scheme holding the deposit, and confirm that the deposit should be released to the landlord, without being contested

In return for the landlord agreeing to release the tenant from the remainder of the contract, the guarantor agreed, on behalf of the tenant, to:

- the whole deposit being released directly to the landlord
- pay the remaining arrears in line with the mediation agreement summarising the individual amounts payable and the dates they are due

The parties both agreed that once the terms of the agreement have been complied with, the landlord will not issue a claim and enforce a judgement against the tenant for the rent waived as a result of releasing the tenant early from the contract. The landlord also agreed to waive any interest charges on the outstanding rent arrears on condition that the tenant keeps to the terms of the mediation agreement, in full.

What are the key points?

- Although we traditionally think of court proceedings, when looking to recover rent arrears, using third party mediation offers an unbiased way of looking at all the options, which sometimes the parties have not thought of themselves. Mediation can also be used at any time, not only when a tenancy has ended
- Landlords have options on how to deal with rent arrears which are more than just holding a tenant to the full term and full rent
- Conceding to some of a tenant's requests can avoid the debt growing. If they struggle to pay a lower amount, how will they ever pay an increasing amount?
- Mediation is a much cheaper and quicker way to resolve disputes than court and can completely diffuse an already difficult situation

For more information on the Property Redress Scheme tenancy mediation service [see here](#).

Contact the Property Redress Scheme tenancy mediation service

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