



The Bond Scheme – Questions and Answers

1. What is a Bond?

A Bond is a legal agreement which replaces taking a deposit. When you take a deposit you can obtain reimbursement of losses from the deposit. A Bond means you can obtain reimbursement of equivalent losses from the Council instead, so there is no need to take a deposit.

2. When does the Council provide a Bond?

The Council offers a Bond for Housing Options customers who need accommodation but who cannot afford to pay a deposit or to borrow the money needed to pay a deposit.

The Council only offers a Bond for properties which:

- a) Would provide the customer with no more than the number of bedrooms they are entitled to under Local Housing Allowance rules, and if the rent is within the Local Housing Allowance they are entitled to. This is to make sure the tenant will be able to afford the rent.
- b) Have no outstanding Hazard Awareness Notices or Improvement Notices. In respect of shared accommodation this applies to the room to be rented and the shared parts of the property.
- c) Have an Energy Performance Certificate rating of E or higher (does not apply to a room in shared accommodation or lodgings).
- d) Which appear to be of a suitable standard. This involves a visit to the property to ask the *key questions* set out in the enclosed booklet *Property standards A simply guide for landlords*. In respect of shared accommodation this applies to the room to be rented and the shared parts of the property. It is not difficult to achieve this standard, and we would encourage you to check the property against these questions yourself so that you know it complies.

If you know that the property will not satisfy these criteria then please tell the prospective tenant so that they know they need to look elsewhere.

3. What losses does a Bond cover?

Just like a deposit the Bond covers:

- loss or damage to the Property or to/of any items set out in the attached Inventory caused by the Tenant or his/her family or his/her visitors and which is not caused by fair wear and tear
- loss of income due to the Tenant not paying the rent

It does not cover payment of electricity, gas, water or telephone bills, council tax, nor legal or other fees or expenses incurred in attempting to recover arrears of rent. Like a deposit, it does not cover fair wear and tear.

4. Do I have to do anything?

The Council asks you to sign the bond agreement. The template is included within this pack so that you can see exactly what it says.

The bond agreement includes a number of landlord undertakings. The main thing asked is that you do your best to minimise losses and that you inform the Council when actual or potential losses arise. This is to help protect tax-payers, so that the Council can verify losses, and so that the Council can work with the tenant to try and avoid further losses eg by persuading them to pay the rent.

Please look at the template carefully to make sure you understand what it means and that you will be prepared to sign a Bond. Get in touch if you have any questions.

5. Does the tenant have to do anything?

The Council requires the tenant to sign an agreement before it signs the Bond agreement with you. The tenant agreement reminds the tenant of their obligations to you as landlord and also includes some duties towards the Council. However, the Bond agreement is not dependent on the tenant keeping to the tenant agreement – the Council will honour the Bond whatever the tenant does or does not do.

6. When can I claim against a Bond?

Just like a deposit, you can claim against the Bond once the tenancy has come to an end. The Bond lasts until the date specified in the agreement, and if the tenancy still exists at that date you can claim after that date for losses incurred before that date. You need to claim within 8 weeks of the tenancy or Bond ending – but you need to have already notified the Council when the loss was first incurred.

7. How much can I claim?

The Bond agreement specifies the maximum amount. This is normally the amount you would otherwise take as a deposit, so that the Bond provides exactly the same amount of protection against loss.

8. How do I claim?

You need to explain and evidence the loss to the Council. There is claim form to make this easier – also within this pack. This is similar to the process needed to claim against a protected deposit.

9. What happens next?

The Council will assess your claim within 5 working days and pay the agreed amount of the claim within a further 5 working days. If the Council disputes any part of your claim it will explain this and invite you to provide additional information.

10. What happens when a Bond ends?

You may be content not to take a deposit when the Bond ends because you know the tenant.

Or you may decide that you will need a deposit from the tenant once the Bond has ended. You may therefore wish to serve a Section 21 notice seeking possession in advance of the Bond ending, so that you can secure possession before the Bond ends if the tenant does not pay the deposit. Please grant the tenant a new tenancy if they can pay the deposit. The tenant should be able to pay the deposit because they should have been saving with the Money Spider Credit Union and be able to borrow any additional money they need from them. If they will not be able to pay the deposit they should speak to Housing Options.