

## **Why is it so important to have a professionally drawn up inventory?**

A detailed inventory has always been required however with changes in legislation the spotlight is now firmly on the inventory and check in and check out processes. Recent tenancy deposit scheme cases have highlighted the need for the clear concise inventory to protect the landlord. Many cases have resulted in a full return of the deposit, as the landlord could not provide sufficient evidence to successfully pursue their action.

## **What legislation is this and what is the background?**

Initially driven by the consumer interest bodies, due to increasing complaints from tenants not being able to recover their deposit at the end of a tenancy, government was lobbied to provide protection and dispute resolution. Following extensive trials ARLA, NAEA and RICS were able to demonstrate to the government that member agents had the ability to hold the deposit themselves and submit any disputes to an independent adjudicator.

However this did not account for individual landlords or agents that did not belong to a redress scheme or were not regulated in any way. As a result the Housing Act 2004 was passed and the requirement to protect the deposit came into effect from the 6th April 2007.

This law requires that all Assured Shorthold Tenancies created or renewed on or after the 6th April 2007 must have the tenant's deposit properly protected.

Government approved three schemes and the TDS set up by the professional bodies is usually the preferred option for agents.

## **Who holds the deposit?**

There are three schemes, two insured and one custodial. Under the insured scheme the agent or landlord can continue to hold the deposit providing they have been accepted into membership of the scheme and have paid the premiums required. The custodial scheme holds the deposit and is open to any landlord or agent who wishes to use the service.

## **What has the inventory got to do with this?**

All the schemes are required to offer ADR - Alternative Dispute Resolution. In the event of a dispute over the deposit, which the parties cannot resolve, the matter is placed before an adjudicator. The adjudicator concerned will review the evidence and make their assessment on the facts placed before them.

The adjudicators will rely heavily on the inventory and schedule of condition, the check out report and the conditions placed on the landlord and tenant under the tenancy agreement. They will also note any comments made at the check in. This places a responsibility on the inventory provider to ensure that their work is clear, well laid out and unambiguous in its comments. Independence of the inventory is also important and APIP with its standards and code of practice provide professional integrity in this area.

## **Why is a thorough, detailed and accurate inventory essential to protect the interests of all parties including the agent?**

If an inventory is inadequate, out of date, non-existent or if it cannot be proven to have been given to the tenant then the adjudicators are likely to award the deposit to the tenant unless the tenant admits to damage or losses. After a period of time operating the schemes this message is being reflected in the ADR outcomes, with many inventories being found to be either inadequate at the outset, or failing to make the correct substantiated observations at the check - out.

## **What does it mean to be a member of APIP?**

Membership of the Association of Professional Inventory Providers can clearly demonstrate to landlords, agents and tenants that they have achieved accreditation in their profession and have met the industry best practice standards.

As a member each inventory compiled by a us carries our name and membership number. This will become recognised in the industry as the benchmark for a professional inventory.

A member has proved that they have experience as an inventory provider and that they meet the requirements of holding current, adequate public liability and professional indemnity insurance. These are strong indicators that the inventory provider who carries the initials APIP is regarded as a competent professional within their industry.

Using an inventory provider with this qualification will raise the profile of the agent and reassure the landlord and tenant alike that this important side of the business is being treated with the professionalism it deserves.