

RENTERS' RIGHTS ACT 2025

Legal Q&A Briefing — Build to Rent Sector

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Note: This is a hybrid human and AI document

ROYAL ASSENT	PHASE 1 COMMENCEMENT	PREPARED BY	STATUS
27 October 2025	1 May 2026	Association for Rental Living	Confidential Member Briefing

Label key:

[Statute] Confirmed in statute

[Guidance Awaited] Subject to secondary legislation / guidance

[ARL Position] ARL interpretation or policy position

This document does not constitute personal legal advice. For matters requiring specific legal counsel, please consult a qualified solicitor or contact the ARL at <https://thearl.org.uk/>

1. Professional Guarantors

Q1. Can we require prospective tenants to use only our nominated professional guarantor(s)? If we work with one or two providers based on risk profile, brand alignment and customer charges, are we obliged to accept alternative providers proposed by a tenant?

DIRECT ANSWER

A landlord or agent cannot lawfully mandate that a tenant or guarantor enter into a contract with a specific third-party professional guarantor as a condition of granting a tenancy. A preferred list of providers is permissible, but refusing to accept an alternative professional guarantor chosen by the tenant solely because it sits outside that preferred list would carry material legal risk and, on the legal advice provided, is likely to be unlawful.

STATUTORY BASIS

[Statute] Sections 1(3) and 2(3) of the Tenant Fees Act 2019 (TFA 2019) prohibit landlords and agents from requiring a relevant person to enter into a contract with a third party (for services or insurance) in consideration of the grant of a tenancy. The requirement is unlawful unless it is offered as an alternative to another lawful and reasonable requirement — for example, providing a UK-based personal guarantor who passes credit reference checks.

PRACTICAL IMPLICATIONS FOR BTR OPERATORS

- Operators may inform prospective tenants that, where they fail credit referencing, a UK-based personal guarantor is required; and that if this cannot be satisfied, a professional guarantor is an available alternative.
- A preferred panel of professional guarantors may be shared with prospective tenants.

However, operators should not refuse an alternative professional guarantor solely because it is not on the preferred list; on the legal advice provided, that approach would carry material Tenant Fees Act risk.

- Tenancies granted before 1 May 2026: taking large sums of rent in advance is not prohibited by the RRA 2025, but carries risk of refund demands on early vacation.
- Tenancies granted on or after 1 May 2026: the landlord is restricted in what it may demand in terms of advance rent — see Section 2 of this briefing for upfront payment provisions.
- Market products are emerging to address the international resident gap, offering UK-based professional guarantor services to foreign nationals.

STATUS

In force. Sections 1(3) and 2(3) of the TFA 2019 apply now and are unaffected by the RRA 2025.

Q2. Clarification on international residents: the status quo is rent up front, a local UK-based personal guarantor, or a commercial guarantor product. Is there a way of dealing with international residents? Does this move towards potential discrimination?

DIRECT ANSWER

The position for international residents presents a genuine operational challenge. The Renters' Rights Act 2025 contains no specific provisions addressing international tenants, but the Tenant Fees Act 2019 continues to constrain available mechanisms. Products are emerging in the market to fill this gap.

STATUTORY BASIS

[Statute] Nothing in the RRA 2025 fetters a landlord's entitlement to require a satisfactory guarantor, or requires them to accept a tenant's proposed provider. However, the TFA 2019 limits what the landlord can mandate as a condition of granting the tenancy and also prohibits the landlord or agent from claiming fees from the tenant in connection with requiring a guarantor or other product.

[ARL Position] The legal position is acknowledged as narrow and creates operational difficulties. The underlying legal advice does not reach a concluded view on discrimination law; operators should therefore seek separate advice before adopting any policy that has materially different effects on overseas applicants.

PRACTICAL IMPLICATIONS FOR BTR OPERATORS

- Tenancies granted before 1 May 2026: taking large sums of rent in advance is not prohibited by the RRA 2025, but carries risk of refund demands on early vacation.
- Tenancies granted on or after 1 May 2026: the landlord is restricted in what it may demand in terms of advance rent — see Section 2 of this briefing for upfront payment provisions.
- Operators are encouraged to monitor the market for professional guarantor products designed for international residents and to review these products with legal advisers before adoption.

STATUS

In force under TFA 2019. RRA 2025 Phase 1 commences 1 May 2026.

Q3. Are commissions and revenue-share arrangements with selected professional guarantors permissible?

DIRECT ANSWER

In principle, yes — commissions and revenue-share arrangements between operators and professional guarantor providers are permissible. However, they must be fully and transparently disclosed to the prospective tenant, and the underlying guarantor arrangement must itself be lawful.

STATUTORY BASIS

[Statute] Section 227 of the Digital Markets, Competition and Consumers Act 2024 (DMCCA 2024) prohibits unfair commercial practices, including omissions of material information. Failure to disclose a commission or revenue-share arrangement in full would likely constitute such a practice. Sections 1(3) and 2(3) of the TFA 2019 remain relevant — enforcement authorities may consider commission arrangements as evidence that a tenant was steered toward a particular product for the operator's benefit.

[ARL Position] Whether a commission or revenue-share arrangement is permissible will depend on the structure of the arrangement in each case and whether it could influence the average consumer's decision as to whether to use the guarantor service. Under the Consumer Rights Act 2015 (CRA 2015), a commission or revenue-share arrangement is not unlawful in itself. However, where it results in terms that effectively compel the tenant to use a particular provider — especially without transparency or where genuine choice is limited — those terms may be unfair and therefore not binding on the tenant.

PRACTICAL IMPLICATIONS FOR BTR OPERATORS

- Operators should provide full written disclosure of any commission or revenue-share arrangement to prospective tenants at the point of introducing the professional guarantor option.
- Arrangements may also engage financial services regulation depending on how the product is structured — specific legal advice should be sought before any referral arrangement is entered into.
- Any marketing or communications about guarantor products must comply with the DMCCA 2024.

STATUS

In force under existing legislation. No new RRA 2025 provisions specifically govern commission arrangements.

Q4. Does a B2C rent guarantee product trigger consumer rights issues for the BTR operator?

DIRECT ANSWER

As a general rule, BTR operators and commercial landlords acting in the course of a property

business will not themselves be subject to consumer rights legislation. Consumer protection obligations attach primarily to the product provider in a B2C sale to the tenant.

STATUTORY BASIS

[Statute] The Consumer Rights Act 2015 requires contract terms to be fair and transparent in consumer contracts; any terms creating a significant imbalance to the consumer's detriment may be unenforceable. The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 may apply to the provider where the product is sold at a distance, including a 14-day cancellation right. The DMCCA 2024 prohibits misleading or aggressive commercial practices in consumer transactions.

[ARL Position] Where a rent guarantee product is structured as insurance, it may fall outside the scope of some consumer protection legislation and be regulated under financial services rules instead. Individual product legal analysis is required.

PRACTICAL IMPLICATIONS FOR BTR OPERATORS

- Operators do not generally bear direct consumer rights liability for a guarantee product sold by a provider to a tenant.
- However, operators remain subject to DMCCA 2024 rules concerning unfair commercial practices in any marketing or communications directed to consumers.
- Operators should not require prospective tenants to enter into guarantee arrangements — to do so risks breach of TFA 2019.

STATUS

In force under existing consumer protection legislation.

Q5. Is there a threshold for consumer rights engagement for BTR Operators? If the operator takes a commission from a rent guarantee provider, are there any risks to the operator?

DIRECT ANSWER

BTR operators operating in the course of a property business are not generally subject to consumer protection laws as consumers. However, they remain subject to unfair commercial practices legislation when dealing with consumer tenants, and commission arrangements carry specific risks where referrals to professional guarantors are made.

STATUTORY BASIS

[Statute] A commercial landlord is subject to rules concerning unfair commercial practices in any marketing or other communications directed to consumers. Please note that operators are prohibited from mandating that their residents should enter into specified guarantee arrangements under TFA 2019 sections 1(3) and 2(3).

PRACTICAL IMPLICATIONS FOR BTR OPERATORS

- Operators should ensure they do not either
 - * require that residents provide a professional guarantor as a condition of the tenancy; or
 - * introduce professional guarantors in a way that could be characterised as a condition of the tenancy.
- Where a tenant seeks a guarantor voluntarily, referral and commission arrangements must be structured with full disclosure. Depending on the product structure and the referral model, separate financial services analysis may also be required.
- Operators should review the terms and conditions of any professional guarantee held by a prospective tenant before accepting it, to assess the risks associated with that particular product.

STATUS

In force under existing legislation.

2. Upfront Payments for Pre-1 May Tenancies

Q1. For tenancies that commenced before 1 May 2026 and where rent was paid upfront, can we continue to request upfront payments at the same intervals after the RRA comes into force? Would this be seen as creating a fixed term?

DIRECT ANSWER

Yes. For tenancies entered into before 1 May 2026, existing provisions for advance rent payment remain enforceable. This does not create a fixed term — the tenancy will convert to a monthly periodic assured tenancy under the RRA 2025, but the advance payment obligation continues.

STATUTORY BASIS

[Statute] Section 4B(2)(a) of the Housing Act 1988 (inserted by section 8 of the RRA 2025) preserves the enforceability of advance rent payment terms in pre-1 May tenancies. Section 1 of the RRA 2025 converts pre-commencement fixed-term tenancies to monthly periodic assured tenancies, but does not override compliant advance payment terms.

PRACTICAL IMPLICATIONS FOR BTR OPERATORS

- Operators may continue to collect rent at the intervals specified in pre-1 May tenancy agreements without this being treated as creating a new fixed term.
- The conversion to a periodic tenancy does not automatically alter the payment schedule — the existing contractual terms survive.
- Operators should ensure that documentation clearly distinguishes between (1) legacy advance payment arrangements and (2) any new tenancy terms entered into post-1 May 2026.

STATUS

[Statute] In force from 1 May 2026 for pre-commencement tenancies.

Q2. Is there any risk to Operators taking rent in advance for the year ahead, before 1 May 2026, where the tenancy starts on 1 May or later?

DIRECT ANSWER

Yes — a significant legal risk arises. Where the tenancy is due to commence on or after 1 May 2026, the operator is prohibited (under the new prohibition in the Tenant Fees Act 2019 as amended by the RRA 2025) from taking rent in advance before the tenancy has been entered into (i.e. before it is signed and dated).

The prohibition does not apply where the tenancy is due to commence on or after 1 May 2026 but where the tenancy agreement is entered into before 1 May 2026.

STATUTORY BASIS

[Statute] Paragraph 1(1A) of Schedule 1 of the TFA 2019 (inserted by section 9 of the RRA 2025) prohibits rent being paid in advance before the tenancy is entered into.

Where the tenancy agreement is entered into before 1 May 2026 but the term commences on or after that date, section 4B(2)(a) of the Housing Act 1988 (as amended) permits advance payments. However, such a tenancy would be a reversionary lease and must be executed by deed — failure to do so would render it void.

PRACTICAL IMPLICATIONS FOR BTR OPERATORS

- Where the tenancy commences on or after 1 May 2026, operators must not collect advance rent payments before the tenancy agreement is signed and dated.
- Where a tenancy agreement is signed and dated before 1 May 2026 with a commencement date on or after that date, advance rent may be collected — but the agreement must be made by deed.
- Legal advice should be sought on the execution of reversionary leases to ensure validity.

STATUS

[Statute] In force from 1 May 2026.

Q3. If a tenant voluntarily offers to pay rent in advance, or transfers an upfront payment without us requesting it, are we required to return this?

DIRECT ANSWER

No. There is no obligation under the RRA 2025 to return rent that has been voluntarily paid in advance by the tenant without the landlord requiring it. The Act only prohibits tenancy terms that require advance payments. However, if a tenant subsequently requests return of a voluntary advance payment, the position is less certain.

STATUTORY BASIS

[Statute] Section 8 of the RRA 2025 amends the TFA 2019 to prohibit tenancy terms requiring advance rent payment. It does not prohibit the receipt of voluntarily paid advance rent.

[ARL Position] Where a post-1 May 2026 tenancy term requiring advance rent would be unenforceable, a tenant who has made an advance payment may have grounds to request its return — particularly if they later argue the payment was made under an unenforceable term. Operators should seek legal advice before retaining large voluntary advance payments.

PRACTICAL IMPLICATIONS FOR BTR OPERATORS

- Operators are not required to proactively return voluntary advance payments.
- If a tenant subsequently requests the return of an advance payment, operators should take legal advice before responding.
- For post-1 May 2026 tenancies, operators should avoid including terms requiring advance rent — even where tenants have historically offered them voluntarily.

STATUS

[Statute] In force from 1 May 2026.

3. Section 13 Rent Increases

Q1. Can we increase ancillary charges such as parking, either via or without a Section 13 notice, where these charges were included (but itemised) in the original tenancy agreement (pre-RRA)? How should we approach this where the base rent is not increasing, but the ancillary charges are?

DIRECT ANSWER

Ancillary charges such as parking cannot be increased outside of the Section 13 notice procedure. From 1 May 2026, the Section 13 notice is the only lawful mechanism for rent increases. Ancillary charges must be subsumed into the rent figure and increased via that route — they cannot be levied as separate charges.

STATUTORY BASIS

[Statute] Schedule 1 of the TFA 2019 sets out the exhaustive list of Permitted Payments. Ancillary charges such as parking are not on this list and therefore cannot be collected separately from rent. From 1 May 2026, section 13 of the Housing Act 1988 (as amended by the RRA 2025) provides the sole mechanism for a landlord to increase rent on a periodic tenancy. Where the tenant does not agree the proposed increase, either party may refer the matter to the First-tier Tribunal (Property Chamber) for determination.

PRACTICAL IMPLICATIONS FOR BTR OPERATORS

- Operators wishing to increase parking or other ancillary charges must include those charges within the total rent figure in the Section 13 notice.
- Where the base rent is unchanged but ancillary charges are to increase, the operator must still serve a Section 13 notice for the total revised rent including those charges.

- If the matter proceeds to Tribunal, the operator will need to justify the rental increase attributable to the ancillary service — for example, the use and cost of providing a parking space.
- Operators should review existing tenancy agreements now to ensure ancillary charges are correctly structured as components of rent, not separate fees.

STATUS

[Statute] In force from 1 May 2026.

Q2. Are there any ancillary charges — e.g. parking or storage cages — that are excluded from the one-rent obligation? What is the regime for wifi?

DIRECT ANSWER

The list of Permitted Payments in Schedule 1 of the Tenant Fees Act 2019 sets out those charges that may be collected separately from rent. This includes certain utility payments. Operators should review Schedule 1 carefully in relation to specific services such as wifi.

STATUTORY BASIS

[Statute] Schedule 1, paragraph 9 of the TFA 2019 includes certain payments in respect of utilities as Permitted Payments. Whether a specific charge — including wifi — falls within this exception depends on how the service is structured and whether it constitutes a utility payment for these purposes.

[Guidance Awaited] The underlying legal advice does not resolve whether wifi falls within the utilities exception. Operators should not assume that any service charge falls outside the Section 13 requirement without specific legal advice on the way the service is structured.

PRACTICAL IMPLICATIONS FOR BTR OPERATORS

- Operators offering bundled wifi services should obtain legal advice on whether these fall within the utilities exception in Schedule 1.
- Where a service charge is not a Permitted Payment, it must be incorporated into rent and increased only via the Section 13 process.
- Operators are encouraged to audit all ancillary service charges against Schedule 1 ahead of 1 May 2026.

STATUS

[Guidance Awaited] No specific RRA guidance on wifi or similar bundled ancillary services is identified in the underlying legal advice. Operators should proceed on a case-specific basis until clearer guidance or case law emerges.

Q3. Following a decision from the FTT, can the next Section 13 notice be served on the anniversary of the original S13 service date, or does it have to be on the anniversary of the FTT decision?

DIRECT ANSWER

The 52-week minimum period before a further rent increase takes effect runs from the date the previous rent review took effect — which, following an FTT determination, will be the date ordered by the Tribunal, not the date the original Section 13 notice was served.

STATUTORY BASIS

[Statute] Section 13 of the Housing Act 1988 (as amended by the RRA 2025) provides that a new Section 13 notice cannot take effect within 52 weeks (or in some cases 53 weeks) of the date the previous rent increase took effect. Where the FTT has determined the new rent, it will also specify the effective date of the increase — and the 52-week period runs from that date.

PRACTICAL IMPLICATIONS FOR BTR OPERATORS

- Operators should record the effective date of each rent increase — whether agreed or determined by Tribunal — as the basis for calculating when the next Section 13 notice can take effect.
- This structure incentivises negotiated settlements, as prolonged Tribunal proceedings delay the start of the 52-week period.
- Operators should factor Tribunal timelines into their rent review timetabling and resource planning.
- Note: further detail on precise notice mechanics may be added by upcoming secondary legislation.

STATUS

[Statute] In force from 1 May 2026. [Guidance Awaited] Some procedural detail may be subject to secondary legislation.

Q4. If a Section 13 rent increase is served (post 1 May) and the landlord and tenant subsequently agree a lower figure, can this be formally documented? Does this prevent the tenant from challenging the original S13 notice to the FTT?

DIRECT ANSWER

Yes — agreed variations should be formally documented. On the legal advice provided, the tenant's right is to challenge the figure proposed in the Section 13 notice, not a lower figure subsequently agreed between the parties. That said, this is expressed in the advice as a legal view rather than an express statutory rule, and some procedural detail may yet be clarified in regulations.

STATUTORY BASIS

[ARL Position] The underlying legal advice is that the tenant's right is to challenge the rent proposed in the Section 13 notice, not a lower rent later agreed between the parties. On that view, the tenant would have no grounds to refer the agreed lower figure to the FTT.

[ARL Position] Where a tenant has already applied to the FTT before a negotiated settlement is reached, both parties should write to the Tribunal to confirm that a determination is no longer required. The settlement agreement should be documented in writing and signed by both parties. Note: further procedural detail may emerge from upcoming regulations.

PRACTICAL IMPLICATIONS FOR BTR OPERATORS

- Operators should document any agreed rent variation in writing, referencing the original Section 13 notice and the agreed new figure.
- Where FTT proceedings have been commenced, both parties must notify the Tribunal of any settlement promptly.
- Formalising negotiated outcomes reduces the risk of subsequent disputes about what was agreed.

STATUS

[Statute] In force from 1 May 2026. [Guidance Awaited] Procedural regulations are expected.

4. Intermediate Rent

Q1. Are there any provisions in the Act to regain possession of an intermediate rent property if the tenant no longer meets the criteria — e.g. their household income exceeds the maximum amount?

DIRECT ANSWER

The RRA 2025 contains no specific provision for possession on the grounds of a tenant ceasing to meet Discount Market Rent or Intermediate Rent eligibility criteria. The practical management of this situation requires careful tenancy drafting and, in some cases, may ultimately rely on mandatory possession Ground 6b where planning enforcement action is taken.

STATUTORY BASIS

[Statute] The RRA 2025 introduces mandatory Ground 6b, which applies where the landlord is subject to specified enforcement action — including compliance with a planning enforcement notice or injunction that is incompatible with continued occupation by the tenant. Under new section 11A of the Housing Act 1988 (section 3(5), RRA 2025), the court may order the landlord to pay compensation to the tenant where possession is granted on Ground 6b.

[ARL Position] Operators should consider drafting tenancies at DMR/IR to state the full market rent, with a reduction applicable only for the period during which the tenant meets the eligibility criteria, and with clear reference to the relevant planning obligation or condition under which DMD or IR is required. Careful drafting is required to reduce the risk that the arrangement is characterised as a fixed uplift. The underlying legal advice expressly notes that it cannot be guaranteed that a court would not regard the structure as an unlawful fixed increase.

PRACTICAL IMPLICATIONS FOR BTR OPERATORS

- Tenancy agreements at DMR/IR should be carefully drafted to explain the two-tier rent structure by reference to the planning obligation, and to confirm that the discount applies only while eligibility criteria are met.
- Where a tenant's income exceeds the eligibility threshold:
- the operator may seek to move the tenant to the market-rent level under the tenancy. However, that depends on careful drafting and the legal advice expressly notes that the approach cannot be guaranteed to be free from challenge.
- The operator would then need to designate the next available unit as the DMR/IR unit. Where no unit becomes available, a technical breach of planning obligations may arise; the underlying legal advice suggests a court may regard forced eviction in those circumstances as unfair, but that is not guaranteed.
- Where the local planning authority (LPA) threatens enforcement action, possession under Ground 6b becomes available.
- Operators should engage their planning solicitors at an early stage to ensure tenancy terms are consistent with planning obligations.

STATUS

[Guidance Awaited] The underlying legal advice does not identify specific government guidance on DMR/IR tenancy management. Operators should proceed on the basis of scheme-specific legal and planning advice.

5. Tenant Notice and Tenancy Termination

Q1. Is there a way for Operators to set up a protocol for receiving and confirming that the tenant has served notice? What constitutes valid written notice — e.g. does a text message to the managing agent count?

DIRECT ANSWER

Operators cannot lawfully specify the form of written notice a tenant must use to terminate their tenancy. However, operators can and should implement internal processes to monitor all potential channels through which notice might be received — electronic and hard copy — and may communicate preferred methods to tenants as an invitation, not a requirement.

STATUTORY BASIS

[Statute] Section 21 of the RRA 2025 amends section 5 of the Protection from Eviction Act 1977 so that, in respect of any notice to quit served by a tenant, the landlord is not permitted to specify a particular form of written communication with which the notice must comply. Operators should therefore treat texts and other written electronic communications as potentially capable of amounting to valid notice and ensure they are not ignored.

PRACTICAL IMPLICATIONS FOR BTR OPERATORS

- Operators should audit all communication channels — including text messages, WhatsApp, email to managing agents, and hard copy letter — and ensure they are being monitored for potential notices.
- Operators may invite tenants (without mandating) to use a preferred method of serving notice — for example, a dedicated email address or online portal — framing this as a means of ensuring prompt acknowledgment and processing.
- Acknowledgment protocols should be implemented so that all potential notices are date-stamped upon receipt, regardless of the channel used.
- Operators should update their leasing teams and managing agent instructions to reflect these requirements ahead of 1 May 2026.

STATUS

[Guidance Awaited] The underlying legal advice does not identify specific government guidance on DMR/IR tenancy management. Operators should proceed on the basis of scheme-specific legal and planning advice.

ARL would like to extend its sincere thanks to its legal members for their generous pro bono support and guidance to ARL Operators in making this document possible.

Womble Bond Dickinson
Shoosmiths
Trowers & Hamlins
Mills & Reeve
Eversheds Sutherland
Greenhalgh Kerr

**THANK
YOU**



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