



## Criminal letting agents – Case Studies

Vincent Arnold – Enforcement Operations Manager, RRO March 2019

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# What do we mean?

- Organised and deliberate breaches, wide spread non compliance.
- Usually with Trading Standard offences and Landlord and Tenant Act offences.
- Larger operations in badly converted properties.
- Likely to never apply for a HMO licence or won't licence most of portfolio.
- Unlikely to own property but 'absent/negligent landlords' help their operation.

# LIFESTYLE CLUB LSC LIMITED

- 2 unlicensed HMO's with fire safety breaches of management regulations, other hazards.
- 4 companies with similar name. Large network.
- Tenants sign 'membership agreements' not tenancy agreements.
- A wide variety of (unfair) fines for members in relation to occupation.
- Media attention, The Guardian and BBC 3.

Savings Borrowing Careers

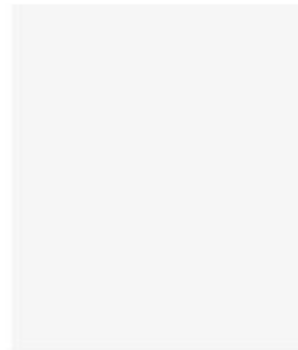
## The lettings club where tenants are fined £90 for leaving dirty dishes

Rent from Lifestyle Club London and you are a 'member' ... and that's a whole new grey area



▲ In one door and out the other: but the promise of more 'flexible' renting, without the 'burden' of a tenancy agreement, comes at a cost Photograph: Photography taken by Mario Gutiérrez./Getty Images

**I**t was when Paolo Sanchez\* needed to find affordable accommodation in London that he was lured by a Facebook ad offering a large, attractive room for a reasonable rate. Cleaning, utilities, broadband and council tax were thrown in. He applied, and moved into a eight-bedroom house-share in Hackney for £900 a month. Only then did he realise what he had let himself in for.



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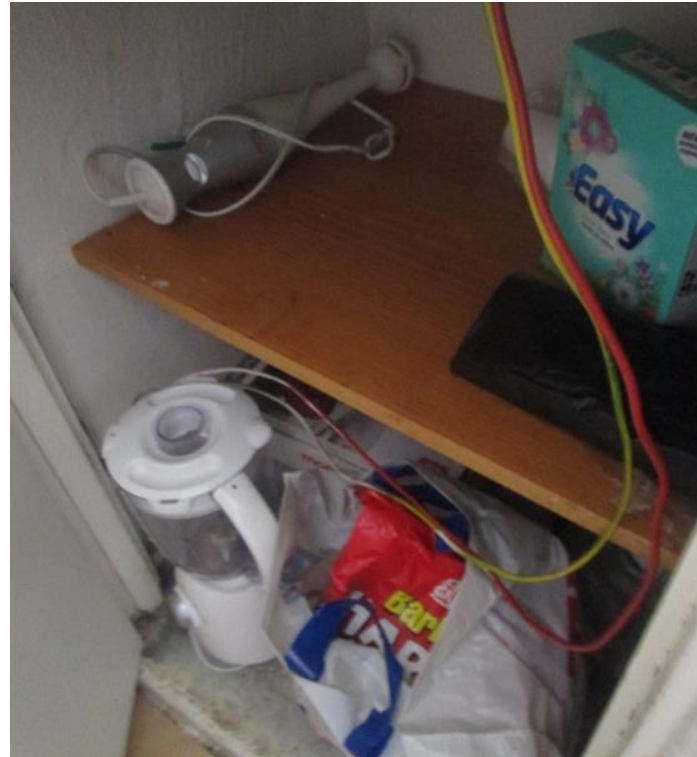
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April Fools' Day 2016 jokes and dranks in



# Kings Cross and Somerstown – rogue agent

- 4 Unlicensed HMO's.
- Unauthorised, sub-letting.
- Spare room adverts.
- Overcrowding, fire safety, electrical safety, disrepair.
- No company house, no website, no fixed address.







# Enforcement

- £15,000 Civil Penalty Fines; for 2 bed flat with 9 bed spaces.
- Three Criminal Prosecution cases in progress.
- GLA rogue landlord database.
- Banning Order being drafted (operation likely continuing).
- Other agents given Civil Penalty fine of £5,000 & landlords fined £10,000. Another agent and landlords served Civil Penalty fines over £10,000.

# Camden town – rogue agent

- Extensive sub-letting operation; rent to rent.
- Sham lodger agreements using Spare room adverts.
- 3 unlicensed HMO's, morning raids with warrants.
- £30,000 in fines for company and director.
- Placed on MHCLG (National Database).
- Other agents/landlords Investigated, Civil Penalties Served.

# 'rent to rent'/unauthorised sub-letting

- s21 invalid, apply for HMO licence or Temporary Exemption Notice.
- Landlords/agents receiving rent will be liable for offence.
- Council raid too late, 'offences'.
- Too many cases with students/young professionals getting 3 bedroom flat with lounge.
- 2 person AST likely not to be enough.

# Housing Benefit RRO, November 2018.



Illegally converted block of flats on Finchley Road.  
Divided and then sub-divided again.  
Unlicensed HMO in very bad way.  
Improvement and prohibition notices.  
Re-mortgaged.  
RRO of £64,000 sought - £22,000 awarded reflecting 70% profit.  
Planning also took enforcement.

# Prosecutions and Civil Penalty Notices 2018/2019.

- 73 Prosecutions in last 12 months.
- Court fines total – over £200,000.
- Civil penalty Notices 137 in last 12 months.
- Fines levied – over £300,000 in penalties.

# Camden tenant RRO's

9 cases.

Total rent claimed back = £74,600 since 2017

Range from £580 to £31,206

There is more RRO's from out of court settlements and caution.

All for failure to licence.

Some are more punitive than LA prosecution or Civil Penalty Notices.

**3 Borrowdale, Robert Street, London NW1 3QG: LON/00AG  
/HMK/2018/0024**

Residential Property Tribunal Decision of Judge Tagliavini, Mr Jarero on 16 November 2018

Tribunal decision sub category:

Housing Act 2004 and Housing and Planning Act 2016 - Rent repayment orders Decided:

16 November 2018

FTT took into account: noise, dirty, disrepair

Therefore, in all the circumstances the tribunal determines that a RRO of £21,394.03 is reasonable and appropriate and determines that this sum is to be paid by the Respondents to the Applicants.

The Respondents asserted that throughout their occupation of the subject property the floors had not been carpeted but they had not received complaints about noise nuisance. It was accepted that LBC had advised them to install carpeting but Mr. Abraham had wanted to

# Unlicensed HMO's in Camden

- Still many flats unlicensed.
- Established agents/ high street.
- Reputation risks.
- Excuses have been heard and failed.



# Thank you – Questions?