



WHO SHOULD READ THIS?



Tenants

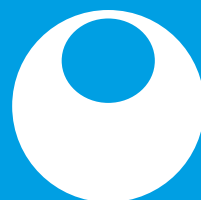


Agents



Landlords

A GUIDE TO CHECK IN & CHECK OUT REPORTS, INVENTORIES & SCHEDULES OF CONDITION



**TENANCY
DEPOSIT
SCHEME**
NORTHERN IRELAND

INTRODUCTION

However well a tenant looks after their property, it will not be in the same condition at the end of the tenancy as it was at its start. Wear and tear to carpets, flooring, and other fixtures fittings and decorations will, inevitably, have taken place. Even well looked after contents will deteriorate with time and use.

Landlords need to allow for fair wear and tear during a tenancy. Tenants will normally be liable for breakages, missing items, or damage to the property which is in excess of fair wear and tear.

This will arise where a property suffers because of the tenant's carelessness, negligence, misuse or deliberate damage.

Completing the full inventory process normally consists of:

- recording the condition of the property, together with any fixtures, fittings, contents and decoration, and with relevant meter readings (the 'inventory'), immediately before the tenancy starts
- getting the tenant's agreement to this record of condition (often done by visiting the property with the new tenant(s) to make sure they agree with the property's condition (the 'check in') and
- recording the condition of the property when the tenancy ends in order to identify what has changed (the 'check out').

It is important that the inventory process is done well – landlords and tenants (as well as any adjudicator or a Court, if there is a deposit dispute) need to be able to compare the condition of the property at the start and end of the tenancy. Recording any changes in condition will help identify what changes have taken place and who should be responsible for them. Any advertising particulars produced to market the property will not be sufficiently detailed to be used as an inventory.

In theory any person can provide an inventory, but it should be remembered that at the end of the tenancy the inventory and any check in or check out reports may need to be used to settle a dispute between landlord and tenant. Those documents need to be sufficiently detailed to stand alone, without needing to go back to the memory of the person who wrote them.

There is no reason why a landlord cannot produce their own inventory, but there are advantages as well as pitfalls to them doing so. A landlord may lack the expertise to complete the process properly. They may not see everything that is wrong with the property because they are too familiar with it; conversely they may not be able to assess damage objectively because it is their property.

TDS recognises that a wide variety of check-in and check-out reports, inventories and schedules of condition are in everyday use by landlords, agents and inventory companies. The intention of this guide is not to produce a model report for the lettings industry or to endorse a particular version currently in use.

Rather, this guide considers 'best practice' from an adjudicator's viewpoint irrespective of whether the check in or check out report that is presented as evidence in a dispute was prepared by the landlord, the agent or by an independent inventory clerk.

FIRST PRINCIPLES

In deciding any claim against a deposit for issues such as cleaning, damage or dilapidations, TDS considers all parties to a dispute are entitled to rely upon reasonably detailed check in and check out reports as being key documents recording the condition of the property at the start and end of the tenancy.

TDS' scheme rules do not insist on the preparation of an inventory or check in and check out reports. An adjudicator will consider whether the parties have put forward any other evidence to show the property's condition – such as invoices to show that a property was cleaned before a tenant moved in. However, without reasonably detailed check in and check out reports it can be extremely difficult to persuade an adjudicator that deductions from the deposit sought by the landlord are justified. This is because it is much more difficult to prove the property's condition both at the start and end of the tenancy and the extent to which the property may have deteriorated.

A comparison of such reports will therefore show if the property's condition had deteriorated during the tenancy and so identify a tenant's liability. However in deciding the extent of any liability, the check out report must make allowance for betterment and take into account the scope of fair wear and tear.

This guide will look at what check in and check out reports should cover, and the timing of those reports at the start and end of the tenancy. The guide will also consider the concept of 'betterment' and the scope of 'fair wear and tear'.

Although neither required in law nor for that matter by TDS, the provision of a check in and check out report as key evidence in a dispute is often vital in deciding the outcome of any claim. They are therefore a reliable way of protecting the interests of both the landlord and the tenant.

WHAT SHOULD CHECK IN AND CHECK OUT REPORTS COVER?

The check in report should provide both an inventory of contents and a schedule of the condition of the property and its contents at the start of the tenancy. Some check in reports rely on a clause to the effect that all items are in good condition unless otherwise stated. Whilst TDS will accept such 'over-arching' clauses, a well completed check in report is considered to be of the type that describes the condition and contents of each room in turn.

The check out report enables the adjudicator to identify any deterioration in the condition of the property during the tenancy. Ideally it should be produced by the same person who undertook the check-in, although it is recognised that this will not always be practicable. A properly completed report provides an accurate description that by comparison with the check in report will clearly identify any matters that are the tenant's responsibility.

Condition v Cleanliness

TDS takes the view that condition is not the same as cleanliness. A check in report that only considers the condition of the property does not establish the standard of cleanliness at the start of the tenancy. Whilst the check out report may list cleaning issues at the end of the tenancy, if the check-in report comments only on condition, the adjudicator will be unable to determine if the property's cleanliness had deteriorated during the tenancy.

WHAT ABOUT PHOTOGRAPHS?

A well written check-in and check-out report provides a level of detail and understanding that is hard to match by reliance on other methods such as photographs or video alone. An album of photographs or a lengthy video of a property can be relatively easy to produce but may be of limited use in resolving a dispute in the absence of a written report.

TDS takes the view that photographs are best used as an addition to, not a substitute for the written word.

The advantages of photographs are that they can:

- ✓ provide an excellent overview of a property;
- ✓ show the condition of a garden;
- ✓ highlight any unusual items e.g. ornaments, antiques; and
- ✓ record marks, scratches, damage, although this can be difficult to do well.

The disadvantages of photographs are that:

- ✗ it is not possible to photograph every aspect of a property, so photographs are unlikely to be a substitute for the written word;
- ✗ photographs are not always a helpful indicator of issues such as cleanliness, dirt or dust. If not photographed properly, it can be difficult to show scale or perspective; and
- ✗ digital photographs can easily be altered and there may be concerns over their reliability.

To be considered useful as evidence, photographs should be of a good quality and are best embedded into the check in/check out report but if presented separately, they should be clearly signed and dated. An adjudicator will want to be satisfied that the photographs are of the property in question, and when they were taken. Photographs are most useful as supplementary evidence when used to provide a 'before and after' comparison of for instance a garden or to show the extent of damage to a floor covering, item of furniture or kitchen worktop.



HOW MUCH DETAIL SHOULD GO INTO CHECK IN AND CHECK OUT REPORTS?

Although not setting out to be a survey, the check-in report should describe the property and its contents in sufficient detail. This is best achieved by providing a general description of the property and services provided together with an opening summary of the overall standard of cleanliness and condition.

The main body of the report should comprise a more detailed description of each room starting at the main entrance and working logically through the accommodation on each floor. Where things like appliances are mentioned, it can be useful to record makes and models (has the same item been left at the end of the tenancy?), which will also help in assessing costs for replacement or compensation where items are damaged.

The garden or outside space together with any driveway, boundary fencing, garage or outbuilding to be included in the tenancy should also be listed and the condition noted. Utility readings should be recorded including the level of any oil tank together with a photocopy or photograph of all the keys provided.

Wording such as 'professionally cleaned' or 'cleaned to a good domestic standard' are preferable to coded abbreviations or a numbered scale. Descriptions such as 'bright and breezy' or 'sparkle clean' are not considered useful and best avoided!

A check out report following the same format as the check in report or one that combines the check in/check out comments on each page provides a more straightforward means of comparing the condition of the property. Once again an opening summary of the standard of cleanliness and condition provides a useful overview of the property at the end of the tenancy. Utility readings and oil levels should again be recorded and keys checked off.

WHAT ABOUT THE FORMAT OF A REPORT?

Format - there are various methods and format that can be used to make a record of a property's condition. These can include:

- Handwriting
- Voice recording
- Electronic software
- Photographs
- Videos
- Printed documents

There is no 'right' or 'wrong' method. The point is that whichever method is used needs to result in a thorough and detailed record of the property's condition.

Abbreviations - we see many reports which use a large number of abbreviations to describe the condition of a property or an aspect of its condition. Where abbreviations are used, an index of them should be provided for reference. Remember that not everybody uses the same abbreviation to mean the same thing. For example, TDS has seen 'GC' as meaning 'generally clean' as well as 'good condition' – neither of which are the same thing.

THE TIMING OF REPORTS

The check in and check out reports provide a snapshot of the property at the time they are compiled. If there is a large gap in time between when they are compiled, and the start and end of the tenancy, this will leave room for argument about how accurate the reports are. This is because a property might become dusty in the interim, or the garden become untidy. Mould can start to appear where a property is closed up and unventilated. We have even seen cases where parties are held, or friends and family use a property when it is empty.

So, to be considered reliable as evidence both the check in report and the check out report must be 'contemporaneous' – this means they must be at the same time as the start and the end of the tenancy. They also need to record the property as the tenant found it, and as they left it. So make sure that furniture and other items that are supposed to be in the property at the start of the tenancy, are there and recorded in the check in report. Anything that does not form part of the tenancy needs to be removed. Conversely, at the end of the tenancy, a report needs to be completed before any cleaning or remedial works are carried out.

The tenant usually demonstrates their acceptance of the condition of the property at the start of the tenancy by signing and dating the check-in report. Best practice dictates that the tenant should be present at check in and check out. However TDS recognise this is not always possible or practical.

Therefore a check in report is considered acceptable if produced in readiness a few days before the start of the tenancy. The tenant is then either formally 'checked in' on the first day of the tenancy or given the report on the understanding that any alterations are notified to the landlord/ agent within a set period of time - this is typically seven days. Failure to respond within the timescale set is normally considered to be acceptance by the tenant of the accuracy of the report at the start of the tenancy.

However any comments or amendments that are made by the tenant should be clearly noted and confirmed by the agent/landlord as agreed. The check-in report should be duly updated with a copy retained by each party.

The check out report should provide by comparison an accurate view of the condition of the property at the end of the tenancy. To be considered reliable the report must be undertaken as soon as possible after the end of the tenancy. Ideally this will be on the last day of the tenancy after the tenant has fully vacated. It can be useful for the tenant to be present however this is not essential or required in law. A check out report undertaken some number of days beyond the end of the tenancy may be considered less reliable as evidence.

Some landlords/agents find it useful to meet with their tenants shortly before they leave the property in order to remind them of their obligations and agree any items that need attention before the tenants leave. This can help avoid problems later. Reports of such inspections, together with any completed periodically during the tenancy, can be helpful to the adjudicator.

BETTERMENT

In deciding any claim a landlord is not entitled to betterment. This in simple terms means a landlord is not entitled to benefit from an improvement or enhancement in value of the property at the tenant's expense unless this had been specifically agreed beforehand.

Clearly a landlord would benefit if an award was made on a 'new for old' basis. Allowance must therefore be made for the age of an item at the start of the tenancy, the length of the tenancy and the usual life expectancy of the item. Industry guidelines normally suggest that decorations in a hall, stairs, kitchen and bathroom have a useful life of between two and three years whilst living rooms and bedrooms have between four and six years. The life expectancy of carpets will vary dependent upon the quality however for a medium quality carpet in a rental property this is up to ten years.

FAIR WEAR AND TEAR

In making a claim the landlord must allow for normal fair wear and tear. It is a generally accepted principle that the level of wear and tear to be expected in a rental property will be higher than that expected in an owner occupied property. However tenants will still be liable for cleaning which is not considered to be wear and tear.

The tenant has a basic duty to return the property at the end of the tenancy in a similar condition to that at the start, 'fair wear and tear excepted'. A tenant may not therefore be held responsible for changes to the property (other than for cleaning) caused by reasonable use.

Fair wear and tear can be defined as the level of deterioration that a landlord might reasonably expect a tenant to cause through their everyday normal use of the property over the period of the tenancy. Reasonable everyday usage will be determined by such factors as the length of the tenancy, the type and number of tenants, the different parts of the property and the quality of the property or contents.

For instance a greater allowance should be made for fair wear and tear if a property is let for several years to a family with young children and pets than say for a six month let to a single person. Likewise the level of wear and tear to be expected to the decorations in a hallway, kitchen or bathroom will be greater than in say a bedroom or study. The level of wear and tear to be expected to a carpet will depend both on its location and on its quality.

However any damage that is deemed to be beyond the scope of the tenant's reasonable everyday use is unlikely to be considered as fair wear and tear.

Some examples might include:

- soiling to a carpet is not wear and tear but fraying is more likely to be;
- a gouge to a wall from the handle of a door opened against it is not wear and tear;
- limescale to a sink or dirt in a washing machine soap dispenser is not wear and tear;
- a bowing shelf in a cupboard could be wear and tear but will depend on the quality of the cupboard and what was being put in it (for example, was it overloaded).

CONCLUSION

The importance of a properly completed check in report and check out report cannot be understated. This guide has considered the principles of best practice in the production and use of these reports by landlords, agents and inventory clerks in the context of deposit dispute resolution. However for further detail and a full account of the working process you may wish to refer to the following for further guidance:

- 'A Guide to the Tenancy Deposit Scheme' by David Smith (available from the TDS website)
- 'A Guide to Deposits, Disputes and Damages' (also available from the TDS website)
- 'A Guide to Best Practice for Inventory Providers' produced in conjunction with Asset Skills, and used by The Association of Professional Inventory Providers as the basis for their training and standards on behalf of ARLA, NAEA and RICS
- The Dogs Trust provides a range of useful guidance written for landlords, tenants and agents about letting property with pets at <http://www.letswithpets.org.uk/>

