Housing Rights

https://www.housingrights.org.uk/landlords/deposits/protecting-deposit

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Protecting a deposit

This information is for private landlords of properties in Northern Ireland.

If you are a tenant, you can find advice here.

If you are a landlord or letting agent in Northern Ireland seeking advice, you can:

- send a message to Landlord Advice, or
- call 028 90 245 640 (Option 1)

You must protect a tenancy deposit in a deposit protection scheme. If you don't protect your tenant's deposit, this is an offence. You can be fined three times the deposit amount.

If you took a deposit before 1 April 2013, you did not have to protect it. You can still protect the deposit now as best practice.

Legal requirement to protect a tenancy deposit

The law says you must protect a deposit within 28 days of the tenant paying it. You must use a deposit protection scheme to do this.

You cannot take more than one month's rent as a deposit.

You will need to give the scheme:

- the deposit amount
- the rental property address
- the tenant's contact details
- your full name and date of birth

- your address, phone number and email address
- your correspondence address in Northern Ireland

The deposit must be protected at all times, even if:

- the tenancy changes from a fixed term to a periodic tenancy
- you sell the property to another landlord

Giving tenants proof of deposit protection

You must also give your tenant written information about the deposit protection. You must do this within 35 days of receiving the deposit.

This is called ‘prescribed information’ and must include:

- the deposit amount
- the rental property address
- the tenant's contact details
- your name, address, phone number and email address
- your correspondence address in Northern Ireland
- contact details of any agent acting on your behalf

The prescribed information must also provide details of:

- the scheme you used to protect the deposit
- how you will refund the deposit when the tenancy ends
- details of what will happen if you cannot contact the tenant when the tenancy ends

Fines and prosecution

You can be fined three times the deposit, or prosecuted, if:

- you do not protect the deposit, or
- you do not provide the prescribed information

within the required timeframes.

Deposit protection schemes

There are two approved deposit protection schemes operating in Northern Ireland:

- My Deposits Northern Ireland
- Tenancy Deposit Scheme (TDS) Northern Ireland

No other companies are authorised to protect deposits in Northern Ireland. You can decide which company to use.

You can also choose to use the custodial or insurance scheme. Each scheme has a different process for protecting and returning deposits.

Custodial deposit protection scheme

Using a custodial scheme means you give the deposit to the company to protect until the tenancy ends.

The custodial scheme:

- is free to use
- protects the deposit for the full length of the tenancy

Returning a custodial deposit at the end of the tenancy

When the tenancy ends, you can apply to the deposit protection scheme to return the deposit. If you plan to keep some of the deposit, you must specify the amount.

The scheme will write to the tenant, telling them how you think the deposit should be returned. Your tenant must respond to say if they agree or not with your decision.

Your tenant can also apply to the scheme for the deposit to be refunded. If you do not respond, the full deposit will be returned to the tenant.

If there is no dispute

The scheme should return the agreed amount(s) within five working days.

If there is a dispute

The scheme will hold on to the disputed amount until the dispute is resolved.

If your tenant does not respond within 30 working days

The scheme will pay you the money you requested. The scheme will continue to hold any amount owed to the tenant.

Insurance deposit protection scheme

Using the insurance scheme means you keep the money but must still protect the deposit.

The insurance scheme:

- charges a fee for protecting the deposit
- only protects the deposit for a fixed period

You'll need to renew the deposit protection if:

- any tenancy details change, or
- you ask for money towards the deposit, or
- you give your tenants a new tenancy agreement, or
- the fixed term ends and the tenancy becomes periodic

If you do not renew the protection, the deposit will not be protected and you could get a fine or face prosecution.

Returning an insured deposit at the end of the tenancy

When the tenancy ends, your tenant should ask you to return the deposit. You must return this within five working days of receiving the tenant's request.

Keep a record of this transaction and get the tenant to confirm in writing that they received the money.

Your tenant can raise a dispute with the deposit protection scheme if:

- you do not respond within five days, or
- you do not return the full deposit and your tenant disagrees with this

The deposit protection scheme will ask you to pay the disputed amount into an account. The account will be one they choose. You must do this within five days. They will also ask you to explain why you think this money should be paid to you.

More advice

- Disputes over tenancy deposits