

Tenancy jargon buster

This information has been prepared by [RightMove.com](https://www.rightmove.com), who have a useful website to both find properties as well as source of good information to support tenants

When you're looking to rent, and particularly when you get to the point of signing tenancy agreements, you might come into contact with some terms and property jargon you are unfamiliar with.

Here are some common terms you're likely to come into contact with and an explanation of what they each mean.

Arrears

Rent that is outstanding. Arrears may be a full amount for a rental period or in part.

AST (Assured Shorthold Tenancy)

An Assured Shorthold Tenancy is the most frequently used tenancy agreement and is also referred to as an 'AST'. For [more information on AST's here](#).

Banker's Draft

A banker's draft is a more secure form of payment because it can't bounce due to lack of funds in your bank account. Essentially, you give the bank the cash and they give you a cheque in that amount to give to the person you're paying. Most banks need at least 24 hours to provide a banker's draft and may charge you a fee. You may be asked to pay your deposit and full month's rent using a banker's draft.

Break Clause

A break clause is a clause sometimes included in a fixed term tenancy agreement. Typically, this clause may be included if the initial fixed term is for a year or more. You can find [more information on break clauses here](#).

Client Money Protection Insurance (CMP)

CMP is a type of insurance for letting agents. CMP protects the rental money that a tenant pays their letting agent to pass onto a landlord. The purpose of CMP is to protect the money if an agent attempts to use the funds fraudulently.

Council Tax

A local authority tax that applies to England, Wales and Scotland. It is usually the responsibility of the tenant to pay. You can find [more information on the costs of renting here](#).

Covenants

Covenants are terms that you agree to as part of your tenancy agreement. They may state the things you can't do while occupying the property and they set out the promises that a landlord or tenant both make during the course of the tenancy.

Credit Search References

Before a tenancy agreement is signed you will be referenced by your agent or landlord. Many agents and individual landlords use specialist referencing companies who will contact your employer (or an accountant if you are self-employed), your current landlord and also check out your credit history to assess your ability to pay the rent. You can find [more information on referencing here](#).

Deposit

Landlords will ask new tenants to pay a tenancy deposit to cover damage or unpaid rent. The deposit is usually the equivalent of six weeks rent but the landlord can choose to set the deposit at any amount. [More information on deposits and how they work can be found here](#).

Dilapidation

Damage to a property or contents that is considered to be more than acceptable wear and tear.

Energy Performance Certificate (EPC)

All properties offered for let require Energy Performance Certificates (EPC). An EPC provides a rating of a property's energy efficiency, running costs and environmental impact rating (carbon emissions) based on the property's condition on a given date. EPC's are quite similar to the energy graphs you see when you buy a new appliance like a washing machine.

Fixtures and fittings

The contents of a rented property that may include window coverings, light fittings, carpets, kitchen units and white goods are called "fixtures and fittings". If you are renting a furnished property, it may also include furniture.

Gas Safety Regulations

It is the landlord's legal responsibility to ensure that a gas safety check is carried out prior to letting a property and then every year after. The check must be carried out by an authorised CORGI registered engineer and a copy of the record must also be given to the tenant.

Grounds For Possession

The reasons for applying to the courts for repossession of a property.

Guarantor

A guarantor is someone who agrees to sign a tenancy agreement and in effect guarantees that they will undertake the full obligations under the tenancy agreement on the tenant's behalf. If for some reason the tenant cannot pay the rent, the guarantor will make the payments.

Holding Deposit

A holding deposit is an amount of money paid to a landlord or letting agent to reserve a rental property before the signing of a tenancy agreement. A holding deposit is normally non-refundable if you were to withdraw your application for the tenancy. If the tenancy proceeds, the amount of the holding deposit is deducted from the rent.

House in Multiple Occupation (HMO)

Your property is an HMO if: at least 3 tenants live there, forming more than 1 household and there is a shared toilet, bathroom or kitchen facilities. All local councils must license "large HMO's" – properties that are higher than three stories, housing five or more people from two or more households. This legislation applies to any building or part of a building that is occupied by people who do not live as a single household, that is as a single family and where they must share amenities such as a kitchen or bathroom. Bed-sits accommodation and house shares where there are no family relationships are examples of HMOs.

Initial Term

The first period of the tenancy.

Inventory

The inventory is a listing of the contents of a property. This list can include the state and condition of a property (including the garden) and can cover whether the property is clean or dirty and the state and repair of fixtures and fittings such as power points, furniture, windows etc.

At the start of the tenancy, there should be an inventory to "check in" with the tenant and then at the end of the tenancy the tenant should be "checked out". Agents and landlords may use a third party inventory clerk to carry out the inventory.

Liability

Where there is more than one adult living in the property, the tenancy agreement will state that they are 'jointly and severally' responsible. That means that tenants are liable for the payment of the rent by all the other tenants, as well as any breach of the tenancy agreement by any of the other tenants as well as their own portion of the rent and responsibility.

Managing Agent

An agent or company responsible under an agency agreement for the maintenance and management of the property. Not all properties are professionally managed so your landlord may be responsible for the maintenance of the property.

Notice Period

The period of time that a tenant or landlord must give to end the tenancy agreement.

Periodic Tenancy

A periodic tenancy is a tenancy that continues for successive periods until the tenant gives the landlord notice that they want to end the tenancy. When an Assured Shorthold Tenancy ends, it will become a periodic tenancy unless the tenant signs a renewal agreement.

PCM

PCM is a short-form referring to the rental amount being paid on a per calendar month basis.

Prescribed Information

The landlord is legally required to make certain information regarding the tenancy deposit protection scheme protecting the deposit, the deposit and specified tenancy related information available to the tenant or tenants.

Renewal

At the end of the fixed term of an Assured Shorthold Tenancy some tenants and landlords choose to renew the tenancy for another fixed term. That gives the tenant a bit more security. Landlords may also ask a tenant to sign a renewal if they want to change the terms of your tenancy agreement and that could include raising the cost of the rent. For more information, take a [look at our section on ending and extending tenancies](#).

Standing order

A standing order is an instruction to a bank to an account holder to make regular fixed payments to a particular person or company and is often used to pay rent, usually on a monthly basis. The standing order payments can be set up to finish by a particular date or will continue until cancelled by the tenant. It is worth noting that only the person whose bank account the funds are coming from can cancel the standing order. A standing order is not the same as a Direct Debit which is a payment method more often used when payments change from month to month. Direct Debits are not often used to pay rent. More information can be found in our section covering [tenancy agreements and paying rent](#).

Statutory Obligations

Requirements and obligations of the landlord or agents acting on their behalf as set out by Acts of Parliament.

Sublet

When an existing tenant lets all or part of their home to someone else, this is known as subletting. Your tenancy agreement may say that you are not allowed to sublet or may state that you need permission from your landlord before subletting. If you sublet your property without permission your landlord may take legal action against you.