



FAIRBONDS

AN INTRODUCTION TO FAIRBONDS
A Tenancy Deposit Bond Guarantee Scheme



What is FairBonds?








FairBonds is a tenancy deposit guarantee bond administered by the Dispute Service, a not for profit company which already runs statutory tenancy deposit protection schemes across the UK.

THE KEY FEATURES OF FAIRBONDS

- **Administers** Deposit Bonds on behalf of local authorities and others [avoiding the need for local authorities to pay up front cash deposits or administer their own deposit bond schemes].
- Offers a **streamlined claims service** to landlords, which will generate greater confidence in landlords in the way the service operates.
- **Scrutinises deposit claims** from landlords to ensure that only justifiable claims are accepted.
- **Pays landlords directly** to ensure that landlords receive a prompt repayment at the end of the tenancy.
- **Invoices the sponsoring local authority** with details of the claim and payments made at the end of the tenancy.



How does it work?

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 - 1** A local authority joins FairBonds because it wants to use FairBonds to issue a deposit bond guarantee to a landlord who is housing a household which the local authority is supporting.
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 - 2** The local authority registers the deposit bond on the FairBonds website and provides details of:
 - The local authority
 - The landlord's contact details
 - The tenancy address
 - The start and projected end date of the tenancy
 - The value of the FairBonds that the local authority is prepared to support
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 - 3** FairBonds then emails a copy of the FairBond to the landlord, tenant and the local authority together with a guide explaining how the FairBonds scheme works and how a landlord makes a claim against the FairBond at the end of the tenancy.
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 - 4** At the end of the tenancy if the landlord wants to make a claim against the FairBond there is a simple and quick claims process:
 - 1** The landlord logs into their FairBonds account and starts a claim.
 - 2** The landlord sets out how much they want to claim [up to the value of the FairBond] and uploads documentary evidence to support the claim.
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 - 5** FairBonds then shares the claim and evidence with the tenant and local authority for any comments they might have [and any evidence they would like to upload to defend the claim].
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 - 6** When FairBonds has got all of the comments, the claim is sent to a specialist adjudicator who reviews the claim and decides how much should be awarded to the landlord. The decision is copied to the tenant and the landlord.
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 - 7** FairBonds then pay the landlord the amount awarded in the decision and reclaim this from the local authority.

So how much does FairBonds cost the local authority or other sponsoring organisation?

- Membership of FairBonds is free so any approved organisation can use it as long as they agree to pay the FairBonds issuing fee and to repay any monies that FairBonds awards to the landlord.

FairBonds Issuing fee

- This is set at £75 plus VAT for each FairBond issued and covers the costs of issuing the FairBond to the landlord and running the service.

FairBonds award: the local authority agrees to reimburse FairBonds for any award that it makes to the landlord at the end of the tenancy.

- The maximum payment is the value of the total FairBond guarantee [which is set by the local authority].

So, what's the benefit of FairBonds?

- FairBonds offers the local authority a quick and easy way to issue Deposit Guarantee Bonds to a landlord through a specialist organisation.
- FairBonds provides an efficient claims process at the end of the tenancy which is run by experienced claims handlers and adjudicators who deal with tenancy deposit disputes every day.
- The FairBonds team will be able to weed out any overstated or unjustified claims made by landlords, saving the local authority money at the end of the tenancy.
- Using FairBonds means that local authorities do not need to operate their own deposit bond scheme, saving them time, money and scarce staff resources.
- Landlords who experience a smooth claims process and quick payments are more likely to want to continue to offer their homes to local authority nominees.
- **It's great value!** To issue a deposit guarantee through FairBonds costs just £75.

We already offer a deposit bond scheme so why would we use FairBonds?

We know that many local authorities already offer a deposit bond scheme. However, we also know that this is not an area of expertise for local authorities.

FairBonds can issue the deposit bonds quickly and cost effectively on your behalf and we offer a free specialist dispute resolution service at the end of the tenancy to ensure that landlord claims are assessed fairly.

In cases where landlords have claimed too much, our skilled adjudicators will review the claim and reduce the award, saving the local authority money.

We don't use a guarantee scheme; we pay the deposit in cash to the landlord as an incentive payment instead?

We know that some local authorities will pay the deposit in cash to the landlord. However, in many cases the landlord just keeps this deposit at the end of the tenancy.

We think there is a more cost effective way for local authorities to continue to make incentive payments to landlords but include a FairBond for the deposit. We know from our experience of the statutory tenancy deposit scheme that successful claims against FairBonds will rarely be for the full value of the FairBond so a mixed scheme of offering cash incentives with a FairBond is likely to save the local authority money.

Is the scheme only open to local authorities?

No; if you are a charity or another agency which is supporting tenants with deposit payments or bonds you may be able to use our service. Contact us to discuss membership options in more detail.

So, who is behind FairBonds?

FairBonds is owned and operated by the Dispute Service Ltd, a specialist not for profit company which runs statutory tenancy deposit schemes across the UK. We are a complaints handler member of the Ombudsman Association.


We have developed the scheme in partnership with Crisis and the National Residential Landlords Association.


For more information or a demo please email us at
FairBonds@tenancydepositscheme.com





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