

## CLARIFYING YOUR LETTING APPOINTMENT FEES AND CHARGES

A common issue I encounter when reviewing Letting Appointments (the agreements entered between the letting agent and the lot owner) is that the fees and charges shown in the Letting Appointment are vague and ambiguous. It is a problem when the fee schedule does not provide a clear understanding of when and how the fees are calculated, or what service is actually received for the fee being paid. To ensure your Letting Appointments are working as intended and that you have a right to collect all the fees you charge for your services, you should check that you can answer all the following questions.

### **What is the service?**

Your Letting Appointment should explain each of the services you will provide or arrange for the owner. It should also clarify whether the service is being provided by you or by another service provider as an expense. The common problem I see is that Letting Appointments will often use a title and nothing more to describe services being provided, such as “advertising”, “exit clean” or “internet”. This does not provide enough information for the owner to know when the service has or hasn’t been performed correctly and whether the fee for the service will be charged.

### **When is the service provided?**

It should be clear in your Letting Appointment when each service is being provided. There needs to be a trigger for when the service is provided and charged. Such as “once per month”, “per guest visit” or “per booking termination”.

### **How is the service fee calculated?**

When a service fee is not a fixed amount, it should be clear how the service fee is calculated. If a fee is charged as a % it should state what it is a % of. Such as “8% of the total rent collected from the tenant during the invoice period”.

### **What is not included?**

For some services that an agent provides there might be an assumption by owners that the services provided also includes other items and services that are considered essential for the use of their lot. For example, the provision of soap for short-term guests. If the letting services you provide do not absorb or include these additional costs and you pass these expenses on to the owners, your Letting Appointment needs to state this.

And finally, don’t forget that you can only charge fees that have been agreed with the owner. If an owner hasn’t agreed in advance and in writing to pay an expense or fee you are charging in your invoices, there is a very high chance that you do not have a right to charge that fee or expense. Charging unauthorised fees could be a breach of your licence and have serious consequences for your letting business.

A good Letting Appointment will have all the answers you need when an owner asks you why and what you have charged in your invoice each month. If you aren’t confident that your Letting Appointment has all these answers, it’s a sign that you probably need to update your Letting Appointments sooner rather than later.

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