

TDS Refreshed



Tenancy Deposit Scheme operated by
The Dispute Service Ltd
Annual Review 2011

A cost effective way of providing tenancy
deposit protection

Accountable to its members

Providing a professional alternative dispute
resolution service

Leading the way in tenancy deposit protection



www.tds.gb.com

Joint Foreword

WE said in last year's review that by any measure 2009-10 was a challenging year for TDS. The Board was forced to take a number of difficult decisions to ensure the continuing success of the company. We are pleased to say that these difficult decisions have now borne fruit and that there has been a tremendous change in the company's fortunes in 2010-11 thanks to a stronger financial position, the appointment of a new Chief Executive and a revitalised organisation.

During 2010-11 we also saw a levelling off in the increase in number of deposit disputes being referred to us as a result of the action which Members are taking to resolve tenancy deposit disputes locally without the parties having to resort to adjudication.

We have made great strides in the year to improve communications with members; we introduced a monthly e-newsletter, launched a series of Meet TDS events, refreshed our website, established a TDS Members' User Forum and increased the range and quality of advice as to how we adjudicate.

Our financial health has improved significantly during the year and we made a post tax surplus of £2.81m. The board have a policy objective of building up sufficient free reserves to ensure the organisation's long term future.

In relation to governance we welcomed Steve Harriott as Chief Executive onto the Board and appointed Jodi Berg OBE as an independent Director with special responsibility for reviewing complaints. Jodi is an experienced Independent Complaints Reviewer for a number of government bodies and her appointment has significantly strengthened the way in which we review complaints about our work.

This Annual Review gives a flavour of our work in 2010-11 and we hope that you find it of interest.

Professor Martin Partington CBE, QC

Chairman

Steve Harriott

Chief Executive



Martin Partington



Steve Harriott

How the Tenancy Deposit Scheme works

THE Housing Act 2004 (Chapter 4, sections 212-5; & Schedule 10) made provision for both the protection of tenancy deposits and the resolution of disputes over their return. The legislation came into effect on 6 April 2007. After that date all deposits taken for Assured Shorthold Tenancies had to be covered by a tenancy deposit protection scheme.

The Tenancy Deposit Scheme is one of three schemes authorised by the Department of Communities and Local Government. It has been designed primarily for agents, but membership is also open to landlords. Although mandatory deposit protection was implemented in April 2007, The Dispute Service Ltd offered a voluntary scheme to regulated agents for three years before that (the Tenancy Deposit Scheme for Regulated Agents).

The Tenancy Deposit Scheme operates as follows:

- ◆ The member agent or member landlord holds the deposit;
- ◆ Where there is no dispute at the end of the tenancy, the member will, as normal, pay out the deposit promptly;
- ◆ If any of the parties wants to challenge the proposed apportionment of the deposit, they should do so within 20 working days. If there is an agent, they must try to negotiate a settlement between the parties within 10 working days;
- ◆ If this cannot be done, any of the parties can refer the dispute to the Independent Case Examiner (ICE) for third party independent adjudication;

- ◆ The deposit-holder must transfer the disputed deposit to The Dispute Service. The ICE will carry on with an adjudication and pay out the deposit even if the deposit has not been submitted. The Dispute Service will claim the amount in question from its insurers, and seek to recoup it from the member. Persistent failure to submit disputed deposits may lead to the termination of membership;
- ◆ The ICE seeks to make his decision within 28 days of receiving all the necessary information. The deposit is paid out within a further 5-10 working days.

Members join TDS directly, rather than through their membership of another body. Agents pay an annual subscription based on their membership of a relevant regulatory body which requires them to carry Client Money Protection Bonding: the Association of Residential Letting Agents; National Association of Estate Agents; Royal Institution of Chartered Surveyors; National Approved Lettings Scheme; and the Law Society.

The subscription fee for agents in 2010-11 was based on the number of tenancy deposits registered on our database in January 2010. It is a matter for members to decide if and how they recover the subscription from landlords or tenants.

Membership of the Scheme is open to regulated Agents (i.e. those with ARLA, NAEA, RICS, NALS, Law Society), together with corporate and other landlords on individual application.

There is no additional fee for adjudication on disputes arising out of assured shorthold tenancies which started after the member joined the scheme.

Governance

THE Dispute Service is a company limited by guarantee with its two corporate members being NFOPP and RICS. It is managed by a Board of Directors consisting of two Directors nominated by the corporate members, four independent Directors, the Chief Executive and Resources Director. The company is a not for profit organisation and all surpluses are retained within the organisation to further improve its services to members.

Board

Royal Institution of Chartered Surveyors: (Rachel Atkinson)

The National Federation of Property Professionals: (Ian Potter)

John Hornsey

Malcolm Lindo

Martin Partington (*appointed 5th May 2010*)

Jodi Berg (*appointed 27th October 2010*)

Steve Harriott (*appointed 27th October 2010*)

Nick Hankey (*appointed 20th September 2011*)

The Board meets on about 10 occasions each year.

Senior staff

Chief Executive **Stephen Harriott** (*appointed September 2010*)

Director of Resources **Nick Hankey** (*appointed September 2011*)

Head of Adjudication/ICE **Michael Morgan** (*appointed November 2010*)

Head of Member Relations **Ben Beadle** (*appointed December 2010*)

Financial Controller **Maureen Fitzgibbons**

Deputy Head of Adjudication **Alison MacDougall** (*appointed March 2011*)

Disputes Operations Manager **Angela Dickens**

IT Manager **Alan Maughan**

Corporate Support Manager **Kim Twyman**

Human Resources Manager **Josanne Leon** (*appointed November 2010*)

Taking a Fresh Look at TDS

IN March 2011 the Board agreed a three year Business Plan for TDS which sets out a clear vision for TDS and a set of three year strategic objectives.

The TDS Mission

Our mission is to:

- ◆ Provide a high quality, customer focused tenancy deposit protection service for tenants, agents and landlords in the UK;
- ◆ Ensure that it provides independent and fair adjudication and dispute resolution services in relation to tenancy deposit disputes and other disputes where the expertise of the company can be utilised;
- ◆ Be seen as the leading authority on Tenancy Deposit Protection.

Key strategic objectives

TDS has **six** key strategic objectives to deliver its mission:

- ◆ Deliver **great customer service** to agents, landlords and tenants;
- ◆ Provide **cost effective** tenancy deposit protection which delivers value for money;
- ◆ **Listen and be accountable** to its members;
- ◆ Offer a **professional** alternative dispute resolution service;
- ◆ **Lead the way** in tenancy deposit protection;
- ◆ Develop **new business growth** opportunities in the UK.

The three year Business Plan is backed up by a comprehensive Service Improvement Plan, progress against which is monitored by both the Senior Management Team and the Board.

Take a fresh look at TDS

"Since September 2010 we have made great strides to improve the quality of the services we provide to our customers."

Steve Harman
Chief Executive of TDS

TDS protecting tenancy deposits
0845 2267837 www.tds.gb.com

TDS Service Improvements 2011

- 'Meet TDS' road shows
- Members Forum
- Eforum for our members' views
- New improved website
- Adjudication guidance
- Value for money
- Professional ADR service
- Impartial resolution of disputes

The Tenancy Deposit Scheme is the scheme of choice for many ARLA, NFOPP and regulated members. We provide a quality tenancy deposit protection scheme along with a professional adjudication service
- All this at a great price -

10 good reasons to be a member of TDS

- 1 TDS is the private rented sector's leading tenancy deposit protection service**
We have protected over £2billion in tenants deposits since the scheme started in 2007.
- 2 Being a member of TDS is great value for money**
For 2011-12, our base fee is £14 for NFOPP agents and substantial discounts are available.
- 3 Using TDS does not leave you out of pocket**
There's no reason for you not to recover the costs of protecting the deposit from the tenant or landlord. Many agents do this, and use TDS as a selling point for new business.
- 4 Worried about let-only deposits?**
We know that the 'let only' market is increasing and we are now looking to offer a Let Only Deposit protection service.
- 5 Using TDS is easy**
In the 98% of tenancies where you agree the deposit allocation with the tenant and landlord, you can do it there and then. You don't have to contact us, unlike the DPS where you have to do this every time.
- 6 You retain the deposits in your client account -**
As stakeholder you only need to transfer the deposits to us if there is a dispute.
- 7 We're impartial -**
Our adjudicators make independent decisions.
- 8 We listen -**
How we adjudicate should not be a mystery and we publish guides for landlords and tenants which set out what we look for when making our decisions.
- 9 We're easy to meet and talk to.**
We run regular 'Meet TDS' events where you can get together with senior staff and adjudicators; we're really accountable.
- 10 Our customers like what we do**
"I would like to say that I am incredibly impressed with the level of customer service I have received from you..."

Not a member yet?
Then why not take a fresh look at what we can offer you? If you are with another scheme we can offer you a competitive rate for your tenancies. In addition we can save you time and money, let us show you how - contact us today!

"I would like to say that I am incredibly impressed with the level of customer service I have received from you... you have been exemplary in your attention to this matter and I would like to thank you for the way you handled this."
Nicola Chamberland, Chamberland Residential

Are you a Current Member?
We want to help you provide an even better service for your customers. Please contact our Member Relations team for a personal review of what we can do for you. We can arrange visits to your offices and organise tailor made presentations to you and your staff about our approach to adjudications.

"We as landlords would like to express our sincere thanks for a job very well done. This was our very first time for using the TDS scheme and we feel that the scheme and its employees have been very efficient and professional at all times... We would not hesitate to recommend TDS to other landlords or tenants."
Mr & Mrs Parmer, Landlords

TDS protecting tenancy deposits
0845 2267837 www.tds.gb.com

To find out more about how TDS can help you contact our Member Relations Team now
Ben Beadle - Head of Member Relations
Tenancy Deposit Scheme
member.relations@tds.gb.com 01442 218031

Membership and Member Relations

IN 2010 we recognised that we needed to work much harder at improving communication with our members and we created a dedicated Member Relations team which now consists of:

- Ben Beadle, Head of Member Relations
- John King, Member Relations Manager
- Michael Jones, Member Relations Assistant
- Chris Kendall, Social Media and Communications Officer

Ben and John have years of Agency experience and have more recently been a part of our adjudication team; they well understand many of the day to day issues that affect our agent and landlord members.

The Member Relations team's core role is to provide support to our members and we do this in a number of ways including on-site visits, tailored workshops and on line access to relevant information. In addition the team is accessible in giving general guidance on our approach and on the decision making principles of adjudications.

A big criticism of TDS was that we were not approachable. Indeed one member said that we had "put up a Berlin Wall" around TDS. That wall has been well and truly demolished.

A key change implemented immediately after our initial review of services was establishing the facility to enable members to contact the team directly rather than going through our call centre.

Furthermore, we have been proactive in contacting our customers who have demonstrated difficulty in complying with the rules of TDS – particularly with regards to issuing the correct clauses in their tenancy agreements and Prescribed Information.



In the past TDS had not been able to offer a service to check that a member's Tenancy Agreement complies with TDS rules. Whilst we cannot check the entirety of a customer's agreement or guarantee an award, we can take the time to advise our members whether a

standard Tenancy Agreement is compliant and includes the correct clauses and Prescribed Information. This is an example of a free service which our members can now benefit from.

Membership statistics

As at 31 March 2011 TDS had 2,639 members as set out in the table below. These members managed 960,148 tenancy deposits which were registered on the database. The table below shows the change in membership numbers since the Scheme started.

Table 1: Types of Members at 31 March

	As at 31st March 2008		As at 31st March 2009		As at 31st March 2010		As at 31st March 2011	
	Firms	Offices	Firms	Offices	Firms	Offices	Firms	Offices
Regulated Agents	2,298	2,783	2,783	4,607	2,402	3,498	2,552	3,523
Unregulated Agents	268	315	21	24	4	3	28	32
Corporate Landlords	27	37	28	69	29	70	36	68
Other Landlords	27	28	28	28	26	27	23	14
Total	2,620	3,163	2,860	4,728	2,461	3,598	2,639	3,637

Table 2: Deposits protected

	2007 - 8	2008 - 9	2009 - 10	2010 - 11
Tenancies	731,240	786,400	969,810	960,148
Deposits	£466,190,677	£694,738,318	£933,418,946	£1,013,802,810



Meet TDS

AS part of our drive to engage with our member customers, a series of TDS road shows were arranged in 2011 inviting customers to Meet TDS. The purpose of these events is for our customers to have a better understanding of how we reach the decisions we do, and the principles we apply in our adjudication methodology. It also allows us to hear our customers' views on TDS.

- 17 February 2011 – London
- 31 March 2011 – Newcastle
- 12 May 2011 – London
- 10 June 2011 – Manchester
- 7 July 2011 – Birmingham
- 20 July 2011 – Plymouth



Standing room only in London

We took in marvellous views of the Tyne Bridge in Newcastle (Alison MacDougall, Deputy Head of Adjudication with Ben Beadle, Head of Member Relations)



...and we enjoyed the chintzy curtains in Plymouth

The feedback from customers who attended has been excellent – but don't take our word for it – this is what they said;

'It has opened my eyes.'

'Very useful. It helped me to understand the way decisions are made and what I can do to help support my claims.'

'Today was comprehensive – and very good.'

In fact, we have no negative comments to print! A lot of customers indicated that they came simply to meet an adjudicator – and they were surprised to find several to whom they could put their questions – and admit to being slightly disappointed that our adjudication team appeared remarkably normal!

Some suggestions received for future events are about specific disputes and examples. So the next round of Meet TDS events will be precisely that – watch out for details in the newsletter!

Conferences

In addition to our own events, we have also made sure we are represented at important industry events. TDS had a very successful ARLA Conference in March 2011 – and followed this up with attendance at other regional meetings, including at Bourne End, Wimbledon, Cardiff, Edinburgh and Southampton.

We are scheduled to attend;

- ◆ PropertyDrum Conference - 27 September 2011
- ◆ NALS Conference - 6 October 2011
- ◆ ARLA and NAEA Conference in Dunblane 7 October 2011
- ◆ ARLA Conference London - 6 March 2012

Publications

As part of our commitment to making the adjudication process transparent, a number of guides and case studies have been issued. This was something that delegates at the Meet TDS events said that they wanted to see.

Invariably, our customers understand the basis upon which we made an award. But we accept it is sometimes difficult to convey this to both the tenant and the landlord.

That's why we've started to put together anonymised case studies and policy documents on commonly occurring reasons for dispute. The idea is that you can use these to broker a resolution with difficult landlords or tenants. Our cleaning case study has been well received to date, and more will be added to the case studies section of our website. <http://www.tds.gb.com/case-studies.html>

Website

We knew our website needed attention because you told us so! Someone went as far to say that it was "pompous"! So we refreshed the website and made it much easier to use. We have introduced some additional functionality; so tenants can now more easily check if their deposit is protected and we are developing a Members Dashboard so that members can see at a glance a range of performance information about their tenancy deposits including the numbers of tenancies protected, whether any are subject to disputes, the progress and outcomes of disputes.

We are working to make further improvements, such as improving the ability to download evidence electronically, and this will be rolled out in 2012.

The screenshot shows the homepage of the Tenancy Deposit Scheme (TDS) website. At the top, there is a navigation bar with the TDS logo (a stylized 'TDS' in blue and green) and the tagline 'protecting tenancy deposits'. To the right of the logo is a search bar with the text 'Search our website' and a 'SEARCH' button. Below the search bar are several menu items: 'Homepage', 'Tenants', 'Agents & Landlords', 'About TDS', 'FAQs', 'News & Updates', and 'Contact'. The main content area is titled 'Welcome to the Tenancy Deposit Scheme'. Below this, there are two main sections: 'MOST COMMON QUERIES' and 'QUICK LINKS'. The 'MOST COMMON QUERIES' section is divided into two columns: 'TENANTS' and 'AGENTS & LANDLORDS'. The 'TENANTS' column lists three queries: 'Is my deposit registered', 'Raise a dispute', and 'Check the progress of a dispute'. The 'AGENTS & LANDLORDS' column lists three queries: 'Become a member', 'Membership fees', and 'Raise a dispute'. The 'QUICK LINKS' section on the right lists: 'Agents & Landlords Documents & Forms', 'Tenants Frequently Asked Questions', 'Documents & Forms', and 'Is my deposit registered?'. Below the 'MOST COMMON QUERIES' section, there are two more sections: 'LATEST TDS NEWS' and 'WHAT WE DO'. The 'LATEST TDS NEWS' section features a headline 'Lentient Sentences: "A kick in the teeth" for defrauded tenants and landlords - Says Deposit Protection Chief' and a sub-headline 'The tenant sentences handed down last week to the owner of a fraudulent Worcester based letting agency and his accountant has been described as a "kick in the teeth" for tenants and professional letting agents in the private rented sector.' The 'WHAT WE DO' section includes a brief description of the TDS and a section titled 'Our Process' which lists three key points: 'Protecting deposits throughout the tenancy.', 'Ensuring the return of the deposit promptly at the end of the tenancy, where there is no dispute.', and 'Ensuring deposit disputes are dealt with fairly and quickly.'

Advice

A large part of the Member Relations Team role is to make sure that customers who contact us requiring help, receive it. We are often contacted about real, curve ball cases and we are happy to talk through our approach.

Furthermore, we have also been out visiting customers at their offices be it to deliver a presentation on our adjudication approach or just to provide a friendly face and answer questions about TDS.

Communications

As part of our commitment to improving our communications to our customers, a Members' newsletter, TDS Update, has been introduced with the aim to keep members better informed on TDS matters. This is issued monthly by the Member Relations Team, and often contains references to useful material, such as the adjudication digest, which details a real anonymised case with a twist! The newsletter was relaunched in October 2011 with a new design.



Twitter, LinkedIn and the TDS Blog!

It had to come and TDS is about to launch itself into the Social Media world. Working with Powershift we have launched ourselves on Twitter and LinkedIn and you can sign up to the TDS blog via our website, Twitter or LinkedIn.

Members' Forum

The Members' Forum has been established since December 2010, and comprises nine representatives of TDS Members.

The purpose of the Forum is to:

- ◆ provide a means for Members to give feedback to senior members of TDS staff on their experiences as users of TDS;
- ◆ identify areas for change or improvement, or where advice or training to Members would be beneficial;
- ◆ offer a consultation medium where TDS proposes changes to the Scheme or its rules;
- ◆ assist in the future development of TDS' dispute resolution service;
- ◆ offer an improved method for seeking the views of, and communicating more effectively with, Members;
- ◆ aid the development of TDS' thinking about tenancy deposit protection and changes which might be put forward to government.

The forum comprises:

Carole Charge

Technical & Compliance Director, Leaders

Nick Cooper

Managing Director, Northwood Franchising

Susan Hughes-Thomas

Director, The Home Management Co Ltd

Liz McCallum

Lettings Director, Grainger plc

Stephen Nation

Divisional Managing Director, Sequence

James Scott-Lee

Chairman, The Chancellors Group of Estate Agents Ltd

Mike Toogood

Managing Director, Square Mile (Docklands) Ltd

Theresa Wallace

Director, Southern Region Lettings, Savills

We are grateful to the Forum members for their valued feedback.

Who contacts us?

E-Consultation Network (ECN)

The ECN is made up of Members who have volunteered to give their views on important TDS matters – such as adjudications and case studies. The group stands at 130 strong and is open to Members who wish to give their opinion. Most recently, we invited those registered to offer their views on forthcoming case study material. We would like to see the number involved increase, as the more views we have, the more meaningful the consultation.

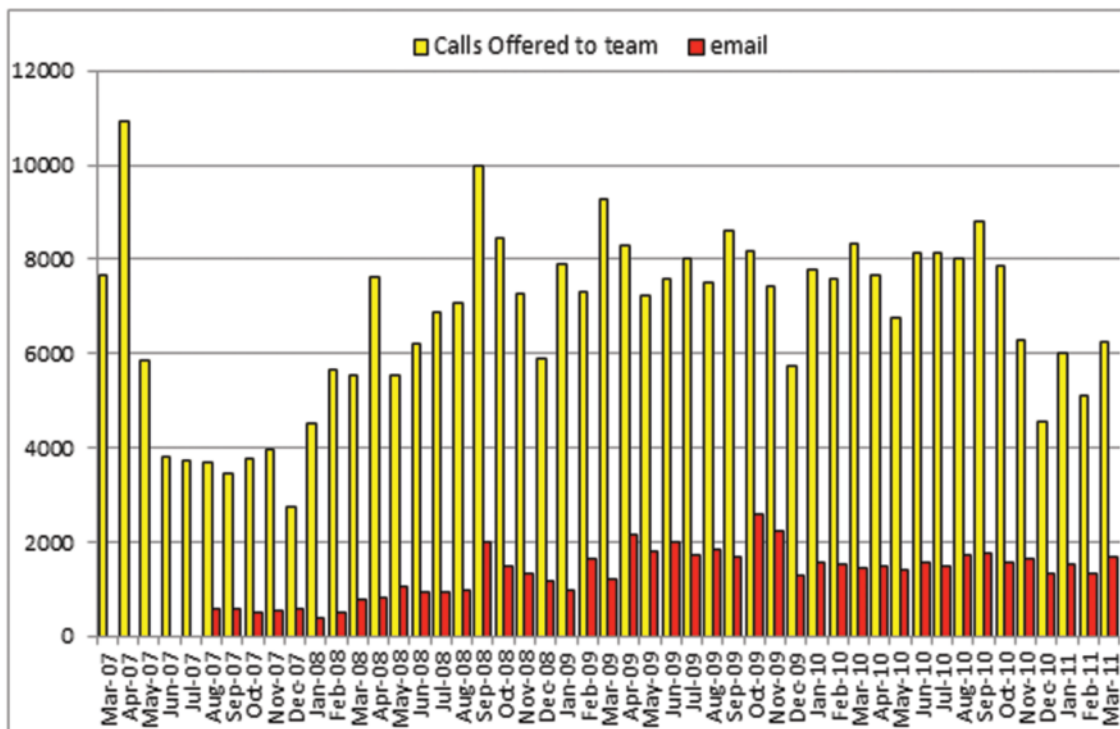
Members can register their interest by emailing member.relations@tds.gb.com.

Customer Contact Centre

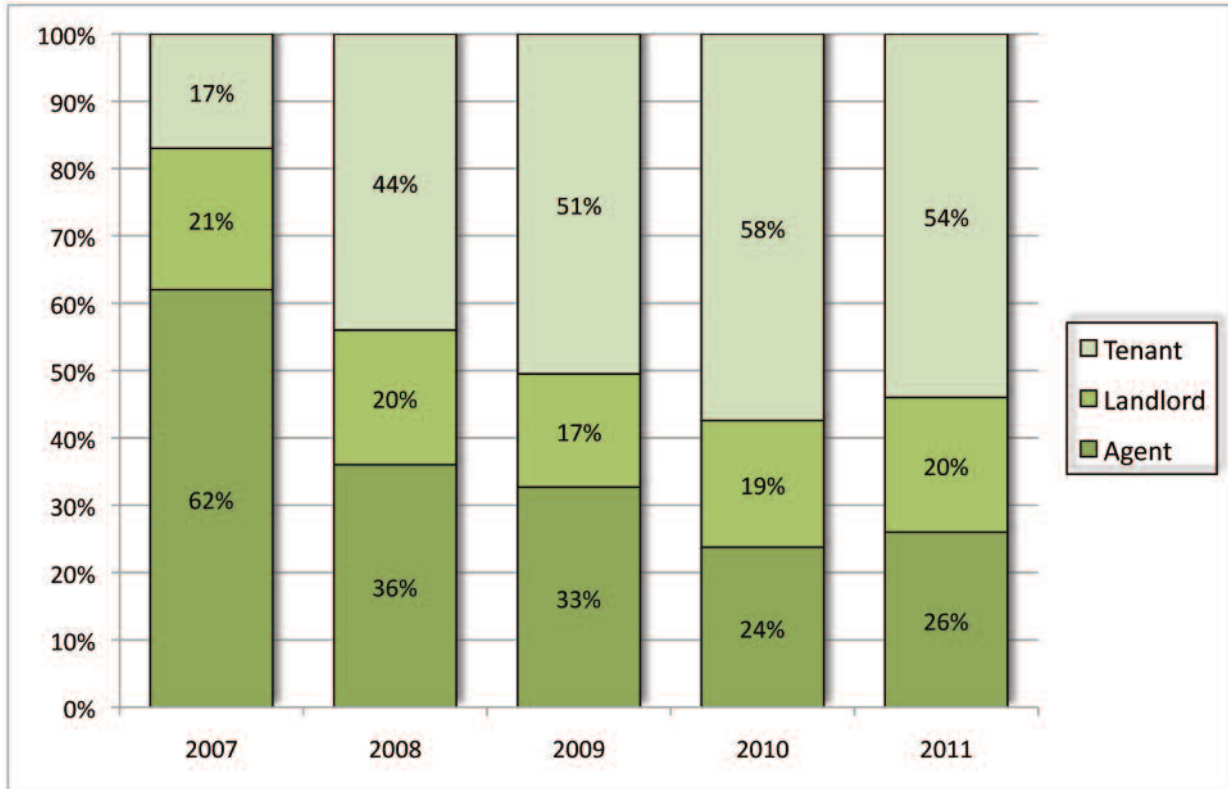
A key element of our service is our dedicated Customer Contact Centre based in Thame in Oxfordshire. This Contact Centre is staffed from 8am to 6pm Monday to Friday and is the first point of contact for Members, agents and tenants.

In 2010-11 it handled 100,185 calls and responded to 19,452 emails. The table below shows the monthly call and email loading since the start of the contract in 2007.

Calls and emails to the Customer Contact Centre 2007-2011



Contact Profile



This table shows that over the years the contact profile has changed and that now over 54% of calls are from tenants compared with only 17% in the early days of the scheme.

Call answering performance

In 2010-11 we answered calls in an average of 15 seconds, far better than our government contract target of 90 seconds.

Adding value

Our call centre staff are highly trained and can offer advice on most issues. If for any reason they are unable to help they can pass the call to senior staff of TDS to deal with. We have also analysed the types of calls that we get and have updated our website and voice messages to ensure that callers can get the information they need. For example, we

discovered that 40.4% of our callers were tenants ringing to check if their deposit was protected. We therefore improved our website to enable tenants to check that their deposit was protected based on giving key tenancy information, rather than their Tenancy Deposit protection code, which they did not always have to hand.

Customer satisfaction

In 2011 we asked callers to the Customer Contact Centre to rate the service they were getting from the Contact Centre.

On a scale of 1-5 where 5 is the highest please rate the service you got from the Contact Centre

Landlords	4.60
Agents	4.74
Tenants	4.77

How TDS adjudicates disputes

THE Adjudication service is led by Michael Morgan, Head of Adjudication and Independent Case Examiner. He is supported by Alison MacDougall as Deputy Head of Adjudication, alongside four Deputy Independent Case Examiners, four Casework Scrutiny Managers and a team of adjudicators.

The approach we take to individual deposit disputes

TDS has a clear methodology which is applied to the disputes it receives:

- ◆ We identify early in the process those cases which can be resolved without an adjudication – for example, those that can be dealt with summarily by letter, or resolved informally;
- ◆ We ‘filter’ cases at the administrative stage to establish that key documentation has been submitted to avoid delays during the adjudication itself;
- ◆ Where the amount in dispute is small and the issue straightforward, we may contact the parties to suggest that it does not need TDS to resolve, and give a time limit for them to sort it out;
- ◆ We vary the extent of the adjudication to match the nature and complexity of the dispute;
- ◆ We have published **Progress of a dispute** to advise landlords and tenants about how we deal with disputes and the evidence we will need. It is available at the point of dispute, both on the website and for members to hand out;

“The last year has been a watershed for TDS adjudications. We have consistently hit our target for completing adjudications within 28 days of receiving the parties’ responses to the dispute. We have also made significant improvements to the information we publish about how we make those decisions – ensuring that our adjudication processes are timely, open, and understandable”



Michael Morgan

TDS Head of Adjudication

- ◆ We have also produced **Operational procedures and advice** for Members to help firms deal with particular issues which may arise from time to time e.g. “What happens with let-only properties?”; “What do we do about changed and replacement tenancies?”; “What evidence will we need to resolve the dispute?”; and so on;
- ◆ We have published some guidance articles/documents on our website to answer the most frequently asked questions, in an attempt both to be helpful and to reduce our call centre costs;
- ◆ We publish regular digests of cases so members can see how particular disputes were resolved.

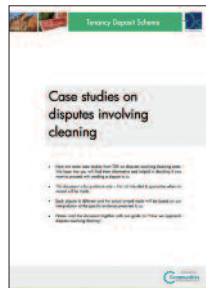
We regularly review this material, refining and adding to it as necessary. We have also ensured that this documentation is developed in consultation with members and consumer facing bodies such as NACAB, NUS and Shelter.

A year of change and improvement

During 2010-11 we made a number of important improvements to our service.

Case Studies

We published a series of case studies on our approach to adjudications. These include an easy to understand summary of the principles we take into account when reaching our decisions, and examples of some typical decisions and how differing circumstances or evidence affects our decisions. These will be extended and added to on a regular basis.



Adjudication Digest

We publish a monthly adjudication digest. This takes a topical case of interest dealt with in the previous month, analyses how the decision was made, and identifies key points to help tenants, landlords, and agents understand our decision making principles.



Guide to Disputes

In partnership with the other two tenancy deposit protection schemes we published a joint guide on how we adjudicate. This gives a detailed explanation of what Alternative Dispute Resolution is and how it works, what sort of evidence will help an adjudicator, and how we approach issues such as assessing wear and tear.



Plain Language

As well as making significant improvements to the information available on our website, we have also ensured that the key guidance documents on our website are approved by the Plain Language Commission for their use of Clear English.



Independent Complaints Reviewer

We have made the review of complaints about adjudications more robust. A landlord, tenant or agent can complain to the Head of Adjudication if they consider an adjudication decision to be legally or procedurally flawed. If they do not accept the Head of Adjudication's response, they can escalate their complaint to the TDS Board.

To help us with this, we have appointed Jodi Berg OBE as an independent Board member with responsibility for reviewing complaints under this, the second stage, of our complaints process.

Jodi is a trained solicitor, a Fellow of the Chartered Institute of Arbitrators, and is also the Independent Complaints Reviewer for the Homes and Communities Agency, the Audit Commission, The National Archives, the Children's Commissioner for Wales and the Youth Justice Agency (Northern Ireland).



Complaints Investigator/Adjudicator

We have also created a new role within the Adjudication team for a Complaints Investigator /Adjudicator. Their brief is to review the complaints we receive about our service, identify lessons we can learn where things go wrong, and introduce improvements as a result. Although the post is a new one, we have already seen a significant improvement in our complaints response times.

Disputes performance

Tenancies and disputes

TDS continues to go from strength to strength as more landlords, tenants and agents have turned to it to resolve their disputes. The table below shows the dramatic increase in the number of TDS cases we have dealt with – almost 30,000 since April 2007. The cases for ‘TDSRA’ are those dealt with under the voluntary scheme for regulated agents – unsurprisingly, these have reduced as the increased rent threshold for Assured Shorthold Tenancies means that the majority of these disputes now fall into the statutory scheme.

	2007 - 8		2008 - 9		2009 -10		2010 -11	
	Received	Closed	Received	Closed	Received	Closed	Received	Closed
TDSRA	1,324	1,341	600	907	551	550	303	473
TDS	577	423	6,284	5,584	11,613	11,449	13,544	11,824
Total deposit disputes	1,901	1,764	6,884	6,491	12,164	11,999	13,847	12,297

Who gets what?

How disputed deposits are allocated on adjudication

The tables below show the proportion of disputed deposits awarded to tenants, landlords and agents over the four years of the Scheme. There is a relatively even split of disputed deposits between landlords and tenants over time.

Table 1: The % of disputes where an award is made in whole to the tenant, landlord/agent or shared between the parties.

Year	% of disputes where tenant got 100% of the disputed amount	% of disputes where the disputed deposits was shared between all parties	% of disputes where landlord and agent got 100% of disputed amount
2008	26.44%	56.98%	16.58%
2009	26.92%	56.04%	17.04%
2010	26.12%	52.72%	21.16%
2011	16.70%	62.82%	20.48%
All years	24.06%	56.73%	19.21%

Table 2: The % share of disputed deposits which went to the tenant, landlord or agent.

Year	% share of the disputed deposit which went to the tenant	% share of the disputed deposit which went to the agent	% share of the disputed deposit which went to the landlord
2008	58.00%	0.91%	41.09%
2009	57.24%	0.58%	42.19%
2010	54.86%	0.90%	44.24%
2011	50.03%	1.15%	48.82%
All years	54.51%	0.86%	44.63%

Types of disputes

TDS sees a wide variety of issues referred to its free alternative dispute resolution service. The table below shows that the main causes of disputes have remained similar to those experienced in previous years with the following consistently being referred to in disputes:

- Cleaning
- Damage
- Redecoration

	2007	2008	2009	2010	2011
cleaning	50%	52%	49%	47%	49%
damage	36%	45%	43%	39%	43%
redecorating	18%	25%	26%	24%	25%
gardening	14%	13%	13%	12%	11%
rent arrears	22%	18%	16%	15%	16%
other	47%	48%	50%	55%	55%

This table shows the main types of disputes.

The % do not add to 100% because one dispute may have a number of different elements.

Clearly, the best way to demonstrate that the property has deteriorated over the course of the tenancy is through the submission of a comprehensive check in and check out inventory, supported with an invoice or estimate from a cleaning company. Despite this, some landlords are still choosing not to present these essential documents when making a claim from the tenant's deposit.



Listening to you

IN our last Annual Report, we made a commitment to better communication and listening more to our customers. With this in mind, we have surveyed all landlords, tenants and agents who used the adjudication service between January and June 2011. The headline results about using the adjudication service, and the reports received, were a strong endorsement for the changes made during the course of the year:

1. How easy was it to submit evidence to TDS in support of your dispute?

% satisfied with the ease of evidence submission

June 2011	
Tenants	85.4%
Landlords	83.1%
Agents	83.9%

The most common cause of dissatisfaction was the inability to submit evidence to us via the website. We will be making changes to the website in 2012 to provide this additional level of functionality.

2. How useful is our website?

Overall those tenants or landlords who used the website found it reasonably helpful with a general satisfaction level as follows:

% who found the website useful

June 2011	
Tenants	76.8%
Landlords	74.4%
Agents	84.9%

3. Quality of the Adjudication report

We asked people how well they thought the adjudication report was written as we have taken steps to both shorten the reports and make them clearer. This seems to have paid dividends.

% who thought the quality of the adjudication reports was satisfactory or higher.

June 2011	
Tenants	80.8%
Landlords	80.5%
Agents	96.9%

These figures are pleasing and are a good foundation on which to build.

4. Fairness of the decision

We also asked whether people thought the decision was fair and we were both pleased and surprised by the results.

% who thought the decision to be fair.

June 2011	
Tenants	62.9%
Landlords	58.7%
Agents	66.7%

Financial performance

The financial year ending March 2011

The Scheme has had a strong financial performance after a disappointing year in 2009-10 where it made a loss of £604,437. The main reason for the upturn in performance was the change in the way we set our membership subscriptions.

The Scheme made a post tax surplus in 2010-11 of £2.81m. The Board has agreed that in order to prevent any future financial issues that it should seek to build up its reserves. The Board agreed to change the subscription model in 2010 -11 to one based on the number of tenancy deposits registered with the Scheme. To reflect the lower risks to the Tenancy Deposit Scheme from Members agents who had a lower level of disputes and better met the Scheme's operating regulations a discounting mechanism was introduced to reduce the costs with a maximum subscription discount of 60% being offered.

We subsequently modified this approach in 2011 - 2012 in the light of feedback, where our revised guidance on our subscription model made it much clearer about the risk factors we use to offer discounts to members using the Scheme.

Table 1: Summary Audited Financial Accounts

	2010 - 11	2009 - 10	RESTATED 2008 -09	2007 - 08
TURNOVER	7,993,489	3,187,382	3,254,803	2,920,271
Cost of Sales	1,325,474	1,641,372	1,553,734	
GROSS PROFIT	6,668,015	1,546,010	1,701,069	
Administrative Costs	2,813,711	2,393,744	1,765,921	1,873,524
	3,854,304	(847,284)	(64,852)	1,046,747
Other Operating Income	0	0	8,883	10,440
OPERATING SURPLUS (Loss)	3,854,304	(847,284)	(55,969)	1,057,187
Interest receivable	51,500	16,522	129,816	86,664
Interest payable	0	0	0	(779)
SURPLUS/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3,905,804	(830,762)	73,847	1,143,072
Tax on profit on ordinary activities	(1,093,913)	226,325	(49,318)	(270,000)
SURPLUS/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION	2,811,891	(604,437)	24,529	873,072

What our customers say about us

TDS is committed to providing an excellent service for resolving tenancy deposit disputes.

Here is a sample of the feedback we have received from landlords, tenants and agents about their experiences of using us in 2010-11.

"We as landlords would like to express our sincere thanks for a job very well done. This was our very first time for using the TDS scheme and we feel that the scheme and its employees have been very efficient and professional at all times ... We would not hesitate to recommend TDS to other landlords or tenants."

Mr & Mrs Parmar, Landlords

"I just wanted to say thank you for helping us resolve the dispute surrounding our deposit. I think that TDS is not only a fair and independent service, but a fantastic service. Everyone I spoke to was very friendly and helpful and replies were always prompt."

Miss J Fraser, tenant

"Can I just say ... how much of a difference your supporting and helpful approach is. I know in the past some agencies have given TDS a hard time, but the changes implemented and the service levels, which I am certainly feeling the benefit from, is a really positive step."

James Leverton, Marsh & Parsons



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