

Guarantors – why they're not necessary

Guarantors

Many landlords letting their properties to tenants on Housing Benefit insist on having a guarantor to stand surety or guarantee rent payments and other tenancy obligations. The guarantor would usually need to be a home owner, someone with steady long-term employment and a good salary and/or someone with a good credit score.

For most clients on benefits and those being assisted by a PRS access scheme, it will be a struggle to find someone who would be willing and able to stand as a guarantor.

What if the guarantor doesn't pay?

When insisting on a guarantor, landlords assume they would easily recoup any arrears or payment for damage from the guarantor. The reality isn't quite so simple. Where you do have to use a guarantor the following steps are important:

- Check that the guarantor agreement is binding – the wording of a Guarantor Agreement is crucial and there is no standard form or statutory agreement
- Contact the guarantor in writing detailing the money owed and referencing the Guarantor Agreement
- If you are unable to come to an agreement use a mediation service to try resolve the dispute

- If you're still not able to come to an agreement, discuss your case with a solicitor who's experienced in debt recovery or a debt collection agency. For a fee, they can write a letter to the person who owes you money (the guarantor). The letter can tell them that legal action may be taken if they don't pay.
- If you can't settle the matter in any other way, you can make a claim in small claims court. This is normally used as a last resort and you should seek independent legal advice first.
- It's important to remember that:
 - it can take months for a case to go to court
 - there's no guarantee you'll win the case
 - you may have to pay the other side's costs if you lose the case
 - if the other side can't pay (for example, they're bankrupt or not working), it will be hard to get money back
 - If you're owed the money, you may have to go back to court to get your money, as the court won't automatically enforce a judgment.

Summary Box

It is more secure and beneficial for a landlord to work with a private rented access scheme rather than relying on a guarantor.

The scheme will provide full support to sustain the tenancy and has a vested interest in ensuring the tenancy is successful and sustainable, and that the scheme's relationship with the landlord is maintained

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Crisis runs an advisory service for voluntary organisations and local authorities to access the private rented sector for single homeless people

Vetting your tenant and setting up the tenancy

What will the scheme do?	What will the guarantor do?
Assess and vet tenants	No role
Provide letters of support from the tenant's family or references from relevant people or agencies confirming their support of the tenant	
Deliver pre tenancy training to ensure clients are tenancy ready	
Where possible match landlords and tenants	
Provide full support in setting up the tenancy including setting up Housing Benefit payments	
Providing a bond guarantee against rent arrears and damages.	

Supporting the tenancy to be sustainable

What will the scheme do?	What will the guarantor do?
Link clients in with furniture projects	No role
Provide post tenancy support	
Provide an information pack of local services	
Refer the tenant to other support agencies for additional support	
Provide advice to landlords on changes to legislation	
Provide a named contact to both landlord and tenant	
Provide mediation between landlord and tenant if problems occur	

Ending the tenancy

What will the scheme do?	What will the guarantor do?
Provide mediation between landlord and tenant to try ensure the tenancy ends smoothly	Possibly pay out against rent arrears or damages
Advise the landlord on appropriate eviction procedures	Possibly renage on role as guarantor
Support the client to move onto alternative accommodation	
Assist the landlord by providing another tenant to reduce voids	
Pay out against the bond on any rent arrears or damages	