



Rent Act 1977

1977 CHAPTER 42

PART IX

PREMIUMS, ETC.

Modifications etc. (not altering text)

C1 Pt. IX excluded by [Housing Act 1980 \(c. 51, SIF 61\)](#), [Sch. 8 para. 4\(2\)\(3\)](#)

119 Prohibition of premiums and loans on grant of protected tenancies.

- (1) Any person who, as a condition of the grant, renewal or continuance of a protected tenancy, requires, in addition to the rent, the payment of any premium or the making of any loan (whether secured or unsecured) shall be guilty of an offence.
- (2) Any person who, in connection with the grant, renewal or continuance of a protected tenancy, receives any premium in addition to the rent shall be guilty of an offence.
- (3) A person guilty of an offence under this section shall be liable to a fine not exceeding [^{F1}level 3 on the standard scale].
- (4) The court by which a person is convicted of an offence under this section relating to requiring or receiving any premium may order the amount of the premium to be repaid to the person by whom it was paid.

Textual Amendments

F1 Words substituted by virtue of [Criminal Justice Act 1982 \(c. 48, SIF 39:1\)](#), [ss. 38, 46](#)

Status: Point in time view as at 01/02/1991.

Changes to legislation: There are currently no known outstanding effects for the Rent Act 1977, Part IX. (See end of Document for details)

120 Prohibition of premiums and loans on assignment of protected tenancies.

- (1) Subject to section 121 of this Act, any person who, as a condition of the assignment of a protected tenancy, requires the payment of any premium or the making of any loan (whether secured or unsecured) shall be guilty of an offence.
- (2) Subject to section 121 of this Act, any person who, in connection with the assignment of a protected tenancy, receives any premium shall be guilty of an offence.
- (3) Notwithstanding anything in subsections (1) and (2) above, an assignor of a protected tenancy of a dwelling-house may, if apart from this section he would be entitled to do so, require the payment by the assignee or receive from the assignee a payment—
 - (a) of so much of any outgoings discharged by the assignor as is referable to any period after the assignment takes effect;
 - (b) of a sum not exceeding the amount of any expenditure reasonably incurred by the assignor in carrying out any structural alteration of the dwelling-house or in providing or improving fixtures therein, being fixtures which, as against the landlord, he is not entitled to remove;
 - (c) where the assignor became a tenant of the dwelling-house by virtue of an assignment of the protected tenancy, of a sum not exceeding any reasonable amount paid by him to his assignor in respect of expenditure incurred by that assignor, or by any previous assignor of the tenancy, in carrying out any such alteration or in providing or improving any such fixtures as are mentioned in paragraph (b) above; or
 - (d) where part of the dwelling-house is used as a shop or office, or for business, trade or professional purposes, of a reasonable amount in respect of any goodwill of the business, trade or profession, being goodwill transferred to the assignee in connection with the assignment or accruing to him in consequence thereof.
- (4) Without prejudice to subsection (3) above, the assignor shall not be guilty of an offence under this section by reason only that—
 - (a) any payment of outgoings required or received by him on the assignment was a payment of outgoings referable to a period before the assignment took effect; or
 - (b) any expenditure which he incurred in carrying out structural alterations of the dwelling-house or in providing or improving fixtures therein and in respect of which he required or received the payment of any sum on the assignment was not reasonably incurred; or
 - (c) any amount paid by him as mentioned in subsection (3)(c) above was not a reasonable amount; or
 - (d) any amount which he required to be paid, or which he received, on the assignment in respect of goodwill was not a reasonable amount.
- (5) Notwithstanding anything in subsections (1) and (2) above, Part I of Schedule 18 to this Act shall have effect in relation to the assignment of protected tenancies which are regulated tenancies in cases where a premium was lawfully required or received at the commencement of the tenancy.
- (6) A person guilty of an offence under this section shall be liable to a fine not exceeding [F²level 3 on the standard scale].
- (7) The court by which a person is convicted of an offence under this section relating to requiring or receiving any premium may order the amount of the premium, or so

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much of it as cannot lawfully be required or received under this section (including any amount which, by virtue of subsection (4) above, does not give rise to an offence), to be repaid to the person by whom it was paid.

Textual Amendments

F2 Words substituted by virtue of [Criminal Justice Act 1982 \(c. 48, SIF 39:1\)](#), ss. 38, 46

121 Tenancies which became regulated by virtue of Counter-Inflation Act 1973.

Part II of Schedule 18 to this Act shall have effect where a premium was lawfully required and paid on the grant, renewal or continuance of a regulated tenancy—

- (a) which was granted before 8th March 1973, and
- (b) which would not have been a regulated tenancy, but for section 14(1) of the ^{M1}Counter-Inflation Act 1973 (which brought certain tenancies of dwelling-houses with high rateable values within the protection of the ^{M2}Rent Act 1968).

Marginal Citations

M1 1973 c. 9.
M2 1968 c. 23

122 Prohibition of premiums on grant or assignment of rights under restricted contracts.

- (1) This section applies in relation to any premises if—
 - (a) under Part V of this Act, a rent is registered for those premises in the register kept in pursuance of section 79 of this Act; and
 - (b) in a case where the approval, reduction or increase of the rent by the rent tribunal is limited to rent payable in respect of a particular period, that period has not expired.
- (2) Any person who, as a condition of the grant, renewal, continuance or assignment of rights under a restricted contract, requires the payment of any premium shall be guilty of an offence.
- (3) Nothing in subsection (2) above shall prevent a person from requiring—
 - (a) that there shall be paid so much of any outgoings discharged by a grantor or assignor as is referable to any period after the grant or assignment takes effect; or
 - (b) that there shall be paid a reasonable amount in respect of goodwill of a business, trade, or profession, where the goodwill is transferred to a grantee or assignee in connection with the grant or assignment or accrues to him in consequence thereof.
- (4) A person guilty of an offence under this section shall be liable to a fine not exceeding [^{F31}level 3 on the standard scale].
- (5) The court by which a person is convicted of an offence under this section may order the amount of the premium, or so much of it as cannot lawfully be required under this section, to be repaid to the person by whom it was paid.

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Textual Amendments

F3 Words substituted by virtue of [Criminal Justice Act 1982 \(c. 48, SIF 39:1\)](#), **ss. 38, 46**

123 Excessive price for furniture to be treated as premium.

Where the purchase of any furniture has been required as a condition of the grant, renewal, continuance or assignment—

- (a) of a protected tenancy, or
- (b) of rights under a restricted contract which relates to premises falling within section 122(1) of this Act,

then, if the price exceeds the reasonable price of the furniture, the excess shall be treated, for the purposes of this Part of this Act, as if it were a premium required to be paid as a condition of the grant, renewal, continuance or assignment of the protected tenancy or, as the case may be, the rights under the restricted contract.

124 Punishment of attempts to obtain from prospective tenants excessive prices for furniture.

- (1) Any person who, in connection with the proposed grant, renewal, continuance or assignment, on terms which require the purchase of furniture, of a protected tenancy—
 - (a) offers the furniture at a price which he knows or ought to know is unreasonably high, or otherwise seeks to obtain such a price for the furniture, or
 - (b) fails to furnish, to any person seeking to obtain or retain accommodation whom he provides with particulars of the tenancy, a written inventory of the furniture, specifying the price sought for each item,
 shall be liable to a fine not exceeding [^{F4}level 3 on the standard scale].
- (2) Where a local authority have reasonable grounds for suspecting that an offence under subsection (1)(a) above has been committed with respect to a protected tenancy or proposed protected tenancy of a dwelling-house, they may give notice to the person entitled to possession of the dwelling-house or his agent that, on such date as may be specified in the notice, which shall not be earlier than—
 - (a) 24 hours after the giving of the notice, or
 - (b) if the dwelling-house is unoccupied, the expiry of such period after the giving of the notice as may be reasonable in the circumstances,
 facilities will be required for entry to the dwelling-house and inspection of the furniture therein.
- (3) A notice under this section may be given by post.
- (4) Where a notice is given under this section, any person authorised by the local authority may avail himself of any facilities for such entry and inspection as are referred to in subsection (2) above which are provided on the specified date but shall, if so required, produce some duly authenticated document showing that he is authorised by the local authority.
- (5) If it is shown to the satisfaction of a justice of the peace, on sworn information in writing, that a person required to give facilities under this section has failed to give them, the justice may, by warrant under his hand, empower the local authority, by any

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person authorised by them, to enter the dwelling-house in question, if need be by force, and inspect the furniture therein.

- (6) A person empowered by or under the preceding provisions of this section to enter a dwelling-house may take with him such other persons as may be necessary and, if the dwelling-house is unoccupied, shall leave it as effectively secured against trespassers as he found it.
- (7) Any person who wilfully obstructs a person acting in pursuance of a warrant issued under subsection (5) above shall be liable on a first conviction to a fine not exceeding £20 and, on a second or subsequent conviction, to a fine not exceeding £50.
- (8) In this section “local authority” means the council of a district or of a London borough or the Common Council of the City of London.

Textual Amendments

F4 Words substituted by virtue of [Criminal Justice Act 1982 \(c. 48, SIF 39:1\)](#), **ss. 38, 46**

Modifications etc. (not altering text)

C2 [Criminal Justice Act 1982 \(c. 48, SIF 39:1\)](#), **ss. 35** (in relation to liability on first and subsequent convictions), 38 (increase of fines) and 46 (substitution of references to levels on the standard scale) apply (E.W.)

125 Recovery of premiums and loans unlawfully required or received.

- (1) Where under any agreement (whether made before or after the commencement of this Act) any premium is paid after the commencement of this Act and the whole or any part of that premium could not lawfully be required or received under the preceding provisions of this Part of this Act, the amount of the premium or, as the case may be, so much of it as could not lawfully be required or received, shall be recoverable by the person by whom it was paid.
- (2) Nothing in section 119 or 120 of this Act shall invalidate any agreement for the making of a loan or any security issued in pursuance of such an agreement but, notwithstanding anything in the agreement for the loan, any sum lent in circumstances involving a contravention of either of those sections shall be repayable to the lender on demand.

126 Avoidance of requirements for advance payment of rent in certain cases.

- (1) Where a protected tenancy which is a regulated tenancy is granted, continued or renewed, any requirement that rent shall be payable—
 - (a) before the beginning of the rental period in respect of which it is payable, or
 - (b) earlier than 6 months before the end of the rental period in respect of which it is payable (if that period is more than 6 months),shall be void, whether the requirement is imposed as a condition of the grant, renewal or continuance of the tenancy or under the terms thereof.
- (2) Any requirement avoided by subsection (1) above is, in this section, referred to as a “prohibited requirement”.
- (3) Rent for any rental period to which a prohibited requirement relates shall be irrecoverable from the tenant.

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- (4) Any person who purports to impose any prohibited requirement shall be liable to a fine not exceeding [^{F5}level 3 on the standard scale], and the court by which he is convicted may order any amount of rent paid in compliance with the prohibited requirement to be repaid to the person by whom it was paid.
- (5) Where a tenant has paid on account of rent any amount which, by virtue of this section, is irrecoverable the tenant shall be entitled to recover that amount from the landlord who received it or his personal representatives.
- (6) Any amount which a tenant is entitled to recover under subsection (5) above may, without prejudice to any other method of recovery, be deducted by the tenant from any rent payable by him to the landlord.
- (7) No amount which a tenant is entitled to recover under subsection (5) above shall be recoverable at any time after the expiry of 2 years from the date of payment.
- (8) Any person who, in any rent book or similar document makes an entry showing or purporting to show any tenant as being in arrears in respect of any sum on account of rent which is irrecoverable by virtue of this section shall be liable to a fine not exceeding [^{F6}level 3 on the standard scale], unless he proves that, at the time of the making of the entry, the landlord has a bona fide claim that the sum was recoverable.
- (9) If, where any such entry has been made by or on behalf of any landlord, the landlord on being requested by or on behalf of the tenant to do so, refuses or neglects to cause the entry to be deleted within 7 days, the landlord shall be liable to a fine not exceeding [^{F6}level 3 on the standard scale], unless he proves that, at the time of the neglect or refusal to cause the entry to be deleted, he had a bona fide claim that the sum was recoverable.

Textual Amendments

- F5** Words substituted by virtue of [Criminal Justice Act 1982 \(c. 48, SIF 39:1\)](#), **ss. 38, 46**
- F6** Words substituted by virtue of [Criminal Justice Act 1982 \(c. 48, SIF 39:1\)](#), **ss. 38, 46**

127 Allowable premiums in relation to certain long tenancies.

- (1) Where a tenancy is both a long tenancy within the meaning of Part I of the ^{M3}Landlord and Tenant Act 1954 and a protected tenancy, then—
 - (a) if the conditions specified in subsection (2) below are satisfied with respect to it, nothing in this Part of this Act or in Part VII of the ^{M4}Rent Act 1968 (provisions superseded by this Part) or the enactments replaced by the said Part VII shall apply or be deemed ever to have applied to the tenancy;
 - (b) if any of those conditions are not satisfied with respect to it, Part II of Schedule 18 to this Act shall apply and, if the tenancy was granted before the passing of this Act, be deemed always to have applied to it.
- (2) The conditions mentioned in subsection (1)(a) above are—
 - (a) that the tenancy is not, and cannot become, terminable within 20 years of the date when it was granted by notice given to the tenant; and
 - (b) that, unless the tenancy was granted before 25th July 1969 or was granted in pursuance of Part I of the ^{M5}Leasehold Reform Act 1967, the sums payable by the tenant otherwise than in respect of rates, services, repairs, maintenance or

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insurance are not, under the terms of the tenancy, varied or liable to be varied within 20 years of the date when it was granted nor, thereafter, more than once in any 21 years; and

[^{F7}(c) that the terms of the tenancy do not inhibit both the assignment and the underletting of the whole of the premises comprised in the tenancy.]

(3) Where the condition specified in subsection (2)(b) above would be satisfied with respect to a sub-tenancy but for a term providing for one variation, within 20 years of the date when the sub-tenancy was granted, of the sums payable by the sub-tenant, that condition shall be deemed to be satisfied notwithstanding that term, if it is satisfied with respect to a superior tenancy of the premises comprised in the sub-tenancy (or of those and other premises).

[^{F8}(3A) If the conditions in subsection (3B) below are satisfied in respect of a tenancy, this Part of this Act shall not apply to that tenancy and, together with Part VII of the ^{M6} Rent Act 1968 and the enactments replaced by Part VII, shall be deemed never to have applied to it.

(3B) The conditions are that—

- (a) the tenancy was granted before 16th July 1980;
- (b) a premium was lawfully required and paid on the grant of the tenancy;
- (c) the tenancy was, at the time when it was granted, a tenancy at a low rent; and
- (d) the terms of the tenancy do not inhibit both the assignment and the underletting of the whole of the premises comprised in the tenancy.

(3C) If the conditions in subsection (3D) below are satisfied in respect of a tenancy, this section shall have effect, in relation to that tenancy, as if for the words “20 years” and “21 years”, in subsection (2)(b) and (3) above there were substituted, respectively, the words “6 years” and “7 years”.

(3D) The conditions are that—

- (a) the tenancy is granted after 15th July 1980;
- (b) at the time when it is granted it is a tenancy at a low rent; and
- (c) the terms of the tenancy ensure that any variation of the sums payable by the tenant otherwise than in respect of rates, services, repairs or maintenance, cannot lead to those sums exceeding an annual rate of two-thirds of the rateable value of the dwelling-house at the date when the variation is made.

For the purposes of this subsection the rateable value of a dwelling-house shall be ascertained in accordance with section 25 of this Act (disregarding subsection (4)) by reference to the value shown in the valuation list at the date when the variation is made.]

(4) Nothing in this section shall affect the recovery, in pursuance of any judgment given or order or agreement made before 20th May 1969, of any amount which it was not lawful to receive under the law in force at the time it was received.

(5) In this section “grant” includes continuance and renewal [^{F9}and for the purposes of subsections (2)(c) and (3B)(d) above the terms of a tenancy inhibit an assignment or underletting if they—]

- [^{F9}(a) preclude it; or
- (b) permit it subject to a consent but exclude section 144 of the ^{M7} Law of Property Act 1925 (no payment in nature of fine); or

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- (c) permit it subject to a consent but require in connection with a request for consent the making of an offer to surrender the tenancy.]

Textual Amendments

- F7** S. 127(2)(c) substituted retrospectively by [Housing Act 1980 \(c. 51, SIF 61\)](#), s. **78(1)(2)**
F8 S. 127(3A)–(3D) inserted by [Housing Act 1980 \(c. 51, SIF 61\)](#), s. **78(4)**
F9 Words added retrospectively by [Housing Act 1980 \(c. 51, SIF 61\)](#), s. **78(1)(3)**

Modifications etc. (not altering text)

- C3** S. 127: by [Housing Act 1988 \(c. 50, SIF 75:1\)](#), s. **115** it is provided that with respect to (a) any premium received or required to be paid after the commencement of that 1988 Act or, (b) any loan required to be made after that commencement, section 127 shall have effect subject to the following amendments— (1) for subsections (2) and (3) there shall be substituted “(2) The conditions mentioned in subsection (1)(a) above are—(a) that the landlord has no power to determine the tenancy at any time within twenty years beginning on the date when it was granted; and (b) that the terms of the tenancy do not inhibit both the assignment and the underletting of the whole of the premises comprised in the tenancy; but for the purpose of paragraph (b) above there shall be disregarded any term of the tenancy which inhibits assignment and underletting only during a period which is or falls within the final seven years of the term for which the tenancy was granted. (3) The reference in subsection (2) above to a power of the landlord to determine a tenancy does not include a reference to a power of re-entry or forfeiture for breach of any term or condition of the tenancy.” and, (2) subsections (3C) and (3D) shall be omitted and in subsection (5) for “(2)(c)” there shall be substituted “(2)(b)”

Marginal Citations

- M3** 1954 c. 27.
M4 1968 c. 23.
M5 1967 c. 88.
M6 1968 c.23
M7 1925 c. 20.

128 Interpretation of Part IX.

- (1) In this Part of this Act, unless the context otherwise requires,—
“furniture” includes fittings and other articles; and
^{F10}“premium” includes—
(a) any fine or other like sum;
(b) any other pecuniary consideration in addition to rent; and
(c) any sum paid by way of a deposit, other than one which does not exceed one-sixth of the annual rent and is reasonable in relation to the potential liability in respect of which it is paid.]
- (2) For the avoidance of doubt it is hereby declared that nothing in this Part of this Act shall render any amount recoverable more than once.

Textual Amendments

- F10** Definition substituted by [Housing Act 1980 \(c. 51, SIF 61\)](#), s. **79**

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Changes to legislation:

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