



# Agricultural Holdings Act 1986

## 1986 CHAPTER 5

### PART V

#### COMPENSATION ON TERMINATION OF TENANCY

##### *Compensation to tenant for disturbance*

#### **60 Right to, and measure of, compensation for disturbance.**

- (1) This section applies where the tenancy of an agricultural holding terminates by reason—
  - (a) of a notice to quit the holding given by the landlord, or
  - (b) of a counter-notice given by the tenant under section 32 above after the giving to him of such a notice to quit part of the holding as is mentioned in that section,and the tenant quits the holding in consequence of the notice or counter-notice.
- (2) Subject to section 61 below, where this section applies there shall be payable by the landlord to the tenant by way of compensation for disturbance—
  - (a) a sum computed under subsection (3) below (in this section referred to as “basic compensation”), and
  - (b) a sum computed under subsection (4) below (in this section referred to as “additional compensation”).
- (3) The amount of basic compensation shall be—
  - (a) an amount equal to one year’s rent of the holding at the rate at which rent was payable immediately before the termination of the tenancy, or
  - (b) where the tenant has complied with the requirements of subsection (6) below, a greater amount equal to either the amount of the tenant’s actual loss or two years’ rent of the holding whichever is the smaller.

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- (4) The amount of additional compensation shall be an amount equal to four years' rent of the holding at the rate at which rent was payable immediately before the termination of the tenancy of the holding.
- (5) In subsection (3) above "the amount of the tenant's actual loss" means the amount of the loss or expense directly attributable to the quitting of the holding which is unavoidably incurred by the tenant upon or in connection with the sale or removal of his household goods, implements of husbandry, fixtures, farm produce or farm stock on or used in connection with the holding, and includes any expenses reasonably incurred by him in the preparation of his claim for basic compensation (not being costs of an arbitration to determine any question arising under this section or section 61 below).
- (6) The requirements of this subsection are—
  - (a) that the tenant has not less than one month before the termination of the tenancy given to the landlord notice in writing of his intention to make a claim for an amount under subsection (3)(b) above, and
  - (b) that the tenant has, before their sale, given to the landlord a reasonable opportunity of making a valuation of any such goods, implements, fixtures, produce or stock as are mentioned in subsection (5) above.
- (7) Compensation payable under this section shall be in addition to any compensation to which the tenant may be entitled apart from this section.

## **61 Cases where compensation under section 60 is not payable.**

- (1) Neither basic compensation nor additional compensation shall be payable under section 60 above where the operation of section 26(1) above in relation to the relevant notice is excluded by virtue of Case C, D, E, F or G.
- (2) Additional compensation shall not be so payable where the operation of section 26(1) above in relation to the relevant notice is excluded by virtue of Case A or H.
- (3) Except as provided by subsection (4) below, additional compensation shall not be payable under section 60 above where—
  - (a) the relevant notice contains a statement either that the carrying out of the purpose for which the landlord proposes to terminate the tenancy is desirable on any of the grounds mentioned in paragraphs (a) to (c) of section 27(3) above or that the landlord will suffer hardship unless the notice has effect, and
  - (b) if an application for consent in respect of the notice is made to the Tribunal in pursuance of section 26(1) above, the Tribunal consent to its operation and state in the reasons for their decision that they are satisfied as to any of the matters mentioned in paragraphs (a), (b), (c) and (e) of section 27(3).
- (4) Additional compensation shall be payable in a case falling within subsection (3) above where such an application as is mentioned in paragraph (b) of that subsection is made and—
  - (a) the reasons given by the Tribunal also include the reason that they are satisfied as to the matter mentioned in paragraph (f) of section 27(3) above, or
  - (b) the Tribunal include in their decision a statement under subsection (5) below.
- (5) Where such an application as is mentioned in subsection (3)(b) above is made in respect of the relevant notice and the application specifies the matter mentioned in

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paragraph (b) of section 27(3) above (but not that mentioned in paragraph (f) of that subsection), the Tribunal shall if they are satisfied as to the matter mentioned in paragraph (b) but would, if it had been specified in the application, have been satisfied also as to the matter mentioned in paragraph (f) include a statement to that effect in their decision.

(6) In this section—

“basic compensation” and “additional compensation” have the same meanings as in section 60 above;

“the relevant notice” means the notice to quit the holding or part of the holding, as the case may be, mentioned in section 60(1) above.

## **62 Compensation on termination in pursuance of early resumption clause.**

(1) Where—

- (a) the tenancy of an agricultural holding terminates by reason of a notice to quit the holding given in pursuance of a provision in the contract of tenancy authorising the resumption of possession of the holding for some specified purpose other than the use of the land for agriculture, and
- (b) the tenant quits the holding in consequence of the notice,

compensation shall be payable by the landlord to the tenant, in addition to any other compensation so payable apart from this section in respect of the holding.

(2) The amount of compensation payable under this section shall be equal to the value of the additional benefit (if any) which would have accrued to the tenant if the tenancy had, instead of being terminated as provided by the notice, been terminated by it on the expiration of twelve months from the end of the year of tenancy current when the notice was given.

(3) For the purposes of subsection (2) above, the current year of a tenancy for a term of two years or more is the year beginning with such day in the period of twelve months ending with the date on which the notice is served as corresponds to the day on which the term would expire by the effluxion of time.

## **63 Compensation for disturbance: supplementary provisions.**

(1) Where—

- (a) the tenant of an agricultural holding has sub-let the holding, and
- (b) the sub-tenancy terminates by operation of law in consequence of the termination of the tenancy by reason of any such notice or counter-notice as is referred to in section 60(1)(a) or (b) above,

section 60 shall apply if the sub-tenant quits the holding in consequence of the termination of the sub-tenancy as mentioned in paragraph (b) above as it applies where a tenant quits a holding in consequence of any such notice or counter-notice.

(2) Where the tenant of an agricultural holding has sub-let the holding and in consequence of a notice to quit given by his landlord becomes liable to pay compensation under section 60 or 62 above to the sub-tenant, the tenant shall not be debarred from recovering compensation under that section by reason only that, owing to not being in occupation of the holding, on the termination of his tenancy he does not quit the holding.

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- (3) Where the tenancy of an agricultural holding terminates by virtue of such a counter-notice as is mentioned in section 60(1)(b) above, and—
- (a) the part of the holding affected by the notice to quit together with any part of the holding affected by any relevant previous notice rendered valid by section 31 above is less than one-fourth of the original holding, and
  - (b) the holding as proposed to be diminished is reasonably capable of being farmed as a separate holding,
- compensation shall not be payable under section 60 above except in respect of the part of the holding to which the notice to quit relates.
- (4) In subsection (3) above “relevant previous notice” means any notice to quit given by the same person who gave the current notice to quit or, where that person is a person entitled to a severed part of the reversionary estate in the holding, by that person or by any other person so entitled.

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