

Special Report

# TRUST THROUGH TRANSPARENCY

Building landlord and tenant  
confidence in the lettings industry



Industry roundtable report presented by PayProp

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I am excited to share with you our latest PayProp Special Report, **Trust through transparency – building landlord and tenant confidence in the lettings industry.**



Inside you'll find superb thought leadership on this topic, based on questions that we put to participants at a recent industry roundtable in London.

Our panel was made up a broad cross-section of trusted industry commentators representing a letting agency, two PropTech providers, an industry body, landlord group, enforcement agency and training provider, and it was moderated by Graham Norwood, the respected editor of Letting Agent Today and Estate Agent Today.

We are immensely honoured and grateful for their participation in what turned out to be more than half a day of excellent discussion – and a chance to re-establish old friendships in the flesh.

The topics and participants are outlined on the Contents page and overleaf, so without further ado we offer this publication – composed entirely of the panel's answers – to anyone in or served by our resilient, innovative and storied industry.

More recently, our panel members also took questions from property professionals in a live Q&A, the results of which will be published soon on the PayProp blog.

We hope this Special Report will help in the overall drive to make lettings professionals as accountable, transparent and trusted by their clients – the landlord and tenant – as possible.

**As always, please reach out with any comments or queries!**

**Neil Cobbold**  
Chief Sales Officer  
PayProp



The panel

# We spoke to the industry's leading figures.



**Emma Cooke**  
Policy & Information Manager of National Trading Standards Estate and Letting Agency Team (NTSELAT)



**Graham Norwood**  
Editor of Letting Agent Today



**Kristjan Byfield**  
Co-Founder of The Depository and base property specialists



**Nathan Emerson**  
Chief Executive of Propertymark



**Neil Cobbold**  
Chief Sales Officer of PayProp



**James Munro**  
Senior Manager of NTSELAT



**Kate Gregory**  
Sales Director of Agent Rainmaker



**Paul Shamplina**  
Founder of Landlord Action and star of Channel 5's Evicted! Nightmare Tenants



**Sally Lawson**  
Founder of Agent Rainmaker

# How can transparency and trust in the industry be improved?



Letting agents have a problem – perception. Some landlords see them as adding unnecessary cost, taking 10% of their rental income for little perceived value. For tenants, agents are a necessary evil that comes with the rental home of their dreams, whether they like it or not – but with the right tools and tactics, the industry can overcome its image problem.

According to Nathan Emerson, Chief Executive at Propertymark, it is all about communication. “The right person must be told the right thing at the right time, but there is not always enough thought in how we communicate at each stage and how that affects the individuals involved.”

But for information sharing to be effective, landlords and tenants need to believe what they are being told, which comes down to trusting the agent. As James Munro, Senior Manager of the National Trading Standards Estate and Letting Agency Team (NTSELAT) explains, “I think a lot of it comes down to the agent demonstrating they are competent to do what they say they will do, and will follow through.”

## What challenges do agents face?

Traditionally, agents hold many of the cards in the industry. They know the legislation, the regulatory steps they need to go through to let a property legally and safely, how to handle client money and when it can be released – all things that most tenants and landlords don’t know. This is both a strength and a vulnerability. The expectation is that agents should do all they can to inspire trust by sharing information openly and willingly, a non-negotiable for building confidence with tenants and landlords.

How does this play out in the tenant journey? Munro sets the scene: “The consumer, the average member of the public, doesn’t go looking for property every day of the week. We often say that people do more research for buying a car than they do for a house. Agents and landlords are going to have to understand that tenants aren’t used to dealing with property.”



“Letting agents and landlords as a whole are still very much viewed in exactly the same way they were 15 to 20 years ago.”

Kristjan Byfield, Co-Founder, The Depository

There is also the fact that a tenant hasn’t chosen an agent or landlord. Paul Shamplina, Founder of landlord legal services firm Landlord Action says, “A tenant is driven by the property. They’re lumbered with the landlord and they’re lumbered with the agent.”

Perception is equally tough to fight as “letting agents and landlords as a whole are still very much viewed in exactly the same way they were 15 to 20 years ago”, according to Kristjan Byfield, Co-Founder of The Depository and base property specialists. During that time the industry has had to change as “deposits were being mismanaged by a lot of landlords and agents.”

To which Neil Cobbold, Chief Sales Officer at PayProp adds: “It’s also a perspective change. It’s been said that we’re about 20 years behind comparable industries, but I don’t think that’s fair anymore. We’ve come on dramatically in the last five to 10 years. But sometimes I think that perspective hasn’t changed.” On that, the stories that make the headlines are primarily about something going wrong in a tenancy, says Sally Lawson, Founder of Agent Rainmaker. “If it’s a bad experience from a landlord or a letting agent, it ends up in the news, on Google and on Twitter.”

All this adds up to a considerable perception challenge for letting agents, the engine room of the industry.

Landlords also play a part, Lawson continues. “A lot of landlords don’t choose the best letting agents, because they believe the job is easy. It becomes easy to say to an agent offering a more expensive management package that you don’t want to pay that, you don’t want to do that and you don’t want to pay those extra fees.”

It doesn’t help agents’ cause that many market themselves in the same way, focusing on reviews, how many staff they employ and customer service ratings. “From a landlord perspective it’s very difficult to choose between them. Inevitably, landlords end up choosing on price. Agents need to talk more about what they do for landlords.”

As Shamplina explains, this internal focus on the agency rather than the landlords leads to difficulties. “About 25% of our complaints are down to poor management and poor communication. I think letting agents have been quite complacent. They don’t understand their client book of landlords. One landlord is different to another landlord and because of this focus, they don’t take the time to learn how to effectively communicate.”



“A tenant is driven by the property. They’re lumbered with the landlord and they’re lumbered with the agent.”

Paul Shamplina, Founder, Landlord Action



## Education and communication key

So how can the industry change perceptions? Emma Cooke, Policy & Information Manager, NTSELAT, says the starting point is education, for both tenants and landlords but also letting agents. “I think if tenants and landlords had more knowledge and were more empowered, they could ask the right questions. That education drives trust and would improve communication. For example, if you don’t see what you expect to see in the property listing, such as fees, [provided you had the right information] you could ask.”

With all the knowledge agents have about the industry, it can be very easy to over-communicate, listing every minor detail in many pages of terms and conditions, but is that the best way to educate tenants and landlords?



“If tenants and landlords had more knowledge and were more empowered, they could ask the right questions. That education drives trust and would improve communication.”

Emma Cooke, Policy & Information Manager, NTSELAT

## Landlords

The onus is on agents, says Lawson:



“Agents should talk more like technicians and really explain the level of detail that goes into finding a tenant; referencing and securing the deposit, drafting the contracts, all those things that we spend hours doing.”

Sally Lawson, Founder of Agent Rainmaker

Byfield suggests information should be “much more graphically driven, with more visual representation. Video is very much coming to the fore as well, [and you could have] short bitesize videos that tackle tiny elements of the rental process.”

However, Lawson puts forward another view. While agreeing that the language agents use needs to change, she suggests agents should “talk more like technicians and really explain the level of detail that goes into finding a tenant; referencing and securing the deposit, drafting the contracts, all those things that we spend hours doing. I believe the landlords would be more educated. They would understand more about what we do. And that would really help with transparency.”

By communicating clearly in ways that are easily understood, agents can move on from discussions over price to educating them on why these costs are necessary. As Kate Gregory, Sales Director at Agent Rainmaker puts it, “The best way to tackle transparency is to unveil it and say, ‘These are the services that we provide and this is why, for example lives are being saved with the health and safety measures being put in place’. We need to be saying it in every piece of information that goes out because for every tenancy that has gone wrong, there will be hundreds of tenants who love the service.”

By explaining the array of services and benefits to landlords it becomes easy to convince them that they should work with a letting agency. Lawson recounts her experience as a landlord: “Once they understand the complexity and workload of letting and managing a property, many landlords will happily hire letting agents

who are transparent about all that. They understand what they’re paying for, rather than believing that all letting agents do is collect the rent and do the maintenance.”

The results speak for themselves, says Shamplina. “A tenant in a property that is looked after and fully managed by a letting agent stays longer. That’s what a landlord wants, they don’t want void periods and poor management.”

What about countering residual negative attitudes towards the industry from long ago? According to Lawson it comes down to speaking the language of the clients. “One thing that works really well is doing videos covering the move-in process – tenants moving in and receiving their keys. Make the tenant part of the PR process and showcase the positivity and enjoyment. We don’t really promote to the tenants what we do for them.”



“The best way to tackle transparency is to unveil it and say, ‘These are the services that we provide and this is why, for example, lives are being saved with the health and safety measures being put in place.’”

Kate Gregory, Sales Director, Agent Rainmaker



## Tenants

Agents can also counter the view that tenants are lumbered with a letting agency. As Cobbold says, "It's an emotional purchase and journey. And while I don't necessarily agree with the word 'lumbered', tenants haven't chosen the agent. Do we spend enough time explaining what they're getting with a fully managed property?"

Here, too, education is key – and Gregory says that agents are not educating tenants enough. "Tenants in a fully managed property have, on average, a vastly better experience and safer homes. Not only do they stay longer, they also pay more rent. If we can empower tenants to look for better properties and ask questions about management, maintenance and rent handling, and understand the answers, that's only going to help us to drive up standards in the industry."

Ultimately it comes down to getting due recognition as professionals. Agents can enhance the reputation of the industry through greater transparency about costs and fees and by explaining the value they add, thereby lifting the image of the industry in the eyes of its customers.

# How can landlords and letting agents remain compliant with Trading Standards rules and government legislation?

In the UK, rules and regulations are imposed on businesses in order to protect consumers and ensure a fair marketplace, and the lettings industry is no exception.

With it, the rise in regulation has brought an increase in the number of complaints, according to Graham Norwood, editor of Estate Agent Today and Letting Agent Today. "Over several years of annually reporting figures from the Property Redress Scheme and The Property

Ombudsman, I've noticed that the proportion of complaints relating to the lettings sector has been increasing year on year."

Certainly, lettings sees more complaints as a specialism than sales, but that is down to how long the process takes, says James Munro, Senior Manager, NTSELAT. "Sales is, generally speaking, quite a short process."

"Once the buyer moves into a property, that's the end of their dealings with the agent. With a tenancy, it's a longer ongoing process, so you are always going to get more complaints."

## Steps agents can take to increase transparency, confidence and trust in the industry

- **Clearly outline** the amount of time and effort you put in to provide your expert service.
- **Educate tenants and landlords.** Even if they don't ultimately sign with you, the knowledge you share with them will raise standards across the industry when they know what to look for in a professional letting agency.
- **Make the information you provide easy to understand** – and don't bury the details in pages of terms and conditions.
- **Speak the same language** as tenants and landlords, don't default to legalese.
- **Be upfront about the costs.** If you've done the above, tenants and landlords will understand why you charge what you do.
- **Counter the negative press** that can sometimes surround the industry with positive PR from tenants and landlords to build trust in your brand.



"The property industry is one of very few that actually welcome a degree of regulation, but agents within the industry feel they've not had the recognition they deserve as professionals."

James Munro, Senior Manager, NTSELAT



Is this increasing number of lettings complaints something to be concerned about? Kristjan Byfield, Co-Founder, The Depositary, thinks not.

“We have an increasingly regulated sector with increasingly informed consumers. Membership of an ombudsman scheme is now mandatory, whereas 10 years ago it wasn't.”



“Every story I’ve read in the last three years is about complaints increasing by another 20%. [But] of course we’re going to see an increase over time because we’re creating an environment where everyone is included.”

Kristjan Byfield, Co-Founder, The Depositary

## Ensuring compliance is an ongoing task for agents

But whether the rise in complaints is due to increased opportunities for consumers to complain or a worsening sector, it is clear that the administrative burden of complying with regulation is increasing.

For agents, ensuring compliance is a constant process that requires significant investment. As Byfield puts it, “It really comes down to training, processes and automation. You need to constantly educate yourself. Not only do you have initiatives coming through various government bodies, but you need to monitor what’s happening on the legal landscape too. There are a couple of quite major legal cases going through the courts which could have huge impacts on the industry.”

Agents operating in multiple areas can face even more regulation in the form of local licensing requirements, as Byfield explains. “The government announced a sort of core framework and then gave every borough and council the ability to legislate around that as they saw fit.”

“As a result, we have this variety of licences across the country, all ever so slightly different from one another, which again causes confusion and complexities for agencies, particularly if you operate in multiple areas.”

According to Byfield, technological solutions can help. “There is a growing array of products that are micro-solutions to elements of regulation.”

Sally Lawson, Founder of Agent Rainmaker, argues that agencies should embrace regulation.



“Why would a landlord use you if you don’t understand legislation, complexity and compliance? That is how you keep landlords, your business and tenants safe, and how you can attract clients.”

Sally Lawson, Founder of Agent Rainmaker

## Can self-managing landlords cope with the regulatory burden?

Agencies can leverage technology and economies of scale to ensure compliance across their entire portfolio, but landlords who choose to self-manage face the same task with fewer resources, Byfield points out.

The pace of change should also concern landlords, explains Paul Shamplina, Founder, Landlord Action. “In lockdown, we had 47 changes to property legislation in England, Scotland and Wales. Letting agents are now compliance officers: they’re protecting the tenant and landlord, making sure the tenant is living in a safe property.”

In the absence of reliable enforcement, what about those who don’t bother to get the correct licence and keep up with the rules governing the sector?

Emma Cooke, Policy & Information Manager, NTSELAT, warns that there may be serious repercussions. “You open yourself up to prosecution – not just from Trading Standards but under the Housing Act by Environmental Health, as well as licensing laws. You could be fined or banned from acting as a landlord. Once you’ve got that reputation as a bad landlord, nobody would want to actually rent from you and no letting agent would want to work with you, because if you’re not adhering to the law, the agent is going to have to deal with that.”

There are also those landlords who fall foul of the rules through ignorance, as Byfield explains. “Some landlords may assume lettings is easy after working with an agency. They are not willingly and knowingly trying to avoid legislation, they are wanting to offer a quality property to their tenant. But there isn’t that understanding of the complexities and the minutiae that go with lettings.”

## Is enforcement the last resort?

According to Norwood, “lots of people in the industry believe enforcement is at best patchy, and at worst almost non-existent. And quite often that’s not because of any malice on anybody’s part, but simply because of the pressures that local authorities are under.”

Shamplina agrees. “Enforcement by Trading Standards is very poor, generally – specifically environment and health officers.” But prosecuting every breach of the rules is not the goal, says Munro. “Professional agents and landlords have a role to play because they can educate the consumers, the tenants. If people can be encouraged to deal with the professional, compliant landlords and letting agents, then the non-compliant agents and landlords will naturally wither away because there will be no market for them.”

Cooke thinks enforcement needs to be more collaborative, with industry professionals seeking help with problems proactively before enforcement needs to take place. “There is a role for enforcement officers, and I don’t just mean Trading Standards, environmental health officers and housing officers. We need a collaborative approach of working in local authorities. These teams would rather work with the business to help them comply rather than go straight to prosecution. We’d rather engage with businesses and direct them towards the guidance. There’s the Business Companion website which has a lot of guidance for the industry. Also trade associations, like Propertymark, are doing lots of great work helping the industry comply with legislation.”

“Agents and landlords should also make use of facilities like landlord forums, which in many cases are run by local authorities. There they can get up-to-date information and help from other landlords; it’s like having peer review.”



“Ultimately, people have to put the effort in to stay compliant. Ignorance is no defence. You need to keep up to date. I know people think that legislation is a bit of a noose around their neck, but it’s there to help you properly comply.”

Emma Cooke, Policy & Information Manager, NTSELAT



“We’ve got to deal effectively with rogue landlords and ‘career tenants’ that know how to manipulate the law. We can’t be afraid to clear them out so we have a nice, transparent marketplace that everybody feels comfortable in.”

Nathan Emerson, Chief Executive, Propertymark

### Next steps for lettings

Given the perception of poor enforcement and the increasing number of complaints, what should government and the industry do to improve the sector?

As far as Shamplina is concerned, licensing laws need to be reviewed for greater consistency. “In London alone, we have 32 boroughs with different licensing rules. I think it could be an income driver.”

He also thinks tenants should have access to the national rogue letting agent database, which only local authorities can currently access. “Why don’t we let the consumers have access to it so they can check if an agent is rogue and avoid them?”

Education needs to play a part too, according to Kate Gregory, Sales Director, Agent Rainmaker. “We are not educating the public about the enforcement that does take place. We read the industry publications that cover landlords or agents who didn’t have a licence for an HMO, but do the public? It is our job to take those cases into our areas and name and shame them. If we [do] it becomes much more real and demonstrates enforcement is happening.”

The shape of future regulation has been previewed in the Regulation of Property Agents (RoPA) report, but those hoping for a reduction in regulation will be disappointed, comments Neil Cobbold, Chief Sales Officer, PayProp. “Government is there to protect the people and look after the consumer. Currently to do that, we’ve got a lot of piecemeal legislation, and it is only ever going to increase. [But] that legislation has been written with a view to protecting the people. I think RoPA is an opportunity to advertise the professionalism of the industry and show we are compliant.”

“As a technology provider we need to be aware of that too, so when we update our platform, we assist the industry in remaining compliant. If every PropTech platform did that, we could reduce that regulatory burden for agents and landlords.”

Nathan Emerson, Chief Executive of Propertymark, thinks now is the ideal time for regulatory reform given agents are currently well placed financially to adapt to new regulation. But he also says that lettings professionals need to be proactive. “We’ve got to deal effectively with rogue landlords and ‘career tenants’ that know how to manipulate the law. We can’t be afraid to clear them out so we have a nice, transparent marketplace that everybody feels comfortable in. Everybody’s got to be prepared to help: government can’t do that on their own, professional bodies can’t do that on their own.”

The industry may well see complaints rise again soon if the much-trailed landlord redress scheme is put in place. But as Byfield reminds us, “increasing complaints don’t represent an industry that is getting worse. They actually represent an industry that’s becoming increasingly transparent, with consumers that are more informed, more educated and protected.”

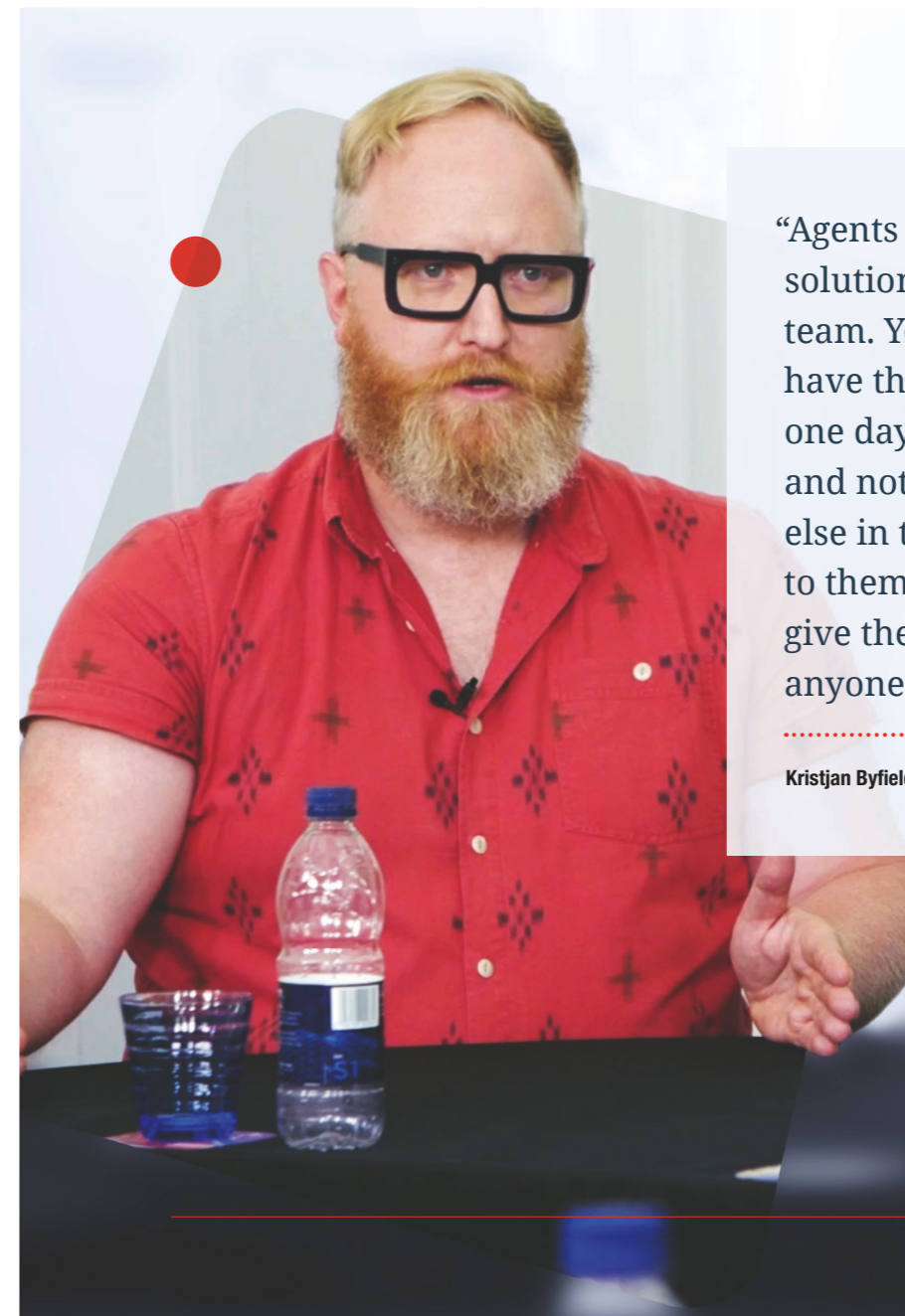
Through new regulation and education, the aim is to empower tenants to engage landlords and agents in order to improve the quality of rental homes, adds Cobbold. “When we bring in redress functions [for landlord-tenant disputes], it empowers people who previously may have stayed quiet, as the landlord tells them, ‘It’s not our issue’. Rising complaints doesn’t mean that rental properties are getting worse or there are any more rogue landlords, but it allows tenants to voice their concerns and stimulate communication between landlords, agents and tenants which will only improve the sector.”

### PropTech

# The role of PropTech in improving lettings industry transparency and consumer confidence

Unlike many other industries (finance and education come to mind), the property sector has been slow to adopt technology, fearing its ability to perform certain tasks much better and faster than any human, and hence “take out the middleman”.

“For years, the lettings industry has worried about doing itself out of a job,” says Kate Gregory, Sales Director, Agent Rainmaker. “Ten or 15 years ago, buying cars through Auto Trader would have been unthinkable. Now we buy high-value products online all the time.”



“Agents need to view PropTech solutions like a new member of the team. You wouldn’t hire someone and have them silently walk into the office one day and sit in a desk in the corner and not introduce them to anyone else in the business and not explain to them how the business works and give them a new role, but not change anyone else’s role around that.”

Kristjan Byfield, Co-Founder, The Depositary



“Where PropTech doesn’t work so well is when it’s been designed for the agent. It may have made it all better for the agent internally, but let’s not forget that the whole process is to serve [the landlord and tenant], and that we’re in the service industry.”

Kate Gregory, Sales Director, Agent Rainmaker

## PropTech’s tipping point

So how far has the industry come with PropTech adoption, and what are the factors driving this (or holding it up)?

### • Anytime, anywhere

The pandemic of 2020 and beyond was a tipping point in the adoption of PropTech, forcing agents to digitise work processes and practise remote working to enable social distancing. The need for virtual viewings and online self-service around move-in processes are among the most visible examples of COVID-19’s catalytic role, say roundtable participants.

### • Automated efficiency and consistency

And yet, it’s not as if COVID was that much of an eye-opener – PropTech’s efficiencies (and other benefits) were already well known, even if they’re only really coming into their own now. Sally Lawson, Founder of Agent Rainmaker, says technology ultimately helps agents to build well-run businesses – reducing human error and easing the compliance burden. “For example, it allows agencies to put mechanisms in place to prevent a tenancy from being activated until certain conditions are met, so it plays a big role in helping to keep us compliant.”

### • Visibility empowers consumers

James Munro, Senior Manager, NTSELAT, says technology also makes a great deal of information available to the public. “Tenants and buyers can find out an awful lot of stuff online before contacting the agent – crime levels, EPC certificates, and so much else.” And while bringing it all together in a useful way is still a challenge, empowering consumers with information is non-negotiable.

## How to avoid being cut out of the equation

When tenants and landlords can do so much online and on apps – from reporting a maintenance issue to checking statements and getting deposits back – where does that leave the agent?

Paul Shamplina, Founder of Landlord Action and star of Channel 5’s Evicted! Nightmare Tenants says many property management platforms make life very easy for landlords. “They can do the compliance, deposit scheme, and even see how their portfolio is doing. And that is a threat to the fully managed market.”

That’s true for consumer tech, but agent-operated technology could help to persuade landlords back into the managed sector, argues Kristjan Byfield, Co-Founder of The Depositary and base property specialists. “I haven’t seen a tool for private landlords that matches the full spectrum of what the professional letting managing agent does. It’s [in] the hours [saved].”

Even so, the pressure is on for agents to find their proper level, says Munro. “Many buyers or tenants know a lot about valuations and everything else that factors into their decision-making. Agents must therefore reassess their place in that journey while still maintaining the standards they’ve been setting.”

### 1. Provide a high-value service

Gregory says success is about service. “We might be empowering landlords to do all the processes themselves, but nothing can take the place of personal service.” Many agents have found that elusive balance, she says. “During the pandemic there’s been a move to virtual viewings and so on, while at the same time there’s been this voice of reason throughout, that of the agent keeping everyone calm and safe.”



### 2. Handle complex issues well

Lawson says letting agents still have a leading role to play in resolving complex issues – think rats in the cellar or loud neighbours. “In such cases the consumer wants to speak to a human, not go through an app.”



### 3. Offer a human touch

Nathan Emerson, Chief Executive of Propertymark, agrees: “Sometimes you need to speak to someone – even if they can’t give you an answer – to reassure you that someone’s dealing with it. There’s nothing worse than a PropTech solution where you just go round in circles and can’t find a solution to your specific problem.”



### 4. Convenience

Neil Cobbold, Chief Sales Officer of PayProp, says the true selling point of service is convenience. “So long as an agent places value on what they’re providing, the fee almost becomes irrelevant. Consumers will pay in accordance with the value that service has for them.”

## How has technology helped the lettings industry?

Agents that embrace PropTech have a lot to gain. Tech can give them opportunities to do new things, and do the old things better – from introducing new services to speeding up existing processes to enhancing intangibles like trust.

“Technology has a fascinating effect on people – and it’s all about trust,” says Byfield. “A letting agent may take a prospective tenant through their normal paper-based processes, but then encounter questions and mistrust based on the tenant’s past experience, which may be different. That trust in the process isn’t there.”

With technology driving the process, that mistrust or uncertainty tends to fall away. “Now the expectation is that the process is the same for every tenant. The app says sign here, do this, do that, and now the tenant doesn’t have a problem with any of it,” he adds.

Which is entirely understandable. If a tenant’s experience of a legally prescribed process differs between agents, that’s a bad thing, Byfield points out. Technology provides certainty that a process is set in stone, whereas the suspicion when dealing with a human being may well be that they are tipping the scales to their own benefit.

## Is there such a thing as being too teched-up?

But however crucial tech has become, it doesn’t represent value in and of itself, says Cobbold.

Another thing to look out for, he says, is that many PropTech solutions have been criticised as ‘solutions without a problem’. “In 2019, 147 new PropTech solutions entered the market, when we can be sure landlords and tenants didn’t suddenly have 147 new problems.”

Has the industry moved beyond this free-for-all? It’s a good question, but in the absence of data perhaps a better one is how PropTech suppliers can create (and buyers can select) real solutions to real problems.

Byfield points out that technology can make any agency better or worse. “Some agents become too dependent on it. They don’t look at their value-add but how they can do less through automation. In some businesses, that’s totally legitimate. But a lot of businesses are battling with fees and revenue and need to add value beyond their own time savings. They cannot just ask themselves what machines can do that humans can’t. They also have to ask what humans can do that technology cannot.”

Shamplina agrees:



“We need to remember the lettings business is a people business. The landlord wants technology to save time through efficiencies and create consistency of outcomes, so they can get on with their business. But from the agent they want expertise and experience.”

.....  
**Paul Shamplina**, Founder of Landlord Action and star of Channel 5’s Evicted! Nightmare Tenants

## It’s different for everyone

“We have to acknowledge that every landlord and tenant may have different expectations,” continues Cobbold.

“A lot of agents take on new tech and don’t realise that, actually, the landlord or tenant liked things the way they were. They may not appreciate the benefits as explained to them by the agent, for example if it simply makes the estate agent’s job easier. They want to know how it’s influencing the convenience fees they’ve been paying.”

.....  
**Neil Cobbold**, Chief Sales Officer, PayProp



## Making technology work for all parties to the rental contract

Ultimately, it seems as though the value of PropTech is now beyond question – with the rider that it must make business sense, and not just to the agency as intermediary, but their clients too.

Long live a tech-enabled private rented industry!



**Case study**



# How Griffin Residential recovered thousands in late payments with PayProp



**Grays**  
Essex



**900+**  
Properties managed



**May 2020**  
Joined PayProp

**An interview with**



**Alan Webb**  
Managing Director



**Ashley Froment**  
General Manager

Griffin Residential has grown its portfolio of rented properties considerably over the last decade, thanks to a series of strategic portfolio buyouts. The agency has just one high street location in Grays, Essex, offering sales, lettings and block management services across the Thurrock region, but is now responsible for more than 900 fully managed properties – up from around 300 in 2016.

The Griffin team have more than 150 years of property industry experience between them, but they have also made great use of technology to multiply their productivity and automate repetitive tasks. However, as their lettings portfolio grew, they noticed that their previous CRM software platform was struggling to keep up with the growing workload.

With so many properties to manage, agents were spending unnecessary hours going through inefficient processes – particularly when it came to chasing up late payments.



*“Arrears management on larger portfolios is always a huge task for property management companies. Having the right staff in place is vital but having the right tools to manage arrears and expectations is also key.”*

Arrears became a heightened issue for letting agencies and landlords across the UK since the beginning of the COVID-19 pandemic. PayProp data shows that in May 2021, 15.6% of tenants across the UK were behind on rent – getting on for triple the proportion a year earlier – and the average amount owed had also risen sharply.

**In with the new**

With their old CRM software coming to the end of its life, Griffin Residential started to look for an alternative solution that would suit their needs better. PayProp first appeared on their radar thanks to its association with ARLA Propertymark. The team also asked associates within the industry for their opinions on the platform before concluding that it was the best option to support their future growth.

Griffin Residential signed up with PayProp in May 2020, completing the onboarding process within three weeks. While transferring such a large portfolio onto the new system was a complicated process, the PayProp team handled the migration smoothly – and the lettings team immediately began to see results.

PayProp’s bank-integrated client accounts allow agents to check the arrears status of any tenant in real time, and to send out e-mail and text message payment reminders to all tardy payers in just a couple of clicks. According to Ashley Froment, automating this process saved time right off the bat, allowing agents to focus their time more productively elsewhere.

Time wasn’t the only saving that Griffin Residential made by improving their arrears-chasing processes. At a time when agencies around the country were seeing more and more tenants fall into arrears, the Griffin team’s proactive and technology-enabled approach actually cut their total arrears bill by £60,000.



*“Having PayProp made the management of arrears and the payment process to landlords quicker, easier and more streamlined. Our previous system had complex procedures which, looking back, were time-consuming and very unproductive.”*

**Looking ahead**

The short-term results of adopting PayProp have been impressive, but the platform’s built-in scalability has also given business leaders within Griffin Residential the assurance that they can continue to grow in the long term without running into administrative barriers. PayProp’s rule-based automation allows letting agents to collect and pay out rent in just a couple of clicks, no matter how large the portfolio is. For an ambitious organisation like Griffin Residential, this new-found freedom could be PayProp’s most important benefit.



*“We have successfully completed a number of acquisitions and are always on the lookout for more. PayProp is a scalable solution that will allow us to continually grow our lettings portfolio without ever compromising the high levels of service our clients expect.”*

*“My advice to any business involved in lettings and property management is to invest an hour of your time to meet with PayProp; you won’t regret it.”*



**PORTFOLIO OVERVIEW**

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COVID-19 lessons

# 5 things the lettings industry did right during COVID-19 – and needs to keep doing

Letting agents and landlords brought nothing less than their A game during the pandemic – helping each other and tenants out with safer viewings and home moves, increased information sharing, and flexible payment arrangements amid a more forgiving eviction environment for tenants in trouble.

At the same time, we've seen a remarkable acceleration of the sector's ongoing digital transformation. But will we still heed the lessons of COVID when 'health before wealth', digital process efficiencies and socially distanced work practices are no longer so urgently needed?

Here, we list the top 5 industry responses to the pandemic that our panel would like to see become part of the industry permanently – with the aim of achieving better compliance, greater transparency and a more consumer-friendly reputation.

## 1. Embrace underserved markets

Sally Lawson, Founder of Agent Rainmaker, says letting agents have a huge opportunity to achieve rapid business growth while also making a social impact by focusing on lesser served consumer segments.

"There are many different tenant segments in the private rented sector, and agents tend to avoid some of the more complex fringe markets such as houses in multiple occupation [HMOs], housing benefits recipients, asylum seekers and vulnerable groups."

Lawson says that as the private rented sector now serves almost 20% of all UK households, more than the social rented sector, it is now effectively housing the nation – and that includes the aforementioned groups. "Let's say you're dealing with someone who can't read English. It is very difficult for them to obtain the benefits they're entitled to, so if 95% of agents are ignoring these markets, it may be a good time to change. We need to ask ourselves, 'Is there an opportunity here? Can I do more to support these markets?'"

The word some agents may balk at is "complex". But as Lawson says:

**"With a little bit of retraining and reengineering of systems and processes, you can start to really embrace markets that a lot of agents are just ignoring. [It's a failure that] has been pushing a lot of affected landlords down the self-management route because they can't find good agents to deal with these markets."**

Sally Lawson, Founder of Agent Rainmaker

To take the opportunity, agents will have to become attuned to a set of variables that they may not yet be used to, she cautions, including housing benefits, HMO licensing, mental health issues and many other new areas.

Paul Shamplina, Founder of Landlord Action and star of Channel 5's Evicted! Nightmare Tenants, says many landlords won't accept tenants on benefits, but tend to ignore the fact that such tenants stay in properties longer and take better care of them, which is far preferable to void periods and poor upkeep.

At the same time, benefits recipients (including the six million people on Universal Credit) could do with the industry's help too. In the last few years, this sub-market has simultaneously faced benefit payment delays, a drop in Local Housing Allowance, and COVID-19-related losses of jobs and earnings – despite generous help from the

government in the form of an extended furlough scheme, a temporary Universal Credit rise and anti-eviction measures.

Shamplina continues. "Individuals [on benefits] cannot afford single dwellings. And HMOs, as everyone in the industry knows, are an absolute art and skill to manage. They're the hardest thing in property management. But if a landlord is selling, consider that you can either have the benefit of that sale through your agency, but lose a property which you will need to replace, or you could look at these sub-markets."



**"If you're an agent looking for stock [to serve this market], you have to look at HMOs versus single dwellings for affordability."**

Paul Shamplina, Founder of Landlord Action and star of Channel 5's Evicted! Nightmare Tenants

## 2. Keep up proactive arrears management, communication & process efficiencies

Kate Gregory, Sales Director, Agent Rainmaker, says despite the panic that enveloped the public in 2020, the industry has put in an exemplary performance – keeping everyone safe with remote work processes, virtual viewings and the like while opening up better lines of communication with landlords.

"Never forget, the housing market didn't close down. There were still tenants in properties paying rent. There were landlords getting paid and responsible for maintaining properties. There were agents managing [all aspects of] these properties throughout."

And they did so with tremendous success under a great deal of pressure, she says. "Arrears were managed far more diligently than many thought possible. The industry served and looked after people and advised and talked to tenants. As a result, we're in a booming market. There are very busy people out there, many of them back at the office. And it's tempting to go back to doing things the way they were always done, but my advice would be, don't."





### 3. Put health before wealth – it breeds trust, and wealth will follow

PayProp Chief Sales Officer Neil Cobbold says the focus of many agents has now returned to taking on new rentals and sales, but a new phrase has stuck around in conversations: ‘putting health before wealth’.

“Keeping that alive is how I think we will build trust and confidence,” he says. “We’ve seen wealth making a return – there’s a lot of stock and a lot of demand. And we still see agents advertising ‘no pets’ and ‘no DSS’, and some are still not taking housing benefits. But if we put health first, wealth will follow.”

Developing a more empathetic approach to dealing with tenants makes absolute business sense, as the surprisingly subdued arrears figures in the previous PayProp Special Report, Arrears after 12 Months of COVID-19, proved. And having had a taste of this new approach from landlords and agents, tenants will increasingly expect it from the industry.

“It’s not about charity,” Cobbold continues. “If we start to view tenants as consumers, we will not just take on the complex opportunities, but also look at how we can add more convenience for students, housing benefits tenants and asylum seekers. If we start doing that, people won’t just see us as somebody making their percentage management fee, but as someone who’s looking after their interests.”

### 4. Harness Dunkirk spirit of the pandemic to ‘build back better’

But is the rental industry built for empathy?

“The private rented sector wasn’t designed to deal with these new areas,” says James Munro, Senior Manager, NTSELAT.

“During COVID you were dealing with Mr and Mrs Professional, people with special needs, and people with mental health and financial issues, all in the same way. And you had stock that wasn’t necessarily right for dealing with it all, and agencies that didn’t have the right training and skills. Meanwhile, social housing and local authorities are operating at capacity.”

“So, the problem is much deeper. We showed a lot of Dunkirk spirit, but you can’t keep that up forever. Five or 10 years down the line we will really need to have the right structures in place.”

That doughty, helpful spirit is something to be proud of indeed – and very British. But is it something we can replicate in better times, or will the industry put number one first?

NTSELAT Policy & Information Manager Emma Cooke says there’s a lot of truth in the adage that ‘individually we can go fast, but together we can go far’.

### 5. Help yourself to help the consumer – and the other way around

Kristjan Byfield, Co-Founder of The Depositary and base property specialists says the industry is in an exciting place right now, with much more knowledge sharing – whether out of self-interest or community spirit.

“When I started out in lettings, the animal instinct competition that existed was epic. You didn’t share anything, and what you shared was false information. But as a small agency we took a very open approach to things. We provided a service whereby we gave our managed tenants a 30-45-minute talk about the things they’d have to deal with – bleeding a radiator, balancing a boiler, and so on. It reduced our workload by 40%. And we offered it to any agent that wanted it, because if we all do it, we raise standards and have better businesses, and everyone benefits – including the landlord and tenant.”

And while there was little reciprocation from other agents then, today it’s a different ballgame.



“Everyone’s sharing ideas and knowledge about this new product and that specific challenge, and there are groups like Agent Rainmaker that encourage industry communication, which never happened on a large scale before.”

Kristjan Byfield, Co-Founder of The Depositary and base property specialists

Ultimately, sharing information and best practices creates a rising tide that lifts all boats, and an industry that is open, professional, and prosperous will benefit agents, landlords and consumers.

**What more could anyone ask for?**

“Agents need to see each other not just as the competition but should try to learn from each other and have more of a joined up approach. There are very valuable initiatives taking place in the industry, but also a lot of disjointedness.”

Emma Cooke, Policy & Information Manager, NTSELAT



# Why don't landlords and lettings have a better reputation?

On the face of it, landlords and letting agents are doing a pretty bang-up job of providing homes that renters want to live in.

Customer satisfaction surveys show the industry is outperforming other essential services. The 2019-20 English Housing Survey, the most comprehensive study of England's housing sector, found that 83% of private renters were satisfied with their current accommodation. By comparison, just 73% of British customers are satisfied with their [current energy supplier](#), 81% with the [UK's road network](#), and 80% with their [home broadband](#).

But despite this, landlords and especially agents suffer from a rock bottom reputation. The Ipsos MORI Veracity Index 2020, which measures people's trust in various professions, found that

estate agents were in the bottom five along with journalists and politicians. Private landlords fared a bit better but are still only trusted by 37% of the public.

The negative perceptions (and preconceptions) rental professionals are faced with have real everyday consequences. Building positive relationships with tenants becomes more difficult when they enter rental contracts expecting the worst. It also means that private landlords receive little sympathy when hit with tough new regulations. Faced with an inhospitable climate, landlords are [quitting the sector](#) and not being replaced.

So where does this damaging public perception come from?

## The PR gap

When was the last time you saw a positive story about a landlord in the news? Landlords and agents are locked in a public relations battle against activist groups and public opinion – and so far it's one they're not ahead of.

"As a journalist, I receive two or three press releases a month from Generation Rent, and one or two a month from Shelter," says Graham Norwood, Editor of Letting Agent Today and Estate Agent Today. "And they're all in one direction. I do receive some from Propertymark as well, and increasingly from the National Residential Landlords Association (NRLA), but even as a trade journalist I receive more anti- than pro-landlord pieces."

Negative stories also tend to get a lot more attention than positive ones, says Kate Gregory, Sales Director, Agent Rainmaker. "We live in a society that is entertained by 'ooh, look at that'. They're looking at rogue landlords and unlicensed HMOs and thinking that that's the whole industry. So unfortunately, we don't see the 90% of people who are satisfied, the people who have had phenomenal service, the lives that have been saved by the compliance measures that are put in."



**"Most letting agents are very process-driven, quiet and don't tend to shout about what they do. They're not shouting about all the stuff that they do that's great. If we want the perception of our industry to change, we need to go out and present a different one."**

Kate Gregory, Sales Director at Agent Rainmaker

## Redoubling regulation

Media stories of rogue landlords and criminal agents don't represent the industry as a whole, but they don't come from nowhere either, and so the number of regulations affecting the lettings industry has ballooned since the 1990s.

However, enforcement has been patchy. Despite occasional high-profile fines and even prison sentences, letting agents and landlords are mostly left to self-police – with mixed results.

**"Landlording, as I call it, has become a profession. Rents have gone up. But a lot of landlords, although not intentionally becoming rogues, are ill-informed or naïve at best."**

Paul Shamplina, Founder of Landlord Action and star of Channel 5's Evicted! Nightmare Tenants



As concerns enforcement, "boroughs and councils are on a hiding to nothing," Shamplina adds. "There's a lack of funding and resources. And not just for enforcement either. The private rented sector has become a sticking plaster for the social housing sector."

As he points out, around half of all landlords self-manage without a letting agent to keep them informed of regulatory changes and help them stay compliant – although he adds that landlord organisations such as the National Residential Landlords Association have helped them to manage their businesses well. "And working with a letting agent isn't necessarily a guarantee of compliance either," adds Shamplina.

What would a more trustworthy letting agency with a better public image look like? According to Gregory, it starts with compliance with incoming regulation – particularly the push towards professionalisation laid out in the Regulation of Property Agents (RoPA) report.

"I think RoPA will really revolutionise the industry," says Gregory. "I worked as an agent in Canada for three years, and over there you have to do quite hefty exams, almost equal to a university degree. There's legal training. Only agents that are regulated and working under a licensed brand are allowed to operate. But because of that, the perception is that you are a property professional. Your clients are comfortable, they trust you. And it's very valued service, so you are paid accordingly."

## A cottage industry

According to the most recent English Private Landlord Survey:

**45%**

of private sector landlords own just one property

**83%**

own no more than four

**17%**

of landlords with five or more properties provide 48% of all private tenancies



## Uneasy relationships

While the English Housing Survey found that most private sector tenants are satisfied with their current housing, digging into the details uncovers some areas for improvement. A quarter of them were dissatisfied with repairs and maintenance, saying their landlords were slow to respond to maintenance requests, did the bare minimum, or simply didn't do any repairs at all.

Private sector landlords still comfortably outperform the social rented sector on this metric, but it nevertheless points to another issue for property professionals: tenants can be happy with the property itself while still being unhappy with the people who provide it.

"Very often the tenant is in it for the property, and only the property," says James Munro, Senior Manager, NTSELAT. "They're not in it for the landlord or the agent. There are no other comparable situations in business, really, where you're dealing with a business that you might not really want to deal with. And as a tenant you can't take your business elsewhere."

Meanwhile, agents are contracted and paid by the landlord, and since the introduction of the tenant fees ban they have been able to generate very little income from tenants. As a result, says Emma Cooke, Policy and Information Manager at NTSELAT, it's easy for agents to fall into the trap of seeing tenants solely as a cost, not as clients.

"Often we go in and say to agents 'We've had a complaint and we'd like to get your side of the story. Can we discuss it with you?' And they reply, 'Well, we thought the tenant was just being annoying. They kept coming back and writing letters, they were really getting on our nerves.' In other words, they were being consumers."

As Neil Cobbold, Chief Sales Officer at PayProp, points out, failing to take complaints seriously is a big reputational risk for the industry. Word of mouth is hugely important – and just as in the media, bad news travels faster and further than good news.

"We don't realise just how much one tenant's bad experience can spread. Every time a tenant comes with a complaint, agents have an opportunity to shine – and to have a ripple effect on how our industry is perceived. A lot of that is about the complaints procedure [that a company follows]. I've had complaints with companies where I didn't necessarily get the result I wanted, but I still felt that it was dealt with properly. I was listened to by that professional."

However, as Shamplina explains, indifferent service travels even further. Landlords and agents now risk being outflanked by a growing Build to Rent sector.



"Landlords now have a big competitor with Build to Rent. Tenants' requirements are much higher than they used to be, and in these blocks they'll pay an extra £150 a month because there's dog walking, there's a yoga room, there's a WeWork space, there's on-site security. That's really what tenants want: a better service."

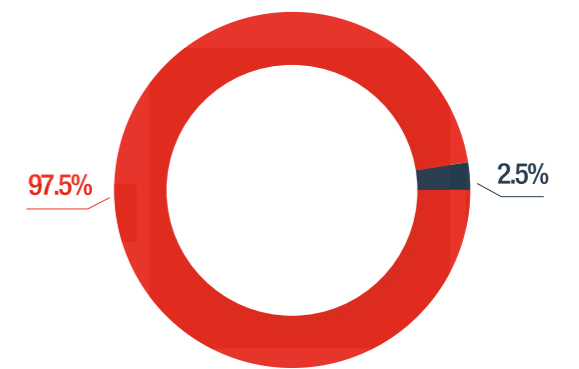
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**Paul Shamplina**, Founder of Landlord Action and star of Channel 5's Evicted! Nightmare Tenants

## Build-to-rent

According to the British Property Federation, there are more than

# 100,000

build-to-rent units either completed or under construction in the UK



**Do landlords and agents need to do more to publicise the good work they do?**

■ Yes, absolutely – it will help inform tenants about their rights and service options

■ No, it wouldn't be the right look

Source: PayProp survey, 2021

## The silver lining

The good news for landlords and agents is that their reputational issues are fixable. Transparency, communication and high professional standards – plus a bit more media savvy from industry spokespeople – can revitalise the public's trust in property professionals.

"Reputation, stability and results are the three key areas," says Nathan Emerson, Chief Executive at Propertymark.

"The more we talk about these standards, the more we demonstrate them, the more those who don't comply come to the fore and can be dealt with. We have great opportunities. If we can keep our momentum going, the reality is that over the coming years – and it will take years – people's perceptions will change."

.....  
**Nathan Emerson**, Chief Executive at Propertymark



## COVID-19 lessons

# What can be done to improve the negative reputation of landlords and the lettings industry at large?

Sally Lawson, Founder of Agent Rainmaker; Paul Shamplina, Founder of Landlord Action and star of Channel 5's Evicted! Nightmare Tenants; and Kristjan Byfield, Co-Founder of The Depositary and base property specialists, share their perspectives.

## Paul Shamplina Broader redress rules

"The problem is that many landlords don't see themselves as professionals. They often see it as a sideline: 'I'm just an accidental landlord.'"

"What will improve the industry, and its name, is when landlord redress comes in. I don't think we need to go as far as landlord registration like they've done in Scotland, but there are 1.2 million landlords [in England and Wales] who are self-managing [and therefore not covered by compulsory redress scheme membership for agents]."

### Lettings redress schemes

By law, letting agents and property managers in England and Wales must join an approved redress scheme (agents in Scotland and Northern Ireland are not required to do so). Redress schemes handle unresolved tenant complaints and may order agents to pay compensation. Landlords aren't yet covered by this rule, but the government has repeatedly stated since 2018 that they will be in future. While no legislation has yet been published, the plan could be expanded upon in the rental reform White Paper due next year.

"Redress scheme membership will force change – a big change – because it will force landlords to be better at what they're doing and to be answerable when there are issues. It will be more work for them, and a lot of the complaints could be 'he said, she said', but it would be a big start."



## Kristjan Byfield Agents to the rescue



"Fundamentally, one of the biggest problems is that if you do your job as an agent, you disappear into the background. Even when we smash it out of the park, we tend to be forgotten a little bit because the tenant will just say 'that's the way it should be'. We're not good at conveying what we do behind the scenes."

"And we also need to tread carefully as an industry about how we defend ourselves. We should defend what we do and how hard we work for our clients and our tenants, but equally we should hold our hands up when things go wrong. An honest administrative error is still an error."

"Just because 80 or 90 percent of us are fantastic doesn't take away from the fact that two, three, five percent are awful. We quite often won't win a landlord first time around, but we regularly pick them up after things go wrong with their first choice of agent. [And] when a landlord has a bad experience, their whole methodology [for selecting an agent] changes. It's not about who has the cheapest fee or the flashiest office on your high street anymore, it's about who is with the right membership bodies? Who has reviews and case studies? Who is knowledge sharing?"

### The rogues among us

Since 2018, agents and landlords in England have risked being banned from letting property under the 2016 Housing and Planning Act. However, an investigation in 2021 found that only 39 banning orders had been issued.

"We all have a duty and responsibility as agents. I've spoken to agents over the years who have another agent in their patch who is an absolute shark. They know they're breaching HMO regulations. They know they've not got proper Client Money Protection. But do they tell anyone?"

"Additionally, we have to be really strict with our tenants on behalf of our landlords – but we equally have a duty to be strict with our landlords on behalf of our tenants. So if you're presented with a landlord who doesn't bother with licensing fees, or when the landlord's property is looking shabby, you put your foot down. The control we have as agents is to choose not to work with that landlord – even when it hurts from a business perspective."

## Sally Lawson Making compliance accessible to all



"I have dealt with thousands and thousands of letting agents over the years, and every single one wants to do a good job. They're working 18-hour days trying to get the job done. But there just aren't enough hours in the day or pounds in the bank."

"The industry model we have dates back to the 1990s and before. Thirty years later we have around a hundred times as much compliance work to do – electricity regulations, gas regulations, immigration checks, and soon the new rules on agent licensing recommended in the Regulation of Property Agents (RoPA) report."

"We have to look at the big picture if we are going to fix compliance for letting agencies, especially smaller letting agencies. First of all, we need to reduce the workload on agents. That's where PropTech comes in. There's a lot of room for agencies to make more use of it."

### A growing burden

According to the National Residential Landlords Association, there are now 168 separate [statutory provisions](#) that landlords and agents in England must follow – 40% more than a decade ago.

"Additionally, we need to help agencies to focus on corporate governance. They need somebody or some organisation like ARLA to help them stay compliant. The industry organisations are phenomenal in that regard."

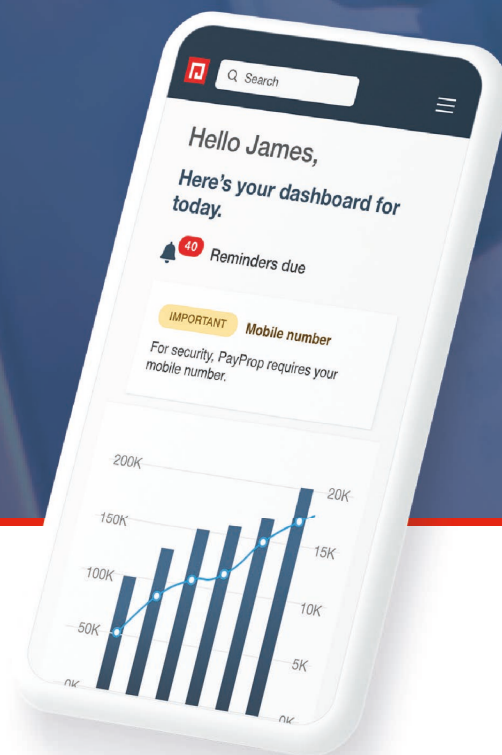
"At Agent Rainmaker we did an analysis of how much it would cost a letting agency to be fully compliant, and the figure we came to is £170,000 per year, which is quite shocking. Most letting agencies are small cottage industry businesses: the average agency doesn't even turn over £200,000 in a year, with an average profitability of only 11%. They don't have the budget to hire a compliance director at £70,000 or £80,000 year."



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