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Renters' Rights Act 2025

The legal and financial
implications for landlords



Prepared By :





Introduction

The Renters' Rights Act 2025, which received Royal Assent on 27 October, delivers the most wide-reaching reforms of the private rented sector in decades. It replaces fixed-term tenancies with rolling periodic arrangements, reshapes how rent can be set and reviewed and introduces a much stronger regulatory framework for landlords. This guidance paper summarises the key legal, compliance and financial implications of the Act and outlines the steps landlords should take to prepare for the changes coming into force.



Key Legislative Changes

The Act modernises the rental system with new rules affecting rent, occupation and compliance responsibilities.

Core reforms include:

- Replacement of fixed-term assured shorthold tenancies with periodic rolling **tenancies**.
- Ending “no fault” Section 21 evictions.
- A ban on **rental bidding**, requiring landlords to advertise a fixed asking rent.
- Rent increases limited to **once every 12 months** and capped at market levels.
- Stronger tenant rights, including the ability to **request pets** and challenge rent increases through the First-tier Tribunal.
- A new **Private Rented Sector (PRS) Database**, requiring registration for both landlords and properties.
- Mandatory membership of a new **Landlord Ombudsman**.
- Extension of the **Decent Homes Standard** to private rented properties.
- Introduction of **Awaab’s Law**, requiring rapid investigation and action on serious hazards.
- Higher penalties for breaches, including Rent Repayment Orders of up to **24 months of rent**.

The Act comes into force from 1 May 2026 and will be introduced in phases. Links to legislative timeline is included at the end of this document.

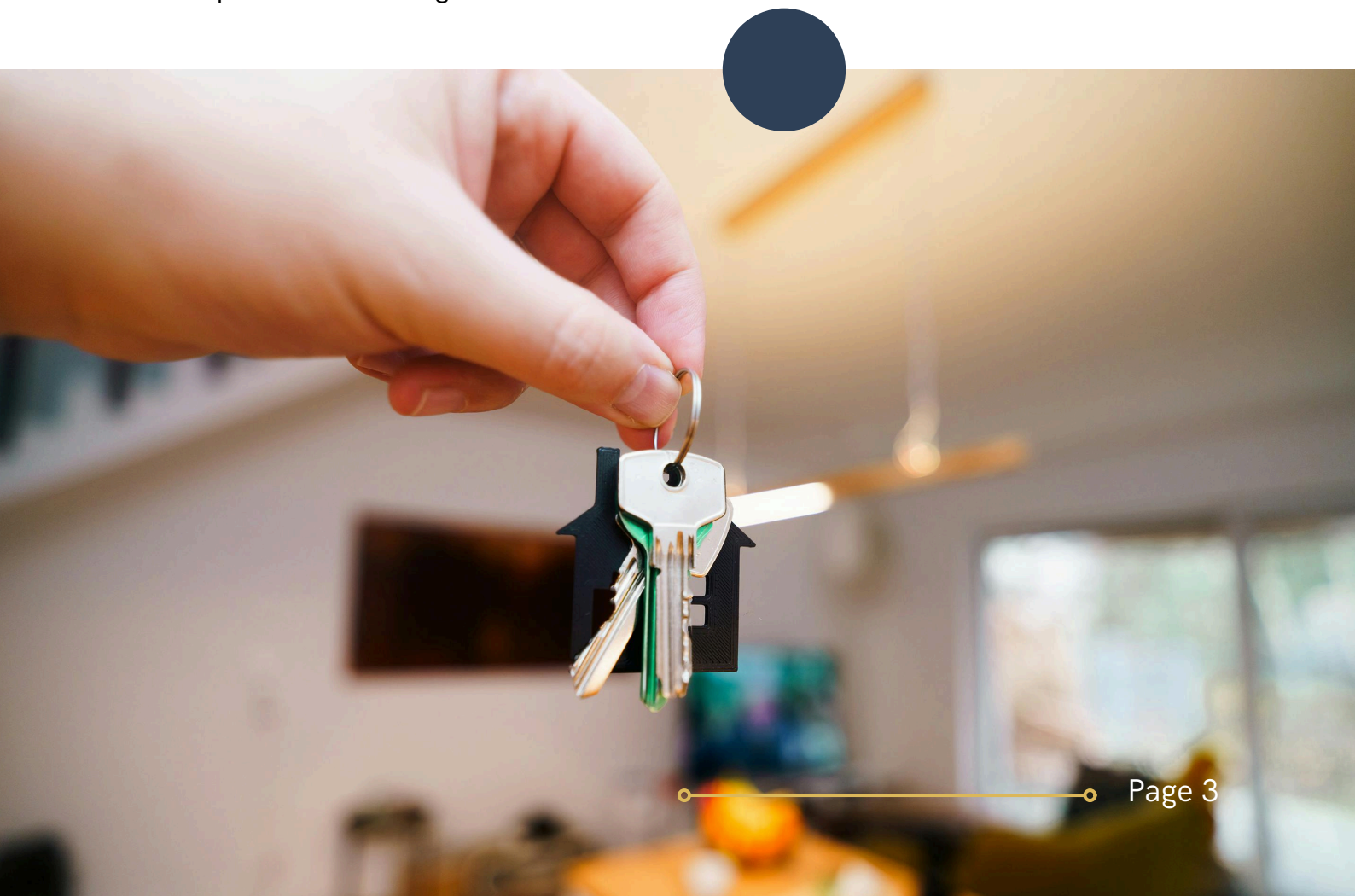
How the Act Affects Tenancy Agreements

The Act abolishes fixed-term assured tenancies. Every tenancy will instead operate as a rolling monthly (or equivalent rent-cycle) agreement. This change aims to provide tenants with security and flexibility whilst simplifying processes for both sides.

Key implications for agreements:

- All lettings become periodic by default.
- Tenants can end the tenancy at any time with **two months' notice**.
- Landlords can only end a tenancy using the statutory grounds set out in the Act.
- Some grounds, including selling the property or moving in family members, may only be used after **12 months of occupation**.
- Tenancy documents must be updated to reflect the new legal framework, including prescribed information sheets provided by government.

Law firms will play a key role in drafting updated tenancy templates and advising on lawful possession strategies.





Rent Review & Tribunal Processes

Rent can only be reviewed once per year using the updated statutory process. All contractual rent-review clauses will be overridden.

Rent review essentials:

- Increases must be reasonable and reflect **market rent**.
- At least **two months' notice** must be given.
- Tenants may challenge the increase at the First-tier Tribunal.
- The Tribunal will set the rent at market level but **cannot raise it above the landlord's proposed amount**.
- Tribunal decisions **will not be backdated**, removing the previous risk of unexpected arrears adjustments.

Accountancy firms can assist by providing rental data, valuation benchmarks and forecasting tools to help landlords plan for the income effects of capped review cycles.

New Landlord Registration Requirements

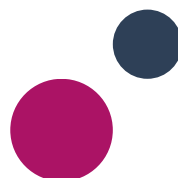


The Act introduces a national **PRS Database** holding details of every private rented property and landlord in England. Registration once the system is up and running will be mandatory.

Core features of the PRS Database:

- Landlords must register themselves and each rented property.
- A unique property reference number will be issued for marketing.
- A landlord cannot legally market or let a property without registration.
- Landlords cannot rely on most possession grounds unless registered.
- Civil penalties start at £7,000 and rise to **£40,000 for repeated breaches**.

Landlords will also be required to join the new Landlord Ombudsman which will handle complaints, issue binding decisions and order corrective action or compensation.



Compliance Standards and ‘Awaab’s Law’

The regulatory expectations for rental property condition and safety are increasing significantly.

Decent Homes Standard

For the first time, the private rented sector will be required to meet the Decent Homes Standard. Details will be set out in secondary legislation but are expected to cover structural safety, facilities, insulation and general repair levels.

Awaab’s Law

Awaab’s Law will be extended to private rented homes. This will create statutory deadlines for landlords to:

- Investigate serious hazards such as damp or mould,
- Provide written updates to tenants, and
- Complete works within specified timeframes.



Failure to comply could result in penalties, Ombudsman orders and Rent Repayment Orders.

This is an area where both legal and accountancy advisers can help landlords interpret the new standards, understand which improvements may be necessary and ensure that all compliance documentation, safety records and financial reporting are in good order.

Financial Planning & Cost Implications

The new regime may affect landlord cash flow, expenditure planning and long-term portfolio strategy.

Key financial considerations include:

- Limits on rent reviews may constrain income growth.
- Shorter notice periods for tenants could increase vacancy risks.
- Increase in the level of rent arrears to 3 months before notice can be served prior to possession proceedings being commenced in the County Court
- Restrictions on advance rent reduce upfront cash flow.
- Compliance with the Decent Homes Standard may require investment.
- Penalties for non-compliance may be substantial.
- Ombudsman compensation decisions may increase exposure to disputes.

Accountancy firms can assist landlords in modelling future rental income, assessing improvement budgets, reviewing tax efficiency and forecasting the financial impact of the changes.



Checklist: How to Prepare Now

Landlords should begin preparing by:

- ☐ Reviewing and updating tenancy agreements and related documents.
- ☐ Review or complete property condition assessments.
- ☐ Ensuring safety certificates, compliance records and documentation are fully up to date.
- ☐ Planning for PRS Database registration requirements.
- ☐ Reviewing rent-setting and rent-review practices.
- ☐ Checking the financial impact of rolling tenancies and the new arrears thresholds.
- ☐ Reviewing budgets for repairs, upgrades and compliance.
- ☐ Forecasting financial impacts of the new tenancy model.
Preparing processes for handling tenant complaints via the Ombudsman.
- ☐ Talk to your professional advisers to ensure you get the right support and advice.

A clear preparation plan will help landlords avoid disruption once the new regime takes effect.



How Professional Advisers Can Help Landlords

How a Law Firm Can Assist

- Ensuring any tenancy agreements entered into after 1st May 2026 reflect periodic-only letting, prescribed information and pet request rules.
- Advising on statutory possession grounds and preparing compliant notices.
- Guiding landlords through PRS Database registration and ongoing compliance duties.
- Providing legal advice on Awaab's Law obligations, hazard response and Decent Homes Standard requirements.
- Supporting landlords facing complaints, enforcement action or potential penalties.
- Providing tailored guidance for Tribunal rent challenges and evidence preparation.

How an Accountancy Firm Can Assist

- Analysing the financial impact of annual rent reviews and restricted advance payments.
- Providing market rental benchmarking to support defensible rent-setting.
- Forecasting cash flow under rolling tenancies and flexible notice periods.
- Preparing budgets and long-term plans for property improvements and regulatory compliance.
- Auditing property records to ensure readiness for PRS Database registration.
- Advising on tax efficiency, allowable expenses and reliefs linked to repairs and property upgrades.

The Renters' Rights Act 2025 marks a decisive turning point for the private rented sector. Landlords will face new expectations across tenancy management, rent practices and property standards, along with a regulatory framework that places far greater emphasis on transparency, accountability and compliance. Preparing early will reduce disruption, protect income and ensure landlords are fully equipped to operate confidently under the new regime.

If you would like support reviewing your portfolio, updating documents or planning for the financial and compliance impacts of the Act, our specialist teams are ready to help.

Talk to the Experts

Please get in touch to discuss how we can guide you through the changes and ensure you remain fully compliant when the new rules take effect.

More details about the Renters' Right Act 2025 can be found here.

<https://www.gov.uk/government/publications/guide-to-the-renters-rights-act/guide-to-the-renters-rights-act>

For further details on the legislative timelines, please visit:

<https://www.gov.uk/government/publications/renters-rights-act-2025-implementation-roadmap/implementing-the-renters-rights-act-2025-our-roadmap-for-reforming-the-private-rented-sector>



Oliver&Co

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 **01244 312306**  **law@oliverandco.co.uk**  **oliverandco.co.uk**

Publication Date: February 2026



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