FIRST-TIER TRIBUNAL
PROPERTY CHAMBER (RESIDENTIAL PROPERTY)

Case reference	**:**	**CAM/26UD/HTC/2025/0010**
Property	**:**	**19 Paddock Road, Buntingford, SG9 9EX**
Applicant	**:**	**Miss Shreya Sharma**
Respondent	**:**	**Ms Naomi Chance**
Type of application	**:**	**For recovery of all or part of a prohibited payment or holding deposit pursuant to Section 15(3) of the Tenant Fees Act 2019**
Tribunal	**:**	**Judge V Lloyd**
Date	**:**	**20 July 2026**

DECISION

Decision

The Tribunal orders the Respondent to pay £300 to the Applicant within 14 days of the date on which this decision is sent to the parties, being repayment of the holding deposit paid by the Applicant to the Respondent on 18 November 2025.

Reasons

1. This application was made by the Applicant under section 15(3) of the Tenant Fees Act 2019 (the "Act") for the recovery of a prohibited payment/holding deposit of £300.00 paid to the Respondent on 18 November 2025 in respect of a room at 19 Paddock Road, Buntingford, SG9 9EX.

2. The Tribunal gave directions on 24 April 2026 which were amended on 5 June 2026 providing for the parties to exchange case documents and the matter to be determined on the papers unless either party made a request for a hearing by 19 June 2026 or the Tribunal, having reviewed the papers, considered that a hearing was required. No such request was made, and I consider that a hearing is not necessary to determine this case fairly and justly.

The law

3. Paragraph 3, Schedule 1 of the Act defines a "*holding deposit*" as money paid by or on behalf of a tenant to a landlord or letting agent before the grant of a tenancy with the intention that it should be dealt with by the landlord or letting agent in accordance with Schedule 2 to the Act. Subject to the conditions set out in section 3 and to the extent it does not exceed one week's rent, such a holding deposit is a permitted payment (so is not prohibited entirely by section 1 or 2 of the Act).

4. Schedule 2 applies where a holding deposit is paid to a landlord or letting agent in respect of a proposed tenancy of housing in England. It defines the "*deadline for agreement*" as: "*the fifteenth day of the period beginning with the day on which the landlord or letting agent receives the holding deposit*" or the day "*agreed with the tenant in writing*" as the deadline for agreement for the purposes of Schedule 2.

5. By paragraph 3(c) of Schedule 2, subject to following provisions of Schedule 2, the person who received the holding deposit must repay it if (amongst other things) the landlord and the tenant fail to enter into a tenancy agreement relating to the housing before the deadline for agreement. This repayment obligation does not apply:

   a. under paragraph 9, if the tenant provides false or misleading information to the landlord or letting agent and one of the conditions set out in 9(a) or (b) applies;

   b. under paragraph 10, subject to paragraph 13 (described later in this decision), if the tenant notifies the landlord or letting agent before the deadline for agreement that the tenant has decided not to enter into a tenancy agreement; or

   c. under paragraph 12, subject to paragraph 13, if: (a) the agent takes all reasonable steps to assist the landlord to enter into a tenancy agreement before the deadline for agreement; and (b) the landlord takes all reasonable steps to enter into a tenancy agreement before that date, but (c) the tenant fails to take all reasonable steps to enter into a tenancy agreement before that date.

6. Further, by paragraph 5 of Schedule 2, the person who received the holding deposit must repay it if: (a) they believe that any of paragraphs 8 to 12 applies in relation to the deposit, but (b) they do not give the person who paid the deposit notice in writing within the relevant period explaining why the person who received it intends not to pay it. Here, the "*relevant period*" means the period of seven days beginning with the deadline for agreement.

7. By section 15(2) of the Act, where a landlord or letting agent breaches Schedule 2 to the Act in relation to a holding deposit paid by a relevant person and all or part of the holding deposit has not been repaid to the relevant person, subsection (3) applies. By subsection (3), the relevant person may apply to the Tribunal for recovery from the landlord or letting agent of the amount of the holding deposit (or, if this has been partially

repaid, the remaining part of the holding deposit). By subsection (9), on such an application, the Tribunal "*may*" order the landlord or letting agent to pay to the relevant person "*…all or any part…*" of the amount referred to in subsection (3) within the period (of at least seven days but not more than 14 days) specified in the order.

The Applicant's case

8. The Applicant states in her application form that she was asked to pay a month's rent (£590) before she had signed the tenancy agreement in order to hold the room. She negotiated a "*holding fee*" of £300, as she was not aware that a holding fee was limited to one week's rent under the legislation. She paid £300 on 18 November 2025, before any tenancy agreement was signed and before she moved into the room.

9. The Applicant received a proposed tenancy agreement from the Respondent on 25 November 2025 according to a WhatsApp message and was due to move into the room on 27 November 2025.

10. On 26 November 2025, the Applicant informed the Respondent in a WhatsApp message that she had "*work location issues*", that her circumstances had changed and she was no longer able to take the room.

11. The Applicant states that the Respondent then attempted to construe the payment as a rental payment, even though she had not signed a tenancy agreement or moved into the room. She says that the Respondent is seeking to retain the payment without a valid statutory basis, as she had not failed a right to rent check, provided false information, withdrawn after being given agreed written terms, or failed to take reasonable steps to enter into a tenancy agreement.

12. The Applicant subsequently requested that the Respondent refund the holding deposit of £300, and the Respondent has failed to do so.

The Respondent's case

13. The Respondent agrees that the Applicant made payment of £300 on 18 November 2025 but claims that it was not a deposit but "*part payment towards the rental of the room*". The Respondent had informed the Applicant that another individual was interested in the room and that she could not reserve it without receiving payment, as set out in WhatsApp messages between the parties. Relying upon the Applicant's payment, she had turned away another prospective tenant and suffered financial loss as a result of the Applicant's decision to withdraw the day before the agreed commencement date.

14. The Respondent confirms that on 26 November 2025, the Applicant wrote to withdraw from the proposed letting because her circumstances had changed. The Respondent relies on the correspondence as showing that the Applicant withdrew shortly before the intended commencement date and after the Respondent had reserved the room for her.

15. The Respondent alleges that she had offered to refund the Applicant £120 to resolve the matter but this was declined.

Reply

16. In reply, the Applicant sought a full refund of the holding deposit and referred to additional "*severe personal crises*" as a reason for withdrawing from the arrangement.

Application of the Act

17. It is not disputed that the Applicant paid the Respondent £300 on 18 November 2025 to hold the room. I am satisfied that the payment was a holding deposit within paragraph 3 of Schedule 1 to the Act. It was paid before the grant of any tenancy and was described in the WhatsApp exchange as a "*Room Holding Fee*" by the Applicant. The fact that the Respondent now describes it as part payment of rent does not alter its character at the time it was paid.

17. Only one week's rent could be treated as a permitted holding deposit. On the figures before the Tribunal, the monthly rent was £590 and the Applicant paid a £300 holding deposit. The corresponding weekly rent is £590 x 12 / 52 = £136.15. Out of the £300 holding deposit, the sum of £163.85 exceeded one week's rent and was therefore a prohibited payment. The Applicant is entitled to recover that sum as a prohibited payment. The remaining £136.15 is treated as the permitted holding deposit but for the reasons below, the Respondent has not established an entitlement to retain it.

18. The deadline for agreement was the fifteenth day of the period beginning with the day on which the Respondent received the holding deposit. On the present evidence the deposit was received on 18 November 2025, so the statutory deadline was 2 December 2025. The Applicant notified the Respondent on 26 November 2025 that she was no longer able to proceed. That notification would ordinarily engage paragraph 10 of Schedule 2. However, paragraph 10 is subject to paragraph 5 of Schedule 2. The Respondent has not provided evidence to the Tribunal that she gave the Applicant written notice within a period of 7 days beginning with the deadline for agreement, explaining why the holding deposit was not to be repaid. The Respondent is therefore not entitled to retain the permitted holding deposit of £136.15. Together with the prohibited excess of £163.85, the total sum repayable is £300.

19. I recognise that the Respondent may have suffered inconvenience or loss when the Applicant withdrew shortly before the proposed commencement date. The Tribunal makes no findings on any other complaints raised by the Applicant which are not necessary to determine this application. The statutory scheme is prescriptive. If a landlord or letting agent takes a holding deposit, the amount taken and any retention of it must comply with the Act.

Judge V Lloyd **20 July 2026**

Rights of appeal

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the Tribunal is required to notify the parties about any right of appeal they may have.

If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber), then a written application for permission must be made to the First-tier Tribunal at the regional office which has been dealing with the case.

The application for permission to appeal must arrive at the regional office within 28 days after the Tribunal sends written reasons for the decision to the person making the application.

If the application is not made within the 28 day time limit, such application must include a request for an extension of time and the reason for not complying with the 28 day time limit; the Tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed, despite not being within the time limit.

The application for permission to appeal must identify the decision of the Tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal and state the result the party making the application is seeking.

If the Tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).