

# Scrapping of no-fault evictions: What it means for Insurers

25 March 2025  Jeanette Flowers

There has been talk for several months now of Labour's promise to abolish 'no fault' evictions. It appears this is likely to come into effect as early as this year.

The Renters' Rights Bill has passed through the House of Commons and is currently sitting with the Lords. When it does come into force it is likely to affect both new and existing tenancies at the same time.

## What this means

Currently under Section 21 of the Housing Act 1988, landlords may recover possession of their rental property by serving a minimum of two months' notice in writing informing the tenant they wish to bring the tenancy to an end. A strict process is used and both landlords and tenants should seek legal advice when engaging this procedure. Landlords do not need to provide a reason for serving notice under the current legislation.

The Renters' Rights Bill promises to move to a simpler tenancy structure where all assured tenancies are periodic. Landlords will have to justify grounds for possession, for example in order to move back into the property, to sell it or on discretionary grounds such as persistent rent arrears. This removes the landlord's flexibility to terminate the tenancy agreement at will.

There are also some proposed changes to Section 8 grounds for possession sale of a property, with a suggested increase of a four month notice period which cannot expire during the first 12 months of the tenancy. Additionally, the landlord must prove they intend to sell the property. Breach of these rules may be subject to a fine from the local authority. The Bill also amends the grounds upon which notice can be served for rent arrears, wherein in order to qualify, renters must be in rent arrears of at least three months rather than two months under the current legislation. This will increase the amount of loss suffered by the landlord before proceedings can be issued.

## What this means for Insurers

There is no fixed date that this legislation may come into force and Section 21 notices are still a valid form of eviction. With the Bill moving closer to Royal Assent, landlords are likely to instruct letting agents to start the possession procedures for certain properties they manage. Professional indemnity insurers are likely to see an uptick in claims arising from notices being served incorrectly or other issues with the tenancy which result in the Section 21 notice to be invalid.

Rent protection, property owner's and landlord legal expenses, insurers would be wise to review their policy wording and underwriting appetite in light of the likely upcoming changes.

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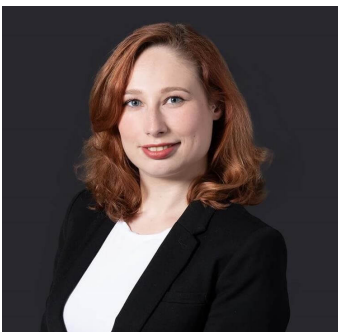
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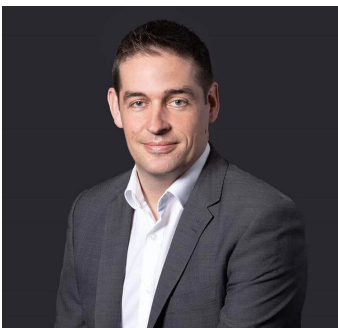


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