EXPLANATORY MEMORANDUM TO

THE PRIVATE LANDLORD REDRESS SCHEMES (APPROVAL AND DESIGNATION) REGULATIONS 2026

2026 No. 1033

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Ministry of Housing, Communities and Local Government and is laid before Parliament by Command of His Majesty.

2. Declaration

2.1 Matthew Pennycook MP, Minister for Housing and Planning at the Ministry of Housing, Communities and Local Government, confirms that this Explanatory Memorandum meets the required standard.

2.2 Guy Horsington, Deputy Director for the Private Rented Sector at the Ministry of Housing, Communities and Local Government, confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Tom Fellows at the Ministry of Housing, Communities and Local Government can be contacted by email at the following address with any queries regarding the instrument: PRSCommissions@communities.gov.uk.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 The Renters' Rights Act 2025 ("the Act") provides for the establishment of one or more redress schemes that will provide fair, impartial and binding resolutions for tenants' complaints about their landlord.

4.2 These regulations, made under sections 65 and 140(1)(a) of the Act, make provision about how redress schemes are approved, designated or amended, and provision for the continuity of redress, for example, if a scheme closes. The schedule to the regulations sets out the conditions that must be satisfied before a scheme can be approved or designated, including conditions which must be met on an ongoing basis after approval and designation, and about how a Responsible Individual (RI) is appointed.

Where does the legislation extend to, and apply?

4.3 The extent of this instrument (that is, the jurisdiction which the instrument forms part of the law of) is England and Wales.

4.4 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England.

5. Policy Context

What is being done and why?

5.1 The Act enables the establishment of one or more redress schemes which all relevant private residential landlords in England will be required to join. This will ensure all tenants under relevant tenancies have access to redress services to deal with their complaints. Landlords will be required to take responsibility for their tenancies and can be held accountable to remedy things that go wrong.

5.2 The introduction of mandatory landlord redress is part of a package of reforms enabled through the Act which will transform the experience of private renting. While most landlords provide a good service, the private rented sector (PRS) currently provides the least affordable, poorest quality and most insecure housing of all tenures. Providing for mandatory private landlord redress will give private tenants the tools to challenge their landlord. Tenants who are unhappy with the quality of service they receive or the standards in their home will be able to use mandatory redress services for free.

5.3 Before the Secretary of State can approve or designate a scheme, section 65(1) of the Act requires the Secretary of State to set out, by regulations, the conditions that must be satisfied. The schedule to this instrument sets out these conditions, establishing a framework within which schemes can be designed. Scheme drafters will have a degree of discretion as to the detail of their proposed scheme, provided that the provisions within the scheme meet those conditions.

5.4 This instrument also sets out the process for approval or designation of a scheme. It is important that the Secretary of State has oversight of the scheme or amendment to the scheme, both before it is implemented and whilst it is operational. The regulations ensure sufficient checks and balances on an approved / designated scheme so that approval or designation is only conferred on schemes that meet high standards, align with government policy, and offer a good service to both tenants and landlords. They also allow the Secretary of State to withdraw approval if the scheme no longer meets the conditions or in any other circumstance deemed appropriate.

5.5 In line with Government guidance that multiple schemes should be avoided[1], the Secretary of State will approve or designate only one PRS landlord redress scheme to minimise complexity in the market. The SoS will however consider approving/designating more than one scheme in specific circumstances, for example to increase capacity if a scheme administrator is not providing an acceptable service or to facilitate a smooth transition to a new scheme where one is closing.

5.6 The instrument builds on the requirements set out in the Act and requires the scheme to provide for:

5.6.1 **Conditions relating to the RI and conflict of interest** – As the RI will be responsible for overseeing and monitoring the investigation and determination of complaints under the scheme, it is important they (and in turn the scheme) uphold the values of impartiality and fairness. There are conditions that clarify the appointment process, the Secretary of State oversight requirements and the contractual terms that will give landlords and

[1] Cabinet Office (2022) *Set up Ombudsman schemes: guidance for government departments*. GOV.UK. Available at: https://www.gov.uk/government/publications/new-ombudsman-schemes-guidance

tenants the confidence that the RI is impartial, unbiased and competent to undertake the role.

5.6.2 **Conditions relating to complaints under the scheme** – It must be clear within the scheme which complaints will be accepted and how they will be considered. The Act already sets out that a prospective, current or former residential tenant may make a complaint against a member of the scheme. This condition requires the scheme to provide further detail about who can make a complaint on behalf of a tenant, the time to be allowed for scheme members to resolve a matter before a complaint is accepted, the circumstances in which a complaint may be rejected, and the procedure for the handling of complaints under the scheme. Requiring this to be set out in the scheme means the scheme administrator has the flexibility to decide their remit, but that, to meet these conditions, it must be clear to both tenants and landlords (through their framework and/or guidance) which complaints will be accepted and how they will be investigated before the scheme is operational.

5.6.3 **Conditions relating to redress** – As set out in the Act, the scheme will be required to provide that redress can include issuing an apology or explanation; paying compensation or taking such other actions in the interests of the complainant as the person determining the complaint may specify. The instrument sets a financial compensation limit of £25,000 to align with the established cap for mandatory property agent redress, promoting consistency for tenants irrespective of whether the responsible party is an agent or a landlord. Tenants will continue to have access to justice through the courts and may choose to do so where they feel the £25,000 limit is too low.

5.6.4 **Conditions relating to enforcement –** The redress orders issued by the scheme administrator will be binding, and the instrument requires the scheme to establish a clear and consistent process for addressing non-compliance, including how it will be assessed and managed. The scheme should set out what enforcement action is possible under the scheme, including 'an enforcement order' (which requires the member to take a specified action within a specified period). To ensure landlords are not unfairly penalised where they have a valid reason, the scheme must also include a process for the RI to consider any reasonable excuse for non-compliance raised by the member. The RI must also consider whether enforcement action is in the public interest.

5.6.5 **Conditions relating to expulsion** - The Act allows for the redress scheme to expel non-compliant members as a last resort. The scheme must clearly set out the circumstances that may lead to a member being expelled and the process to be followed. This includes notifying the landlord that they are at risk of being expelled, giving them the opportunity to make representations, and having an independent person review the decision. As expelled landlords will be liable for local council issued civil and, potentially, criminal penalties if they continue to operate without being a member of the scheme, the Act outlines that the instrument must provide that the RI must notify expelled members what they must do to be able to rejoin the scheme.

5.6.6 **Conditions relating to fees** - The scheme administrator must charge fees which are sufficient to cover the costs of the scheme without making a profit. The instrument provides for the detail of the fee amounts to be set out in the scheme but requires that fee amounts be fair and proportionate and that the scheme includes provision about regular and exceptional reviews of the fee amounts. The Secretary of State will approve any fee increase to ensure they have appropriate oversight of the costs to landlords. Additionally, the Act specifies that the scheme can offer three non-core services. These are investigations into complaints under a voluntary jurisdiction, voluntary membership, and voluntary landlord-initiated mediation services. This legislation allows the scheme to use compulsory membership fees, voluntary fees or a combination of the two to cover the set-up cost of voluntary services. The use of compulsory fees to meet the running costs of voluntary services is prohibited. This will ensure that membership costs for core services remain reasonable and the cost of any supplementary services is borne only by those who opt to use them.

5.6.7 **Conditions relating to co-operation with other persons** - We anticipate that some complaints will include aspects which are outside of the scope of the private landlord redress scheme and at times cooperation or joint investigation with other organisations will be necessary. The scheme must provide for cooperation with other organisations which we expect to include other redress schemes, local housing authorities, the Secretary of State, and any organisation which has enforcement functions in the private rented sector. This collaborative approach will be important when investigating certain complaints to ensure that aspects of the complaint are dealt with by the organisation with the right expertise and powers to resolve the issue for the tenant and minimise tenants having to resubmit information/evidence or being passed back and forth between services. This instrument also ensures at paragraph 18 that the scheme administrator and independent individual have regard to any guidance on cooperation with local housing authorities. We intend to publish guidance on this before the redress scheme becomes operational.

5.6.8 **Conditions relating to disclosure of information** – The scheme must clarify who it may disclose information to, and under what circumstances. This will include those it must co-operate with (as set out above) and also the operator of the landlord database for the purposes of confirming when landlords have registered with the scheme, and when they are no longer registered (whether voluntarily or through expulsion). Recognising that, in the course of their involvement, the scheme administrator may identify concerns indicating abuse, harm or criminal activity, the scheme may also share information there is reasonable cause to believe that a person is at risk, or to assist in the prevention or investigation of a crime. The scheme must provide that it is able to publish certain information regarding any member who is expelled from the scheme, in the interests of public transparency and landlord accountability.

5.6.9 **Conditions relating to reporting** – To ensure that the scheme administrator is providing a quality service to the sector, the scheme is required to provide for specified reporting products to be prepared and published annually. The required products are a business plan which outlines objectives and how

these will be achieved, key performance indicators, an annual report reviewing the performance of the past year, and accounts.

5.6.10 **Conditions relating to review of the scheme** – It is important that the scheme is reviewed regularly to ensure it continues to meet the needs of private landlords and tenants. The instrument requires the scheme to provide for a review to be undertaken every five years. The review must include consultation with both members and private tenants and consider the needs of private landlords and private tenants as a minimum. Once the review is complete, this instrument requires the scheme administrator to present it to the Secretary of State outlining whether, in their view, any amendments to the scheme are needed.

5.6.11 **Condition relating to complaints about the operation of the scheme** – While decisions made under the scheme are final, it is recognised that landlords and tenants should have a route to complain where they are dissatisfied with the behaviour of scheme employees or operations, or where they believe the schemes procedures have not been followed correctly. A process for handling such complaints should be set out in the scheme.

5.6.12 **Conditions relating to transfer of administration** – Where the scheme continues to operate, the administration may only be transferred at the direction of the Secretary of State, to ensure this is only done when appropriate and necessary.

5.6.13 **Conditions relating to closure events** – There must be a clear process to follow if the scheme is closed, explaining how members would be smoothly transferred to another scheme. The scheme must allow the Secretary of State to tell the scheme administrator what specific actions to take during closure, for example how to dela with outstanding complaints. It must also allow for information to be shared with the Secretary of State for purposes connected with closure of the scheme.

5.6.14 **Condition relating to leaving the scheme** – Although the aim is to have a single redress scheme, if multiple schemes are in place and a member leaves one, they should be free to select another scheme and have their information transferred to it— this decision would not be made by the scheme they are leaving. A member who does so will be required to inform the scheme administrator of which scheme they intend to join.

5.6.15 **Condition relating to other functions** – The focus of the scheme will be to provide redress to private tenants. It is nonetheless anticipated that the scheme will provide supplementary services, as many redress schemes and ombudsmen currently do. This condition enables the RI to undertake any functions appropriate to enable the investigation and determination of complaints under the scheme, support tenants in making complaints or facilitate the resolution of complaints. This may include such things as issuing guidance (e.g. guidance for tenants on making a complaint or guidance for landlords on how to deal with common issues) and/or codes of practice. The scheme is also able to contribute to the development of policy in relation to matters about which a complaint could be made under the scheme (e.g. reports for Government on common issues), which is important

to ensure the scheme is forward thinking and helps drive future improvement in the sector rather than just being reactive.

5.6.16 **Condition relating to access to the scheme by post or telephone** – All tenants should have access to redress through the scheme, irrespective of their access to digital services or their digital literacy. Approval or designation will only be given where it is clear that tenants can raise complaints by post or phone where required, to minimise barriers to accessing redress.

5.6.17 **Condition relating to the form of notices, notifications and directions** – All notices and directions must be given in writing for transparency and accountability purposes.

5.6.18 **Conditions relating to closure of the scheme by the administrator** – Part 2 of the schedule requires that, where the scheme administrator of an approved scheme intends to close the scheme, they must give notice to the Secretary of State. Once the date of closure is settled, the scheme must notify members about the closure. Additionally, it must transfer all relevant information and records to the administrator of another scheme to ensure a smooth transition. It is not necessary to replicate this provision for a designated scheme, as the decision to close a designated scheme rests with the Secretary of State.

What was the previous policy, how is this different?

5.7 This instrument sets out the framework to establish a private landlord redress scheme which will be mandatory for private landlords to join. Under existing policy, there are gaps in redress rights for tenants in the PRS.

5.8 Property agents, including letting agents, are required by law to be members of a redress scheme. This means that when a tenant encounters an issue with their agent, they can access redress via government approved mandatory agent redress schemes. However, about half[2] of landlords don't use managing agents and while landlords could voluntarily join an existing scheme, there is no requirement of them to do so, and very few have done[3]. This means that private tenants have no access to redress through alternative dispute resolution where responsibility lies with the landlord, who is ultimately accountable to the tenant for property standards, necessary repairs, and compliance with the terms of the tenancy agreement. A new private landlord redress scheme will give private tenants redress rights in line with other sectors – such as the social housing sector – by providing redress where a landlord has failed to adequately deal with a legitimate complaint.

5.9 Local authorities and the courts play a key role in enforcing regulation of private renting and will continue to do so even after the redress scheme becomes operational.

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[2] Department for Levelling Up, Housing & Communities (2024) *English Private Landlord Survey 2021: main report*. GOV.UK. Available at: https://www.gov.uk/government/statistics/english-private-landlord-survey-2021-main-report

[3] This data is an estimate based on data directly provided to MHCLG by the Property Ombudsman and the Property Redress Scheme, as well in the Housing Ombudsman Service Annual Report and Accounts 2020-21 *(Housing Ombudsman (2021) Annual Report and Accounts 2020–21. Available at:* https://www.housing-ombudsman.org.uk/wp-content/uploads/2024/08/E02674708-Housing-Ombudsman-ARA-2020-21_HC-816_Accessible.pdf *)*

5.10 Tenants can contact their council about unsafe or poor quality privately rented housing, and local authorities have powers to enforce landlords' compliance with housing regulations. Their remit does not include providing redress to tenants, so complaints about the landlord's behaviour or where an issue doesn't meet the threshold of a regulatory breach may not be acted on. The new private landlord redress scheme will offer a complementary - rather than duplicative - service to the work of local authorities, with its focus being consumer protection rights rather than enforcement of regulatory standards.

5.11 PRS tenants can raise a complaint about their landlord through the court system in certain circumstances, but this process is time consuming and costly, and may deter many from accessing justice. The new private landlord redress scheme will provide a quicker, cheaper, less adversarial, and more proportionate alternative.

6. Legislative and Legal Context

How has the law changed?

6.1 Chapter 2 of Part 2 of the Act provides for the establishment of a mandatory private landlord redress scheme, whereby a complaint made by or on behalf of a prospective, current or former residential tenant against a member of the scheme is independently investigated and determined by an independent individual. Mandatory redress schemes are a well-established alternative form of dispute resolution for consumers, who otherwise face expensive, time-consuming and stressful litigation to obtain a binding resolution.

6.2 Chapter 2 of Part 2 of the Act gives the Secretary of State power to require residential landlords (as defined in section 63) to be members of a landlord redress scheme (see section 64(1).

6.3 A landlord redress scheme must be approved by the Secretary of State, or administered by, or on behalf of, the Secretary of State and designated for the purposes of mandatory landlord redress (see section 64(2)). Before a scheme can be approved or designated it must satisfy conditions set out in regulations made under section 65(1) (see section 64(3)).

6.4 This instrument constitutes the first legislative step in implementing mandatory private rented sector landlord redress pursuant to Chapter 2 of Part 2 of the Act. It fulfils the duty imposed by section 65(1) on the Secretary of State to set out conditions that a landlord redress scheme must meet to be approved or designated.

6.5 The regulations also make further provision about the approval or designation of landlord redress schemes, including about the making of applications for approval, the approval or designation of a scheme, amendment of a scheme, withdrawal of approval and revocation of designation (see section 65(8)).

6.6 Once a scheme has been approved or designated and the Secretary of State is satisfied that the scheme is operationally ready, and all persons who are to be required to be a member of a landlord redress scheme are eligible to join the scheme (see section 64(8)), further regulations will be made under section 64(1) of the Act requiring residential landlords to be members of the scheme.

Why was this approach taken to change the law?

6.7 Section 65(1) of the Act requires the Secretary of State to make these regulations before a scheme can be approved or designated for the purposes of mandatory

landlord redress. Therefore, this is the only possible way of providing for mandatory private landlord redress in accordance with the provisions of the Act.

7. Consultation

Summary of consultation outcome and methodology

7.1 The Government has not undertaken a formal consultation on the contents of the instrument. During policy development and the passage of the Act, the Ministry undertook targeted engagement to test and refine the approval conditions.

7.2 The Ministry has engaged in ad hoc targeted consultation with the Ombudsman Association (OA) as subject matter experts on best practice guidance in complaint-handling and dispute resolution. The OA's advice on the principles of good governance ensured these regulations set a framework that reflects the independence, openness and transparency, accountability, integrity, and clarity of purpose that will ensure that any scheme is effective.

7.3 In January 2024, the Ministry engaged with tenant representative groups (Generation Rent and Shelter), landlord groups (the National Residential Landlord Association), the two existing agent redress schemes (The Property Ombudsman and Property Redress) and enforcement/ trading standards partners (National Trading Standards for Estate and Letting Agency Team) on the content of the approval conditions.

7.4 Feedback implied support for establishing an Ombudsman. Tenant groups stressed the need for clear, accessible redress with sufficient time to complain, as well as strong governance and the ability to revisit unresolved issues. Landlords focused on ensuring proportionality and fairness in how the service operates. Stakeholders also highlighted the need for a simple fee structure and strong data-sharing arrangements once the Ombudsman is in place.

7.5 The Ministry also consulted the Housing Ombudsman Service (HOS) on the content of the approval conditions with the purpose of understanding whether the proposed framework appeared clear, workable and free from obvious operational or governance concerns from their perspective given their experience administering the social rented sector redress scheme.

7.6 In October 2025, the Ministry consulted the Information Commissioner on elements of the regulations involving the processing of personal data. The Commissioner asked about the fair and proportionate use of landlord data, risks to tenants from publishing expelled members, and safeguards where landlords exit formal regulation. The Ministry noted evidence that transparent reporting can support compliance, and confirmed that the framework includes safeguards to avoid unnecessary disclosure—such as limiting publication on expulsions to the landlord's name and redress scheme membership number. Drawing on experience from local authority landlord and Houses in Multiple Occupation (HMO) registers, guidance will also recommend proportionate approaches, including allowing representations from landlords or tenants before publication.

7.7 In November 2025, the ICO confirmed that the requirement to consult with the Commissioner under Article 36(4) of the UK General Data Protection Regulation has been complied with.

8. Applicable Guidance

8.1 If the Ministry invites applications from third parties for approval of a landlord redress scheme, it may publish guidance for prospective applicants.

8.2 The purpose of any such guidance would be to explain the application process and how the approval conditions are to be interpreted and met in practice, thereby supporting applicants to prepare compliant proposals. Any guidance produced would be made publicly available at the point at which invitations to submit a scheme are announced.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 The impact assessment for the Act can be found at https://publications.parliament.uk/pa/bills/cbill/59-01/0127/amend/Renters_Rights_Bill-IA.pdf.

9.2 A full Impact Assessment is not required at this stage because these regulations establish approval/designation conditions and oversight processes but do not themselves impose membership requirements on landlords or create new duties on businesses. A full IA will be considered ahead of the subsequent instrument that would mandate landlord membership, when costs and benefits to landlords and enforcement bodies can be quantified with greater certainty.

Impact on businesses, charities and voluntary bodies

9.3 There is no, or no significant, impact on business, charities or voluntary bodies because these regulations do not confer any new burdens or requirements on private landlords, charities or other businesses. Any costs for private or third-sector bodies wishing to apply to operate a scheme are expected to be minimal and voluntary, and will be addressed through procurement/competition processes as appropriate.

9.4 The legislation does not impact small or micro businesses.

9.5 There is no, or no significant, impact on the public sector. These regulations set out the framework for the Secretary of State and their officials to work within when approving or designating a scheme.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The schedule to these regulations requires each scheme to be reviewed every five years to ensure it continues to meet the needs of the sector. Following the review, the scheme administrator must submit the findings to the Secretary of State, including their assessment of whether any amendments to the scheme are necessary. When considering proposed changes, the Secretary of State will assess them against the conditions for approval or designation. If the scheme still meets those conditions but demonstrates a clear inadequacy, this may indicate that the provisions of this instrument need to be amended. The Ministry will consider whether amendments to this instrument are necessary in light of scheme reviews, using published KPIs and annual reporting requirements to assess service quality and proportionality.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

12.1 The Minister for Housing and Planning has made the following statement regarding Human Rights:

"In my view the provisions of the Private Landlord Redress Schemes (Approval and Designation) Regulations 2026 are compatible with the Convention rights".

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").