

Renters' Rights Act 2025: An Overview of Key Considerations for the Private Rented Sector

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On October 27, 2025, the Renters' Rights Act (“**RRA**”) received Royal Assent, marking the most significant overhaul of England’s private rented sector in recent history. The RRA introduces sweeping new requirements for landlords in the residential private rented sector, with the aim of strengthening security and fairness for tenants.

This alert covers:

1. Significant changes and anticipated phases of implementation
2. Landlord breaches and extended liability
3. Grounds for possession and how to take control
4. What’s coming next?
5. Considerations for different landlords
6. Reactions to the Renters’ Rights Act 2025

1. **Significant Changes and Anticipated Phases of Implementation**

The RRA is to be implemented in phases. Phase 1 takes effect on May 1, 2026 and focuses solely on tenancy reform. The changes include:

- The transition from fixed term tenancies to all tenancies being periodic tenancies.
- Limits on rent being payable in advance.
- A ban on rental bidding.
- Clearer rules on rent increases permitted throughout the year.
- Strengthened anti-discrimination measures.

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- New rights allowing pets.

Subsequent phases of the RRA which will begin to come into force in **late 2026** involve the establishment of new organisations, including a database and an ombudsman, in addition to new standards and thresholds for private rented sector properties. The government has indicated that further consultations and secondary legislation will be required in respect of many of these provisions.

Regulations to Come into Force from May 1, 2026

 The key changes from May 1, 2026 brought by the RRA are as follows:

- **No more ‘no-fault evictions’:** Landlords in the private rented sector cannot evict tenants without a valid reason.
- **No more fixed contracts:** All tenancies in the private rented sector will automatically roll on depending on the arrangement (e.g. from month to month or week to week). There will be no end date, but tenants can give 2 months’ notice. *Note: The RRA exempts purpose-built student accommodation (“PBSA”) and university-owned halls from new tenancy rules; allowing fixed-term contracts and excluding them from the move to rolling tenancies.*
- **Fairer rent rules:** Automatic rent reviews linked to an inflation index and rent-free periods will be prohibited meaning landlords can only raise rents once a year on providing two months’ notice and tenants can challenge unfair increases.
- **No more bidding wars:** Landlords must stick to no more than the advertised rent price and tenants can challenge the rent payable within the first six months on the basis that it does not reflect the market rate.
- **One month’s rent upfront:** Landlords can only ask for one month’s rent upfront, no more.

- **No discrimination:** It will be illegal to refuse tenants solely on the basis they receive benefits or have children.
- **Pets welcome:** Tenants can now ask to live with pets, and landlords must consider this fairly.
- **New precedents:** The National Residential Landlords Association has updated its assured shorthold tenancy precedent to account for the changes coming into force (including a two month notice period for tenants; rolling terms; rent increase to only be once a year).

2. Landlord Breaches and Extended Liability

The RRA distinguishes between two tiers of financial sanctions on landlords based on the severity of the violations as well as fundamentally changing *who* is ultimately responsible for a breach, closing historical loopholes.

Tier 1: Civil Breaches (up to £7,000)

These are typically administrative or initial failures, such as:

- Purporting to let a property on a fixed-term tenancy (as all tenancies must now be periodic).
- Failing to provide a written statement of terms or the required information sheet by May 31, 2026.
- Engaging in rental bidding or failing to advertise a clear rent price.
- Discriminating against families with children or those on benefits.

Tier 2: Serious Offences (Up to £40,000)

These carry much higher penalties and may lead to criminal prosecution. They include:

- Unlawful eviction or harassment of tenants.
- Re-letting or marketing a property within the 12-month restricted period after using “selling” or “moving in” grounds (*see below for detail on grounds for possession*).

- Continuing breaches that are not resolved within 28 days of an initial penalty.

Who is Ultimately Responsible?

- Superior landlord liability: Penalties can be made against the ultimate landlord even if the tenant does not pay rent directly to them (e.g. if there is a ‘middleman’).
- Personal liability for directors: If a landlord/agent is a company, local authorities can impose civil penalties on company directors and officers *individually* if the breach was committed with their consent, connivance or neglect.
- Agent liability: Agents can be held directly liable and fined for advertising properties that are not registered on the Private Rented Sector Database or for properties where the landlord has not joined the Ombudsman Scheme, once it comes into effect.
- Joint and several liability: Both the landlord and agent can be jointly and severally liable in cases of rental discrimination or bidding.

3. Grounds for Possession and How to Take Control

As highlighted, the RRA marks a significant shift in the private rented sector, and once it is in force, it will abolish assured shorthold tenancies and no-fault evictions.

Going forward, once the RRA is implemented, all tenancies will be periodic assured tenancies and landlords will have to rely solely on Section 8 of the Housing Act 1988 (“**HA 1988**”) to obtain possession. They will need to obtain possession by serving notice and demonstrating one or more of the 37 specific grounds for possession. The HA 1998 has been updated by the RRA to increase the number of grounds from 17 to 37. The grounds are split between mandatory grounds and discretionary grounds.

Mandatory Grounds

The mandatory grounds require the court to grant a landlord possession if the landlord can prove the

condition(s) specified in the ground. If the ground is made out, the court must grant possession. A few key mandatory grounds include:

Occupation by Landlord or Family Member

- What is it: Landlords will still be able to seek possession if they, or certain close family members (and this group has been expanded under the RRA beyond just the landlord's spouse or civil partner), intend to occupy the property as their only or principal home.
- Amendments to this ground also remove the requirement for the landlord to have previously occupied the property as their principal home.
- This ground cannot be invoked in the first year of a tenancy being granted.

Sale of the Property

- What is it: This is a new mandatory ground allowing landlords to regain possession if they intend to sell the property.
- The grounds cannot be invoked in the first year of a tenancy being granted (unless the property is subject to a compulsory purchase order from a local authority) and it cannot be used by providers of social housing.
- Landlords will be able to let properties to intending purchasers on a licence ahead of their purchase of the property and the restrictions do not apply where the property has been demonstrably for sale on the open market at a fair price for not less than 12 months and the landlord has not had any suitable offers to buy it.

Redevelopment

- What is it: Landlords can currently seek possession if they intend to demolish or reconstruct the whole or a substantial part of a property or to carry out substantial works to the property and the tenant’s occupation prevents this.
- The ground is being widened under the RRA to include relevant social landlords who will usually

be required to provide suitable alternative accommodation for the duration of the works.

Discretionary Grounds

The discretionary grounds require the court to decide whether the making of a possession order is reasonable, even if the landlord proves the condition(s) specified in the ground, and, then if it is reasonable, whether that order should be suspended or made outright. A couple of the key grounds include:

Breach of Tenancy Agreement

— What is it: The current ground will continue in force unamended and landlords will still be able to seek possession if tenants breach significant terms of the tenancy agreement. This includes subletting without permission or causing damage to the property.

AntiSocial Behaviour

— What is it: If a tenant engages in antisocial behaviour, landlords can seek possession and this ground itself will remain in force in its current form.

— However, when deciding whether it is reasonable to make an order, in addition to considering the effect of the behaviour, the court must also look at whether the tenant has cooperated with any attempts by the landlord to encourage the conduct to cease.

4. What's Coming Next?

What's Coming Soon?

Further changes will take place from late 2026, with an aim to continue the government's agenda to strike a fair balance between landlords and tenants. These changes include:

Private Rented Sector Database

— What it is: A new register of all landlords and rental properties in England will be rolled out showing who is renting out homes as well as key property information and safety and energy performance data.

— Timing: late 2026.

Landlord Ombudsman Scheme

— What it is: a free complaints service to help tenants sort complaints against landlords quickly and without needing to go to court; it will be mandatory for landlords to participate in this scheme and they will be required to pay fees to fund its operation.

— Timing: 2027-28 (participation will be mandatory for landlords in 2028).

What's Coming in the Future?

Greener Homes

— What it is: all privately rented homes will need to meet new energy efficiency standards (EPC rating C or better) unless exempt.

— Timing: circa 2030.

Extension of Awaab's Law

— What it is: Awaab's Law was introduced by the Social Housing (Regulation) Act 2023 where social landlords are subject to prescribed timeframes for addressing serious hazards to health and wellbeing of tenants. The extension under the RRA will require landlords to act quickly when homes are unsafe.

— Timing: circa 2035.

Decent Homes Standard

— What it is: a new standard for privately rented homes setting out a clear set of rules to ensure every rented property is safe, warm and in good repair.

— Timing: circa 2035.

5. Considerations for Different Landlords

Below sets out the key considerations that different landlords should have and be aware of in light of the RRA. It covers owners of student accommodation; lenders; and owners of real estate portfolios.

Key Considerations for Owners of Purpose-Built Student Accommodation

Owners of PBSA should ensure that the managers of their PBSA portfolios are able to obtain and maintain the exemptions required to fall outside the scope of the RRA. To obtain such an exemption, PBSA managers must obtain accreditation under the Unipol/Accreditation Network UK student housing codes, which codes require PBSA to be of specified standards. A failure to obtain or maintain such accreditation may result in the RRA applying to all tenancies offered by the relevant PBSA provider.

The ability of a PBSA manager to obtain and maintain accreditation under these codes is therefore critical. In the absence of a valid exemption, common law tenancies would be treated as assured periodic tenancies, granting student tenants the right to terminate their tenancy at any time on two months' notice. This would pose a significant commercial risk to PBSA operators.

Management agreements with PBSA operators should include express contractual obligations requiring the manager to obtain and maintain the relevant exemption, together with step-in rights or provisions enabling the appointment of replacement managers in the event of non-compliance.

However, a distinction should be made between PBSA/university and college-owned halls of residence and students simply renting in the private sector. The former (i.e. PBSA / university and college owners halls of residence), as highlighted above, will continue to operate largely outside the new tenancy framework imposed by the RRA, whereas the latter (i.e. students renting in the private sector) will be caught by the incoming legislation. If a property is simply let out to students but does not hold the necessary accreditation to make it exempt as a PBSA, it will be subject to the RRA.

Key Considerations for Lenders

The removal of 'no-fault' evictions significantly limits a landlord's ability to recover possession for strategic

or commercial reasons. All possession claims will (i) require evidence; (ii) need to rely on specific grounds as highlighted above; and (iii) require court proceedings; and along with the restriction on rent increases, these longer possession timelines and reduced rental flexibility may depress values, increase arrears and void risk. It is yet to be seen how the changes to the rent review procedure will impact the lender market and whether tenants challenging rent reviews will impact lenders' underwriting criteria.

Lenders with exposure to PBSA portfolios should also ensure that their facility documentation includes covenants requiring compliance with the relevant student housing codes, together with the ability to require the appointment of replacement code-compliant managers where necessary.

Key Considerations for Owners of Residential Real Estate Portfolios

Owners of residential real estate portfolios will need to ensure that their appointed management companies are fully compliant with the RRA. Owners should note that non-compliance by a management company may give rise to direct liability for the owner, as tenants are now able to seek Rent Repayment Orders against superior landlords, and not solely against the immediate landlord or management company.

Owners of residential real estate portfolios will have to ensure that their management companies are operating with up to date tenancy documents and that staff are trained to avoid liability under new anti-discrimination provisions. The implementation of Awaab's Law, and the Decent Homes Standard, while not expected to apply fully until 2035, will impact operating costs and be a key concern for any upcoming capital improvement works.

While this poses challenges for buy-to-let landlords, there are opportunities for professionally run, large-scale platforms within the private rented sector market. Professional platforms that do not engage in bidding wars by operating with standard rates are set to benefit from opportunities to professionalise the market.

On a related issue, this alert serves as another reminder that given the changes in AML regulations that came into force in May 2025, owners should ensure that their managing agent is compliant with such changes. The changes include that all letting agents, regardless of rent level, need to perform strict, mandatory financial sanction checks on all tenants, guarantors and landlords.

6. Reactions to the Renters' Rights Act 2025

The market is already responding to the changes that the RRA will bring. Ahead of the new rules taking effect in May 2026, at least one major London landlord has begun issuing eviction notices at scale, a clear signal that not all market participants view the reforms favorably.

The National Residential Landlords Association also warns of a market exodus, arguing that the increased regulatory burden and the loss of these 'no-fault' evictions will drive landlords to sell, thereby further shrinking supply and driving up rents. According to Rightmove, approximately one in three landlords surveyed by Rightmove are considering exiting the market due to the changes, and a shared sentiment that the government is failing to provide adequate support.

While the stated aims of the RRA are to provide greater security and stability for tenants and still being fair to landlords, recent data from sources such as Bloomberg and Rightmove hint to a landlord exodus deepening the uncertainty about the shape the housing market will take in the future.

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