

Your Legal Questions

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Q The tenant of my shop has stopped paying rent, what do I do now?

A This is likely to become more common given the current financial situation. If cash flow is the issue there may be scope for accepting rent monthly as a personal concession rather than the usual three monthly. Where a tenant is insolvent or has vacated the property the landlord must decide whether they want the property back to re-let or to keep the lease in place so as to avoid rates liability. If the landlord wants the property back it could forfeit the lease by changing the locks and taking possession provided the lease allows him to do so. This route may not be open to a landlord where there is a residential tenant upstairs in which case a landlord would have to apply to Court. If the landlord forfeits the lease the tenant may be able to claim what is called relief from forfeiture but must apply to the Court. Allied to possession are the arrears themselves. Irrespective of whether the landlord takes back possession there is still a claim for the arrears. If the lease is forfeited the arrears are fixed at that point. If the lease is left in place, the arrears continue to accrue and the claim can reflect this. The landlord may be holding a rent deposit or third party guarantee in which case the landlord could deduct from the deposit or sue the guarantor for the arrears. In certain circumstances the landlord could pursue a previous tenant for the arrears where the current tenant is not the original tenant. As you will see there are options open to the landlord in this situation but legal advice should be taken before the landlord decides what would be the best course of action.

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