

Richard Blanco:

Welcome to Listen Up Landlords with Ben Beadle and me, Richard Blanco. Winter is upon us and along with the seasonal festivities comes a particular kind of property maintenance. Did your pipes freeze in the Beast from the East severe winter of 2018? And could you get hold of a plumber to sort it out for you? That was quite unusual and extreme. But leaking flat roofs, blocked drains, when and how to cut back gardens, and should you grit slippery pavements are all some of the questions we shall be putting to our insurance and trades experts later in the programme.

Richard Blanco:

Catherine Behdad will be joining us from the NRLA advice line for her usual update on matters exercising the portfolios of members across the UK. But first, there is much chatter in the business pages and personal finance press about where interest rates are heading. As landlords and investors, most of us have enjoyed exceptionally low mortgage rates for over a decade, and surely now the only way is up. But when and by how much? Have you fixed or are you on variable rates? And will rising rates make it even harder for newcomers to enter the market? Ben, how do you use finance to fund and drive your business?

Ben Beadle:

Well Richard, I haven't bought anything in the last couple of years. But I have historically been very much typical of the average landlord who I think buys one, wait for it to go up a little bit, takes a bit out, buys another one, and repeat. My investment model is not a sophisticated model yet it seems to work.

Richard Blanco:

Right. Yes. I mean, I've always been a fan of the two-year fixes and I probably, well I do keep a very close eye on where interest rates are going. And I actually got some variable rate mortgages once and then that was when rates just dropped down to 0.1% and I really benefited from that. But it's quite hard to play the market and time the market like that, isn't it? What I do remember, Ben, and I don't know if you remember this, is when the typical mortgage on buy-to-let was an 85% loan-to-value and you just needed a 15% deposit and there weren't stress tests. The stress test were very simple and straightforward.

Ben Beadle:

The good old days when it was easy to invest and you didn't have as difficult a market as you do at the moment. But I have to say, Richard, I'm very much a fan of fixed rate mortgages. And the reason I'm a fan of fixed rate mortgages is I guess with a reasonable portfolio I want to know what it's going to cost me. If I was investing at the moment, I'd be fixing for a very, very long period of time. And maybe Doug will give us a few tips when we hear from him a little bit later.

Richard Blanco:

Yes, I guess so. I mean, I've always been really frustrated by five-year fixes. Of course one of the changes that were brought in was that many of us were forced onto five-year fixes. Because it just takes away that flexibility and it can mean that you're stuck with a rate that's good at the time you get it but then fairly dud a few years later.

Ben Beadle:

And you need a crystal ball to work out exactly how these things are going to pan out. I mean who would've thought that we'd have interest rates at 0.1% as we do at the moment. And if you are on a variable rate when these went down, again, you'd be quids in. But I think certainly for a lot of investors and myself included, the certainty of knowing that things aren't going to change upwardly isn't the traction. For me, I'd sacrifice the lowering of the rate for the maintaining of what I'd be paying each month and just having that security. But people think in different ways and what's for me is not always for everybody.

Richard Blanco:

Yeah. I mean it's all about attitude to risk, isn't it? Depends how nimble footed you need to be over the forthcoming years. Well look, we are joined by Chris Norris who is NRLA Director of Policy and Campaigns, and Doug Hall who is Director of mortgage broker 3mc. Thanks very much for joining us. Doug, can you summarise some of the impacts that COVID and the stamp duty holiday has had on the mortgage market over the past year or so.

Doug Hall:

So in summary Richard, COVID impacted on various areas within the mortgage chain. It was difficult to keep up with lenders' criteria changes on a weekly, sometimes daily basis. Changes included restricted loan to values, lenders pausing new lending which to some extent we can now understand as we did not know what the challenges and headwinds were at the time. Let's just think about this, before March 2020 how many of us in the UK had heard of the word furlough? I certainly hadn't.

Doug Hall:

At the peak in June 2020 there were 1.9 million payment holidays which equated to in the region of one in six of all UK mortgages. With the mortgage payment referral scheme so-called payment holidays, lenders have to move resource to assist with the processing of the requests. Solicitors and surveyors also face challenges due to higher than expected volumes, remote working, and the national lockdown creating delays on valuation inspections. Mortgage brokerage firms face challenges from remote working through to the time taken to research a new inquiry, taking into account the new criteria.

Doug Hall:

This imposed additional time. The initial inquiry whereby it might have taken an hour or two to research when you had in the criteria changes, it was doubling over again. All in all the mortgage process slowed down, added around four to six weeks to the mortgage application journey taking into account the processing challenges faced by all stakeholders in the mortgage chain. Now that the stamp duty holiday is finished and all stakeholders in the mortgage application journey have had sufficient time to adapt to the new environment, I do believe we're now in a more positive position.

Richard Blanco:

Yeah. So a lot of the more restrictive criteria have been loosened now, haven't they Doug? And-

Doug Hall:

That's correct.

Richard Blanco:

... I sense that the mortgage market has gone back to being quite competitive, both in buy-to-let and residential. Is that the sense that you are getting as well?

Doug Hall:

Absolutely Richard. I mean according to Moneyfacts, competition within the buy-to-let market has increased with the number of deals on offer now at the highest level since 2007. At the beginning of September we saw 2,968 buy-to-let deals in the market, which was the highest number since records began at Moneyfacts when there were 3,305 deals in the market. As a comparison if we go back to August 2020, the product availability was 1,600 at the time.

Doug Hall:

And if we just go a little bit further, if we look at UK Finance, so UK Finance is a collective voice for the bank and finance industry and they represent about 250 different firms. If we look at their figures, so pre-COVID 2019 buy-to-let gross lending was in the region of 41 billion, in 2020 the buy-to-let gross lending ended up at around 38 billion. Now if you look at the original UK Finance predictions which were released back in December 2020, this detail of expected reductions for 2021 and 2022 to about 33 billion in buy-to-let for the year.

Doug Hall:

Now if we look at figures, I managed to get some figures up until the end of August, so figures at the end of August 2021 were shown in the region of about 30 billion of buy-to-let lending of which 12 billion is purchased or some 40% has been purchased. Which is higher than average which we can understand because of the stamp duty holiday, et cetera. Usually the split is 70/30 between re-mortgage and purchase. So we're expected to hit probably a minimum of 42 billion this year, if not a little bit more. So we're talking, if you average it out, we're talking probably 10 to 15% increase on the year before.

Ben Beadle:

Thinking about the products that are out there, looks like there's some great rates. So who could benefit from re-mortgaging now?

Doug Hall:

A buy-to-let mortgage is a date stamped transaction. It's either two or five-year fixed rates, so it needs actioning every two or five years. And no customer should be on a lender's standard variable rate, unless they're on what we know as old money rate, a historic Bank of England base rate tracker. But obviously just be mindful of the changes that the bank base are due to come through. Also if you're looking at re-mortgaging, when you're looking to assess your options the majority of mainstream lenders, formal mortgage offers tend to be valid for six months from the date of offer. So landlords should start to look from five to six months before the end of the current deal.

Ben Beadle:

Indeed. And tell me, Doug, I mean typically what sort of rates are people looking at now?

Doug Hall:

If we look at the current differential between two and five-year fixed rates, and I'm talking about the mainstream buy-to-let market first, two and five year we're talking 0.3 and 0.4. And I looked at a 75%

loan-to-value for re-mortgages and I'm just basing this on the initial pay rate. So I'm not taking into consideration the fees for re-mortgages at 75%, we're looking at a rate somewhere between 1.3 and 1.4 for two-year money. And for five-year money we're looking somewhere between 1.7 and 1.8.

Richard Blanco:

Chris, I wanted to bring you in just to look at this issue of what's happened to the mortgage market over the last few years. There were these PRA changes that came in in 2017 where a higher stress tests were introduced, also we had the Section 24 finance changes where the maximum tax relief on finance costs were capped at 20%. Now what was the governor of the Bank of England, particularly with the PRA changes, trying to do to the market there, Chris?

Chris Norris:

I think given that we were probably talking about Mark Carney at that point, he was probably thinking about what next in his career and how that would look good. But-

Richard Blanco:

Right.

Chris Norris:

... Thinking in terms of what they wanted to do to the market was really be objective of any kind of prudential regulation is to provide some kind of stability. So it's to try and take some of the risk out of the marketplace. And I think there was a concern and it's a concern actually that we at the NRLA have had. That you've got a lot of landlords who've come into the marketplace who haven't experienced higher rates. We've got lots of, let's say, more experienced landlords who've experienced rates at 9, 10, 12%, those wonderful heady days of the early '90s when rates could jump by double digits in one day.

Chris Norris:

But we've got lots who've come in and they've not actually seen a rate above about 1%. So I think what the bank of England wanted to do there was take some of that potential risk out of the marketplace with inexperienced investors who hadn't necessarily planned ahead. And they wanted to put in place that stress testing so that you weren't only selecting a product that was good for today, but that product would actually still be viable and your business would still be viable in a few years time. And actually although that was very unpopular, if we do start to see rates increase it will pay dividends now.

Chris Norris:

That some of those products have been tested against that 5% rate. If you consider rates at the moment or they're there 0.1% now, if we do start to see rates creep back up and we do start to see them, let's say, conservatively getting to 2% in the next few years, we're going to have a lot of landlords that haven't experienced that. But hopefully, the kind of products they've got tested against the businesses they're running means that although they'll feel that pain they won't be driven directly out of business.

Richard Blanco:

But this new mortgage environment has made life quite a lot more difficult for new investors trying to get into landlording. So for example, where I would be borrowing 85% loan-to-value back in 2004, now say in London it's hard to get over 60% loan-to-value because of the stress tests. People are being forced

onto five-year fixes which are more expensive. Often they're being pushed towards specialist loan so they're paying over 3%. It's getting a lot harder for people to come into the market, isn't it Chris?

Chris Norris:

To a certain extent it's getting harder for coming into the market. But I think we've just heard that actually there's a lot of competitive rates out there and there's a lot of competition for landlords business. Maybe this wouldn't be a popular opinion in all circles. But I think playing devil's advocate for a moment, you don't miss what you've never had and nobody's forced to become a landlord. Now obviously at NRLA we want as many people as possible to go out there and invest in property and run great PRS businesses. But actually you are not forced into that investment.

Chris Norris:

And I think what we need to be realistic about is that anyone looking to make their first foray into investing in property needs to go into that with their eyes open and invest for today not invest for yesterday. I've actually got a bit more sympathy at the moment for those of us that have been in the market for a little while that actually have got very used to the current set of circumstances and have built our portfolios around the status quo. Previously when we asked association members, you've got historically low rates at the moment but what's your forecast for the future? Should they go up?

Chris Norris:

Our members told us that they thought they could weather perhaps an increase to a base rate of around three, possibly three and a half percent before they really started to feel a squeeze. But that was taken into account being able to offset some of that interest. And actually now since the advent of Section 24, a lot of that protective shield of offsetting has been taken away from us, and they're going to feel that hit quicker. And I think they're going to feel that hit more forcefully now if those rates do start to come up.

Ben Beadle:

Can anyone predict if we will get back to a bank base rate of a normal figure, say three and a half percent given we haven't seen rates that high for 12 years?

Doug Hall:

What is a normal world in this world that we're in? I've seen industry predictions showing that the bank base rate is going to be in and around 1% in three years time as well. So I'm not unduly concerned about what the bank base rate's going to do, because lenders have to achieve volume, they need to achieve targets. There's more lenders coming into the market, investors need assistance and we need to balance it with the economy and the economy needs to grow.

Ben Beadle:

No, indeed. Indeed. And Chris, maybe I might just bring you back in here thinking about things from a policy perspective. Some would argue that the PRA changing were linked to government policy to increase home ownership and generally put the brakes on the PRS. Is there any sense that that policy shift could change or be time limited in some way? Or is it carrying on?

Chris Norris:

Well I think for the official record we have to say that the Bank of England's independent and has been for some time, and they wouldn't be so influenced by political decisions. Would they, Ben? No, it's an interesting point. Obviously fiscal and monetary policy work hand in hand and there's lots of factors they need to look at. We've got a government at the moment that is certainly very closely aligned to or attached to the aspiration for home ownership. And I don't think that's going anywhere anytime soon.

Chris Norris:

But we've also got this very well reported, very well documented housing crisis. So there's a recognition there needs to be a blended mix of housing available. And you don't want to completely turn the taps off of one part of the sector in the hope that the other half will pick up. Obviously if interest rates do start to increase, and I completely agree with Doug's forecast, that we'll see a very slow increase. Of course that also hurts first time buyers getting into the marketplace it doesn't just stop landlords. So I think there's quite a difficult to predict mix out there. And the indicators we've got to look for really are obviously inflation.

Chris Norris:

At the moment we are looking at something like 4% headline inflation and the bank has a target of 2%. So the instinct would be to react with interest rates. And if you believe what's being reported in the media, as they desperately try to get us to panic that rates are going to hike, that would be one of the steps to take. But equally, you've got to balance that with what's happening in terms of the economic recovery. I think if we were seeing the kind of growth we saw in Q2 coupled with inflation we'd start to see that increase, but actually Q3 dropped away.

Chris Norris:

We are only growing as a country at the moment at about 1, 1.5% in the last quarter, and that's really going to put the brakes on what the Bank of England wants to do here. So it's going to be a combination. I think it's going to be a very slow increase when it comes to those rates. And the government in terms of their policy motivations have got to be very careful that they don't predict some changes that actually aren't going to take hold as quickly as they may think.

Ben Beadle:

No, indeed. And Chris, do you think there is a chance that policy makers might look again at the PRA related changes? Or do you think that they're here to stay?

Chris Norris:

I can't see why they'd look to remove them at the moment. So some of the tax policies, as much as we'd love to see them roll back I don't think that's very likely at the moment because it's achieving what the government wanted it to achieve. I think when it comes to prudential regulation it's always being monitored, but I don't think at the moment there are any indications that it's failing or that it's detracting significantly from the market. So I'd be quite surprised if they look at that again.

Richard Blanco:

And first time landlord products are quite limited. There is the argument that lenders are sometimes just too risk-averse. And if they understood the business better they might open up and become a bit more nurturing, dare I suggest, for these corporate entities.

Chris Norris:

Yeah. I think it's interesting when you look at the appraisal of risk because it seems to run in two directions. You're right, lots of companies are actually reluctant to take on inexperienced landlords first time investors. But equally lots of companies are quite averse to taking on portfolio landlords. And that's actually the element that I find very difficult to understand. When you see, and I'm not sure if it's the case now, but certainly a few years ago we had lots of mainstream lenders actually putting fairly arbitrary caps on portfolio sizes and portfolio values when it came to landlords.

Chris Norris:

And this is actually one of those areas where we did do a lot of work with UK Finance and their predecessor, the CML, and individual lenders to try to get a bottom of what that risk assessment was. Because actually surely you want businesses that are successful and are growing and where that yield is being made. And actually I could understand being a little bit reticent to take on very vanilla first time buyers. But I couldn't really understand why you wouldn't want someone buying their fifth or sixth successful buy-to-let property. So it's, it would be really interesting to understand what the perceived risk is in some of those cases, because it does seem to vary quite a lot between lender.

Richard Blanco:

Chris Norris and Doug Hall, thanks very much for joining us.

Ben Beadle:

It may be chilly outside, but Catherine Behdad and her colleagues continue to provide warm words and those all important solutions to your problems, whatever the weather. Welcome back, Catherine.

Catherine Behdad:

Thank you, Ben.

Ben Beadle:

Give us a quick low down on what things are coming in at this time of year.

Catherine Behdad:

We're still getting lots of calls on EICRs or Electrical Installation Condition Reports, gas safety checks, few leaks have already started springing up. So yeah, all three of the main question with them being access and how best to go about trying to access your properties to get repairs or maintenance done.

Ben Beadle:

Because renters won't let the tradespeople in or?

Catherine Behdad:

Essentially that's probably the number one problem. And our advice to members and to landlords in general is to be reasonable. Obviously the minimum requirement for access is 24 hours written notice. But obviously as we all know it's very difficult nowadays to get a tradesperson that 24 hours notice. So give as much as possible and be receptive to your tenants and their needs. Be reasonable and be respectful of circumstances.

Ben Beadle:

Well if our members are anything like my experience this week, the cold nights seem to be bringing boiler problems, leaks, and no hot water. How are our members faring?

Catherine Behdad:

Yeah. I think similar sorts of things. I mean obviously the boiler hasn't been working as hard over the summer, so you turn it on, crank the heating up and suddenly everything goes wrong. And the knock-on effect is obviously plumbers are inundated with work and tenants think that landlords have some automatic access to plumbers on tap as it were 24 hours access. But that's not the case and I would recommend to give realistic timeframes to your tenants.

Catherine Behdad:

And as I said earlier, have regard for their circumstances. I chatted to a member who couldn't understand why a tenant didn't want to give access to a plumber at 8:30am when they've got a newborn baby. They've probably been up since 5:00, 6:00 am still in their pyjamas, all they were asking for was a slightly later time which should be a fairly easy adjustment for a landlord to make.

Ben Beadle:

Sound advice. Catherine, thank you very much. We look forward to hearing from you again in the new year.

Richard Blanco:

Well the three most common causes property insurance claims during winter are escape of water, also storm, flood, and burglary. And escape of water is top of the table with 37% of claims. This is also, of course, the busiest time of the year for all tradespeople as well as plumbers. We're joined now by Steve Barnes who is Associate Director at property insurer, Hamilton Fraser, and Grace Conlon who is Head of Property Management for the east team at London based agency, Portico. Grace, welcome to the show and thanks for joining us. What are the top jobs that the handyman service that you help to run gets asked to do at this time of year?

Grace Conlon:

They're quite busy at the moment with going around and clearing gutters and things like that. Also a lot of our tenants tend to travel home around this time of year, so any redecoration works or anything like that that they prefer to have done whilst they're away, they're pretty busy with things like that at the moment. And our external contractors, roof leaks generally and hot water and heating. We don't actually have any gas engineers on our in-house handyman team, so that work is handed out externally.

Richard Blanco:

Okay. So like me you must be using quite a lot of gas engineers. And this eternal question, why do boilers always pack up in October and November? Do you have any insight into that, Grace?

Grace Conlon:

Yes. It's usually the first time that people actually try to turn on their heating and yeah, we get an influx. But luckily we've got lots of very good gas engineers on our books. So the turnaround's quite quick for that, which is good because they all seem to come in at once.

Richard Blanco:

Oh, they do. So they do have the capacity to come and solve problems when there's that big bulge in demand.

Grace Conlon:

Yep. We're very lucky. We've got very loyal contractors that will prioritise our work, so that's really good. The turnaround is very quick.

Richard Blanco:

What do you think about stuff like clearing gutters, Grace? I mean, should we all be going around in November and clearing the leaves out of gutters? Do they cause enough of a problem to merit that?

Grace Conlon:

I think you really should be checking the gutters probably twice a year, obviously if there's trees close by then maybe more often. We tend to do it on our property inspections or if our handymen go around to do something else that's when they'll have a quick look and let us know whether they think something needs doing rather than having to send a roofer around just for that specific purpose.

Richard Blanco:

It really is worth checking, isn't it? Because overflowing gutters can cause all kinds of damp issues. And it only has to rain heavily and suddenly you discover you've got that problem. The other thing is, I'm curious to find out what you find tends to go wrong with roofs. Because I've had all kinds of issues with roofs over the years. What's cropping up for you and your colleagues?

Grace Conlon:

It's usually when there's heavy downpours or heavy winds, crack tiles, displaced tiles. Again, monitoring moss growing on it will obviously cause damage to the roof.

Richard Blanco:

And I find often the lead work on I think they're called valleys, those dips in the roof on Victorian houses. Do you find that you end up having a lot of lead having to be replaced this time of year?

Grace Conlon:

Not a huge amount. It's not uncommon. We do inspections. When we do our property visit inspection that's something as far as obviously we can see without getting up ladders. We will have a look at the roof and see as much as we can of it to see whether it's something that we think needs addressing.

Ben Beadle:

And Steve, maybe I might just bring you in at this point. Because in my experience I've got a couple of flat roofs and insurers they tend to like flat roofs, do they?

Steve Barnes:

No you're right, Ben. Really with flat roofs, it's more of a case of the insurance company expect you to have them regularly maintained and inspected. So it varies from insurer to insurer. Some might like it

every year, some might like it every other year. If you can't prove that your roof's been maintained, then unfortunately the damage to the roof is not normally covered under insurance it's just the resultant damage that then happens inside the property.

Steve Barnes:

But if you've got a roof maintenance person who's going there, where it's every year or every other year to do an inspection, you've paid for that, you've got a report then the insurance company are more likely to deal with that claim because you are maintaining the property.

Ben Beadle:

Well I know what I'll be doing this afternoon, Steve, that's calling a trusty roofer, maybe getting now people from Portico to help out. But tell me, thinking about some of the problems that do go wrong with insurance and I think you guys have written about this for us recently, would frozen pipes usually be covered?

Steve Barnes:

Again with most type of pipe claims or damage to pipe, the pipe itself the actual fixing is not normally covered under an insurance policy, it's always the results and damage that it causes. So yeah, if you've got a really bad leak and that water's going everywhere, the pipe may cost 100, £150 for a person to come out repair it. But the actual damage the water can cost is a lot more.

Steve Barnes:

And I think Grace has mentioned about the maintenance side in doing things it's important that you let your tenant know where the stop cock is. Because you'll be surprised how many leaks get worse because they're waiting for a maintenance person or a plumber or a heating engineer to come around. And if that takes two hours, five hours a day to get there, that property is flooding. So I think it is important with any type of leak, homeowner, buy-to-let landlord, or a tenant you know where that stop cock is.

Ben Beadle:

Yeah. Sound advice. In my previous life, Steve, I used to manage properties above shops that had really big common areas and horrible staircases up. And one of the things we were always worried about, and it happened unfortunately, were guests, postmen slipping over on that communal area because it was either icy or mossy in one particular case. Who has the liability in that instance?

Steve Barnes:

It would be the freeholder of the actual property. So communal areas of the freeholder, I'll talk about that a bit more in a minute, soon as someone enters your property it's your liability. But in terms of communal areas, it's important that the tenants or even lease holders in some cases advise the freeholder of any problems to allow the freeholder to deal with it.

Steve Barnes:

Though ultimately, if the freeholder is not aware and the tenants have not made them aware, then the insurance company will defend them as much as possible against the claim. However, you do get people

that have been informed there's issues with the communal areas and do nothing about it. And in that circumstance it's very hard to defend and claims have been made.

Ben Beadle:

So in essence in terms of responsibility then, if the tenant knows there's an issue there in terms of ice, moss, whatever, they have a duty to report that to the landlord/freeholder so that they can act upon that. And if they don't, that will determine whether liability sits.

Steve Barnes:

Yes. Perfect there, Ben. I mean, at the end of the day the landlord or freeholder can only obviously deal with issues that they're aware of.

Richard Blanco:

When we're claiming for leaks and damp, Steve, what's the difference between wear and tear and something you can actually claim for? Because we mentioned earlier on about gutters getting full of leaves and stuff, or maybe gutters starting to come off their fixings because they've been there for a long time. Presumably there's a bit of a grey area there, is there?

Steve Barnes:

Yeah. I think the way that the insurance companies will always look is, there's a difference between maintenance and actual damage. And I think the other thing that people have always got to be aware of is what we call gradual operating. So how long has that been going on for? So you'll very rarely find an insurance company will deal with a damp issue because a damp issue isn't something that happens over a day or two, it happens over a period.

Steve Barnes:

With a leak, they'll obviously be results in damage, you'll be able to see the water coming either down the walls or coming through the floorboards onto the ceiling. So again, the actual repairing of the leak should be a maintenance issue, but all the damage that leak then causes should be covered under your insurance policy.

Richard Blanco:

And what about leaks from other properties? I mean, I've got a property where next door is in very bad state of repair and damp is coming through the wall from next door. What would happen with that sort of issue?

Steve Barnes:

I mentioned it as well with shops and flats. When you get a leak from another property that is affecting your property, unfortunately the first thing I would always say is to make sure that you are insured so your insurance company can deal with it. Then you've got the issue of proving where the original source comes from. So give you two scenarios. Someone leaves a bath overflowing and just leaves it and leaves it and that affects your property. If they've done nothing to stop that, then the insurance company has got a good chance of making a recovery against the other people's properties insurance.

Steve Barnes:

The flip side is if you had a washing machine that leaked and it leaked and it got through the wall or went through underneath the ceiling, and that was just an act of God, just something had happened a pipe had burst, then unfortunately all the person of the next door property or the flat above has got to do is repair the washing machine. Unfortunately the damage that occurs is your damage. It's your property that's damaged so you have to claim off your own insurance.

Steve Barnes:

Now we probably as a claims department get more people having to moan up about us as to why they've got to pay their excess, why have they got to deal with the claim, why has their insurance gone up because something that's happened at a different location. Unfortunately accidents happen, things happen and that's what insurance is there for. So if the person couldn't foresee an issue with their washing machine, then unfortunately that's down to you to claim off your insurance.

Steve Barnes:

I have seen the other side of it where someone's gone, got their insurance company and been told that the washing machine above has been fixed, and then two weeks later the same problem has happened again. And then that's a different scenario where your insurance company could ask for proof, receipts from the above or the neighbouring property. And if they can't get that, then basically they haven't dealt with the actual problem and hopefully the insurance company could go back after them. But I think the most important thing is to make sure your property's insured and you are covered, and then see what you can do regarding a third party.

Richard Blanco:

You're drawing the distinction there really between accidents caused by somebody's negligence or by an act of God. Now what about this age old dilemma, Steve, should I claim or shouldn't I? And how will claims affect future premiums? That often deters me from claiming and others from claiming. Sorry, I don't want any of my insurers who are listening to think that I've had 100 accidents that I haven't claimed for. But you know what I mean.

Steve Barnes:

I think for me, it's easy for me sitting here because obviously it's not my money it's the landlord's money or homeowner's money. But I think what you've got to look at with insurance is therefore what I would call a disaster catastrophe that the general person wouldn't be able to afford to repair or make good. Insurance companies believe it or not, not that we want loads of fire claims by the way guys and girls, is they would rather have a one-off say 5,000, £10,000 fire claim at a location than someone claiming two, £300 for three or four leaks a year.

Steve Barnes:

Because they'll look at the frequency of what that person is, and is that person looking at the insurance as more of a maintenance issue or as a disaster catastrophe policy. So you are right, I've seen more insurance companies put up higher premiums for people that have had two or three small claims in a year than having one larger five, £10,000 claim in a year. So you can look at it that some of the repair bill and the maintenance could be covered at your end of year when you do your returns. If it is a couple of a hundred pound here or there, you are better off dealing with it yourself and then seeing what you can claim back at the end of a tax year, than obviously it affecting your insurance policy. If you become a frequent claimer, you do find it a lot harder to get insurance and to get insurance at a competitive price.

Richard Blanco:

And of course these claims sit on your file for five years typically. I've got over 10 buildings insurance policies, and I worry that if I claim on one it's going to affect all of the others. Is it true that even if you call the insurer to discuss an issue but don't make a claim, the premium can be affected?

Steve Barnes:

Not on a house landlord insurance. The way it would operate you'll get people ringing up, "I've got a problem with my property, you need to send someone down there to look at it for me." Now what we would say is, "Have you contacted a roofer, a plumber, gas safety engineer to look at it just to make sure what the issue is?" Now some people are like, "Well, I can't do that." So they expect the insurance company to send a loss adjuster. Now generally a loss adjuster will cost the insurance company four to £500 to go and make that visit and then do a report.

Steve Barnes:

Now as soon as that report's done and the insurance company paid out four or £500, that would affect your insurance claim whether you proceed to follow the claim through. That's why I think it's important that you get your network of people that could come and say, "This is what the problem is." Before you get your insurance company sending tradesmen or loss adjusters out to look at the property for you.

Ben Beadle:

Steve, thanks. And Grace, maybe I might just bring you back in here. Steve mentioned about using tradespeople, but if our listeners are anything like me I really struggle. So somebody that's really experienced in managing properties, what's the best way to find a decent tradesperson?

Grace Conlon:

Get a managing agent. It is true.

Ben Beadle:

But I'm too tight, Grace. I'm too tight.

Grace Conlon:

I mean obviously the contractors that managing agents have, they're going to be tried and trusted, they're going to be fully vetted, they're going to be used quite a lot by that company so it's in the contractor's interest to do a good job. If not, we also have our fabulous team of handymen who are very good and cover everything from decorating, plastering, plumbing. And clients that are not known to Portico are more than welcome to use them. If anyone is interested, they can just go on our website under handyman.

Grace Conlon:

But yeah, it's pretty difficult to find decent handymen. I mean, if you were going to search online I'd probably check something like Checkatrade, because obviously you've got customer ratings on something like that. But yeah, it takes a long time to build rapport and relationships with contractors and it's not an easy feat.

Ben Beadle:

I was just going to say, Grace, that as a landlord or an agent that you want good value, reliability, and quality, don't you? And sometimes they don't always come as a three. It can be difficult to find all three traits.

Grace Conlon:

One thing I would suggest is that you get three quotes if you're using a company that you've not used before. Get three separate quotes because the cheapest quote tends not to be the best one. More often than not they're cheap for a reason. A good contractor will become parable with other quotes. If you are getting a quote in that's considerably cheaper than another two that you've got, there's probably a reason for that.

Ben Beadle:

And tell me, I guess the relationship that you have with your contractors is going to be absolutely key. Not just for them continuing to get work but you in turn making sure that they do a good job, right?

Grace Conlon:

Yeah, definitely. If they're good, we'll continue using them. And monetary-wise to them that makes a big difference. And also just where they will prioritise our works with our handyman, our in-house team we'll obviously arrange their diaries. So if there's work that isn't particularly urgent we can redo their diaries and get any urgent works that need to be done quicker sorted sooner.

Ben Beadle:

Now and you mentioned that prioritisation of work, actually. Thinking back to my previous life, I remember a lot of my property managers calling in favours with contractors when they had an emergency appointment on Christmas Eve so that those renters could enjoy their Christmas. And I guess, being able to leverage that type of relationship is hugely advantageous.

Grace Conlon:

Definitely. And beg if you have to. But generally we have that rapport that we can talk then into it.

Ben Beadle:

Well, we wish you all the very best with your maintenance endeavours. And let's hope that we have a relatively calm winter after all of the pandemic drama this year and before actually. Grace Conlon, Steven Barnes, thank you very much for joining us.

Grace Conlon:

Thank you.

Steve Barnes:

Thank you, Ben.

Ben Beadle:

Well that's it for this episode. Listen Up Landlords comes to you from the National Residential Landlords Association. And our producer is Sally Walmsley.

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Richard Blanco:

For more information on the topics covered in this episode, do make your way down the well gritted path to nrla.org.uk. And don't forget to follow the NRLA on social media for the very latest on all things PRS.

Ben Beadle:

Thank you to all of our guests and to you for listening. See you next time.