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Millions Lost as Renters Miss Out on Deposit Disputes, Generation Rent Warns

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Tenants across the U.K. are potentially losing millions of pounds due to a tenancy deposit system that campaigners say is unclear and easily manipulated by some landlords. Generation Rent, a renters' advocacy group, claims that many private tenants are unaware of their rights or feel pressured into accepting unfair deductions rather than entering into a formal dispute.

In comments given to *The Guardian*, Dan Wilson Craw, deputy chief executive of Generation Rent, said the system is failing renters. He pointed to confusing processes, threats, and

delays used by some landlords to put tenants off from challenging deductions. “Ultimately, that puts millions more in unscrupulous landlords’ pockets,” he said.

Tenant Challenges

According to research based on responses from 2,000 private tenants, 46 per cent of renters did not know they could formally challenge deductions from their deposit. Even more concerning, only 4 per cent had used the government’s free dispute resolution service, despite its existence within the official Tenancy Deposit Scheme.

The survey also found that one in four tenants who chose not to challenge an unfair deduction said their landlord had threatened to make a bigger claim, refused to engage in the adjudication process, or failed to protect the deposit in an approved scheme. Under current law, landlords are required to protect a tenant’s deposit in a government-backed scheme within 30 days of receiving it and provide proof to the tenant.

Figures from the Tenancy Deposit Scheme (TDS) show that when tenants raise disputes, the process is often in their favour. Of those who went through TDS, 77 per cent recovered part of their deposit, while 32 per cent got all of it back. Generation Rent’s own review found that on average, tenants reclaimed 79 per cent of disputed funds when they challenged the deductions.

Wilson Crow said the figures show that contesting deductions is usually worth it, but the barriers to doing so are too high for many. “Because challenging deposit deductions is usually worth it, renters put off from doing so are losing hundreds of pounds of their own money,” he said. He added that the government’s ongoing review of deposit protection presents a chance to reform the system and build tenant confidence.

Generation Rent calls for several changes to make the system fairer and more transparent. These include a 14-day deadline for landlords to return deposits after a tenancy ends, a legal requirement for landlords to take part in dispute resolution if initiated by a tenant, and a 10-day limit for resolving disputes. The group also wants landlords and letting agents who repeatedly break the rules or make excessive deductions to face financial penalties.

A government spokesperson responded, “It is completely unacceptable to unfairly withhold a tenancy deposit, and this government is cracking down on rogue landlords who make tenants’ lives a misery.” The spokesperson confirmed that the Renters Rights Bill will equip

local councils with stronger powers to investigate abuses, including the ability to obtain financial information from landlords.

While the legal framework for deposit protection exists, the findings suggest that many renters are still left vulnerable by poor enforcement and confusing rules. Campaigners argue that too many tenants will continue to lose out without stronger safeguards and clearer procedures.