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Ministers Scrap Pet Insurance Plan for Renters as Lords Push Back with New Deposit Proposal

July 9, 2025

— Categories: *Politics & Government*



Labour ministers have dropped a key measure from the Renters' Rights Bill that would have allowed landlords to require pet insurance, sparking a renewed debate over how to balance tenant rights with landlord protections. Conservative peers have responded with a proposal for an optional pet deposit, setting the stage for a showdown in the Commons.

The Labour government has quietly shelved a proposed measure that would have allowed landlords in England to require tenants to take out specific pet insurance. The plan was part of the Renters' Rights Bill unveiled last autumn, which aimed to expand legal protections for tenants seeking to keep animals in their homes. However, the measure was withdrawn on Monday after the government amended its legislation in the House of Lords.

Housing Minister Baroness Taylor of Stevenage told peers the proposal was being dropped due to concerns from the insurance industry that relevant products might not be made available on a sufficient scale. "We do not want to leave tenants in a position where they are unable to comply with impractical conditions that a landlord may place on the tenant as part of their pet consent," she said. Her comments follow growing unease among insurers about the viability of creating new pet-specific products in time for the legislation's rollout.

The move has triggered a backlash, particularly from Conservative peers who argue that the government is abandoning landlords. In response, the Lords narrowly passed an amendment, by 206 votes to 198, that would give landlords the power to charge a refundable pet deposit of up to three weeks' rent, to cover potential damage caused by animals during a tenancy. This would be in addition to the standard five-week deposit limit introduced in 2019.

Baroness Scott of Bybrook, the Conservative shadow housing minister, defended the amendment, saying it gave landlords a "realistic and essential route to recoup costs" now that the insurance requirement has been dropped. She noted that the risks associated with allowing pets often exceed what is covered by standard tenancy deposits.

However, the three-week deposit plan is expected to be overturned when the bill returns to the House of Commons, where Labour holds a commanding majority. Critics of the proposal, including the Renters' Reform Coalition, argue it could deter pet ownership among tenants. Paul Shanks, a spokesperson for the group, claimed "three in four landlords don't experience pet damage at all," and that average costs were lower than three weeks' rent.

On the other side, landlord representatives are expressing frustration with what they see as erratic policymaking. The National Residential Landlords Association (NRLA) called the government's U-turn "a shoddy and outrageous way to make law" that will force landlords to absorb greater risks. The group had initially supported the insurance requirement as a fair way to balance tenant freedoms with property protection.

When the Renters' Rights Bill was first introduced, then-Housing Secretary Angela Rayner argued that the insurance requirement would help reassure landlords as tenants gained stronger rights to keep pets. That position has now been effectively reversed, raising questions about the Labour government's handling of housing reform and legislative consistency.

While Labour insists the traditional deposit system offers sufficient protection, the ongoing debate suggests the issue is far from resolved. Ministers have acknowledged they may revisit the matter if evidence shows widespread landlord losses from pet-related damage.