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Cases by buy-to-let landlords to evict tenants jump 23% as credit crunch takes hold

- **Repossession claims by social landlords drop by the same percentage**

Claims for repossession of residential properties by private landlords jumped by 23% as the credit crunch took hold, according to figures obtained by Sweet & Maxwell, the legal information provider.

Repossession claims issued by private landlords in the courts surged from 17,047 in 2004 to 21,004 in 2008.

At the same time, claims for repossession by social landlords declined 23.5% from 136,198 to 104,165.

Private landlords now account for 17% of all claims for repossession in rented property compared to 11% in 2004. 14% of households are renting from private landlords.

Sweet & Maxwell says that some tenants in private rented accommodation were living at the limit of affordability using bonuses, tips and overdrafts to finance their normal expenditure. With the onset of the credit crunch leading to bonuses and personal loans being cut, many tenants were left unable to pay the rent.

Michael Donnellan, Partner at Trowers & Hamlins, the leading City law firm, comments: "The credit crunch led to a sudden drop in many tenants' incomes. You don't need to become unemployed to see your finances pushed over the edge."

"Private landlords have come under financial strain themselves and are likely to move much faster to replace a non-paying tenant with a paying tenant during a period of financial uncertainty."

Michael Donnellan says that new protocols for rent arrears, which came into force in 2006 with the intention of reducing the number of disputes between tenants and social landlords which reach court, have been successful in reducing repossessions by social landlords during the credit crunch. The new protocols

stipulate that social landlords should establish earlier contact with tenants who fall into arrears and seek to arrange payment plans.

He says: "Social landlords have faced pressure from the Government to deal sensitively with tenants who get into financial difficulty during the credit crunch and use repossession as a last resort. This has meant looking beyond the courts to settle rent disputes."

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Notes to Editors:

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Press enquiries:

Michael Donnellan
Partner
Trowers & Hamlins
Tel: 020 7423 8578

Paul Arvanitopoulos or Nick Mattison
Mattison Public Relations
Tel: 020 7645 3636
Mob: 07941 943960