

Landlords Legal Expenses and Rent Guarantee Cover

Insurer

Insurer: Financial & Legal Insurance Company Limited

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Lexelle
Much more than broking

Financial & Legal Insurance Company Limited is authorised
by the Prudential Regulation Authority and
is regulated to operate in the UK by the Financial Conduct Authority.

(FCA Firm Registration Number: 202915)

Product summary

Lexelle has 2 policies designed to provide legal protection to landlords renting property for residential purposes:

- Landlords Legal Expenses Insurance
- Landlords Legal Expenses **with Rent Guarantee** Insurance

Both are designed to assist with disputes where a tenant has breached the tenancy agreement, the policy including rent guarantee also pays for loss of rent for up to 12 months (up to vacant possession).

As with all insurance there are some obligations on the landlord, and these include:

- There must be a formal and valid tenancy agreement in place between the landlord and the tenant
- Referencing for all tenants and guarantor including credit references and other documentary evidence must be obtained and retained showing the tenant's ability to meet their obligations under the tenancy prior to the start of the tenancy

Specific areas of Cover

Both policies are the same in respect of legal cover to pursue tenants following a breach of the formal Tenancy Agreement such as:

- Not paying rent
- Evicting anyone living in the Landlord's property without permission
- Damage to or loss of fixtures, fittings, furniture or equipment (loss must be over £1,000)
- Legal Defence of criminal proceedings in respect of any act or omission by the policyholder arising from letting of the rented property

NB. The above are all subject to having reasonable prospect of success, i.e. it is likely the landlord will gain possession or be able to get the £'s out of the tenant.

Landlords Legal Expenses & Rent Guarantee Cover Features & Some Key Exclusions

Legal Advice Helpline

24/7 LEGAL HELPLINE SERVICE

Free Legal Advice Telephone Helpline for legal issues falling under the jurisdiction of the courts of England, Scotland, Wales and Northern Ireland

Some Important Exclusions

- The Legal Advice Helpline is not to be used as an alternative to making a claim under the policy and is for general legal advice only.
- The helpline is not restricted to advice regarding tenancy related legal issues.

Pursuit

The administrator will negotiate for your legal rights;

a) after an incident of physical damage to your property. The amount in dispute must be more than the security deposit or £1,000, whichever is the greater.

b) in trying to get possession of your property that you have let under a tenancy agreement, following a breach of the tenancy agreement.

c) in trying to get possession of your property that you have let under a tenancy agreement, where you can evidence you need to do so to;

I. undertake renovations;

II. sell the property;

III. use the insured property as your own home.

d) to evict anyone (including squatters) in your property who has not got your permission to be there.

e) to recover any rent your tenant owes you for your property up to vacant possession.

You must give the tenant correct notices telling him or her that you want possession of your property, and the eviction must have prospects of success and be proportionate.

Legal Defence

The **administrator** will defend **your** legal rights if an incident arising from **you** letting **your property** leads to **you** being prosecuted in a criminal court

Hotel Expenses

The **administrator** will pay up to £100 per day up to the **limit of cover** for hotel expenses, where no other alternative accommodation is available, while **you** try to get a possession order for **your property** so **you** can live in it.

Rent Guarantee (if selected)

Rent Guarantee	Some Important Exclusions
<p>Any rent that is one month or more outstanding that your tenant owes you up you obtaining vacant possession under a tenancy defined in Section 1b (i) (a to f) of this policy, provided that such arrears occur during the tenant's occupation of your property, and we are providing cover under Section 1 of this policy for you to get repossession of your property.</p> <p>No payments will be made in respect of rent arrears until the tenant is at least one month in arrears and we/the administrator have accepted your claim to evict the tenant due to rent arrears.</p> <p>We/the administrator shall be entitled to take over and conduct in your name the defence or settlement of any claim, or to prosecute for our own benefit any claim for indemnity or damage or otherwise and shall have full discretion in the conduct of proceedings or in the settlement of any claim. You will give us all such information and assistance as we/the administrator may require.</p>	<ul style="list-style-type: none">a) more than the maximum monthly rent payments of £2,500 for the period of 12 months;b) any advance amounts or deposits paid to you by the tenant that are not required for the repair of dilapidations. Receipts may be offset against settlement of a claim.

Farillio Landlords Hub (if Rent Guarantee was selected)



Farillio Landlords Hub	Some Important Information
<p>Farillio Landlord Hub enables landlords to manage their risks, be compliant, and avoid common legal concerns and claims (such as property damage and repossession). It provides all the necessary up-to-date legal documentation that landlords need, including a large library of digital legal templates that can be tailored, branded, shared and e-signed, along with self-help guides and workflow tools covering; onboarding and managing tenants, rent increases, rent and debt management, disputes with neighbours, health and safety and many other topics.</p>	<p>The Farillio service is separate from the cover provided under this policy and responsibility for the service provided rests with Farillio. To access Farillio Landlord Hub for free, you must agree to Farillio's terms of use when registering your account on their system and it is an agreement between you and them.</p>

The policy that can also pay the landlord

The policies are not only restricted to legal fees and services. They may also pay money to the landlord in certain circumstances:

- Where appropriate eviction notice has been issued upon the tenant and they fail to vacate. If the Landlord was to move back into the property, we will pay to the landlord up to £100 a day (for up to 30 days/£3000 limit) towards alternative accommodation.
- The policy including Rent Guarantee will pay lost rent up to the sum or for the duration of 12 months (the standard Landlords Legal Expenses policy does not cover the actual rent itself).

Exclusions

- Where the landlord has not met the referencing requirements (the most common one).
- Professional fees incurred after the Landlord has recovered full and vacant possession of the rented property.
- Any costs relating to a disagreement with the tenant when the event is within the first 90 days of the start of the policy and the Tenancy Agreement started before the period of cover.
- Where it is evident, in our opinion, that the policyholder was aware that a claim may occur prior to purchasing the policy.
- Any insured event that occurred prior to commencement of the policy.

Rent Guarantee Exclusions

- The policy will cover the rent up to the sum and for the duration purchased and detailed on the policy schedule (so if £2,500 for 12 months cover is purchased and the rent is only £800 a month, they will get a maximum of 12 x £800)
- The policy will not cover any advance amount or deposit paid to you by the tenant that are not required to cover repairs (this will offset against the rent owed)
- Rent guarantee is only paid where the policy is providing cover under the pursuit section for you to regain possession of the rented property

CASE STUDIES



MISSED RENT

- Tenant had been in property 6 months without issue but then missed a rental payment, the Landlord chased payment and the tenant explained he was late getting paid and will catch up before next rent is due.
- Landlord reported the matter to Lexelle as a potential claim in case the tenant did not catch up on the rent. We provided advice and reminded him of policy requirements (ringing employer and issuing notice within 45 days etc.)
- Tenant then missed the further payments, and the Landlord issued the relevant notice on tenant and returned to us to make a claim to evict the tenant .
- The claim was accepted and transferred to solicitors who evicted tenant.
- It was confirmed the tenant had lost his job, so unable to settle debt (rent and some damage) that went over the deposit. However, the policy pursued did get the tenant evicted so the landlord at least regained possession of property to re-rent.
- If the policy included Rent Guarantee it would have paid the unpaid rent to the Landlord as well as obtaining vacant possession.

REFUSAL TO QUIT

- Landlord wanted to sell his rented property so issued appropriate notice (providing well in excess of minimum notice required) to the tenant that they must leave the property at the end of the agreement.
- However, tenant was waiting on the local council to find alternative accommodation. The council advised the tenant they must not leave at the end of the notice but wait to be evicted and be placed into emergency housing.
- The tenant therefore failed to move out when required, and the Landlord therefore reported the matter to us to claim.
- The policy appointed solicitors who took over the matter and obtained the eviction.
- The tenants still did not leave despite the court ruling, the policy therefore funded bailiffs to enforce the eviction.

LETTING AGENTS

- Landlord rented property via letting agent.
- The agents undertook the referencing of the tenants and allowed them into the property.
- All seemed ok for a few months until the tenant defaulted on the rent.
- Claim was reported to us and the insured completed claim form.
- We reviewed documents; however, we noted issues with both tenant's references. Both were from the same employer and stated both had the same income, also the proof of address for each tenant was a default letter (one from a bank and another from a breakdown company). Also, the tenants had not been resident in the country for very long therefore whilst they had a clear credit history (no CCJ's) this was in fact of no real value.
- In view of the referencing, it was clear the tenants were high risk and should have had a guarantor.
- Whilst we understood the Landlord was relying on the Letting Agent to vet the tenants and therefore not his personal failing, but as the agents were acting on his behalf, we had no option however to reject the claim.