

A Direct Debit Collection Guide for Landlords





If you're a landlord collecting rental payments, whether for commercial or residential property, few options provide the stability and security of a Direct Debit solution. As a landlord, you'll no doubt be aware of the importance of receiving rental payments on time; after all, the likelihood is you'll have a buy-to-let mortgage to pay. Some landlords have even gone as far as paying their tenants to set up a Direct Debit for the peace of mind it brings.

Unfortunately, despite it being the most important aspect of any tenancy, landlords have little control over how their tenants pay, or in fact, if their tenants pay at all! The same can be said for letting agencies. For many, it's simply a case of waiting each month to see when and if the payment is made.

If that isn't reason enough, here are three more benefits of setting up a regular Direct Debit collection with London & Zurich to collect your tenants' rent...

LANDLORDS CAN REDUCE LATE PAYMENTS & RENT ARREARS

Late payments and non-payments are arguably the biggest problem landlords face. Landlords in the UK are left £900m out of pocket every year due to unpaid rents. 40% of landlords have had an issue with a tenant not paying rent, with research showing that 46% of tenants with arrears had not paid the money back.

Tenants who are persistent late payers are a thorn in the side of UK landlords. Not only do landlords have the inconvenience and stress of having to find out why the payment is late 'this time', but a late payment can also make it difficult for landlords to meet their own financial obligations, such as paying their buy-to-let mortgage.

By setting up a Direct Debit, you can take control of the payment of your rent. Once you have authorisation from the tenant, you can collect rental payments on the day they are due, without having to contact the tenant

each month. So, you won't have to worry about sending emails or making phone calls to find out why the payment is late. This can also benefit the tenant, as once the Direct Debit is in place, they don't need to worry about putting a cheque in the post or setting up a standing order.



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INCREASE THE RENT OR ADD EXTRA CHARGES

We're not advocating regular hikes in your tenants' rental payments, but there are times, as a responsible landlord, when you might need to increase the rental price or make additional charges for damage to property etc. In the case of a standing order, you would need to cancel the existing standing order and ask the tenant to set up a new one. This is clearly not without risk, as you cannot be sure the tenant will set up the new standing order.

With a Direct Debit, you'll have full control over the amount and the timing of the payment from the tenant. This removes any risk and saves the tenant the time it would take to set up a new standing order.

REDUCE YOUR ADMINISTRATIVE BURDEN

The life of a landlord is busy enough without having to pop to the bank to cash cheques every month or check your bank balance every five minutes to see if the payment has arrived. Then there's the administrative cost of chasing late payers, which is not only time consuming but also frustrating and stressful.

Once a Direct Debit is set up, your administrative burden is nil. The money will be taken from your tenant's account every month on the same day, so you'll know when it's in your account without having to check. If the tenant chooses to cancel their Direct Debit, you'll be informed right away.

For more information, please read our simple guide to Direct Debits or get in touch with our expert consultants today.

 info@landz.co.uk

 0121 418 7430

 +44 0121 234 7999



London & Zurich Ltd
Unit 5 The Courtyard
707 Warwick Road
Solihull, West Midlands
B91 3DA