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'It just feels insurmountable':

Tenancy deposits in Britain



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Executive summary

- The UK tenancy deposit protection (TDP) system's complexities, including difficulties resolving disputes with landlords or letting agents and unclear policies on "fair wear and tear", make it difficult for tenants to navigate financial challenges at both the beginning and end of tenancies.
- Tenants face substantial financial strain at the start of a tenancy due to high upfront costs, including deposits, as well as rent and moving fees. Our survey found a quarter of respondents borrowed money from family or friends, 14% turned to credit options like loans or credit cards, and nearly a third used their savings to cover these costs.
- Focus group participants reported being unable to move within the private rented sector due to these upfront costs, which have become higher in recent years. This means that some have had to stay in poor-quality homes, or they have had to turn to family members with whom they have poor relationships for financial support. We heard that the costs of deposits also have knock-on effects on other parts of tenants' lives, such as not being able to afford entertainment and leisure for themselves and their children.
- In addition to these challenges, tenants reported problems with deposit deductions. Our analysis of the survey found that 74% of current tenants paid a full deposit for their previous tenancy. Of all respondents who paid a full deposit for their previous tenancy, 62% reported that it was protected by their landlord or letting agent.
- While 56% received their full deposit back, 37% had none or only some returned. One in five respondents (18%) felt forced to accept what they saw as unfair deductions by their landlord.
- Just 5% of respondents raised a dispute through their protection scheme, equating to one in five for whom it may have been appropriate. Some tenants in our focus groups explained that financial pressures were so acute that they accepted unfair deposit deductions in order to get at least some money back quickly.
- Deposit protection schemes were a source of both hope and frustration for tenants. In the focus groups, tenants told us that disputes over deposit deductions often took months, while many felt unaware of their rights or unsure about how to challenge unfair claims. Unnecessary or excessive cleaning fees were a common complaint, which some tenants did not feel were adequately addressed in adjudication.
- Tenants with disabilities may be particularly at risk of unfair deductions on deposits.
- Overall, tenants felt these disputes can be time-consuming and stressful, making some hesitant to raise issues in future tenancies.
- Many renters expressed a desire for a simpler, more transparent system, with better protection against financial exploitation. As one tenant explained: 'I think what they're hoping for is for the people that don't want to kick up a fuss and don't want to say anything'. The impact of this is clear, as shown by another tenant:

'I so desperately needed any money back from the deposit that going into an argument, even though it was £100, £150, that was a lot at the time, just the fact of delaying getting the rest of the money back meant that I said, yeah, that's fine.'
- Generation Rent is conducting research to better understand the system of tenancy deposit protection in Britain and tenants' experiences of paying deposits. This first report presents the findings from a survey of 1375 Generation Rent supporters and focus groups with 23 renters across Britain.
- This report is published alongside a review of evidence from TDP systems in other countries. Following the next stage of the research, where we will discuss policies in place in other countries with members of the focus groups, we will publish a final report with recommendations.

1. Introduction

Rent rises across the private rented sector (PRS) have meant increasingly high costs at the beginning of a tenancy, with rents increasing by around £300 on average over the past five years.¹ Along with upfront rent and moving costs, the tenancy (or ‘security’) deposit adds considerable strain to renters’ finances when moving home. Generation Rent estimates these costs can total around £2,200.² The tenancy deposit typically represents four weeks’ rent,³ totalling an average of £1,118⁴ in England and Wales in 2024. Deposits are capped at a maximum of five weeks’ rent in England and two months’ rent in Scotland. However, most of those moving from a previous rented home have paid another deposit, which is usually not returned in time to cover their new tenancy. While it is a legal requirement for

these deposits to be protected in a deposit protection scheme, evidence from the English Private Landlord Survey shows that a minority of landlords and agents continue to flout the law.⁵ Even where deposits are protected, tenants can often experience long waits for the return of their money, or face claims upon it from landlords that they feel are unreasonable. Disputes relating to these claims is an area on which little research exists, with anecdotal evidence showing varied experiences. Generation Rent is finding out more about tenants’ experiences of paying deposits, including a survey of its supporters and a series of focus groups with renters across Britain. This report presents the findings of this element of the research.

2. Methodology

Generation Rent conducted an online survey of its supporters in Autumn 2024, achieving 1375 responses. This included questions relating to tenants’ current and past use of deposits. In early 2025, Generation Rent also undertook a series of focus groups with

renters from across Britain, focussing on deposits and deposit protection. Findings from both elements of the research are reported here (see appendices for more information).

1. ONS. 2025. <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/latest#private-rents-by-country>
2. Generation Rent. 2024. <https://www.generationrent.org/2024/10/09/the-renters-rights-bill-second-reading/#:~:text=Generation%20Rent%20research%20has%20shown%20that%20an%20unwanted,and%20this%20means%20the%20two-month%20period%20is%20proportionate.>
3. UK Government. 2024. <https://www.gov.uk/government/statistics/english-private-landlord-survey-2024-main-report/english-private-landlord-survey-2024-main-report>
4. UK Government. 2024. FOI release.
5. UK Government. 2024. <https://www.gov.uk/government/statistics/english-private-landlord-survey-2024-main-report/english-private-landlord-survey-2024-main-report>

3. Research findings

3.1 Affordability and costs

Tenants face significant financial pressure at the beginning of a tenancy, with rent, deposits and other moving costs contributing to high upfront costs. In our survey, tenants were asked how they met these costs at the beginning of their current tenancy. Nearly a third (32%) of respondents had to dip into their savings to cover these expenses, while a quarter of tenants had to borrow money from friends or family. For 14% of tenants, credit became a lifeline, whether through credit cards, overdrafts, or loans. Only 29% of tenants were in a position to comfortably cover these costs from their current account.

Upfront costs at the beginning of a tenancy were a common problem amongst focus group participants also. Many tenants said that these costs were stopping them being able to move within the PRS, with the deposit being a significant burden that adds to rent and other fees. One tenant described needing to move for their partner's mental health, but not being able to:

We really needed to move, but we couldn't because the deposit was the big sticking point. You can kind of sort of fiddle about with some other costs ... but having to have that deposit up front as well as the next month in advance, it was just too much.

Rent rises in recent years, and the consequent increased deposit costs, were also repeatedly noted as a significant concern. As one participant in their late 30s said, 'with rent rises [deposits are] just more and more money each time, and it just feels insurmountable'.

Many of the participants have had to borrow money in order to meet these upfront costs, including through credit. Some cited difficulties in timing moves, or overlapping costs, as the reason to need to borrow:

It's that timing issue that always happens. You're not in a good place and you really should be moving. But you can't because of coming up with the deposit. So you basically have this constant outlay of money. And then if you put it on the card or borrow it, you know you're losing money each time you move.

Several participants described having to rely on their family to help them meet the costs of a new tenancy, including being forced to turn to family members they

had poor relationships with. At the same time, tenants who claimed benefits said that these couldn't help you meet upfront costs.

One participant in England had used a local council-run deposit loan scheme and had found the experience positive, including being able to repay the loan in manageable amounts every month. They also noted that, given high housing costs in their local area, they would otherwise have not been able to move. However, another English tenant had been homeless and had turned to the council for a deposit loan, and were informed that the council would need to tell a new landlord that they were homeless before the loan could be offered. The tenant did not feel that they could use the scheme because of this, fearing that the new landlord would refuse them the tenancy.

The high cost of moving, and losing money on deposits, meant that saving money was often hard for the participants. For example, many tenants said that they wanted to own a home, but that they can't save up for a mortgage deposit. One participant in their 30s said:

I lived with my mum and dad to save until I had a deposit for a house. That was my original plan, but obviously the housing market was just shocking. Houses were really expensive, so I ended up renting and I had to go into my savings, which was meant to be my deposit ... it's not much of a deposit anymore really.

Another noted that it isn't just the mortgage that you need to save for:

To move from renting into owning, you need to save for a mortgage, but also for estate agents and solicitors. I've noticed a real change in this in the last, like, three to five years, I would say. Like, it's just become impossible to save up anything.

Tenants agreed that, when they needed to move, upfront costs stopped them doing other things for significant amounts of time. This included entertainment and leisure, but also spending on activities for their children, as one Scottish renter explained:

I've got two kids ... and it just means you can't take them out for fun things for a little while, which to me is an essential.

3.2 End of tenancy deposit deductions

The tenancy deposit remains a significant proportion of upfront costs for many renters, particularly as most will be beginning a new tenancy before they have received their previous deposit back. 74% of tenants responding to our survey reported that, for their previous tenancy, they paid the full deposit. 3% reported that they paid a smaller one-off fee or a regular payment instead of a deposit. 82% of tenants reported they paid a deposit at the beginning of their current tenancy, while 4% paid an alternative. Deposit 'alternatives' include Financial Conduct Authority-backed insurance products, however, most schemes are

unregulated. Many deposit 'alternatives' require tenants to pay an upfront fee (often equivalent to one week's rent)⁶ or a monthly fee instead of a deposit.⁷ These fees are predominantly non-refundable.

As shown in Figure 1, while more than half (56%) of renters who had paid the full deposit for their previous tenancy received their full deposit back, others faced various challenges. Almost a quarter of tenants did not get all of their deposit back and did not think the deductions were reasonable. Of these, over one in five renters used the deposit scheme's dispute resolution service.

What happened to your deposit at the end of your last tenancy?

Values represent proportions (%). N=641.

- Received full amount back
- Deductions were reasonable
- Negotiated deductions with landlord
- Landlord refused to return deposit
- Took landlord to court
- Didn't ask for the deposit back
- Raised dispute with protection scheme
- Can't remember

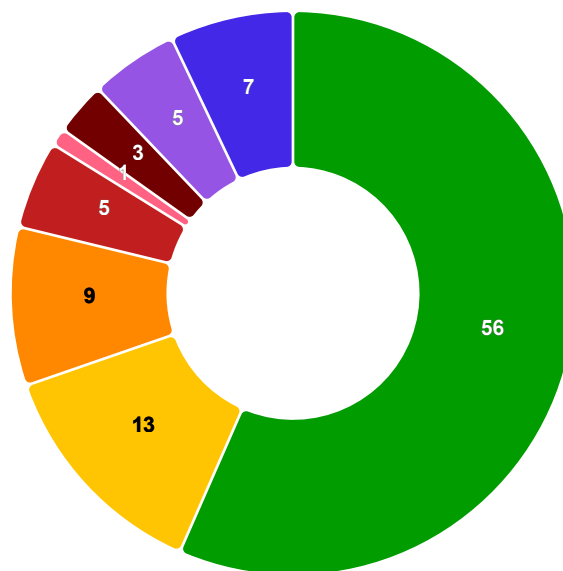


Figure 1: What happened to tenants' previous deposit.
Source: Generation Rent Autumn 2024 survey

6. Scottish Government. 2018. <https://www.gov.scot/publications/review-tenancy-deposit-schemes-scotland/>

7. Generation Rent. 2019. https://www.generationrent.org/2019/04/11/deposit_free_products/

In the focus groups, most tenants said that they had experienced unreasonably high deductions at the end of a tenancy for cleaning fees, for example, despite feeling that they had cleaned to a good standard and left the property in a good condition. One tenant stated:

We had a dispute and they weren't going to give us back anything at all. And the problem was with that was I'd put so much time into make sure that the house was good, you know. We'd left it in much better condition than what we'd got it.

Many felt that landlords, and particularly letting agents, tried to get away with claims for high costs as standard practice. One tenant recalled a past experience with a letting agent:

'In the last house we were in, they wanted to claim money back off our deposit because the light shades were dusty. But when we moved in, there were no light shades.'

These experiences highlight how renters must know their rights and their landlords' responsibilities, but also be confident in standing up for themselves. However, as one tenant explains, this takes both effort and time:

I think [the landlord] was trying to make me fed up so that I would eventually just say, you know, just keep it. But I just kept digging my heels in and I got it back eventually. But it took about four months.

Holding landlords and agents to account over their responsibilities can affect relationships between parties, tenants found. As one explains, this can make renters less willing to speak up in the future:

My last tenancy was one of the ones that I was quite probably proactive about saying what was wrong and it just felt like, because I was being proactive about stuff, they were quite angry with me towards the end of it as well. That's definitely also had a knock-on effect with my next rentals, I'll just let things go because I just know that ... they might chuck me out at some point and I can't afford for them to do that.

Disputes in other areas of a tenancy can also be incredibly stressful, renters stated, making them less likely to fight unfair deductions on deposits. One tenant said that 'by the time you've tried to fight the eviction and kind of then lost the will to live because of that, you can't really be bothered to even try with the deposit'.

At the same time, financial pressures may mean that tenants feel forced to accept claims on deposits in order to get any money back at all:

I so desperately needed any money back from the deposit that going into an argument, even though it was £100, £150, that was a lot at the time. Just the fact of delaying getting the rest of the money back meant that I said, yeah, that's fine.

3.3 Deposit disputes

Since 2012 in England and Wales, and 2017 in Scotland, landlords have been legally required to protect most tenants' deposits with a deposit protection scheme. In the survey, PRS tenants who had previously rented and paid

the full deposit were asked if their landlord protected their deposit in a protection scheme. 62% said that their landlord had protected it, while 17% said they had not, and 20% said they didn't know or couldn't remember.

Why didn't you use the dispute process?

Respondents who faced unreasonable deductions the last time they moved, but didn't use dispute process (N=105).

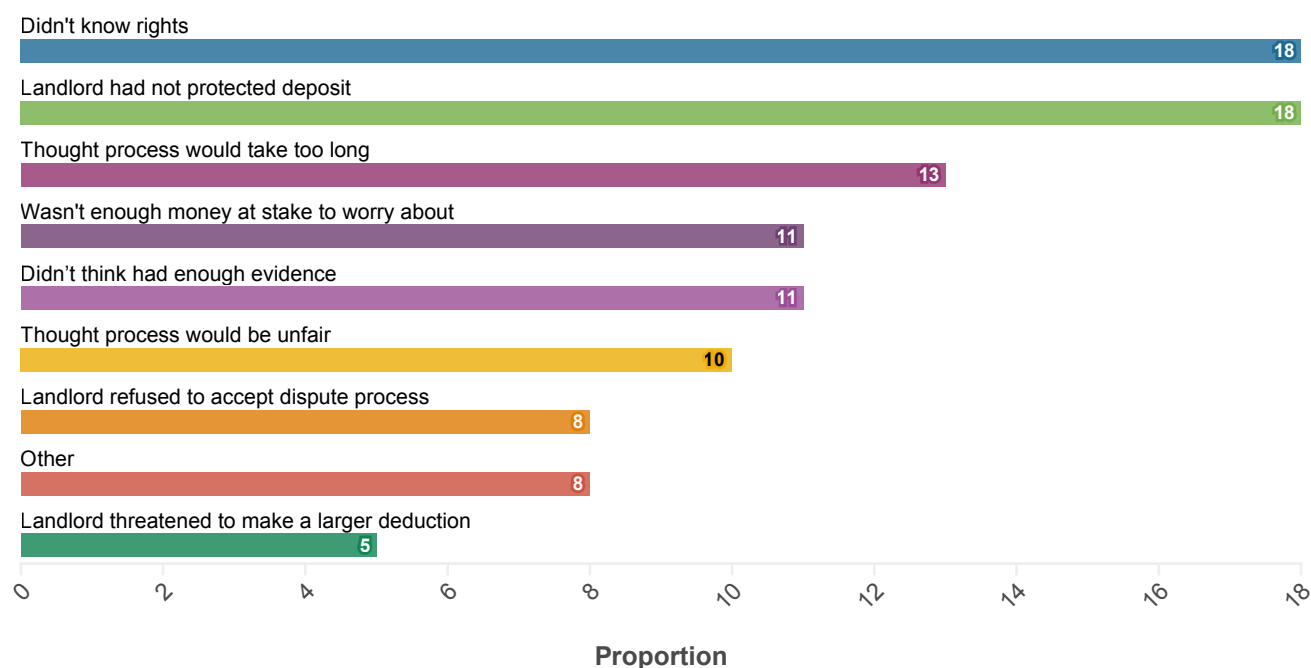


Figure 2: Reasons for not disputing claims.

Source: Generation Rent Autumn 2024 survey.

The survey asked why those private tenants who had previously rented in the PRS, and who paid the full deposit, did not dispute unfair deposit deductions (Figure 2). 34% of respondents in this group did not dispute claims on their deposit because they didn't think they had enough evidence, because they thought it would take too long, or because they thought it would be unfair, highlighting a lack of faith in the process. 5% of tenants did not dispute because their landlord threatened to make larger deductions, while 8% said that their landlord refused to use the dispute process. Concerningly, 18% of respondents could not dispute deductions because their landlord had not protected their deposit.

35 tenants disputed their landlords' claims on their deposit through a deposit protection scheme at the end of their previous tenancy (Figure 3). The results were generally positive for tenants; 20 received more money back than their landlord initially proposed, 10 received the same amount, and three received less than their landlord had proposed. However, only 15 respondents received any portion of the undisputed deposit during the dispute process, potentially causing financial strain. Tenants were asked if they would dispute a landlord's claim on their deposit through a protection scheme in the future (N=190), of which 71% said they would, and only 3% said no.

Outcome of dispute process

How much was the respondent awarded in comparison with what the landlord had offered.
N=35.

■ Got more money back
 ■ Got roughly same money back
 ■ Got less money back
 ■ Still waiting for decision
 ■ Can't remember

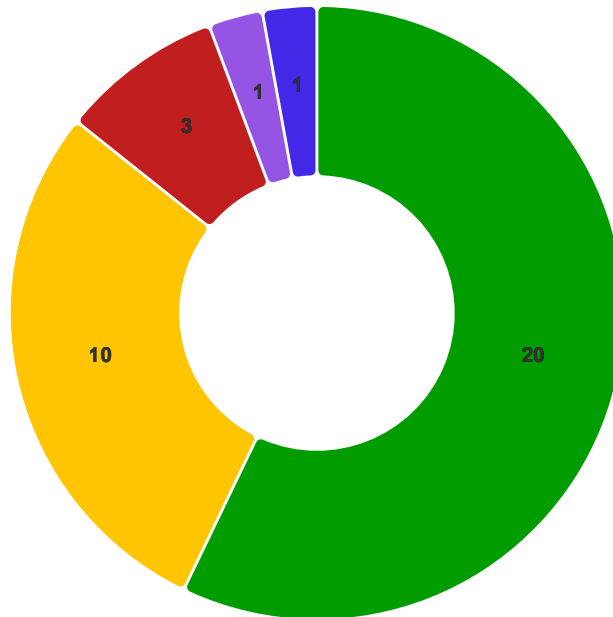


Figure 3: Outcome of dispute process.

Source: Generation Rent Autumn 2024 survey

Focus group participants highlighted several areas in need of improvement regarding deposit disputes. Most tenants stated that the process of getting their last deposit back at the end of a tenancy had taken too long. While those who had disputed claims on their deposit were generally satisfied with the outcome of the dispute, this process took an additional two months at least, while in several cases it took six. It was noted that the dispute process was easy to navigate, with it being online and only requiring the tenant to send in emails and photographs. The importance of keeping evidence for use in fighting claims in a dispute was highlighted several times. Without it, it was noted, landlords can claim for repairs they'd promised to do:

We'd said there was a problem with mould up in the loft bedroom and I was like, I can clean up the walls, get it all painted over. But if you're going to be doing that anyway to sell the house, do you want me to bother? And he said no, don't worry about it. And then that was one of the things that then eventually came out towards the end saying that we just hadn't looked after the house properly.

It was also noted that repairing small things throughout the tenancy was often preferable to trying to get them fixed by the landlord. This was particularly true of the end of a tenancy, where several tenants felt that fixing things themselves gave them some control over costs, whereas landlords may claim significantly higher costs for those repairs when it comes to disputing a deposit. One tenant stated that:

'if the landlord then says something's your fault, there's no control over what they charge you to get it done. So you kind of live in this world of fear, don't you?'

In general, it was agreed by most focus groups participants that the behaviour of their landlords or letting agents surrounding repairs made them nervous about unreasonable claims on their deposit in the future.

The lack of clarity regarding 'fair wear and tear' in deposit disputes was highlighted as a significant problem that made it difficult to fight unreasonable deductions. This is made worse for those with disabilities, as one tenant explained:

I use mobility aids, which means my wear and tear on flooring and carpets and even just on walls and things is slightly more than a non-disabled person. Obviously wheelchairs hit walls and stuff like that and I know full well that they're going to say something about that when I move out. I just know that's going to be issue and I've kind of accepted that's one of these disability tax things that you end up having to pay extra for, but it's still not fair.

Many tenants expressed frustration with the fact that they could not protect deposits themselves, and that their landlord acted as an intermediary with the deposit and the deposit protection scheme. While this can cause administrative problems, such as when a tenant has legally changed their name and a landlord has not subsequently updated it, it can also mean unnecessary delays to the return of deposits. Again, this was particularly the case for those with letting agents. One tenant recalled trying to get their previous deposit back at the end of the tenancy:

I contacted the letting agent and they told me, oh no, no, no. That's nothing to do with us, the landlord has your deposit, you need to contact them. I contacted the landlord. The landlord said, oh, no, no, no, that's nothing to do with me. The letting agents have your deposit, you need to contact them. In the end I waited six months to get it back.

Not being able to directly deal with the deposit protection schemes at the beginning of a tenancy also means that many tenants are not aware of their rights regarding deposits, or even how the process at the end of a tenancy works. Several agreed that they would not know where to start if there was a dispute over a deposit.

4. Conclusions

In this research, a common theme of increasingly high upfront housing costs at the beginning of a new tenancy emerges, with deposits constituting a significant proportion. These costs create substantive barriers and issues for tenants. While some renters are forced to borrow money or cut back on other spending, others are forced to stay in poor situations as they cannot afford to move. Despite over half of tenants receiving their deposits back at the end of a tenancy, experiences of unreasonable deductions were common. Also emerging from the research is a lack of knowledge of rights and regulations, or confidence using them. Survey respondents who have disputed claims on

deposits predominantly report positive results. However, experiences of opaque procedures and long waits for the return of tenants' money were also found.

The results of a further set of three focus groups relating to the changes tenants want to see in deposit protection, and a nationally representative survey of private sector tenants, will be published later in 2025. The latter will seek to ascertain the prevalence of those issues discussed here, as well as tenants' views on what would make the system fairer and more efficient.

Appendix

I. Methodology

I.I Supporter survey

Generation Rent conducted an online survey of its supporters between October and December 2024, achieving 1375 responses. 1000 of those rented in the PRS, with 890 having tenancies started after 1997 (after which most private tenancies were automatically assured shorthold tenancies). The survey was, however, open to those in any housing tenure, with many owner-occupiers and social renters having rented privately in the past. Table 1 gives a breakdown of respondents by tenure.

Respondents were asked about their living circumstances, household budgets, rent increases, and their opinion towards changes in legislation. Most respondents were also asked about tenancy deposits, including what type of deposit they had paid, whether it was protected, whether they had received a previous deposit back, and whether they had disputed claims on a deposit.

I.II Focus groups

In the first two months of 2025, Generation Rent also undertook a series of six focus groups relating to deposits and deposit protection. Participants were drawn from Generation Rent's supporters as well as tenants recruited from the wider British population. The latter were recruited through a recruitment agency, helping to fill demographic gaps amongst existing participants. The first three focus groups concerned tenants' experiences surrounding deposits, including affordability issues, deposit protection, claims on deposits from landlords, and disputes.

The final three focus groups focussed on solutions to those problems identified in the research so far. The results of these, as well as those of a nationally representative survey of renters, will be published in the final report later in 2025.

Tenure	Proportion
Owner-occupation	11%
Private rented sector	73%
Social rented sector	14%
Other	2%

Table 1: Tenure of Generation Rent Autumn 2024 survey respondents.

Category		Count
Age group	18-35	7
	36-50	12
	51+	4
Gender	Male	8
	Female	13
	Other	2
Country	England	13
	Scotland	6
	Wales	4

Table 2: Demographic characteristics of focus group participants.





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