

## **What happens when a property lease is cancelled early?**

If a tenant cancels his lease before the end date of the contract, the landlord can decide to either a) accept this cancellation or b) treat it as a repudiation of the contract and claim for damages, says Michael Bauer, managing director of IHPC estate agents.

If the landlord decides to claim for damages, the tenant is likely to lose his deposit but can also be sued for the remainder of the rental due for the lease period, said Bauer.

The tenant is, however, able to receive his full deposit refund (if there are no damages) and be released of any claims of future rental if the landlord agrees to just cancel the existing lease and finds a replacement tenant immediately, he said.

While the Consumer Protection Act is often quoted in cases of whether a landlord is able to claim the full rental for the remainder of the lease, it has to be remembered that although the tenant is given the choice of terminating his lease, giving 20 working days' notice, the Act also says that the landlord is able to recover the costs of cancellation and is able to charge a "reasonable" penalty. The term "reasonable" is subjective in that it would be reasonable to one person to pay one month's rent whereas another might say it will take three to six months to find a good tenant, but the landlord has to prove his claim by providing invoices and proof of advertising, said Bauer.

The penalties charged are not to punish tenants for early cancellation but rather to protect the landlord and both parties should stick to the guidelines of good rental practice, to avoid situations becoming difficult and tense, if an early cancellation is necessary, he said.

Tenants should, if they know they will need to cancel their lease for whatever reason, notify the landlord in writing, giving enough time from the time of handing in the notice to the date of vacation of the property. The landlord, in most situations should be able to find a new tenant within a month of the existing tenant giving notice if he acts immediately and advertises the property, so it shouldn't become necessary to have to claim the remainder of the lease amounts in damages, said Bauer.

"It all comes down to communication and being accommodating in the dates of moving out or cancellation. Tenants must remember that the landlord is dependent on the income from the unit rented out and in return, landlords should keep in mind that most tenants have strict budgets and a loss of deposit or a month or two's rent might be a huge financial blow, and so both parties should be willing to negotiate a fair settlement."

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