

## Full Tenant Reference User Guide

Our Full Tenant Reference will provide you with an efficiently delivered assessment of your prospective Tenant(s). Simply complete the forms online and our experienced team of analysts will process your Full Tenant Reference. You will normally receive your completed report within 72 hours\*.

Within this User Guide, you will find general information to help you understand how we evaluate your prospective Tenant(s) and guidance on how to make an informed choice from the information you receive.

Should you wish, you will be able to purchase an LPS Premium Rent Guarantee for all prospective Tenants who **PASS** an LPS Full Tenant Reference.

### Full Tenant Reference provides:

- Credit history
- Search of public records for any County Court Judgments, Notices of Bankruptcy and Individual Voluntary Arrangements
- Verification of applicant's identity
- Income verification and assessment for affordability
- Current and previous address checks
- Current and previous employer references
- Previous landlord reference

\*The average time: this is dependent on receiving references from employers and previous landlords.

## Submitting your application – five easy steps to peace of mind...

### Step 1

Print out the Full Tenant Reference application form and complete both the 'Your Details' and 'Tenancy Details' sections. Make sure you are happy with our terms and conditions.

Pass the application form to your prospective Tenant to complete. Note that the Tenant must be able to provide previous addresses with valid UK postcodes going back at least 12 months, and that the Tenant must sign the Tenant's declaration before you can apply for a Full Tenant Reference.

### Step 2

Complete the Full Tenant Reference application on our web pages making sure that you provide all the required information.

### Step 3

Check your application and make payment through our secure online payment system and submit – we will acknowledge your application via email.

### Step 4

Your report will be returned within 72 hours, usually sooner. (See [Requesting references and getting them back for you.](#))

We will email your report and receipt to you. If we have not been able to complete the Full Tenant Reference, we will indicate this to you and continue to progress it until it is completed.

### Step 5

If you then wish to purchase an LPS Premium Rent Guarantee and your Tenant has passed, insert the unique reference (provided as part of the report) into our Rent Guarantee web page and buy online. Please be aware that **ALL** persons present on the AST (Assured Shorthold Tenancy) need to have been successfully referenced by us for the Rent Guarantee to be valid.

### That's it...

In the next 72 hours, we will provide you with a report on your Full Tenant Reference. If we do not have all of the required information, we will let you have everything we have collected and carry on chasing for the rest of the data, for the next 10 days, letting you have any additional information as soon as it arrives. If any further information should arrive after 10 days, we will also pass this to you as quickly as possible.

### Sample Full Tenant Reference report

To view a sample report, please select Full Tenant Reference and click on the link "Full Tenant Reference Sample Report".

## A Credit Report explained

We use credit scoring to examine historical data to make forecasts about future performance, such as the likelihood that a consumer will miss loan payments. With the accurate, reliable and fast credit risk assessment provided by such scoring, landlords are empowered to make more reliable decisions regarding prospective Tenants.

The Credit Report utilises a database of UK consumer credit profiles and demographic information in combination with predictive analytic expertise, to assess each consumer's relative likelihood of default.

The score returned is both an analysis of the applicant's current and historic information relating to financial transactions, and a predictive tool on their likely ability to make payments in the future.



## Income verification

It is prudent to ensure that a Tenant earns at least 2.3 times the required monthly rent.

Rental PCM	Required Pay (Month)	Required Pay (Annum)
£150	£345	£4140
£300	£690	£8280
£450	£1,035	£12,420
£600	£1,380	£16,560
£750	£1,725	£20,700
£900	£2,070	£24,840
£1150	£2,645	£31,740
£1300	£2,990	£35,880
£1450	£3,335	£40,020
£1600	£3,680	£44,160

It is prudent to obtain a Guarantor for prospective Tenants who only earn between 1.5 and 2.3 times the rental amount (see [Guarantors](#)). Those who earn less than 1.5 times the monthly rent will generally (excluding students) not meet the required minimum standard and will only be able to achieve 'C grade' status (see [Results](#)).

## Employment

To enable us to evaluate continuing income, the prospective Tenant should have been employed by their current employer either:

- for six months continuously with a single employer, or
- for the previous 12 months prior to the application by a maximum of three employers, with a single break of up to eight weeks between employment.

In all cases their employment must be permanent or on a fixed term contract (as long as the contract exceeds the length of the tenancy term).

We will take additional income from benefits, overtime, commissions etc. into account when assessing the prospective Tenant's ability to meet their rental commitment. These are judged and assessed on a case by case basis and we may contact the applicant and request that evidence be submitted to verify this information.

We will verify the prospective Tenant's income when we obtain the employment reference.

## Results

Prospective Tenants will be graded as:

- 'A grade': Acceptable for tenancy and LPS Premium Rent Guarantee = **PASS**
- 'B grade': Acceptable with a suitable Guarantor for tenancy and LPS Premium Rent Guarantee.
- 'C Grade': Tenancy not recommended and not acceptable for LPS Premium Rent Guarantee = **FAIL**

If we are unable to find any record of information your prospective Tenant has supplied, we may ask you to check the information that he or she has submitted. You should hold any checked information on file as it will be required in the event of a Rent Guarantee claim.

## Guarantor

Sometimes a Tenant will need a Guarantor in order to **PASS** a Full Tenant Reference. This is because either insufficient information has been obtained on an application to provide a completely satisfactory result, or the income to rent ratio is deemed unacceptable. A Guarantor is an additional person who will be asked to 'vouch' for the applicant. They must be aware that they will be financially liable for any rent payments should the applicant not be able to meet their commitment.

A Guarantor uses the same application form and screens on the website as the original application. During the process, you will be asked what type of reference is being processed (Prospective Tenant or Guarantor) and there will be a charge of £24.99 for

the Guarantor application. Please be aware that the Guarantor may also not reach the satisfactory A (**PASS**) grade, in which case we will recommend that the Tenant is not suitable, and no LPS Premium Rent Guarantee will be offered.

## Self-employed prospective Tenants

When an applicant is self-employed we assess the applicant's personal income from self-employment and not the turnover of the applicant's business. To assess the personal income we will either:

- secure a reference from the applicant's accountant, or
- request evidence from the applicant to validate their personal income such as a SE60 (the annual tax return form for self-employed individuals) or six months' bank statements.

## Retired prospective Tenants

For retired applicants we will secure a reference from a pension provider or request evidence from the applicant.

## Savings

For applicants who have savings we will ask for evidence that the savings have been held for at least six months (usually by way of bank statements). The savings required are in line with our income ratio of 2.3 times and take into account the tenancy term as follows:

$$\text{Tenancy Term} \times \text{Rental Amount per Month} \times 2.3 = \text{Minimum Saving Required}$$

*Example....*

*A six month tenancy with a £600 PCM rent would require savings of...*

$$6 \text{ months} \times £600 \times 2.3 = £8,280$$

## Investment income

Investment income will be assessed on a case by case basis.

## Previous landlord/letting agent references

The landlord/letting agent reference will be used to make sure that the prospective Tenant(s) have kept to the Tenancy Agreement, including making on time rental payments during their previous tenancy.

Some letting agents may charge a fee for releasing a reference. In these cases we will contact the prospective Tenant(s) directly and advise them that they need to make this payment to the letting agent.

## **It's more than just verifying details**

We have highly trained staff, expertise in the letting industry and specifically designed systems to detect fraud to provide you with additional peace of mind when referencing your prospective Tenants through the LPS.

As well as utilising expertise and experience to detect fraudulent behaviour, when processing every application we will check:

- undeclared addresses of the prospective Tenants
- all telephone numbers provided against BT directories
- that the person providing the reference isn't 'an associate' of the prospective Tenant (an associate is someone who lives/has lived at the same address, has a business relationship, or is related to the proposed Tenant)
- their credit score (based on public data that rank orders consumers according to their likelihood of credit risk).

## **Credit information**

When the applicant has declared themselves bankrupt, we may request evidence to analyse the level of debts incurred and detailed within the bankruptcy order. Bankrupt applicants are assessed on a case by case basis.

A single declared low value County Court Judgement (under £250) will not affect the overall grading of the applicant.

Applicants with multiple County Court Judgements within a six month time frame, or those with medium to high value (£250—£15,000) judgements will usually be awarded 'Grade B'.

An applicant who has a history of collecting County Court Judgements or judgements of high value will usually be awarded 'Grade C'.

An applicant who does not declare a County Court Judgement which is recorded will be awarded 'Grade C'.

We also consider any associates with a financial connection to the prospective Tenant when assessing the application.

## **Requesting references and getting them back for you**

Although we try to return all reports to you within 72 hours, unfortunately we can be held back by referees who do not respond to our requests. We will contact all referees daily to chase the information required. Your prospective Tenant can also help by notifying the employer and/or landlord that we will be contacting them and asking them to ensure a swift return of the reference request.