



# Adjudication Case Study:

## Early termination of tenancy agreement/early break clauses

In the event of a dispute over the deposit at the end of a tenancy, our Alternative Dispute Resolution Service, provides an impartial adjudication facility to landlords and tenants. This is an example of an adjudication following a dispute over early termination of the Tenancy Agreement.

### Case summary - Tenant claims against landlord

<b>Background:</b>	This case involved a dispute over outstanding rent after early termination of the Tenancy Agreement.
<b>Disputed deposit value:</b>	£900
<b>Dispute details:</b>	During the tenancy the tenants informed the landlord that they wished to leave the property, in order to move abroad. Early termination of the contract was sought by the tenant and replacement tenants were found in their place. However, rather than re-letting the property the landlord decided that they wanted to sell the property shortly after the tenant moved out, meaning the new tenants did not move in. Subsequently the property was left empty until its eventual sale almost eight months later.
<b>Outcome:</b>	Following the adjudication process and based on the evidence provided all £900 was awarded to the tenant.
<b>Key topics:</b>	Tenancy agreements, early break clauses and terminations, outstanding rent.

### Case details

The landlord submitted that the tenant was liable for rent owed for an eight month period after the tenant had moved out, and when the property was left unoccupied. The tenant had decided to leave the property and early termination of the contract was agreed to by the landlord on the basis that replacement tenants were found. The flat was then advertised and subsequently new tenants were found. The landlord then took the decision to sell the property rather than to re-let it, and new tenants did not move in. The property was left empty until its eventual sale and the landlord deducted the full amount of £900 from the deposit for rent owed during the five month void period.

### Evidence

A copy of a Ledger Report, which indicates rent payment schedules, and the tenancy agreement was provided by the landlord.

The tenant provided a copy of the letting agent's branch summary report for the tenancy.

## Adjudicator's finding

The branch summary report, which was submitted by the tenant as evidence, stated that the landlord had agreed to the early release from the Tenancy Agreement on the basis that replacement tenants were found. The report also indicated that the tenant gave two month's notice and waited for confirmation from the letting agent that replacement tenants had been found before moving out.

Having sought the prior agreement and consent from the landlord in order to vacate the property before the end of the tenancy, the adjudicator found that it was not reasonable to penalise the tenant for the early termination of the tenancy which had already been agreed by both the landlord and tenant.

There was no clause in the tenancy agreement pertaining to a break or early termination of contract however as the landlord agreed to the early termination, the adjudicator was satisfied that the parties had mutually agreed to alter the terms of the Tenancy Agreement.

Furthermore, the ledger report provided by the landlord as evidence demonstrated that the tenant maintained rent payments beyond the date upon which early termination was agreed. The tenant also attempted to mitigate financial loss for the landlord by finding new tenants.

### Key points from the case:

- The case highlights the need to have clear clauses about breaks and early termination in the Tenancy Agreement at the beginning of the tenancy or subsequent evidence in writing that the terms of the agreement had been varied and mutually agreed.