

Commercial tenancies

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Commercial tenancy

A commercial tenancy refers to a formal, legally enforceable, contract to make payments between a tenant and landlord.

The term 'commercial agreement' in Universal Credit housing costs does not refer to business premises.

Non-commercial agreements

An agreement may be considered non-commercial when it includes terms which are not legally enforceable or which the parties involved intend not to be legally enforceable. This may be where:

- the rent is unusually lower than the market rate for the property
- rent is unpaid and no action is taken or is intended to be taken to recover rent arrears.

A benefit unit will be treated as not liable to pay rent where it is determined that the liability is non-commercial.

A non-commercial tenancy may be suspected when:

- a claimant lives in a property for a period of time without making any payment of rent and the landlord has taken no action to either recover the outstanding rent or end the tenancy.

Deciding if tenancy is non-commercial

A decision is made as to whether a tenancy arrangement exists before considering whether or not it is non-commercial, although the two questions often consider the same information.

When making a decision that a liability has terms that are not intended to be enforced, all the available evidence is taken into account and documented, such as:

- Who owns the property?
- What is the claimant's relationship to their landlord?
- Was the property rented through an agent? If not, how was the claimant made aware the property was available to rent?

- Does the claimant have a written tenancy agreement? If so what date does the tenancy begin?
- Has the claimant paid a deposit and is it held with a tenancy deposit scheme?
- Does the claimant, or has the claimant previously ever had any financial interest in the property or was the property bought to rent to the claimant?
- Has the claimant claimed Universal Credit (including housing element) or Housing Benefit before for this address?
- Is the claimant up to date with rent payments?
- What action would the landlord take if the claimant did not pay any or all of the rent?
- Has the landlord taken any action in respect of any outstanding rent?