

Appendix 1 - The role of a guarantor in the private rented sector in Portsmouth

1. A guarantor to a tenancy agreement is a second party, not resident in the tenancy address, who takes on joint legal responsibility for all of the liabilities under the tenancy agreement. It therefore acts as additional assurance to the landlord that the tenant will meet their obligations.
2. Most letting agencies in Portsmouth require a guarantor if the prospective tenant does not meet a minimum income level, most commonly 2.5x the rent. Therefore a tenant seeking to secure a home with a rent of £800 per calendar month would require a guarantor if their household income is below £24,000 per year.
3. A common criteria for the guarantor is that they must earn at least 3x the rent, so for a tenancy with a monthly rent of £800, the guarantor would need an annual income of at least £28,800.
4. When a tenant with a guarantor falls into arrears, the landlord contacts both the tenant and the guarantor for repayment.
5. Often, the guarantor is a friend or family member of the tenant, who will then contact the tenant to ensure the tenant is able to pay, and potentially lend the tenant money to repay.
6. The guarantor and the tenant will be motivated to ensure repayment as soon as possible, to avoid debt recovery action against the guarantor, which could lead to a County Court Judgement, affecting their credit score.
7. If the outstanding rent is not quickly repaid, the landlord is motivated to proceed with eviction proceedings to limit their unpaid rent liability; although they have a guarantor, they may still need to pursue action for payment, and cannot be certain that the guarantor will pay in full.