

Tenants liability for damage

“The NZ Property Investors' Federation is pleased that Government is taking action to remedy the situation of tenants not being responsible for damage they accidentally cause in rental properties,” says Andrew King, Executive Officer of the NZPIF

However the general principle of the bill is that tenants are still not liable for accidental damage they cause and this is very disappointing.

Under the Bill, if tenants cause any damage to their rental property, they will only be liable for the cost of their landlord's insurance excess up to a maximum of four weeks' rent for each incident of damage.

While the intention of the Bill is good, it doesn't really safeguard the interests of the three main parties involved, being tenants, rental property owners and insurance companies.

Insurance companies can no longer hold accountable the person responsible for the damage and this, they say, increases their risk.

As tenants are responsible for the insurance excess for each incident of damage they cause, they could be liable for many thousands of dollars of repair costs. Consequently they will still need to insure themselves.

If a rental property owner's insurance company and the Tenancy Tribunal cannot agree on how many incidents of damage are involved, an owner may still be liable for a majority of the cost for their tenant's damage.

The Bill also talks about careless damage. The NZPIF is concerned that tenants may not be accountable for any accidental damage they cause. Deciding what is accidental and what is careless damage could be very problematic.

The NZPIF believes that the simplest solution would be to return the whole issue of tenants' liability for damage back to how it was before the court ruling. In addition, landlords would need to inform their tenants of their potential liability for damage and emphasise that there is insurance to protect them.

Andrew King

Executive Officer, NZ Property Investors' Federation