



COVID-19 Briefing: Government suspends right of forfeiture for commercial tenants

In the latest in a string of measures introduced to tackle the global COVID-19 pandemic, the Government has suspended a commercial landlord's right of forfeiture for non-payment of rent.

Whilst this is helpful for tenants struggling to find the money to get by, it can add to the strain that landlords are also facing.

Both commercial landlords and tenants will have questions about what this suspension means to them.

Read on to find out more.

WHAT ARE THE NEW MEASURES RELATING TO FORFEITURE?

The Government has, as part of the emergency Coronavirus Bill, ordered a suspension on commercial landlord sanctions for at least three months from the quarter day of Wednesday 25th March 2020 until, at least, 30th June 2020.

No forfeiture is possible for non-payment of rent by business tenants between now and 30th June 2020. The period of suspension can be extended by the Government.

Therefore commercial landlords will not be able to exercise any right of forfeiture on tenants that cannot pay their rent.

Whilst some landlords had reached agreement with their tenants in relation to rental holidays, many landlords were still demanding full rent payable on 25th March 2020.

WHO DOES THIS APPLY TO?

This suspension applies to tenants and occupiers who are occupying a premises for the purpose of carrying on a business.

DOES THIS ALLOW A COMMERCIAL TENANT TO AVOID RENT PAYMENTS?

This is a payment suspension, not a "rental holiday". The Government reminds commercial tenants that their landlords are still owed rent and should this not be paid once this course of the emergency legislation has elapsed commercial landlords will be able to pursue claims for forfeiture.

WHAT HAPPENS TO FORFEITURE PROCEEDINGS ALREADY AT COURT?

The suspension applies to any Court orders from the High Court or County Court relating to forfeiture proceedings for non-payment of rent on applications made prior to the relevant period. A tenant will not be ordered to give possession of premises they occupy to a landlord before the expiry of the relevant period.

HAVE LANDLORDS LOST THE RIGHT TO FORFEIT?

The suspension will only apply to recovery of rent. It will not cover a landlord's right to forfeit for other breaches, for example, failure

Civil

Commercial

Conveyancing

Family

Probate

to pay insurance instalments; other landlord-charged costs and unlawful use.

The protection covers businesses in England, Wales, and Northern Ireland.

CAN A LANDLORD WAIVE THEIR RIGHT TO FORFEIT?

During the period of suspension a commercial landlord cannot waive the right to forfeit unless he does so by an express waiver in writing.

CAN A LANDLORD OPPOSE A REQUEST FOR A RENEWAL LEASE REQUEST?

In circumstances where a landlord decides to oppose a renewal lease request, they should disregard any persistent delay in paying rent during the relevant period and must not use this as grounds for opposing a renewal request from a tenant under the Landlord and Tenant Act 1954.

WHAT HAPPENS TO RENT THAT SHOULD HAVE BEEN PAID DURING THIS THREE MONTH PERIOD?

Whilst this removes the immediate cash flow pressure for commercial tenants for the next quarter rent day the Government has made it clear that commercial landlords and tenants should continue to negotiate and reach a solution on payment particularly when the period of suspension ends.

WHAT IS THE ADVICE FOR A BUSINESS THAT HAS BEEN FORCED TO CLOSE IT'S DOORS?

The Government has emphasised that particularly hospitality businesses and commercial landlords must work together to find suitable solutions once the COVID-19 crisis is over to enable businesses to build themselves back up in the future.

FOR MORE INFORMATION ON COMMERCIAL TENANCIES OR OTHER LEGAL DISPUTES, PLEASE CONTACT FRASER DAWBARNs LLP

For any advice in relation to your rights as either a commercial landlord or a commercial tenant during this COVID-19 crisis, please do not hesitate to contact Marcus James Chapman, Senior Associate Solicitor, Dispute Resolution Department, Fraser Dawbarns LLP, email marcuschapman@fraserdawbarns.com, telephone 01354 602880.

PEACE OF MIND THROUGH DIFFICULT TIMES

In uncertain times, the only thing we can say for certain is that nothing will stay the same for long.

It is entirely possible, therefore, that new legislation will have been introduced which will mean that all or part of this briefing no longer reflects the current law.

Because of this, we ask you to consider that, although correct at time of printing, information in this sheet may no longer be up to date and it is always best practice to consult with a lawyer about anything contained in this briefing.

Although our office doors are closed, our lawyers are still available to help answer any of your questions about this or any other legal concern you have.

Please contact Fraser Dawbarns directly for up-to-date information on your specific circumstances.

LOOK OUT FOR OUR OTHER COVID-19 BRIEFINGS

- [Coronavirus, Employment Law and Your Rights](#)
- [The Three Month Ban on Evicting Tenants](#)
- [Making a Will Under Lockdown](#)
- [Commercial LPAs - Risk Management in Uncertain Times](#)
- [Child Contact and the Coronavirus Lockdown](#)
- [Debt Recovery Under Lockdown](#)

30th March 2020



WE OFFER A WIDE RANGE OF LEGAL SERVICES TO OUR CLIENTS

Agricultural Law • Commercial and Corporate Law • Commercial Property • Family Law • Children Matters • Wills and Administration of Estates
Residential Conveyancing • Lifetime Planning and Wealth Management • Employment Law • Disputes • Lasting Powers of Attorney • Court of Protection