

Security of Tenure under the Landlord & Tenant Act 1954

Under the Landlord & Tenant Act 1954, a Tenant of business premises has a right to renew his tenancy for a term up to 14 years and, pending the new tenancy, is entitled to use the premises under the terms of the old tenancy.

At the end of the lease term, if the Landlord serves an appropriate notice to quit (complying with numerous detailed legal requirements), the Tenant can preserve his rights of renewal by serving a counter notice and applying to the County Court for a new tenancy. The Tenant must comply with various legal requirements and with a strict timetable.

The Landlord can only refuse a new lease on specified grounds; namely:-

- that the Tenant has failed to pay rent, repair the property or carry out other obligations imposed by the existing lease;
- that the Landlord will offer "suitable alternative accommodation for the tenant on reasonable terms";
- that the Landlord intends to demolish the whole (or a large part) of the property, or intends to carry out substantial works to it, and cannot do so with the Tenant still in occupation;
- that the Landlord intends to occupy the property for his own business or as his home.

If any of the last three grounds apply, the Landlord would be expected to compensate the Tenant for having to move premises, the amount of compensation depending upon the rateable value of the property and not usually being anything like sufficient compensation.

If none of the specified grounds applies, a Tenant's application for a new lease cannot be successfully resisted. The new lease may be negotiated between the surveyors representing each sides or, failing this, can be fixed by the County Court. The Court will decide on the fair market rent to be paid under the new lease and on its other terms. Usually, the other terms are similar to those in the existing lease.

If a lease is excluded from the security of tenure provisions of the Landlord & Tenant Act, these rights do NOT apply, and the Tenant cannot insist on remaining at the property: his ability to stay depends entirely on whether the Landlord is willing to let him stay.

If a lease excludes the Tenant's compensation rights, the Tenant will not be able to claim any compensation if and when a lease renewal is refused.