

Rules on refunds

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PARTIES enter into a fixed period lease contract for two years. The tenant pays a security deposit before she takes occupation, and while not a condition in the lease, she pays two months rental in advance.

A few days after the tenant takes occupation her circumstance changed compelling her to vacate the dwelling at the end of the first month. The landlord is willing to release her from the lease contract provided she finds a tenant.

A new tenant is introduced to the landlord who accepts the substitution and enters into a lease contract. The substitute tenant pays a security deposit

and rental for the month before taking occupation.

The first tenant is then refused the refund of her security deposit and one month's rental. Is the landlord entitled to withhold these amounts?

Because the landlord did not suffer any prejudice by having entered into a new lease and received security deposit and rental, he must refund in full the security deposit and the one month's rental to the first tenant.

Failure to refund the full amount is an unfair practice in terms of the Rental Housing Act 50 of 1999 and the relevant provisions of the regulations.

Sayed Iqbal Mohamed, Chairperson, Organisation of Civic Rights; Member of the KwaZulu Natal Rental Housing Tribunal

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