

Rent arrears – reminder for commercial landlords



The current moratorium on forfeiture for rent arrears is due to end on 25 March 2022 and the new Commercial Rent Coronavirus Bill is scheduled to be passed into law at the same time.

From then on, landlords' ability to forfeit will depend on whether the arrears are 'protected rent debts' or 'non-protected rent debts'.

What does this mean?

Roughly speaking, "protected rent debts" are arrears run up by a tenant whose business was forced to close due to coronavirus restrictions between 21 March 2020 and 18 July 2021. "Non-protected rent debts" are arrears accrued *outside* that period and there is an argument to suggest arrears accrued *within* that period, but during the times where the tenant's particular type of business was not forced to close are also non-protected. The Bill is not clear in this regard. The safest course of action to take where there is some protected rent debt in this period is to treat the entirety of the rent accruing in the period 21 March 2020 and 18 July 2021 as protected.

It's important to bear in mind that, if landlords are considering forfeiting for any 'non-protected rent debts' after the moratorium ends on 25 March, steps ought to be taken before then to avoid waiving the right to forfeit, for example a rent stop should be put in place.

This isn't an immediate concern for 'protected rent debts' or where landlords aren't interested in forfeiture. The risk only arises if landlords want to preserve the right to forfeit 'non-protected rent debts' after 25 March.



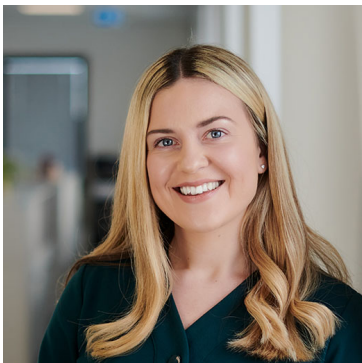
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