

## Commercial real estate - Tenant's Default

What are a landlord's options if the Tenant doesn't pay the rent?

### Non-payment of rent

Many of your tenants are likely to have been adversely affected by the economic downturn and may, as a consequence, be struggling to pay the rent due under the terms of their lease. Set out below are the key issues that a landlord should be aware of if a tenant fails to pay the rent due under the terms of a commercial lease.

- Your tenant may become liable to pay interest (often at a rate higher than bank base rate) on the unpaid rent.
- Your tenant may be liable to pay damages to you as the landlord.
- You may be able to re-enter and obtain possession of the property.
- Your tenant may be unable to exercise a break clause in the tenancy agreement while there are rent arrears.
- You may be able to take steps towards having an individual tenant declared bankrupt or a corporate tenant wound up.
- If your tenant has persistently delayed paying you rent, you may be able to block their application for a renewal lease.
- You may be able to take action against your current tenant's guarantor, a former tenant, or even a former tenant's guarantor to recover the unpaid rent. You will have to serve notice in a specially prescribed form in order to seek

payment from a former tenant (or its guarantor).

- Your tenant may be liable for your costs arising from, or in connection with, the breach of their obligation to pay rent under the terms of the lease.

Please note each commercial lease is different and therefore you will need to contact us with a copy of the lease in order that we can advise whether any of the options above are available to you.

### More information

If you have any questions relating to the content of this checklist please contact:

### Contacts

For further information, please contact your usual Leeds Day contact or

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