



RENTAL GUIDE



KULUTTAJALIITTO
KONSUMENTFÖRBUNDET

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Introduction

A tenancy agreement is an agreement between the landlord and the tenant which is moulded by legislation and details agreed upon by the parties. The tenant and the landlord can agree upon many details, such as the condition of the residence, who is in charge of its maintenance and repair, as well as upon the rental fee and the increase of the fee as they so choose.

Legislation sets, both to the tenant and the landlord, rights and obligations from which the parties are not, in general, able to deviate. The goal of the legislation is that the tenant's rights cannot be lessened through the agreement. These rights include the term of notice, termination of the tenancy agreement and the regulations on increasing the rent. The Consumers' Union of Fin-

land has also participated in writing the Fair Rental Practices Guide together with other operators in the field.

The aim of this guide is to provide help for the tenant and for the landlord. What's important is that both parties know, prior to signing the tenancy agreement, what their rights and duties are, in order to avoid all kinds of conflict. If you need help in residence rental issues, you can contact Consumer Advisory Services or the residential counselling service of the Consumers' Union of Finland free of charge. The Consumers' Union of Finland also offers its members legal counselling free of charge.

It is recommended to remember to do your research concerning your rights and duties prior to signing anything!

Checklist for the tenant

- » Does the residence fit your and your family's needs?
- » Make sure that the landlord has the legal right to lease the residence.
- » What is the duration of the tenancy? Is the agreement fixed-term or valid until further notice?
- » What is the payable rental amount and what are the grounds for increasing the rent?
- » Are there any separate heating costs or water charges?
- » What is the amount of the security deposit and how is it paid? We also recommend agreeing on to whom the interest it produces will be allotted.
- » What household appliances does the residence have and what is their condition?
- » What other spaces does the tenancy agreement cover? For example, cellar or attic storage space or the right to use the washing room, communal sauna or parking space.
- » Does the agreement include maintenance obligations, such as taking care of the driveway or flying the flag on holidays?
- » Check the condition of the residence and inspect it together with the landlord.
- » Does the residence or building have any upcoming renovations?

Checklist for the landlord:

- » Before signing the tenancy agreement, you can check the tenant's credit rating and require the tenant to provide letters of recommendation from previous landlords. The significance of these items should be considered case by case.
- » Determine the length of the lease. Is the agreement fixed-term or valid until further notice?
- » Agree upon the deposit amount, its payment and interest income.
- » Decide whether you will allow pets or smoking inside and include these particulars in the tenancy agreement.
- » Inspect the condition of the residence and check it together with the tenant. Write down any relevant observations about the condition of the residence.
- » Agree upon the tenant's possible maintenance and other obligations.
- » Inform the tenant about any upcoming renovations.

Before Signing a Tenancy Agreement

To a large extent, a tenancy agreement is based on openness and trust between the parties. This is why it is important that both parties are open about their needs and expectations regarding the tenancy. The landlord should decide if they are looking for a long-term tenant or a tenant for a shorter, fixed term. Before signing the agreement, the tenant should consider what they want and needs regarding the size of the residence, its location, the length of the agreement, and of course, the price they are willing to pay and can afford.

Ordinarily, all agreements are binding, no matter whether oral or written. No agreement can be autonomously terminated or changed against the agreement and the legislation. Therefore, it is highly important that during the negotiations

and especially prior to signing any agreement, both parties understand and agree upon the terms and conditions. It is important that the agreement has been read carefully and, if necessary, is taken to a professional for consultation.

One of the main aspects of the tenancy agreement is the actual residence and its condition. Therefore, it is important for both the tenant and the landlord that the residence is inspected before signing the tenancy agreement. During the inspection, it is important to write down the condition of the residence and all its possible flaws and points of damage or ill repair. In this way the tenant can avoid being held liable for damage they did not cause at the end of the tenancy.



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Types of Tenancy Agreements: Valid until Further Notice, Fixed-Term and Mixed

A tenancy agreement can be valid until further notice or be designated to conclude on a certain date. In either one of the cases, it is important that the parties understand what sort of agreement they are signing. A fixed-term agreement can be made for any length of time, no matter how short or long this period is. Short fixed-term leases have been limited by way of imposing a rule that when an agreement has been executed with the same tenant more than twice in a row, for a maximum of three months at a time, the agreement will be considered valid until further notice. For practical reasons, it is also not recommended for the parties to agree upon extremely long agreements, such as for 10 years, without a legitimate reason.

The difference between fixed-term agreements and agreements that are valid until further notice is

that agreements that are valid until further notice can be discontinued by the tenant or the landlord after the period of notice. Fixed-term agreements, on the other hand, will end when the term of validity mentioned in the agreement lapses and cannot be terminated in a similar way as an agreement that is valid until further notice. No extra procedure is needed to end a fixed-term agreement as the expiry date has been agreed upon when drafting the original agreement.

It is becoming more and more common that tenancy agreements obligate the tenant to live in the residence for a certain minimum period of time. A mixed tenancy agreement is at first a fixed-term agreement, but it will continue as valid until further notice after the expiry of the fixed term. For example, the tenancy agreement may state that the agree-

ment is made for a fixed period of one year, after which the tenancy will continue as valid until further notice. The agreement binds both parties for the duration of the fixed term. However, the tenancy will not automatically end at the end of the fixed term but will instead continue as valid until further notice.

Even though mixed tenancy agreements do not exist under Finnish law,

they are still legal. However, it is recommended to use a tenancy agreement that is valid until further notice with a limitation clause concerning the first possible termination date. This kind of tenancy agreement can state, for example, that the tenancy agreement is valid until further notice, but the parties have the right to terminate the tenancy after 12 months have passed since the signing of the agreement.



It is recommended to always make the tenancy agreement in writing and include all the terms and conditions within it.

Drafting the Tenancy Agreement

A tenancy agreement should always be carried out in writing and include all clauses made by the parties within it. Possible amendments to the tenancy agreement should be made in writing. Even oral agreements are binding but are only valid until further notice and not as fixed-term agreements. If the fixed period of tenancy has been agreed upon verbally, the agreement is not valid and it is considered valid until further notice instead, in which case both parties can terminate it within the period of notice. The problem regarding oral agreements is that it is almost impossible to prove the content of the agreement afterwards, for example re-

garding the grounds for increasing the rent.

The parties to a tenancy agreement are the landlord and the tenant. One agreement can contain many landlords and tenants. The landlord can be either a private person or a legal person (a company, association or, for example, a foundation). A minor can also be a tenant, but in these cases, permission must be given by the legal guardian(s) of the minor. There is no set way in which a tenancy agreement must be carried out, it can be done freely (in writing or orally) or one could also use ready-made templates. A written tenancy agreement includes the names

and other personal details such as home address, phone number, email, and the date of birth of the tenant and the landlord. The correctness of the contact information should always be checked as, for example, termination of the agreement requires contact details.

The residence being leased must also be specified in the agreement by its address, house number, etc. Other

areas (such as cellar and attic storage space, reserved parking space) being used by the tenant must also be specified in the agreement. Other things that must be written in the agreement are the rental amount, the grounds and time for increasing the rent, the security deposit and possible extra costs (sauna fees, water and electricity/heating, reserved parking space).

The Security Deposit

Often a tenancy agreement includes a clause of a payable security deposit (usually paid by the tenant). The way the security deposit will be paid is agreed upon when drafting the agreement. It will be paid after signing the agreement, but prior to the tenant receiving the keys to the residence. If the tenant does not comply and pay the security deposit as agreed, the agreement may be cancelled immediately without a period of notice. The security deposit cannot exceed the amount equal to three months' rent, with the exception of a personal guarantee, which does not have a maximum amount. However, it is possible to settle on a maximum amount for the personal guarantee as well.

The landlord may demand a security deposit to secure the payment of rent or to cover other contractual obligations (such as compensation for the landlord's damaged property). In principle, the security deposit covers all the contractual obligations unless otherwise agreed. It is possible to settle on an obligation for the landlord to lodge a security deposit in case of the



The security deposit cannot exceed the amount equal to three months' rent.



residence becoming unavailable for residency, for example.

The security deposit can be money, a personal guarantee, items, commitments or shares. The most commonly used security deposit is money paid to a security deposit account or directly to the landlord. It is also recommended to determine in the tenancy agreement whether interest will be paid on the security deposit and who will get it in the end. Insurance companies and various guarantee services also offer

rental guarantee insurance schemes. In some cases, Kela (the Social Insurance Institution of Finland) may grant basic social assistance for the security deposit. Kela usually grants the security deposit as a voucher that the landlord can redeem.

If the tenancy is believed to last for a particularly long time, both parties should be prepared for the possibility that the amount of the security deposit will be increased in the future to correspond to the amount of the rent.

Insurance

The tenant and the landlord may agree that the tenant must take out home insurance. Taking out home insurance is recommended. The house insurance will cover the items and damage that might occur to them as agreed upon in the insurance agreement. However, the landlord should always inform his/her insurance company of any rental of the residence. The landlord should also check his/her insurance needs because the insurance taken out by the tenant or housing company may not cover all eventual damage. For example, the landlord's insurance can cover the fixtures under the responsibility of the landlord and lost rental income.



Transfer of the Residence and Keys

Inspection

In order to protect the rights of both the tenant and the landlord, an inspection should be organised prior to the transfer of the keys, at the latest on the day when the keys will be transferred. All flaws, shortcomings and other similar issues should be written down during the inspection. Issues requiring immediate fixing and their implementation schedule should be agreed upon during this inspection. If the tenant wishes to do fixing or other renovating in the residence, it should be agreed upon in writing, as renovations are not allowed without the landlord's permission. The inspection findings will be



All flaws should be written down during the inspection and issues requiring immediate fixing should be agreed upon during this inspection.

signed and dated, and both parties will receive their copy, which should be kept for the duration of the tenancy.

It is recommended that the ten-



ant and landlord always inspect the residence together, but if this is for some reason not possible, the tenant should take photos of all the deficiencies, scratches and damage in the residence. The photos can be used as proof it is unclear whether the damages have been caused by the tenant at the end of the tenancy. However, it is always the landlord's responsibility to prove that any damage has arisen during the tenancy in question.

Prolonging the Transfer of the Keys

The keys and the usage of the residence must be transferred to the tenant on the starting date of the tenancy, unless otherwise agreed upon in the tenancy agreement. At this time, the residence and the other spaces related to the tenancy must be available for the tenant's use, unless agreed otherwise. The landlord is liable to pay the tenant for any

damage caused by the prolonging of the transfer. Furthermore, the tenant is not liable to pay the rent from the day(s) they were not able to use the residence due to the prolonging of the transfer. If the delay causes substantial inconvenience to the tenant, they have the right to cancel the tenancy agreement.

Keys

It is recommended that the landlord give a reasonable number of keys to the tenant. Three keys per residence is the recommended minimum but handing out more keys may be necessary if the number of residents is large. The tenant is responsible for the keys given to him/her throughout the tenancy and is liable to cover any costs due to lost keys. The

tenant may be liable for paying the rekeying costs if the lost key poses a risk of unauthorised access because it has been stolen or an outsider can trace the key to the residence. It is recommended to record in the tenancy agreement or otherwise in writing how many keys the tenant has been given.

Condition of the Residence

The tenant and the landlord may agree upon the condition and maintenance of the rented residence rather freely at the beginning of and during the tenancy. At the beginning of and during the tenancy, the residence must be in a condition that may be reasonably expected considering its age, the other buildings in the neighbourhood and other local conditions, unless otherwise agreed. However, the residence must always meet the regulatory health requirements regarding indoor air, temperature, and noise, among others. The residence must also have heating, the most relevant household appli-

ances, and the necessary connections. Examples of these include a stove, a refrigerator, and an antenna connection. The residence can be rented out without these objects, but it must be mentioned in the agreement. This should also be mentioned as early as the initial showing of the residence to the eventual tenant. The parties may also agree in the tenancy agreement that the tenant takes care of the condition and maintenance of the appliances, but if this has been left open in the tenancy agreement, the landlord needs to get a new refrigerator to replace the old, broken one, for example.

Shortcomings in the Condition of the Residence

If the condition of the residence becomes insufficient during the tenancy and this is not the fault of the tenant, the tenant may be able to terminate the tenancy agreement without a period of notice. The conditions for this is that the insufficient condition of the residence is relevant, and that the landlord does not, after a notice from the tenant and within a reasonable time, fix the shortcomings. If the landlord refuses to fix the shortcomings and has been duly notified, the tenant is allowed to get the necessary fixes and demand that the landlord is liable to compensate the tenant for it, within reason.





The tenant is not liable for damage arising from normal living. However, the tenant is liable for damages that have occurred suddenly.

Right to Rent Deduction and Damage

If the condition of the residence has not been as agreed upon, or it has been unliveable, the tenant is entitled to a rental deduction or a full relief from paying the rent for the period that they were unable to live in the residence. The amount of rent deduction is not legally defined but is instead agreed upon case by case. The earlier resolutions by the Consumer Disputes Board provide indicative recommendations. The rent deduction cannot be strictly calculated from the unavailable square meters because the unavailability of a toilet, for example, has different consequences from the unavailability of a sauna. Therefore, the purpose of the rooms and their significance to living in the residence must also be considered. For example, if the tenant is not able to live in the residence due to a renovation, they are able to get full relief from paying the rent (not to pay any rent for the period of time the renovation takes). However, if the tenant leaves their property in the residence, they may have to pay a so-called storage rent. The landlord is not liable to arrange a new residence for the tenant for the duration of the renovation.

Rent deduction is possible only from the date onwards when the landlord has been informed about the mistake or the occurred damage. It does not matter how the landlord has been informed. The claim for rent deduction can also be made after the tenancy agreement has lapsed, but the latest three years after the last date of the agreement.

The tenant has no right for rent deduction if the liability for the damage belongs to the tenant. For example, if the tenant has connected a dishwasher poorly and the damage is caused because of that poorly made connection, the tenant will not get a rent deduction.

The tenant may also be entitled to compensation for damage caused by the landlord. However, there is no right for compensation connected to damage if the landlord can show that the defect was not their fault. For example, if water damage occurs in the house and the house, not just the residence, must be renovated, the landlord is not liable for the costs emerging from the requisite damage. Rent deduction is still possible if all other conditions are fulfilled.



Maintenance of the Residence

The tenant must take good care of the residence. The tenant is liable for paying damages for damage they have caused either on purpose or through negligence. It must also be noted that the tenant is liable for the damage caused by their guests, family members or other people residing in the residence with the tenant's permission.

The tenant is not liable for damage arising from normal living, unless agreed otherwise in the tenancy agreement. An example of damage arising from normal living are the wearing out of walls due to hang-

ing mirrors, pictures, or lamps on the wall as well the dark spots on the floor and on the wall that were born from having furniture or textiles in direct sunlight. When determining whether something is normal wear and tear or not, a good rule of thumb is to determine whether the damage has occurred suddenly or slowly over time. Usually, the tenant is liable for sudden damages while damage occurring slowly over time is often normal wear and tear.

Disagreements over normal wear and tear are often related to damages caused by pets or smoking. If



The landlord must provide the tenant with sufficient usage and maintenance manuals and explanations for the residence and its appliances.

keeping pets or smoking in the residence is not forbidden in the tenancy agreement, the tenant is allowed to keep pets and to smoke. In this case, the damage this causes is considered normal wear and tear to some extent. For example, the wear and tear of floor surfaces is acceptable to a certain degree when keeping pets. Torn wallpapers and bite marks, however, are not normal wear and tear and the tenant may be liable for compensating for the damages. It

is worth noting that if keeping pets or smoking in the residence is not forbidden in the tenancy agreement, the landlord cannot unilaterally prohibit them from doing so during the tenancy. If it is forbidden to keep pets or smoke in the residence, the tenant will have to compensate for the damages they have caused. Smoking or keeping pets against the tenancy agreement may also be considered a reason to terminate or even cancel the tenancy agreement.

Renovating and Fixing

The landlord and the tenant can agree who will do the necessary fixing, and when this will happen. The tenant is not allowed to start any renovating without the landlord's permission. Consequently, the tenant is not even allowed to paint the walls of the residence, for example, without the landlord's permission. All permissions regarding painting and other renovating should be asked in writing because the landlord has the right to restore the residence to how it was if the changes have damaged the residence.

The landlord is allowed to carry out any necessary renovating that cannot be postponed without causing damage and to do so immediately. Other repair or renovating work can also be done as long as it does not cause great harm to the tenant

and as long as the tenant has been informed at least 14 days prior to any work. If the renovation or other maintenance would cause greater harm to the tenant, the landlord must inform them at least six months prior to starting the work. In this case, if the tenant wishes to cancel the agreement, they have 14 days to notify the landlord about terminating the tenancy to the date when the renovation is supposed to begin.

Please note, however, that the notification requirement only applies to renovation work conducted or commissioned by the landlord. The notification requirement and the right of cancelling the tenancy agreement does not apply to renovation work carried out by the housing company (which is separate from the landlord).



The tenant is not allowed to start any renovating without the landlord's permission.

Duty to Notify

If the tenant and the landlord have not agreed on who is responsible for fixing and reparation, the tenant must inform the landlord if they are to notice any problems or defects at the residence. The duty to notify concerns matters that are the landlord's responsibility. If both parties have agreed that the tenant will be responsible for reparation, then the tenant is not obligated to notify the landlord, but this is always recommended to ensure that the reparation need is addressed in the most appropriate manner.

In order for the tenant to take care of the residence the way it has been intended to be taken care of, the landlord must provide them with sufficient usage and maintenance manuals and explanations.

If the tenant notices an issue that needs fixing or something that is not as has been agreed upon, they should make a written notice to the

landlord as soon as possible. Therefore, it is vital that the contact information is and will be kept updated, and the landlord's should ensure that the tenant knows who to contact if something needs fixing while the landlord is away on a holiday or absent for a longer time.

If the tenant must inform the landlord that they are going to be away for a long time so that the landlord can make sure that the residence stays in good condition during the tenant's absence. However, a long time does not refer to regular holiday trips or periods of absence during the summer, but rather to a longer fixed-term residency at another location, which leaves the rented residence empty.

If the tenant fails to inform the landlord when they have the duty to do so, the tenant is liable for the damage that has occurred.

Landlord's Right of Entry

After the transfer of the keys, the landlord no longer has the right to enter the residence without the tenant's consent even if the landlord still has a key to the residence. This is why the law explicitly mentions the situations in which the tenant must let the landlord enter the residence. The tenant must immediately let the landlord to the residence if it is necessary for the condition of the residence. However, the landlord must try to agree on a suitable time with the tenant before entering the residence.

The landlord has the right to show the residence to potential tenants before selling or renting it. This must also be agreed upon with the tenant. If the tenant's property is damaged or stained as a result

of this, the tenant has the right to claim for compensation. However, it should be noted that the landlord is only liable for the damages that they are responsible for. If the damage to the tenant's property is caused by the property manager in connection to the housing company's renovation work, the housing company is liable for the damages.

If the tenant won't allow the landlord to enter the residence for the above-mentioned reasons, the landlord can ask the police for assistance. If the matter is urgent, such as a leak or a fire, the landlord and the housing company have the right to enter the residence without notifying the tenant.





Rental Amount

The current legislation is mainly based on contractual freedom, which means that the parties can mutually agree upon the rent. Furthermore, the rents paid by previous tenants do not influence the rent and the rent is agreed upon case by case. Even though rents are no longer regulated, the rent agreed upon mutually by the parties must not substantially exceed the rents paid for residences of equivalent value and purpose in the same area without a legitimate reason. The amount of rent must also be reasonable. If necessary, the rent can be amended in a court of law.

The rent is supposed to cover all costs arising from the residence and, for some landlords, to make profit. The rent is to include costs arising from the normal deterioration, upkeep, waste disposal costs etc. If so agreed in the tenancy agreement,

the tenant might be the one taking care of these costs, which usually belong to the landlord. In this case, the rent can be reduced.

At the same time when the parties are agreeing upon the rental amount, it would be good also to agree upon any possible other costs, such as the water charge. However, if the building has been built after November 2020 or fitted with apartment-specific water meters, the tenant must be charged for the actual water consumption only. Other costs and matters that should be agreed upon in the tenancy agreement include sauna or car parking costs and arrangements on obtaining firewood or fuel oil in detached houses. The starting point is that the rent includes all the costs if no specific fees have been agreed upon in the tenancy agreement or otherwise. It should

also be remembered that all agreements concerning extra costs should be done in writing.

The amount of the rent can either be agreed on as a whole or it can be tied to the square meters of the rented residence. It is easier and clearer

to agree on the whole rent as counting and marking square meters can sometimes be tricky and inaccurate.

Checking the Rental Amount

As the amount of the rent can be agreed upon freely, so can the checking of the rental amount which can be agreed upon when concluding tenancy agreements that are either valid until further notice or for a fixed term of at least three years. If the parties agree, the rental amount can also be raised or decreased during the tenancy. The starting point is that the parties agreed upon how and when the rent will be checked.

As the agreements concerning the increase (or decrease) of rent can be extremely difficult, it is easier for the parties to have covered this in the original tenancy agreement. Any clauses stating that the landlord can unilaterally determine the rent increase without agreeing upon the reason together with the tenant are void. Index, upkeep costs, or percentile raise are examples of what can be used as a basis for adjusting the rent. The most common indexes used are either cost of living or consumer index. If the basis for checking the amount of rent is based on an index, the agreement must include the index that will be used, when the



rent will be checked, and the index amount (this can be checked at Statistics Finland). If the rent has been tied to an index, the amount of rent can also be decreased, not just increased. If the parties have agreed that the rent can only be increased according to the index, then the rent will not be decreased even if the index would be.

Therefore, the basis for checking the amount of rent can be anything as long as it has not been unilaterally



Agreements concerning the increase (or decrease) of rent should be covered in the original tenancy agreement.

imposed by the landlord and will not result in an unreasonable rent. It may, however, be defined in advance. Various combinations are also possible, such as a combination of an index and a percentage increase. It is also possible to settle on complying with the index with rent increases but the paying of other fees, such as the water bill, is based on consumption.

Sometimes the landlord may want to impose a general rent increase, which means increasing the rent in a manner not mentioned in the tenancy agreement. The landlord will have to start negotiations with the tenant at least 6 months before the planned increase. The maximum general rent increase is 15% per year, but larger increases are possible if the residence has been renovated and this has increased its renting value significantly. If the landlord and the tenant cannot agree, the landlord may terminate the tenancy agreement within the period of notice. Please note that the proposed rent increase will not take effect before the end of the notice period if

the tenancy agreement is terminated for this reason. Rent increase issues can also be taken to the Consumer Disputes Board or to a court of law.

When the rent increasing terms and conditions only allow the landlord to calculate the rent increase, the landlord has a legal obligation to always inform the tenant in writing of the new rent and its effective date. It is recommended to notify the tenant well in advance, such as one month before the effective date of the increase, for example. If the tenancy agreement mentions the size and effective date of the rent increase or it is possible to calculate them on the basis of the tenancy agreement (according to a certain index, for example), the landlord does not have to inform the tenant. If necessary, the tenant must calculate the increased rent themselves and make the payments accordingly. For the sake of clarity, however, it is recommended that the landlord also informs the tenant of the rent increase and its effective date in this case.

Investigating if the Amount of Rent is Reasonable in Court or in the Consumer Disputes Board

At the tenant's or landlord's request, the court can investigate whether the provision regarding increasing the rent is reasonable. The complaint must be sent off to the court when the tenancy is still ongoing, and the

landlord cannot terminate the agreement during the investigation and procedure. The complaint can also be taken to the Consumer Disputes Board (Kuluttajariitalautakunta).

Rent Increase in Arava Buildings

The way rent can be increased in Arava buildings differs from free market rental residences. In Arava buildings, the landlords are free to unilaterally raise the rent in a way that has been laid down in the law. They must also always inform the tenant of the rent increase, its basis and the amount

of the increased rent, in writing. The rent increase notification may be submitted to the tenant by registered mail. The rent increase will start applying the earliest after two months from the notice, when the next tenancy will start.





Sublease

The tenant is allowed to sublease up to half of the residence to another person without the landlord's permission, as long as it does not cause significant trouble to the landlord. This is called "subleasing". If a room or part of a detached house has been rented out to someone, this is also called a "sublease". Subleasing is possible only in situations where the residence is used for living, and not, for example, as a barber shop or a clothing store. In a sublease situation, the "main tenant" will be the landlord for the sub-lessee (the person subleasing the residence), and no contractual relationship will be created between the main tenant's landlord and the sub-lessee. The

main tenant is liable for paying the rent and making sure that the residence will stay in good condition. They are also liable for any damage that might occur.

The sublease will end at the same time as the agreement between the main tenant and the landlord. In subleasing, the period of notice is different from that of the main tenant. A sublease can be terminated by giving a 14-day warning (from the sub-lessee) and by giving a 1-month warning (by the landlord) when the tenancy has lasted less than a year. If the sublease has lasted for more than a year the termination time will be three months (for the landlord).

Re-Renting

A re-renting relationship is born when the original tenant rents out the entire residence to a third party. This is only possible when the landlord (owner) allows it. The original tenant and the landlord should agree if this is possible already in the original tenancy agreement and when it is written down.

Two rental relationships are born from re-renting: 1) the relationship between the original landlord and the original tenant and 2) the relationship between the original tenant and the new tenant. There is no contractual relationship between the original landlord and the new tenant.

The original tenant must inform the new tenant of the original tenancy agreement, its contents, and who

the original landlord is. The original tenant must also inform the original landlord of the re-renting agreement and the identity of the new tenant. The tenant must also inform the parties of any changes to their tenancy agreement. For example, if the original tenant terminates their tenancy agreement, they must also inform the new tenant.

A key factor in re-renting is that the new tenant is allowed to continue using the residence in circumstances when the original lease is terminated or ends while the new lease is still ongoing. This situation may arise when the original tenant terminates or cancels their tenancy agreement, for example.

Usage of the Residence during the Tenancy

Living in the residence

The tenant is allowed to use the residence as a home for their family without the landlord's permission. Family refers to both a partner (with whom the tenant lives) or a husband or a wife, and the children of the tenant, or the children of the partner. The tenant may also live in the residence with their close relatives and their partner's close relatives. The

landlord can forbid the relatives from living in the residence only in cases where it causes significant trouble to the landlord.

A partner who has not signed the tenancy agreement but who lives in the residence is liable for the costs rising from the residence, such as the rent.

Temporary Lease to a Third Party

The tenant can temporarily lease the entire residence to a third party for a maximum period of two years if they are, for example, studying or working in a different city or town, or if they must be there due to sickness, either theirs or that of someone close to them. This temporary lease is allowed if the landlord has no legitimate reason to be against it. Military or civic service is another acceptable reason to stay at another loca-

tion. The main tenant must inform the landlord, in writing, of what they are about to do, and this must be done no later than one month prior to the start date of the new lease. The landlord has 14 days to object to this and take the matter to a court, if they have a legitimate reason to do so. Since temporary leasing is not directly derived from the law, it is different from subleasing and does not require a permission from the landlord.



Sublease and temporary lease can be done if there is a valid reason. The right to lease can't be transferred without permission.

Transferring the Tenant's Right to Lease

The tenant does not have a right to transfer their right to lease unless otherwise stated in the tenancy agreement. Sublease and temporary lease due to a valid reason (as explained previously) are exceptions to this rule. If the tenant has a right to transfer this right, they need to inform the landlord in writing that they are to use this right. Transferring this right means that the rights and obligations of the original tenant stop existing, and they are being transferred to the new tenant. If the original tenant has transferred these rights without having the permission

to do so, the landlord has the right to conclude the lease immediately without a notice period.

Even if the tenant is not allowed to transfer their right to lease, they can do so in cases of this right to being transferred to a family member who is already living in the residence. This does not make a large difference for the tenant, because family members have a legal right to use the leased residence as their home as previously explained. Even in these cases the tenant must inform the landlord about the transfer in writing.



As a rule, a change of landlord does not affect the tenancy.

The Death or Change of the Landlord

As a rule, the change of the landlord as a result of, for example, selling the residence, does not affect the tenancy. The same applies if the landlord dies or the residence is transferred to a new owner through an inheritance or will. The tenancy agreement continues to bind the new owner. If the new owner wants to terminate the tenancy agreement, they must comply with the legal notice periods, which are calculated on the basis of the entire period of residency. The

new owner can terminate the tenancy agreement prematurely only in the case of a forced sale by public auction. However, in this case, the tenancy is entitled to compensations due to the premature termination of the tenancy. If the housing company takes possession of the residence and this is not a result of the tenant's own actions, it is the primary obligation of the housing company to sign a tenancy agreement with the tenant for the duration of the occupation.

Tenant's Death

The tenancy agreement won't stop existing even if the tenant would die, but it continues normally with the death estate (kuolinpesä). If the death estate wishes to terminate the agreement, they must follow the normal period of notice and procedure for a normal tenancy that is valid until further notice. As an exception, a fixed-term tenancy or a tenancy

agreement with a limitation clause concerning the first possible termination date can also be terminated with a notice period of one month. If a family member who has lived in the residence wishes to continue the agreement, they must give a written notice to the landlord within three months of the tenant's death.



Ending the Tenancy Agreement

The tenancy agreement can end either by termination or cancellation or at the expiry date of a fixed-term agreement.

Termination of the Tenancy Agreement

A tenancy agreement that is valid until further notice ends when either of the parties to the agreement terminates it. When the landlord terminates the agreement, the period of notice depends on the length of the tenancy. If the tenancy has lasted less than a year, the period of notice

is three months, and if the tenancy has lasted at least a year, the period of notice is six months. If the tenant terminates the agreement, the notice time is a maximum of one month. Unless otherwise agreed upon, the notice time will start from the lastday of the month when the written notice

has been received. This means that if the tenant gives the notice of termination during May, the tenancy will be terminated at the end of June. It must be noted that the time starts when the notice has been received, not sent. The termination period can be agreed upon otherwise but always in such a way that does not lessen the position of the tenant.

The tenancy must be terminated in a manner that can be proven afterwards. In addition, it must also be possible to prove that the other party has actually received the notice of termination. The notice of termination may either be submitted personally so that the tenant or landlord acknowledges having received it or handed over in the presence of an independent witness. It is also possible to submit the notice of termination via a bailiff. Sending the notice as a letter with advice of deliver also meets the legal requirements as long as the recipient acknowledges the receipt. It is also possible to terminate the tenancy by email, a text message, or another similar common means of communication, but the recipient is still required to actively acknowledge the receipt of the notice. An automatic receipt from an email address, for example, does not meet this requirement. It is essential to give the notice so that its content

cannot be changed unilaterally and that the notice can be saved.

When the tenant terminates the tenancy, they do not have to give a reason for the termination. However, the landlord must mention the reason for the termination and the expiry date of the tenancy in the notice of termination. There must be a valid reason for terminating the tenancy. Valid reasons are not specified in the law, but many different reasons can, in principle, be valid. An example of a valid reason is that the landlord needs the residence for their own use or their family's use or that the landlord is going to sell the residence. If the tenant and landlord cannot agree on increasing the rent, the landlord can terminate the tenancy if the rent increase is reasonable. The maximum amount for a reasonable rent increase is generally considered to be 15% per year.

The tenant may challenge the termination and take the matter to the district court. If the district court deems the termination invalid because of an inadequate reason, for example, the tenancy will continue with the former terms and conditions. Legal action must be taken during the tenancy and within three months after the receipt of the notice of termination.



In practice, a fixed-term agreement binds both parties for the entire duration of the fixed term.

Termination of a Fixed-Term Tenancy Agreement

As a main rule, a fixed-term tenancy agreement binds both parties for the entire duration of the agreement. A fixed-term tenancy agreement does not have to be terminated as the tenancy will end on the date agreed upon in the agreement. A fixed-term tenancy agreement can end before the mentioned expiration date if both parties mutually agree to terminate it or if the agreement can be cancelled due to a contractual breach of another party or if a court of law decrees to terminate the agreement. The tenancy agreement can also contain a provision that allows the tenant to terminate the agreement before its expiry

date, but in this case the tenant will have to pay a penalty.

Accordingly, it may be possible to terminate a fixed-term agreement with permission from a court of law. The court can release the tenant from their duties if their own or their family member's sickness or injury requires them to live at a different residence, or if the tenant is moving to another city or town for their studies, work or their spouse's work, or for another comparable reason which causes the tenancy agreement to be manifestly unreasonable. The court can also permit the landlord to terminate the agreement for similar reasons. Even

in these types of situations, the parties must comply with the regular rules for termination.

Even if the court permits the early termination, the party leaving the contract is liable to pay any damages to the other party that have risen out of breaking the contract, unless the agreement already specifies a penalty for this purpose. In this case, the leaving party will pay the penalty. The compensation could equal to the loss of rental income due to keeping the residence empty after the termination of the tenancy and the cost of re-renting, for example.

In practice, this means that a

fixed-term agreement binds both parties to the end and the parties cannot break the agreement without facing the payment of financial damages. Both the tenant and the landlord should consider if they are willing to take the risk and sign a fixed-term tenancy agreement.

In the case of the death of the tenant, the death estate is allowed to terminate a fixed-term tenancy agreement by following the normal notice period of an agreement that is valid until further notice. The same applies to tenants that are facing composition with the creditors (velkajärjestely).

Termination of a Mixed Tenancy Agreement

A mixed tenancy agreement, which is at first a fixed-term agreement but will continue as valid until further notice, may be terminated only after the expiry of the fixed term. For the duration of the fixed term, it is bound by the same rules as ordinary fixed-term agreements. In general, it is not possible to terminate the agreement in the middle of the fixed term. When the fixed term has expired, the agreement becomes valid until further notice. It then becomes possible to terminate the agreement similarly to an agreement that is valid until further notice.

However, there might be confusion with the termination of mixed tenancy agreements. This is why

both parties are recommended to use agreements that are valid until further notice with a limitation clause concerning the first possible termination date. If the tenant or landlord terminates the agreement before the first possible date of termination, they are in breach of the agreement. The party breaching the agreement may have to pay a penalty agreed upon in the tenancy agreement. If the agreement does not specify a penalty, they will have to pay damages to the other party. After the first possible date of termination, both parties can terminate the agreement according to a period of notice at any time.



Cancellation of a Tenancy Agreement

Cancellation of a tenancy agreement means that the tenancy will end immediately without any notice period. This is an unusual way of ending the tenancy. Cancellation is possible only in cases explicitly mentioned in the law. The parties cannot agree upon any other grounds for cancellation in the tenancy agreement. The grounds for cancellation are the same for both fixed-term agreements and agreements valid until further notice.



The most common reason for cancelling a tenancy is that the tenant has not paid the rent.

The Landlord's Right to Cancel the Tenancy Agreement

The landlord can cancel the tenancy agreement if the tenant is not paying the rent. In practice, the tenant must have not been paying the rent for two or three months before the landlord can cancel the agreement. The landlord does not need to give any special warnings when they are cancelling the contract due to unpaid rents. Service of a summons will be due as a cancellation notice and thus the fastest way to work for the landlord is to sue the tenant for unpaid rent. If the tenant pays off the rent arrears, the grounds for cancellation are removed and

it becomes impossible to cancel the agreement for this reason.

If the tenant illegally gives the residence to someone else or transfers the tenancy agreement to someone else, the landlord can cancel the contract. The landlord also has the right to cancel the tenancy because of unauthorised Airbnb rental business and other professional accommodation activities. To maintain the right of cancellation, the landlord must act within a reasonable timeframe. Once again, the landlord does not need to inform the tenant that they are using the right to terminate the agreement.

The right to terminate arises also if the tenant is using the residence for other purposes than that which have been agreed upon when making and signing the agreement. One of the most common reasons for cancelling a tenancy is when a tenant has been causing disturbances. This may refer to, for example, playing loud music too often, making other noises, disturbing the neighbours by partying under the influence of alcohol, etc. The time of the day during which these disturbances have occurred is of importance as well. The tenant must have been bothering the neighbours repeatedly, and normal sounds and noises from living are not

enough for the landlord to cancel the agreement. Normal noises of living include normal walking and talking as well as taking a shower and using the toilet at any time of the day. A few loud parties at night per year are also acceptable. If normal noises from everyday living cause unreasonable distress, this may be due to inadequate soundproofing in the building. The owner of the building is responsible for fixing this. And it must be kept in mind that the tenant is responsible for the actions of their friends and family in the residence. If the landlord wishes to cancel the tenancy because of the disturbance the tenant has caused, the landlord must warn the tenant in writing.

The landlord can also cancel the tenancy if the tenant is taking poor care of the residence. Poor maintenance can also mean that the tenant has done renovation that the landlord has not approved of. Once again, even for these reasons, the landlord must warn the tenant before cancelling the tenancy.

Violating police or health regulations can also lead to the cancellation of the tenancy. This is usually connected to living a bothering life, and, as before, the tenant must be warned in advance.

Warning of the Use of the Cancellation Right

If the landlord uses their right to cancel the contract, the landlord must warn the tenant in cases of when the tenant is using the residence for purposes other than that which has been agreed upon, the tenant is living in a way that bothers other people, they are poorly maintaining the residence, or they are violating police or health regulations. No warning must be given when cancelling the tenancy for unpaid rent, giving the residence to someone else without permission, or

when the tenant has transferred the tenancy to someone else.

The warning given is of high importance to the tenant. If a warning has been given and the undesired behaviour ends, the landlord is not allowed to cancel the contract. Paying off the rent arrears also removes the grounds for cancellation. The warning must be given to the tenant in a way that can be proven, similar to when giving the term of notice.

Unpaid Security Deposit as a Reason for Cancellation

If the parties have agreed that one of the parties must pay a security deposit and this party has not paid it, it is good enough of a reason to cancel the tenancy agreement. No warning is necessary in this case. Usually, the tenant is to pay the security deposit and if they do not do so by the day agreed upon, the landlord may cancel the contract.

The Tenant's Right to Cancel the Tenancy Agreement

The tenant has the right to cancel the agreement if using the residence causes health issues to the tenant or to their family members. The right of cancellation does not require negligence from the landlord. For example, the tenant is allowed to cancel the agreement if there is a significant amount of mould in the residence that poses a health risk. It is possible to commission municipal health authorities, among others, to carry out indoor air measurements. The tenant must be able to prove the health risk.

The tenant may also cancel the tenancy if the start of the lease is delayed or the residence is not in the agreed condition. Using a delay in the start of the lease as a reason for cancellation requires that the delay has caused the tenant significant harm. Cancelling the tenancy is also possible if it is already clear before the agreed start of the lease that it will be delayed. If the residence is

not substantially in the required or agreed condition at the start of the tenancy, the tenant has the right to cancel the agreement. This requires that the deficiencies are significant, and they have not been rectified within the agreed upon or a reasonable period of time. The same applies when the condition of the residence becomes insufficient during the tenancy without the tenant's fault. Instead of cancelling the agreement, the tenant may also repair the deficiencies at the landlord's expense.

The right to cancel is present also in cases of the tenant losing the control of the residence reasons beyond their control. This situation may arise when the housing company takes the ownership of the residence when the landlord has not paid their shareholder's payment and the tenant and the housing company cannot agree on the new rental amount.



The cancellation notice must be given in writing and in a way that can be proved.

Informing of the Cancellation

The cancellation notice must be given in writing. The notice must include a reason for the cancellation as well as when the cancellation will start if it has been agreed to start lat-

er. Like warnings, the notice must be given in a way that can be proved. This applies to both the landlord and the tenant.

Damages Arising from Cancellation of the Tenancy Agreement

If the tenancy agreement has been cancelled due to the tenant before it should have been terminated, the landlord has the right to receive compensation for damages. Damages might include rent that has not been received due to the tenant cancelling the contract or the costs of the landlord getting a new tenant.

Also the tenant has the right to claim compensation for damages from the landlord when the cancellation of the contract is the landlord's fault. An example of the damages the landlord might have to pay are the costs for the tenant to organize a new residence, or for moving costs when the landlord has neglected their duties.

Eviction

If the tenancy agreement has been terminated, cancelled, or otherwise ended, but the tenant still refuses to move out of the residence, the tenant may be evicted. The landlord cannot evict the tenant by themselves, as this requires a court decision. Af-

ter the court decision, an enforcement authority will evict the tenant. If the landlord tries to evict the tenant by themselves in a violent manner or by destroying the tenant's property, for example, the tenant should call the general emergency number, 112.

Moving Day and Postponing the Moving Day

The moving day is the next weekday after the date when the tenancy ends. For example, if the termination time ends on the last day of January, the tenant must move out on the first day of February taken that this is another weekday than Saturday. The tenant must give half of the residence for the landlord to use on the moving day and empty it completely by the following day. It is possible to agree on the moving day in the tenancy agreement by specifying that the moving day is the final day of the tenancy.

The tenant can, in cases of agreements that are valid until further notice, make a complaint to a court to postpone the moving day. In order for the complaint to go through, the tenant must show that they are facing significant problems in getting a new residence on time, and that postponing the day will not cause significant trouble to the landlord. The moving day cannot be postponed in cases of fixed-term agreements or when the tenancy concerns a second home, such as a summer house.

Returning the Security Deposit

If the tenant has paid a security deposit at the start of the tenancy, the security deposit will be returned at the end of the tenancy. The landlord must return the security deposit immediately. Returning the security deposit requires that the tenant has fulfilled all their obligations, such as paying the rent and any other charges, cleaning the residence when moving out and taking good care of the residence.

The security deposit may only be used for covering the expenses that the landlord faces as a result of the tenant's negligence. If the landlord estimates that the security deposit is needed to cover the damage caused by the tenant, the landlord

must notify the tenant of this before making deductions from the security deposit. The landlord is not allowed to deduct the costs of normal tear and wear from the security deposit because the tenant is not responsible for it, unless otherwise agreed in the tenancy agreement. The deductions must not exceed the actual amount needed to compensate for the damage. The landlord must be able to prove the reason for not returning the full amount of the security deposit. For this reason, the tenant and landlord should inspect the residence together at the start and the end of the tenancy and record any deficiencies in the residence.



Help and Advice during a Dispute

If you need help or counselling, you can contact the Consumer Advisory Services or the residential counselling service of the Consumers' Union of Finland free of charge. The Consumers' Union of Finland also offers its members legal counselling free of charge.

We recommend that you always try to settle disputes first. If negotiations fail, however, you can take the dispute to the Consumer Disputes Board or to the court.

Counselling

The Consumers' Union of Finland offers legal counselling on tenancy agreements for both tenants and landlords. The counselling is open and free of charge for all. For counselling, please contact us at +358 9 454 22 130 or chat with us on our website. For up-to-date counselling hours, please see our website <https://www.kuluttajaliitto.fi/en>.

The Consumer Advisory Services of the Finnish Competition and Consumer Authority also offer general counselling on issues related to tenancy agreements free of charge. The Consumer Advisory Services can also settle rent disputes between consumers and entrepreneurs. For the contact details of the Consumer Advisory Services, please visit <https://www.kkv.fi/en/consumer-advice/>.

The Consumer Disputes Board

Both tenants and private landlords may take their disputes to the Consumer Disputes Board. The tenant may take the matter to the Consumer Disputes Board regardless of whether the landlord is a private person or a company. The Board provides settlements free of charge, but the parties are responsible for their own costs incurred from investigating the matter, such as the postage of letters. The settlements of the Consumer Disputes Board are recommendations. This means that neither party has the obligation to comply with them, and they cannot be enforced through coercive measures. As a rule, however, compliance with such decisions is very common. Processing the matter can take from several months to a couple of years. The process may end if the parties reach an agreement, or the dispute is taken to the court.

Settlement in Court

Both the tenant and the landlord can also take a dispute to the court. A dispute can be taken to the court even if it has already been processed by the Consumer Disputes Board. The legal proceedings are subject to a charge, and the fees of lawyers may increase the overall costs. Home insurance contains a liability insurance, which may cover these. Usually the losing party may be imposed to pay the legal expenses of both parties, which may amount to thousands of euros or even more in a difficult dispute like this. As a rule, the liability insurance does not cover these expenses. The resolution of the court is binding if neither of the parties appeal the judgement within the set time limit. The legal proceedings will take from several months to a year or even longer if the parties appeal the judgement. If the other party does not respond to the claim, the court will give a judgement by default. Usually the legal expenses of a judgement do not usually exceed a few hundred euros.

It should also be remembered that a court sentence often leads to a bad credit record which can make one's life difficult in many ways. For more information, please see the debt handbook of the Consumers' Union of Finland.

Some of legal means, such as an eviction, require a prior court decision. For example, the landlord cannot evict the tenant himself/herself but take the matter to the district court, after which an enforcement authority will evict the tenant.



KULUTTAJALIITTO KONSUMENTFÖRBUNDET

*Can the landlord increase the rent when they want to?
Cat destroyed the walls – who is going to pay?
Can you cancel a fixed-term tenancy agreement?*

RENTAL GUIDE

Different issues rising from renting a residence are often due to the lack of knowledge of both the rights and duties of the tenant and the landlord. This guide is here to provide the knowledge needed for a smooth renting, for both parties.

Main issues arising from renting a residence are dealt with in this guide. These issues include signing a tenancy agreement, increasing the rent, and terminating the tenancy. Answers to questions on liability for damages as well as paying and returning the security deposit will also be found in these pages.

This guide is intended for both the landlord and the tenant. The Consumers' Union of Finland has long experience in counselling both landlords and tenants. This guide can be found also in different languages and in simple Finnish on the website of the Consumers' Union of Finland at www.kuluttajaliitto.fi.

The Consumers' Union of Finland also offers training in consumer matters across Finland. Read more at www.kuluttajaliitto.fi.

Kuluttajaliitto – Konsumentförbundet ry **The Consumers' Union of Finland**

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