Post-dated Cheques

Many landlords/agents ask students to hand over post-dated cheques before a tenancy has started, usually for the rent for the whole tenancy period. Whilst this is not illegal and is common practice, if you give a landlord/agent post-dated cheques you are trusting them not to pay the cheques into the bank until the dates the rent payment becomes due.

Although it may seem as if you have no alternative, there are a number of issues students need to be aware of when handing over all your money before or at the start of your tenancy.

A cheque is valid even if it is presented for payment before the date written on it (although this rarely happens).

Some banks and building societies have introduced clauses in their terms and conditions stating that if a post-dated cheque is presented for payment, it will be treated as if dated on the date of presentation. In these cases, therefore, the bank or building society will ignore the post-dating element.

If the bank or building society does not include this clause in its terms and conditions, a post-dated cheque should not be paid in until the date written on the cheque. If the cheque is presented early and your account is debited, the bank or building society is liable for any charges that arise as a result, and for any other losses incurred by you. However, a charge may be made for holding the cheque until the date it is due to be paid. A bank or building society can refuse to accept a post-dated cheque, and may charge you for returning it unpaid.

You also need to think what would happen if, for example, your student funding is late and your landlord/agent cashes the post-dated cheque - you could be liable for bank charges if the cheque bounces. However, a post-dated cheque can be stopped at any time before the date on which it is due to be paid, or the landlord/agent may be willing to postpone paying in the cheque until your funding comes through.

If you have to write a post-dated cheque to pay a landlord/agent, you should first check whether the terms and conditions of your account allow the cheque to be cleared on the date written on it. If so, you could tell the landlord/agent that, if the cheque is presented early and you incur charges as a result, you will recover the charge from them. You could also write to your bank or building society saying that you have written a post-dated cheque, and giving the date on which it should be paid. You should tell the landlord/agent that you have done this. Alternatively, you could write ‘not to be paid before the date below’ immediately above the date on the cheque, or mark the date prominently with, for example, a fluorescent pen.

You could ask your landlord/agent if you can pay your rent by standing order instead. Some are willing to accept this as an alternative, as it reassures them that money will be transferred on fixed dates. This can be sorted out easily with your bank or building society, and you can ask for a copy of a schedule of payments to give to your landlord/agent. You will need your landlord/agent’s account number, sort code and the name the account is in to set up a standing order.