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TENLAW: Tenancy Law and Housing Policy in Multi-level Europe

Tenant's Rights Brochure for

FINLAND

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1. Introductory information

- Give a very brief introduction on the national rental market
 - Current supply and demand situation

One third of all rental dwellings are owned by private individuals: 28 per cent, or 220,000 apartments. Housing companies also own 1.4 per cent, or 11,000 apartments.

Municipalities own another third: 31.6 per cent, or 248,000 apartments. The great majority of these dwellings are state-subsidised. In addition, municipalities own non-state-subsidised rental apartments, which are not under nationwide tenant selection and other restrictions, but allocated by the municipalities themselves. General-interest corporations own 15.9 per cent. The three major general-interest organisations owning state-subsidised residential rental dwellings are VVO, SATO, and Avara. Finally, corporations in industry and insurance and banks own 5.7 per cent or 45,000 apartments; the group 'others (parishes, foundations, ..., unknown)' make up 17.4 per cent, 136,500 apartments.

Apartments in the multi-storey buildings of previous generations, where most rented flats are found, tend to be small. The average useful floor area per dwelling has grown by 20

square meters since the early seventies, but it is still relatively small (79.9 square metres per dwelling and 39.6 square metres per person).

Demand for housing has in Finland been spurred by rising incomes, tax subsidies on home-ownership, population growth, migration to a select few cities, and the declining size of household-dwelling units. In fact, larger apartments, especially those with three rooms and a kitchen, may sometimes be vacant even in cities. This is because, by and large, more and more people live alone, not only in Helsinki. The average size of a Finnish household has decreased constantly, and is now 2.07 persons. 44 per cent of households are now single-person units; another 33 per cent are two-person households.

Rents have risen in step with house prices. The rise has been most rapid in Helsinki, where rents in new rental agreements rose 30 per cent between 2008 and 2012. The markets have also seemed to differentiate so that the rate at which the maximum price for which a small apartment can reasonably easily be rented has risen more rapidly in the capital region and some growth centres (Lahti, Oulu, Turku) compared to other growth centres (Jyväskylä, Kuopio, Tampere). The maximum price for which an apartment with two rooms and a kitchen could reasonably easily be rented in Helsinki rose from 900 to 980 euros in 2010–2011.

Thus, markets have differentiated not only between the capital region and the rest of Finland, but also between some growth centres and others. Outside the growth centres, there are vacant dwellings.

- Main current problems of the national rental market from the perspective of tenants
- The amount of the deposit is often two months' rent, and if the tenant cannot reclaim it at the end of the lease this amounts to a significant loss. Disputes concerning the landlord's refusal to give back the deposit on grounds of the condition of the apartment are perhaps the most problematic area in Finnish tenancy law.
- A consistent custom is absent about how the condition of the apartment in the beginning of the lease is compared with its condition at the end of the lease.
- There are lengthy queues to obtain state-subsidised rental dwellings in Helsinki.

- Significance of different forms of rental tenure

- Private renting

Residential renting divides into two segments, which are roughly equal in size. Besides private markets, there is a state-subsidised, social rental housing sector, distinct when it comes to the owners of the dwellings (municipalities and general-interest organisations), regulated rent, and an administrative tenant-selection procedure. In private markets, the parties may freely agree on the rent and on rent increases. The only constraint on the parties' power to agree in common on rent increases is contained in the Act on Indexing Restrictions. Nevertheless, courts can always examine the reasonableness of the rent and other contract terms.

- "Housing with a public task" (e.g. dwellings offered by housing associations, public bodies etc)

Rents in social rental dwellings are regulated to cover the financing costs of developing the building and the maintenance costs of the real estate (cost recovery rent). The same unitary tenancy contract regime applies to all other aspects of the landlord-tenant relationship. In effect, the nationwide system of social rental housing is superimposed on the forms of tenure by attaching conditions to state subsidies for construction and renovation. The conditions, so-called ‘*ara* restrictions,’ require cost-recovery rent and, concomitantly, resident selection.

- Some general recommendations to foreigners on how to find a rental home (including any specificities with respect to the position of foreigners on the national rental market)

From the landlord’s point of view, the most convenient way of finding a tenant is to use an estate agent. But landlords also place advertisements on the Internet and in papers. Young people seeking an apartment or having questions about renting can contact the Finnish Youth Housing Association¹.

A twelve-page guideline ‘Fair Rental Practices’ has been produced jointly by four main associations in the field of rental housing. It is widely available, in Finnish, Swedish, and English.²

The Consumers’ Association of Finland is also active, and has published a ‘Tenancy Guideline,’ a brochure explaining tenancy legislation for both tenants and landlords; it is available in Finnish, Swedish, Russian, and Somali.³

- Main problems and “traps” in tenancy law from the perspective of tenants
 - First of all, the parties are advised to annex in the tenancy agreement a statement on the condition of the apartment, complete with photographs and signed by both parties.
 - A fixed-term agreement expires at the end of the term, and is very difficult to terminate earlier. Tenancy law prescribes no minimum or maximum duration.
 - In general, a valid contract may be written, oral, or tacit. Nevertheless, an exception pertains to a fixed term in a residential tenancy contract. A fixed-term tenancy agreement must be made in writing, when it concerns other than a holiday home. If not made in writing, a tenancy agreement may only be valid for an unlimited term.
 - During the lease, the apartment must always be in such a condition as the tenant may reasonably require, taking the age of the apartment, the local housing stock and other local conditions into consideration, except when the parties have expressly agreed otherwise.
 - The parties may agree that the tenant is responsible for the upkeep of any facilities or equipment available to her.

- “*Important legal terms related to tenancy law*”

¹ <https://www.nal.fi/fi/etusivu/>.

² http://www.vuokralaiset.fi/vuokratapa_engl.pdf.

³ At <http://www.kuluttajaliitto.fi/asuminen>.

Finnish	Translation into English
<i>vuokranantaja</i>	landlord
<i>vuokralainen</i>	tenant
<i>purkaminen</i>	rescission (termination without notice)
<i>vuokra</i>	rent
<i>vuokravakuus</i>	security deposit
<i>kunnossapito</i>	maintenance
<i>välittäjä</i>	agent
<i>välityspalkkio</i>	agent's fee
<i>vuokrankorotus</i>	rent increase
<i>irtisanominen</i>	notice of termination
<i>alivuokraus</i>	subletting
<i>sopimus</i>	contract
<i>määräaikainen vuokrasopimus</i>	fixed-term tenancy agreement

An official English translation of the Act on Residential Leases, *laki asuinhuoneiston vuokrauksesta* (31.3.1995/481), is available at:

<http://www.finlex.fi/en/laki/kaannokset/1995/en19950481>.

2. Looking for a place to live

2.1. Rights of the prospective tenant

- What bases for discrimination in the selection of tenants are allowed/prohibited? What about, for example, status as a foreigner, student, unmarried partner, or person with a short-term work contract?

The Non-Discrimination Act of 2004 implemented the European Union Equality Directive from 2000. The Act applies to discrimination based on ethnic origin concerning the supply of or access to housing and movable and immovable property and services on offer or available to the general public other than in respect of legal acts falling within the scope of private affairs and family life. Examples of exclusions are subletting and transfers of a dwelling or holiday home in one's own use.

- What kinds of checks on the personal and financial status of the tenant are usual and legal (e.g. the landlord requiring an independent credit report)?
- What kinds of questions by the landlord are allowed (e.g. on sexual orientation, intention to have children etc)?

Landlords renting only a few dwellings may ask virtually any documentation from a prospective tenant, including identifying data, credit information, and information about a workplace or study place. No ground needs to be stated for looking into documentation. Landlords are especially advised to enquire about who will be moving into the apartment along with the tenant.

The Personal Data Act applies to other than the processing of data 'by a private individual for purely personal purposes or for comparable ordinary and private purposes.' Only those data that are necessary for the purpose of processing may be processed (necessity requirement). According to a non-binding guideline, the collection of the following information may be necessary and consistent with the Personal Data Act.

- Identifying data on people who will be moving into the apartment (the person identity code of a married or non-married partner and the year of birth of a child);
- Income data on those responsible for the tenancy;
- Credit information;
- Salary statement, statement on the amount of pension, or other statement, such as statement on the amount of earnings-related unemployment benefit or other comparable statement to ascertain the tenant's ability to pay.

According to the guideline, salary statements may be requested from a tenant only as support for the final decision-making concerning the handover of the apartment. Thus, when showing the apartment, it is not necessary to request these statements from the lookers. Also the agent can require that salary statement will be presented before the actual tenancy contract is made. But the guideline does not consider that the agent has any necessity of giving salary statements over to the landlord. Instead, it suffices that the agent tells the landlord of essential information verified from these documents; if the landlord wishes to obtain the statements, the applicant-tenant's consent is necessary.

- Is a "reservation fee" usual and legal?

The agent is only entitled to a fee when a final agreement is created.

- What is the role of estate agents in assisting the tenant in the search for housing?

A real estate agent's services include sales of real estate, home sales, and land leases, along with residential and commercial leases, while a rental agent may only perform rental service (residential and commercial leases). In residential leases, the services of either type of agent may include some or all of the following: making estimates of correct rent, marketing and showing the apartment, checking the backgrounds and credit rating of the applicants, contacting employers and former landlords, interviewing applicants, writing the tenancy agreement, taking care of banking matters, security deposit, and receiving and handing over the keys.

The only person who should pay the agent's fee is the principal, who purchases the service. The agent's fee must be reasonable, taking into account the character of the assignment, the amount of work carried out, the economically appropriate way of carrying out the as-

signment, and other circumstances. The standard practice in residential leases is for the agent to charge one month's rent plus VAT.

- Are there any accessible "blacklists" (or equivalent mechanisms) of bad landlords/tenants? Is there a system for rating and labelling preferred landlords/tenants?

For additional information about a possible tenant, a conscientious landlord will contact the tenant's previous landlord, or at least inquire about the previous landlord's contact details. A possible tenant may likewise inquire from the landlord about the previous tenant's contact details. As the landlord must store documentation, especially the tenancy contact, for years after the end of a lease, information is available.

2.2. The rental agreement

- What are the requirements for a valid conclusion of a rental contract (is written form necessary; is registration necessary and if yes, what kinds of fees apply lawfully)?

In general, a valid contract may be written, oral, or tacit. Nonetheless, a fixed-term tenancy agreement must be made in writing, when it concerns other than a holiday home. If not made in writing, a tenancy agreement may only be valid for an unlimited term.

No registration or fee payment is needed.

- What is the mandatory content of a contract?
 - Which data and information must be contained in a contract?

In tenancy legislation, no requirements have been laid down as to what at least needs to be stipulated in a contract.

- Duration: open-ended vs. time limited contracts (if legal, under what conditions?)

Tenancy agreements are unlimited in time, unless otherwise agreed or legally provided. Prior to 1991, fixed-term agreements were only legal under exceptional circumstances, but since then their use has been liberated.

If a fixed-term lease of no more than three months is agreed on with the same tenant more than twice consecutively, the lease shall be considered a non-fixed-term lease notwithstanding the fixed-term provision.

- Which indications regarding the rent payment must be contained in the contract?

Rent is, in the private sector, determined on the basis of what is agreed. This freedom of contract is only limited by the legal power of courts to examine whether the rent, or a stipulation on determining it, is reasonable.

The main rule in the Act on Indexing Restrictions prohibits index clauses in contracts, but this is followed by a list of exceptions. A permissive exception covers all residential-lease agreements concluded for an unlimited period, or – if fixed-term – for no less than three years. In fixed-term agreements of less than three years, index clauses are null and void to the effect that the landlord will lose the entire rent increase.

In principle, the ground of increase must simply be agreed in the contract, precluding any

blanket right for a private landlord to increase rent unilaterally. In state-subsidised dwellings, the landlord may unilaterally increase rent and decide on the date of increase.

- Repairs, furnishings, and other usual content of importance to tenant
 - Is it legal for the landlord to shift the costs for certain kinds of repairs (if yes, which?) to the tenant?

The landlord has the duty to ensure that:

At the commencement of the lease and throughout its duration, the apartment shall be in such condition as the tenant may reasonably require, taking the age of the apartment, the local housing stock and other local conditions into consideration, unless otherwise agreed regarding the condition of the apartment.

This provision is dispositive, and so the parties may agree on an inferior condition of the apartment. But basic requirements for the apartment are set in health-protection, land use and building and environmental legislation.

If the parties agree that the tenant is responsible for the condition of the apartment and that the apartment should be in the exact same condition at the end of the lease, then the tenant may be responsible for ordinary wear and tear.

During the lease, the parties may freely agree to a new rent. They may also agree to a higher rent only for a few months, for example, to cover the costs of renovation.

- Is the landlord or the tenant expected to provide furnishings and/or major appliances?

During the lease, the apartment must always be in such a condition as the tenant may reasonably require, taking the age of the apartment, the local housing stock and other local conditions into consideration, except when the parties have expressly agreed otherwise.

Whether and which furnishings the landlord has to provide depends on the agreement.

- Is the tenant advised to have an inventory made so as to avoid future liability for losses and deteriorations (especially in the case of a furnished dwelling)?

The parties are advised to annex in the tenancy agreement a statement on the condition of the apartment, complete with photographs and signed by both parties.

- Any other usual contractual clauses of relevance to the tenant

Usual contractual clauses of relevance to the tenant are the following:

- clause on the provision of a security deposit
- clause on the grounds of rent increase
- clause on repairs or alterations, as no repair work can be made without the landlord's permission
- the parties may agree that the tenant takes home insurance

- the facilities available to the tenant are identified in the contract
- the name, birth date, and contact details of both parties are written down in the contract; because notice of termination among others requires contact details, the tenant should make sure that these are correct.

- Parties to the contract

- Which persons, though not mentioned in the contract, are allowed to move into the apartment together with the tenant (partner, children etc.)?

The tenant has the right to use the apartment as a joint home with her or his spouse – ‘*puoliso*,’ a broad term covering both a married partner and a non-married partner – and a child of their family. Provided that this does not cause significant inconvenience or disturbance to the landlord, the tenant has also the right to use the apartment as a joint home with her or his own, or her or his spouse’s, near relative. As near relatives are included both spouses’ parents, sisters, adoption parents and foster parents, and other relatives may be allowed for if they are particularly close. Otherwise, the landlord’s consent is required.

- Is the tenant obligated to occupy the dwelling (i.e. to use as tenant’s primary home)?

The residential use of the apartment implies that someone must live in the apartment. That person need not be the tenant herself. As long as the tenant takes care of the dwelling, the landlord has no legitimate reason to terminate the contract based on the tenant’s failure to occupy the dwelling.

- Is a change of parties legal in the following cases?

- divorce (and equivalents such as separation of non-married and same sex couples);

The tenant may transfer the lease to her or his spouse (*puoliso*), a child of the family, or the parent of either spouse, provided that the transferee is already living in the apartment.

- apartments shared among students (in particular: may a student moving out be replaced without permission of the landlord);

If the contract has been concluded with one person among a group of students, the other students might be considered subtenants (for subletting, see below). If the contract has been made with the group, an individual tenant may give notice on her own behalf, while a new tenant who wishes to be a party must conclude a new contract.

- death of tenant;

If the tenant dies, the surviving spouse (*puoliso*), a child of the family, or the tenant’s or the spouse’s parent has the right to continue the lease if he or she was living in the apartment. At death, the deceased person’s lease remains in effect on the previous terms and the es-

tate of the deceased is responsible for fulfilling the terms. The listed persons have three months' time to notify the landlord of an intention to continue the lease, and after this notification the responsibility of the estate ends.

- bankruptcy of the landlord;

The buyer of a property sold in a compulsory auction has the right to give notice on any tenancy agreement within a month of having taken possession of the property, unless the property is sold subject to a stipulation guaranteeing the continuance of the lease. The tenant will have the benefit of the landlord's notice period.

- Subletting: Under what conditions is subletting allowed?

Provided again that this does not cause significant inconvenience or disturbance to the landlord, the tenant may assign no more than half of the apartment to another person's residential use (not, for instance, office use); when this occurs for a consideration, the chapter on subletting in the tenancy act applies to the relation between the tenant and the subtenant. The purpose of the provisions on subletting is to regulate a situation where the tenant and the subtenant share the possession of the apartment.

The subtenant must always move out of the apartment when notice has been served, and can only claim damages afterwards; and the sublease is terminated without notice at the same time as the sublessor's leasehold or other right of use.

- Does the contract bind the new owner in the case of sale of the premises?

The tenancy agreement is binding on the new owner if any one of the following three conditions is met: the tenant has taken possession of the apartment before the transfer takes place; the agreement transferring ownership includes a provision on the continuance of the lease agreement; or a mortgage has been taken out to secure the permanence of the lease.

- Costs and Utility Charges

- What is the relevant legal regulation of utilities (i.e. the supply of water, heating and electricity)? Must the landlord or the tenant conclude the contracts for provision of utilities?
- Which utilities may be charged from the tenant by the landlord? What is the standard practice?

The parties may agree on charges. The general advice – in this sense rule – is that the parties should agree on all charges whether based on the quantity consumed, the number of persons living in the apartment, or another measure, including lump sum.

All charges paid to the landlord are regarded as part of the rent, no matter how they are called, and the provisions on rent payment and the reasonableness of rent apply.

Some housing companies subscribe electricity and charge it from the shareholder or the tenant, depending on what has been agreed. In other companies, the resident concludes the contract herself. When the apartment has its own electricity meter and an individual contract with the provider is possible, tenancy agreements usually stipulate that the tenant shall pay for her own electricity.

Water is typically charged by the housing company, which concludes the contract with the supplier.

The tenant may be charged either an inclusive rent or a separately identified item besides the rent, but all charges paid to the landlord are legally regarded as part of the rent. Increases in the price of utilities, when charged by the landlord, must comply with the regulation on rent increases.

- Is the tenant responsible for taxes levied by local municipalities for the provision of public services (e.g. for waste collection or road repair)?

The parties may agree in the tenancy contract on any charges.

- Is it lawful to shift condominium costs, and if yes, which ones, onto the tenant (e.g. housekeeping costs)?

The parties may also agree that the tenant is responsible for the upkeep of any facilities or equipment available to her, or the parties may divide the responsibility in the desired manner.

- Deposits and additional guarantees

- What is the usual and lawful amount of a deposit?
- How does the landlord have to manage the deposit (e.g. special account; interests owed to the tenant)?

Any contractual stipulation requiring either party to put up security larger than three months' rent is null and void. The tenant typically agrees to deposit security of one or two months' rent on a separate bank account. At the end of the tenancy, she should get the sum back – with interests, in line with case law on returns from property – if she has fulfilled her obligations.

- Are additional guarantees or a personal guarantor usual and lawful?

Security can be a sum of money, movable property, or obligations. Also, insurance companies supply guarantee insurance.

- What kinds of expenses are covered by the guarantee/ the guarantor?

A security may be put up to cover all obligations arising from the contract or, as is less often done, only some obligations, such as rent payment.

3. During the tenancy

3.1. Tenant's rights

- Defects and disturbances
 - Which defects and disturbances are legally relevant (e.g. mould and humidity in the dwelling; exposure to noise e.g. from a building site in front of the dwelling; noisy neighbours; occupation by third parties)?

The apartment must be, throughout the duration of the lease, in such condition as the tenant may reasonably require, taking into account the age of the apartment, the local housing stock, and other local conditions. The wording '*reasonably* require' is understood to refer to an objective evaluation of the condition of the apartment. In other words, the personal views of the parties are not decisive. Heating, necessary appliances, and necessary interface are required. Many disputes relate to water or humidity damage. It is possible that the deficient condition of the apartment is caused by, among other things, noise from outside the apartment.

- What are the tenant's remedies against the landlord and/or third parties in such situations (e.g. unilateral rent reduction vs. rent reduction to be allowed by court; damages; "right to cure" = the landlord's right to repair the defect; the tenant first repairs the defect and then claims the costs from the landlord)

If the defect is of major significance and the landlord does not remedy the defect without delay, the tenant has the right to rescind the contract, provided that the defect is not due to the tenant's own negligence or other carelessness.

In these cases, if the landlord does not remedy the defect, the tenant has the right to remedy the defect at the landlord's expense, at reasonable cost. For example, if the tenant requests the landlord to repair a defective water supply pipe and the landlord does not reply, the tenant may remedy the defect at the landlord's expense if the defect is not due to the tenant's negligence; the landlord is responsible for the condition of the apartment; the defect is of major significance; and the landlord has been given enough time to act. The tenant should see to it that the cost is reasonable: she must pay the excess herself.

The tenant has the right to be exempted from paying the rent or to have the rent reasonably reduced, as long as the apartment cannot be used or is not in the required or agreed condition. Rent reduction is independent of the landlord's negligence. But the defective condition must not be due to the tenant's own negligence. The period from which a rent reduction may be claimed is limited to the time after the landlord was informed of the defect (by the tenant or otherwise).

The tenant has the right to compensation for any inconvenience or loss caused by the landlord's negligence or other carelessness, with the landlord having the burden of showing that she did not act carelessly.

- Repairs of the dwelling

- Which kinds of repairs is the landlord obliged to carry out?

The landlord has the duty to ensure that the apartment is in such condition as the tenant may reasonably require, taking the age of the apartment, the local housing stock and other local conditions into consideration.

The provision imposing this duty on the landlord is dispositive, and so the parties may agree otherwise. If the parties agree that the tenant is responsible for the condition of the apartment and that the apartment should be in the exact same condition at the end of the lease, then the tenant may also be responsible for ordinary wear and tear.

- Does a tenant have the right to make repairs at his own expense and then deduct the repair costs from the rent payment?

First of all, the parties may agree, both during tenancy and beforehand, that the tenant does renovation work in the apartment, including remodelling, resurfacing, and instalments. The dispositive provision cited above gives the parties wide discretion in agreeing on the condition of the apartment and tenant's improvement.

On the other hand, the tenant has no right to perform any repairs or alterations in the apartment without the landlord's permission. There are only two exceptions to this rule: the tenant's right to remedy a defect at the landlord's expense – already mentioned – and the right always to take action to prevent or restrict immediate damage to the apartment. The last kind of emergency action can be necessary in the case of water damage and the like.

- Alterations of the dwelling

- Is the tenant allowed to make other changes to the dwelling?

- In particular, adaptations for disability (e.g. building an elevator, ensuring access for wheelchairs etc.)

A landlord who enters into a contract with a tenant with physical disability must be aware that some changes will be made in the dwelling. Before the tenant takes possession, the parties should agree about payments and removals. If the tenant encounters physical disability while the tenancy is in force, the instalment of necessary devices for coping may not be a ground for termination, because otherwise a person with disability would be discriminated against. The financing of the installation and removal of these kind of devices is part of the municipalities' legal duties towards seriously disabled people – persons who, because of a disability or disorder, have long-term special difficulties to cope with the activities of normal life. The reasonable costs of necessary changes to the apartment, appliances, and devices associated with the apartment must be compensated by the municipality.

- Affixing antennas and dishes

If the fixing of antennae is forbidden by the housing company or in building-façade regulations, the mounting of an antenna may give rise to a ground for rescinding the contract by

the landlord (violation of 'provisions or regulations for the maintenance of public order'). There may arise the question whether an exception should be allowed on grounds of the tenant's fundamental freedom of expression and right of access to information, but no precedent exists on the point. The significance of the right of groups to develop their own language and culture and the significance of the internet are likewise unexplored in the practice of the higher courts.

- Repainting and drilling the walls (to hang pictures etc.)

As said, any work – changes to structures, painting, wallpapering – must be agreed to.

- Uses of the dwelling

- Are the following uses allowed or prohibited?

- keeping domestic animals
- producing smells
- receiving guests over-night

Disturbance with the way of life is a ground for rescission by the landlord. While keeping a pet may not be prohibited in the articles of association, animals – like also guests – can be noisy. On this basis, disturbance may be created or the house rules may be violated. (The board may define 'rules necessary to maintain order in the company's facilities,' for example, that noise may not be caused between ten p.m. and six a.m.). Or, pets may also cause smell nuisance exceeding certain limits.

For a justified reason, the landlord may, in addition, include in the tenancy agreement limitations which would generally be regarded as intervening with normal habitation. A landlord might, for example, rent an apartment for the time being and, because of allergy, prohibit pets. Then the agreement could be rescinded, if the apartment is used in a manner violating the stipulation.

- fixing pamphlets outside

Neither the tenant nor the owner is likely to have the right to use external walls (for example, to exhibit a poster) as these belong to the housing company. No aesthetic annoyance may be created for other residents. If the tenant continues to use the property against a prohibition by the board, the landlord may have the right to rescind the agreement.

- small-scale commercial activity

If the apartment is used for an essentially different purpose than what was agreed to, the landlord may rescind the contract. If the tenant arranges for herself an office in one room, this use is not essentially different. But opening a shop would be directly in contravention of the articles of association of the housing company. Converting a room into a medical clinic, for instance, raises the question of where to draw the line: a few clients on evenings might

not signify any essentially different purpose of use, but long reception hours, or hiring an employee, might.

3.2. Landlord's rights

- Is there any form of rent control (restrictions of the rent a landlord may charge)?

Rent is, in the private sector, determined on the basis of what is agreed. This freedom of contract is only limited by the legal power of courts to examine whether the rent, or a stipulation on determining it, is reasonable. A court may, at the tenant's request, reduce the rent or alter a stipulation on determining the rent at its discretion if, without grounds considered acceptable under tenancy, the rent significantly exceeds the current market rate charged in the area for apartments of similar rental value and used for the same purpose.

- Rent and the implementation of rent increases

- When is a rent increase legal? In particular:

- Are there restrictions on how many times the rent may be increased in a certain period?

No, but the guideline 'Fair Rental Practices' recommends that negotiations must be initiated no later than six months prior to an intended increase and the increase must be reasonable. It also says: 'Increases may not exceed 15% per year, except in situations where extensive renovations are being made to improve the property and the rental value of the apartment.'

- Is there a possible cap or ceiling (fixed by statute or jurisprudence) which determines the maximum rent that may be charged lawfully?

If the reasonableness of the rent is disputed in court, evidence of reasonable market-level rent should be presented.

- What is the procedure to be followed for rent increases? To what extent can the tenant object to a rent increase?

The landlord may not unilaterally increase the rent unless the grounds for rent increase have been agreed in the contract. Before an amendment enters into force, the landlord must notify the tenant in writing of the new rent and the date on which it will take effect.

In state-subsidised dwellings, the landlord may unilaterally increase rent and decide on the date of increase. The landlord must notify the tenant in writing of the new rent and the ground of the increase at least two full months prior to the rent payment period when the new rent will first apply.

- Entering the premises and related issues

- Under what conditions may the landlord enter the premises?

The landlord is generally not at liberty to enter the premises. The landlord has only the right to enter (i) whenever necessary for supervision of the condition and upkeep of the apartment and (ii) in order to show the apartment to interested parties, if it is to be sold, or leased again. In the first case, the tenant shall immediately provide the landlord with access to the apartment at a suitable time, so even in this case the landlord may not enter without permission, but must arrange her visit at a suitable time.

In the second case, the parties must agree on the time, for the landlord has only the right to show the apartment at a time suitable to the landlord and the tenant.

- Is the landlord allowed to keep a set of keys to the rented apartment?

Instead of addressing the right of the landlord to keep a set of keys, tenancy acts have regulated the conditions of entry and visits to the apartment. If the parties have agreed that the landlord keeps extra keys, the landlord may nevertheless only enter the premises in the above-mentioned situations.

- Can the landlord legally lock a tenant out of the rented premises, e.g. for not paying rent?

The landlord may never legally lock the tenant out. The tenant is entitled to executive assistance from the police whenever the landlord in a manifestly unlawful manner prevents exercise of legal rights.

- Can the landlord legally take or seize a tenant's personal property in the rented dwelling, in particular in the case of rent arrears?

The landlord can only apply for seizure under the Code of Judicial Procedure.

4. Ending the tenancy

4.1. Termination by the tenant

- Open ended contract (if existing): under what conditions may the tenant terminate the tenancy?

The tenant's notice period is one month, no matter for how long the lease has lasted, and the period cannot be extended in the contract.

The notice period shall be calculated from the last day of the calendar month in which notice was given unless otherwise agreed. The last provision means that the parties may agree on the date from which the notice period is calculated, and so the notice period can start to run for example once a year.

- Under what circumstances may a tenant terminate a tenancy before the end of the rental term (e.g. unbearable neighbours; bad state of dwelling; moving for professional reasons)?

Exceptionally, a court may permit the tenant to give notice on a fixed-term agreement. The tenant may be allowed to give notice if:

- 1) the tenant's need for an apartment comes to an end or is essentially altered by his or her illness or disability or the illness or disability of a member of his or her family living in the apartment; or
- 2) the tenant moves to another locality for reasons of study, employment, or his or her spouse's employment; or
- 3) if, for some comparable reason, the agreement's remaining in force until the agreed date would be patently unreasonable from the tenant's point of view.

Grounds of rescission: The tenant has the right to rescind any tenancy contract immediately if the use of the apartment manifestly endangers the tenant's own or her household member's health. Further, the tenant has the right of rescission on the ground that the condition of the apartment becomes deficient, provided that the defect is not due to the tenant's own carelessness and the landlord is responsible for the condition of the apartment, if the defect is of major significance and the landlord does not remedy the defect without delay after the tenant has requested this.

4.2. Termination by the landlord

- Open-ended contract (if existing): under what conditions and in what form may the landlord terminate the tenancy (= eviction) (e.g. the landlord needs the house for himself or wants to renovate and use it differently in the future)?

On giving notice to the tenant, the landlord must deliver a written notification 'stating ... the grounds for' the termination, otherwise the notice will be ineffective. Consequently, the landlord should give at least some reason(s) for the notice to have effect. Although, as there are no grounds for legal notice laid down in legislation, any ground will do as long as it is not contrary to good rental practice.

Grounds of rescission: the landlord has the right to rescind any tenancy contract with immediate effect

- 1) if the tenant neglects to pay the rent within the time prescribed by law or agreed on;
- 2) if the leasehold is transferred or the apartment or part of it is otherwise assigned for another person's use, contrary to the provisions of the Act on Residential Leases;
- 3) if the apartment is used for any other purpose or in any other manner than that provided when the lease agreement was made;
- 4) if the tenant creates a disturbance with his or her way of life or allows others to do so in the apartment;
- 5) if the tenant fails to take good care of the apartment; or
- 6) if the tenant violates provisions or regulations for the maintenance of public health and order in the apartment.

The landlord's right to rescind the agreement shall not exist, however, if the actions giving rise to the grounds for rescission are of minor significance.

- Must the landlord resort to court?

Provided the tenant accepts the notice of termination and vacates the dwelling at the end of the lease, there is no need for the landlord to resort to court.

- Are there any defences available for the tenant against an eviction?

If the tenant disagrees with the landlord's notice, the tenant may bring an action in court. The court shall declare notice given by the landlord ineffective if:

- 1) the grounds for giving notice consist of revision of the rent or of a stipulation on determining the rent and the requested rent or stipulation on determining the rent would be considered unreasonable, or
- 2) the notice must be considered otherwise unreasonable in view of the tenant's circumstances and there is no justifiable reason for termination.

Under the second heading, the notice might be deemed unreasonable on the basis of consequences – because the tenant has, for instance, difficulty in finding a comparable dwelling in the region – while the landlord does not have a justifiable reason for termination.

Alternatively, the tenant may waive her direct protection against notice, vacate the flat and claim damages. The tenant is entitled to compensation if a lease agreement is terminated by the landlord by giving notice which cannot be considered to conform with acceptable tenancy practice.

The choice between the remedies depends on the circumstances, but the damages option is out of the question if the tenant stays in the apartment after the removal date.

- Under what circumstances may the landlord terminate a tenancy before the end of the rental term?

Prior to the end of a fixed term, a court may permit the landlord to give notice if:

- 1) the landlord needs the apartment for his or her own use or for the use of a member of his or her family for reasons of which he or she could not have been aware at the time when the agreement was made; or
- 2) if, for some comparable reason, the agreement's remaining in force until the agreed date would be patently unreasonable from the landlord's point of view.

- Are there any defences available for the tenant in that case?

The court must provide the other party an opportunity to be heard, and the other party is entitled to reasonable compensation for any loss incurred as a result of the premature termination of the contract.

- What happens if the tenant does not leave after the regular end of the tenancy or does

not hand in (all) the keys of the dwelling?

The landlord will, in such cases, request eviction from court.

4.3. Return of the deposit

- Within what timeframe and under what conditions does the landlord have to return the tenant's security deposit?

After termination of the tenancy, the landlord has to return the deposit including interest, provided he has no claims against the tenant.

- What deductions can the landlord make from the security deposit?
 - In the case of a furnished dwelling: may the landlord make a deduction for damages due to the ordinary use of furniture?

A security may be put up to cover all obligations arising from the contract. The obligations arising from a contract include not only rent but also associated costs, such as interest, interest on arrears, liquidation costs, and costs of foreclosure. Similarly, when the landlord has justifiably needed to resort to litigation, legal costs are damage caused by the tenant's failure to fulfill the obligation to pay the rent.

If the parties agree that the tenant is responsible for the condition of the apartment and that the apartment should be in the exact same condition at the end of the lease, then the tenant may be responsible for ordinary wear and tear.

4.4. Adjudicating a dispute

- In what forum are tenancy cases typically adjudicated?
 - Are there specialized courts for adjudication of tenancy disputes?

General courts have jurisdiction. Previously, ten general lower courts used to have a special housing court division, but these housing courts were wound up in 2002.

It is worth noting that the Consumer Disputes Board has, since 2007, handled disputes concerning rental housing (see below).

- Is an accelerated form of procedure used for the adjudication of tenancy cases?

No, but generally an overwhelming 99.3 per cent of civil cases are resolved in the preliminary stages (written preparation/submissions or oral preparation/submissions). Average duration of cases adjudicated to a final decision in written preparation is 2.2 months.

- Is conciliation, mediation or some other form of alternative dispute resolution available or even compulsory?

The Consumer Disputes Board (until 2007 the Consumer Complaints Board) has, since 2007, given recommendations to resolve disputes concerning rental housing when the parties are private individuals, or when the claimant is a private individual against a business landlord.

Apart from the consumer institutions which include the Consumer Ombudsman, and the mediation service of the Finnish Bar Association, there are few alternatives to general courts in tenancy disputes.

5. Additional information

- How does a prospective tenant proceed in order to get social or subsidized housing (e.g. dwellings offered by housing associations, municipalities, public bodies etc.)?

At least once a year, the owner of state-subsidised dwellings and the municipality must advertise publicly – in the local paper and on the Internet – the apartments for which applications may be filed with the operator in question. Newly constructed apartments are also often advertised separately.

The applicant sends the form YM34/02 with annexes to the owner of the dwelling or, if agreed, to the municipality. The tenancy contract itself is entered into with the owner of the dwelling.

- Is any kind of insurance recommendable to a tenant?

The landlord and tenant may agree that the tenant takes home insurance, and tenancy contracts are said to include more and more frequently a clause, requiring that the tenant must have home insurance. Nevertheless, furniture and fixtures such as wooden flooring may be insured by the landlord's home insurance too.

Approximately 70 to 75 per cent of households have legal cost insurance as part of their home insurance; it is also part of property insurance. The coverage of legal cost insurance can be limited, however. This concerns deductibles, the maximum amounts of compensation, and other terms, such as the time when the compensation is paid. In addition, tenancy cases are quite often excluded from the insurance.

- Are legal aid services available in the area of tenancy law?

Legal aid may be granted to a person whose case is, for one reason or another, not covered by legal cost insurance. Legal aid is available from the State Legal Aid Offices⁴ on the basis of the applicant's disposable income.

- To which organizations, institutions etc. may a tenant turn to have his/her rights protected?

⁴ <http://www.oikeus.fi/20631.htm>.

A tenant may turn, for example, to the manager of the housing company or to housing counselling which is offered by municipal housing companies and authorities and general-interest organisations. The tenant may also turn to the counselling services of Finnish Tenants⁵ and the housing counselling of the Consumers' Association of Finland⁶. Young people seeking an apartment or having questions about renting can contact the Finnish Youth Housing Association⁷.

⁵ <http://www.vuokralaiset.fi/>.

⁶ http://www.kuluttajaliitto.fi/briefly_in_english.

⁷ <https://www.nal.fi/fi/etusivu/>.