



## **What Tied Pub Tenants Need To Know**

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# **Market Rent Only (MRO) Rights**



## How to use this factsheet:

This factsheet is for tied pub tenants who want to know more about the **Market Rent Only (MRO) option** and their related rights under the Pubs Code.

It provides information to support tenant understanding. It is not a substitute for the Pubs Code legal framework.

Our website contains other useful information about accessing your Pubs Code rights and the PCA's role as regulator in enforcing those rights:  
[www.pubscodeadjudicator.org.uk](http://www.pubscodeadjudicator.org.uk)

## At a glance... MRO rights:

The Pubs Code provides tied pub tenants certain rights to request the Market Rent Only (MRO) option, which allows them to occupy the pub under a free-of-tie agreement which is MRO-compliant and pay either an agreed rent or market rent.

The Pubs Code also sets out when and how tenants can request the MRO option, the obligations of the pub-owning business to respond and how to resolve any disputes that arise during the MRO process.

For a tenancy to be MRO-compliant, its terms and conditions must meet certain requirements under the Code. These requirements include that the terms must be reasonable and not uncommon in the free-of-tie market.

## Terms and abbreviations

Term/abbreviation	What it means
Code	The Pubs Code etc. Regulations 2016
PCA	Pubs Code Adjudicator
POB	Pub-owning Business (often referred to as pub company)
TPT	Tied Pub Tenant (this includes a tied pub licensee and lessee)



Pubs Code Framework	The legal framework that regulates the relationship between the large pub-owning businesses and their tied pub tenants. It is made up of the Small Business, Enterprise and Employment Act 2015 (Part 4), The Pubs Code etc Regulations 2016, and The Pubs Code (Fees, Costs and Financial Penalties) Regulations 2016.
MRO	Market Rent Only
MRO Option	The option for you to occupy the tied pub under an MRO-compliant tenancy and to pay a rent you have agreed with the POB in line with the MRO procedure or, failing such agreement, the market rent.
MRO Notice	A written notice you give to the POB to request the MRO option when an event occurs that gives you the right to make this request, as set out in the Code.
MRO Full Response	The POB's response to your MRO notice. If the POB agrees you have the right to pursue the MRO option, this response must include a proposed MRO-compliant tenancy.
Resolution Period	The period beginning the day after a POB provides a full response to enable the TPT and POB to negotiate the MRO offer. The resolution period is for 3 months. The tenant can end it earlier by giving 7 days' notice to the POB. It cannot be any shorter than 21 days.
Updated Period of Response	A 7-day period at the end of the resolution period during which a POB may provide an updated full response.
MRO Rent	The rent (or money payable instead of rent) for you to occupy the premises under an MRO-compliant tenancy.
Market Rent	The estimated rent it would be reasonable for you to pay to occupy the premises under an MRO-compliant tenancy.
IA	Independent Assessor – someone who meets the criteria the PCA has set for independently determining the market rent.



## Market Rent Only (MRO) Option

See Part 5 of the Pubs Code

### What is the MRO Option?

The MRO option is the right for you to:

- choose to occupy the tied pub under a **tenancy that is MRO-compliant** - see section: **What is an MRO-compliant tenancy?**

and pay either:

- the **rent agreed** between you and the POB in line with the MRO procedure; or
- the **market rent** (if you cannot agree the rent)

The MRO option is also known as the choice to go '**free of tie**'.

### When can I ask for the MRO Option?

There are **four** circumstances under the Pubs Code where you can ask for the MRO option. The Code calls these **MRO events** (also known as MRO gateways).

#### 1. You receive a rent assessment proposal

See Pubs Code – Regulation 27

A Rent Assessment Proposal (RAP) is the document in which the POB proposes and explains the new rent you will pay in relation to your existing tenancy. When you receive a RAP, this starts the rent assessment (or assessment of money payable instead of rent).

**The MRO event occurs** when you receive the RAP.

Note: A RAP is different to a rent proposal.



For more information about:

**Rent assessments** (including when the POB must send you a RAP and the difference between this and a rent proposal) see the PCA's factsheet: [What Tied Pub Tenants Need to Know – Rent Assessments and Rent Assessment Proposals](#).

**Rent proposals** see the PCA's factsheet: [What Tied Pub Tenants Need to Know – Rent Proposals](#)

## 2. Renewal of your pub arrangement (e.g. your tenancy)

See Pubs Code – Regulation 26

Your **pub arrangement** is:

- the tenancy under which you occupy the tied pub; and
- any other contractual agreement, which includes an obligation that the landlord supplies some or all the alcohol to be sold at the premises\*.

\*This extends to supply by any person the landlord nominates and any group undertakings in relation to the landlord.

**The MRO event occurs** when your pub arrangement (e.g. your tenancy) is renewed.

### When is my tenancy renewed?

For an MRO event, the Code treats renewal of a tenancy as the first day the tenancy **may be** renewed under its terms. This applies unless it is a protected tenancy under the Landlord and Tenant Act 1954 ("1954 Act").

A protected tenancy generally gives you the right to occupy the premises after the lease expires, unless the court orders otherwise.

If you have a **protected tenancy** under the 1954 Act, the Code treats renewal of the tenancy as:

- the day you receive the POB's notice under section 25(1) of the 1954 Act, proposing to end the tenancy; or
- the day the landlord receives your request under section 26 of the 1954 Act for a new tenancy.



If the MRO event is the renewal of your pub arrangement or you have received a RAP, you cannot send an MRO notice if the **investment exception applies**.

See the PCA's factsheet: [What Tied Pub Tenants Need to Know – Investment Exception](#)

### 3. You are notified of a significant increase in the price at which a tied product or tied service is supplied to you

See Pubs Code – Regulation 24

The **MRO event occurs** when you receive the invoice that shows there has been a significant increase in the price at which a tied product or tied service is supplied to you. Once you receive the invoice, you are treated as having been notified.

An increase must meet specific requirements for it to amount to a **significant increase in price**.

For more information about how to work out if there has been a **significant increase in price**, see the PCA's factsheet: [What Tied Pub Tenants Need to Know – Significant Increase in Price](#)

### 4. You send a relevant analysis to the POB which demonstrates that a trigger event has occurred that will have a significant impact on trade

See Pubs Code – Regulation 25

To show there has been a trigger event you must send the POB a written analysis of the forecasted level of trading in each month from the day the trigger event occurred to at least 12 months later. This is your **relevant analysis**.

You have **56 days** to send your relevant analysis to the POB, starting the day after the trigger event.

The **MRO event occurs** when you send your relevant analysis to the POB.

When something happens that will affect trade, it must meet specific requirements for it to amount to a **trigger event**.



For more information about what amounts to a trigger event, see the PCA's factsheet: [What Tied Pub Tenants Need to Know – Trigger Events](#)

## MRO Procedure

**See Parts 5 and 6 of the Pubs Code**

The Pubs Code sets the procedure to be followed in connection with the offer of a market rent only option. This is the **MRO Procedure**.

It is important to note in this factsheet the circumstances under which the MRO procedure will end. When this happens, you can no longer continue with the MRO option in connection with that particular MRO notice (unless it has ended because you have entered into an MRO tenancy).

## How do I ask for the MRO Option?

**See Pubs Code – Regulation 23**

You must first notify the POB that you want it to offer you the MRO option. This is your **MRO notice**.

Your MRO notice must be in writing.

You can find a template MRO notice on [our website](#).

**Note:** Once you have given the POB an MRO notice, you cannot send another one for the same pub until the MRO procedure ends in relation to your first notice.

## How long do I have to send my MRO notice?

The POB must receive your MRO notice within 21 days, starting the day after the MRO event occurred



## What must I include in my MRO notice?

You must **include** the following in your MRO notice:

- Your name, postal address, email address (if any) and telephone number.
- The date you are sending the notice.
- The name and address of the tied pub to which the request relates.
- The date of the MRO event\*
- A description of the event which in your opinion shows it is an MRO event.

\*For a trigger event, the MRO event is when you send your relevant analysis to the POB.

## What must the POB do in response to my MRO notice?

**See Pubs Code – Regulation 29**

The POB must:

- **acknowledge** your MRO notice in writing as soon as it reasonably can; and
- send you its **full response**.

## When must the POB send me its full response?

The POB must send its full response within **28 days**, starting the day after it receives your MRO notice.

This is the **period of response**.

**Note:** The start of the period of response may be different if you are renewing a protected 1954 Act tenancy – see below.



## Protected tenancy under the Landlord and Tenant Act 1954 (“1954 Act”)

Where the MRO event is a tenancy renewal and:

- you have received the POB’s notice under **section 25(1)** of the 1954 Act to end the tenancy, or the landlord has received your request under **section 26** for a new tenancy;

And

- the POB opposes any application to the court for a new tenancy under **section 24(1)** of the 1954 Act, or it applies for a court order to end your tenancy under **section 29(2)**.

the 28-day period of response starts the day after the court makes the **order for the grant of a new tenancy**.

Where the landlord has received your request under **section 26** for a new tenancy, and the POB has not taken any action as outlined above, the 28-day period starts **two months after the day you made the section 26 request**.

## The POB has not sent me its full response in time. What can I do?

**See Pubs Code – Regulation 32**

You (or the POB) have **14 days** to make an arbitration referral to the PCA, starting the day after the end of the period of response.

If the arbitrator decides:

- you have a right to the MRO option, they can order the POB to send you a full response within **21 days**, starting the day after their decision (or another period the arbitrator specifies).
- the circumstances are not such that the POB has to offer you an MRO option, the MRO procedure ends on the day of the arbitrator’s decision.



## What must the POB include in its full response?

See Pubs Code – Regulation 29

Where the POB **agrees** that an MRO event has occurred

The full response must include **all** the below:

- a statement confirming it agrees that an MRO event has occurred
- a proposed MRO-compliant tenancy (see section: What is an MRO-compliant tenancy?)
- a proposed MRO rent

Where the POB **disagrees** that an MRO event has occurred

The full response must include **all** the below:

- a statement confirming it disagrees that an MRO event has occurred
- its reasons for disagreeing.

## The POB disagrees an MRO event has occurred. What can I do?

See Pubs Code – Regulation 32

You (or the POB) have **14 days** to make an arbitration referral to the PCA, starting the day after the end of the period of response.

If the arbitrator decides:

- there was an MRO event, they can order the POB to send you its full response within **21 days**, starting the day after the arbitrator's decision (or another period the arbitrator specifies).
- there was no MRO event, the MRO procedure ends on the day of the arbitrator's decision.



## The POB's full response is missing a requirement (such as the MRO rent). What can I do?

You (or the POB) have **14 days** to make an arbitration referral to the PCA, starting the day after you receive the full response.

If the arbitrator decides:

- the full response was missing a requirement, they can order the POB to send you a compliant full response within **21 days**, starting the day after the arbitrator's decision (or another period the arbitrator specifies).
- there was no failure with the full response, you are treated as having received the full response on the day of the arbitrator's decision. Where the POB had agreed there was an MRO event, the resolution period starts the day after the arbitrator's decision.

For information about the **resolution period** see section: *The POB has sent me its full response. What happens now?*

## What is an MRO-compliant tenancy?

For a tenancy to be MRO-compliant, its terms and conditions must meet **certain requirements** under the Code. When considered together with any other contractual agreement you have with the POB in connection with the tenancy, the terms and conditions must **not**:

- be **unreasonable**
- include any **product or service tie**, other than on buildings insurance.

## Length of tenancy

See Pubs Code – Regulation 30

The length of the proposed tenancy must be at least the same length as the **remaining term** of the existing tenancy. This does not apply if the MRO event is renewal of the tenancy



## Unreasonable terms and conditions

See Pubs Code – Regulation 31

Terms and conditions will automatically be **unreasonable** if, together with any other contractual agreement between you and the POB in connection with the tenancy, they:

- include a **break clause** for the MRO tenancy which **only the POB** can use.
- impose a **service tie on insurance** (other than buildings insurance).
- are **not common terms** in agreements between landlords and pub tenants who are **not** subject to product or service ties.

When the existing tenancy is a **protected 1954 Act tenancy**, the terms and conditions will be unreasonable if, together with any other contractual agreement between you and the POB in connection with the tenancy, they:

- exclude the provisions of sections 24 to 28 of the Landlord and Tenant Act 1954 in relation to the proposed MRO tenancy.

**Note:** A **tenancy at will** is not MRO-compliant.

If your landlord (or their group undertaking) is a brewer, a tenancy may include a **stocking requirement**. This can be MRO-compliant, but the stocking requirement must:

- be reasonable;
- only relate to beer and/or cider that is produced by the landlord or a group undertaking of the landlord; and
- not require you to buy the beer or cider from any particular supplier.



## The POB has sent me its full response. What happens now?

See Pubs Code – **Regulation 32A**

After the POB has sent you its full response, you enter into a period of negotiation. The Code calls this the **Resolution Period**.

The resolution period is **3 months**, starting the day after you receive the POB's full response.

You can decide to end the resolution period early, but it must last for at least 21 days.

**If you decide to end the resolution period early** you must give the POB 7 days' notice.

If 21 days of the resolution period have not yet passed when the 7-day notice period ends, the resolution period ends on day 21.

Although the resolution period is for a set amount of time, the Code requires that you and the POB try to agree an MRO-compliant tenancy and rent **until the end of the MRO procedure**.

When you have told the POB, in writing, that you accept a proposed tenancy, you and the POB must enter into that tenancy **as soon as reasonably practicable**.

If you do not, either you or the POB may **refer this for arbitration**.

The MRO procedure ends on the date you enter into the tenancy.



## What happens at the end of the resolution period?

See Pubs Code – Regulation 32B

Within 7 days, starting the day after the resolution period ends, the POB can choose to send you an updated full response to reflect the negotiations. This is optional but you must allow this 7-day period to pass.

The Code calls this 7-day period the **updated period of response**.

If you gave the POB notice to end the resolution period, the updated period of response will start **after** your 7-day notice period.

## Disputes about Tenancy Terms and Rent

**I do not think the proposed tenancy terms are MRO-compliant. What can I do?**

See Pubs Code – Regulation 32C

## Disputes about the compliance of MRO terms (not including rent)

You (or the POB) must make the arbitration referral within **21 days** starting with the day after the end of the 7-day **updated period of response**.

You must **notify** the POB **in writing** if you intend to make an arbitration referral. Likewise, if the POB is making the referral, it must notify you.

If the POB **provides** an updated full response during the 7-day updated period of response to reflect your negotiations, it replaces the initial full response, and you can refer this for arbitration.

If the POB **does not provide** an updated full response, you can refer the initial full response for arbitration.



## Following an arbitration referral on the compliance of MRO terms:

You should still try to reach an agreement with the POB, even after there has been an arbitration referral. Remember, the Code requires you and the POB to try to agree an MRO-compliant tenancy and rent until the end of the MRO procedure.

If you cannot reach an agreement with the POB, the arbitrator will decide the arbitration claim.

## Arbitrator decides full response / updated full response is MRO-compliant

You have **21 days** from the day after the arbitrator's decision to refer the MRO rent to an Independent Assessor (IA).

If the arbitrator decides the POB's full response / updated full response is **not MRO-compliant**, they can require the POB to send you a compliant MRO offer. The Code calls this a **Revised Response**.

The POB must send this revised response to you within **21 days**, starting the day after the arbitrator's decision (or another period that the arbitrator specifies).

## Arbitrator decides full response / updated full response was not MRO-compliant and orders a revised response

You have **21 days** from the day after you receive a revised response to:

- make another **arbitration referral** to the PCA if you do not consider it is MRO-compliant
- make a **referral to an IA** about the MRO rent.

## I do not agree with the proposed MRO rent. What can I do?

See Pubs Code – **Regulation 35**

If you do not agree with the proposed MRO rent, you can ask an IA to determine the market rent.



## Disputes about the proposed MRO rent

You can make a referral to the IA within **21 days**, starting the day after the end of the 7-day updated period of response.

### Following arbitration:

If an arbitrator orders the POB to provide a compliant **revised response** to you, the 21-day period starts the day after you receive the revised response.

If the arbitrator decides the POB's full response / updated full response is MRO-compliant, the 21-day period starts the day after the arbitrator's decision.

Tenancy terms need to be settled (either by agreement or as may be ordered by the arbitrator) before you or the POB can make an IA referral. This is because the IA needs to be certain about the terms on which the rent is to be determined.

If you make a referral to the IA about the rent, you cannot then make a referral to the PCA to challenge the proposed terms.

If you do not make an arbitration referral to the PCA, refer the rent to an IA, or accept a tenancy the MRO procedure will end on the day the referral period ends.

For more information about making a referral to an IA, see the PCA's factsheet: [What Tied Pub Tenants Need to Know – Rent under a Market Rent Only \(MRO\) compliant tenancy and Independent Assessors](#)

## Your Tied Tenancy during the MRO Procedure

See Pubs Code – **Regulation 28**

There are **restrictions** on the POB's rights during the MRO procedure in relation to your tied rent, and your product and/or service ties.

**Note:** the following restrictions do not apply if the MRO notice relates to the renewal of a pub arrangement and the pub is occupied under a protected 1954 Act tenancy.



## Tied Rent

If your rent (or money payable instead of rent) becomes payable at a higher rate after you give the POB your MRO notice, it must **not exercise any right to recover** the additional amount from you **during the MRO procedure**.

**The MRO Procedure will end** if, within any tied **rent assessment** (or assessment of money payable instead of rent), you **agree the new rent in writing**

## Product or Service Ties

During the MRO procedure, the POB must not:

- **apply** a product or service tie to any products or services that were not tied when you gave your MRO notice.
- **remove** the tie from products or services that were tied when you gave your MRO notice.

**If the MRO procedure ends** and you have **not** agreed an MRO option, the restrictions on the tied rent and any product or service ties no longer apply. If you accept the MRO option, the restrictions remain in place.

Where you and the POB disagree as to whether it can recover an amount at the end of the MRO procedure, either of you may refer this for arbitration.

## What happens if my tied tenancy ends during the MRO procedure?

**The MRO procedure will end** on the day your tied tenancy ends. This means you can no longer continue with the MRO option under the Pubs Code.



# Questions about this factsheet

For **general queries** about the information in this factsheet, you may contact our enquiry service.

Please note, we can provide information about your rights, the Code and our processes. We cannot advise you about your case.



Complete our [online enquiry form](#)



Email: [office@pubscodeadjudicator.gov.uk](mailto:office@pubscodeadjudicator.gov.uk)



Call 0800 528 8080 to request a call back

This factsheet provides information to support tenant understanding. It is not a substitute for the Pubs Code framework.

**You may find it helpful to take independent professional advice before making any decisions that may affect you and your business.**

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