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Irregular deposits in Norway: Systemic economic crime in the rental market

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ABSTRACT

This study investigates the prevalence and patterns of irregular deposit practices and legal breaches concerning tenancy deposits in Norway's private rental housing sector. Irregularities in handling tenancy deposits can adversely affect tenants, particularly vulnerable groups like students and low-income families. By analysing transaction data from DNB, Norway's largest bank, covering January 1, 2014, to December 31, 2023, the research reveals that approximately 24.5–42.6 % of rental units experience irregular deposit practices. Many deposits are not stored in legally required accounts, and about 85 % of deposit repayments were round figures, indicating that interest accrued on deposits was often not paid back to tenants. These breaches of the Norwegian Tenancy Act highlight significant concerns within the private renting sector. As the first systematic investigation of irregular deposits in Norway's rental market, this study provides a foundation for future research and interventions to protect tenant rights and improve compliance with deposit regulations. The findings emphasize the necessity for legislative reforms to strengthen tenant protections and ensure proper deposit-handling practices.The findings emphasize the necessity for legislative reforms to strengthen tenant protections and ensure proper deposit-handling practices.

1. Introduction

Despite Norway's protective legislation, the persistence of irregular deposits highlights the nuanced challenges of ensuring compliance and enforcement within the rental sector. In July 2023, the Norwegian government established a working group to evaluate the Norwegian Tenancy Act, evaluating and proposing modifications to improve tenant protections and adapt the law to the modern rental landscape (Kommunal- og distriktsdepartementet, 2023). Among their topics of inquiry, the group was tasked with examining the issue of irregular deposits and their repayments.

The Norwegian Tenancy Act (Lov om husleieavtaler, 1999), Section 3.5, specifies that if a landlord requires a deposit, it must be placed in a designated account in the tenant's name.[2] Any deposit not on these accounts is considered an *Irregular Deposit*. The landlord must by law pay any fees associated with opening the account. These accounts are locked for the duration of the tenancy, and the funds can only be accessed if both parties agree. Suppose that the parties disagree, for example, over a dispute over damages to the property. In that case, they must be settled by legal means. Following this, there are four legal options for a landlord regarding deposits in Norway: no deposit, deposit in a deposit account, deposit-guarantee[3] from a financial institution, and a deposit guarantee from the government. One would choose not to take a deposit for many reasons, including familiar relations, trust in the renter, or legal reasons.

In Norway, 23.7 % of households live in rented accommodation according to Statistics Norway (2024). These are mainly divided into two groups: young households who rent temporarily before buying their own homes and households with persistently low incomes who face barriers to home ownership, such as insufficient income to secure a

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[2] Norwegian Tenancy Act, Lov om husleieavtaler (1999), § 3.5 (2): *"Det deponerte beløp skal settes på særskilt konto i leierens navn […]"*, which translates to: *"The deposited amount must be placed in a separate account in the tenant's name […]."*
[3] A *deposit guarantee* for housing is a third-party assurance covering a tenant's unpaid rent or damages.

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mortgage (Bø, 2023). In Norway, owning your own home is considered the norm and an expected life goal (Dyb, 2020).

Depositing a security deposit into a non-designated account exposes tenants to several risks, including forfeiting any interest earnings, challenges in reclaiming the deposit, and potential exploitation. Crucially, this arrangement disproportionately empowers the landlord. In the event of a dispute, such as by over damages or the return of the deposit, the responsibility to initiate legal action shifts from the landlord to the tenant, compelling the tenant to approach the Rent Disputes Tribunal (*Husleietvistutvalget*), whereas deposits in an adequately designated account would obligate the landlord to take such actions.

The criminal implications of irregular deposits are primarily delineated under Sections 371–373 of the Norwegian Penal Code (Lov om straff, 2005),[4] which addresses fraud. The Norwegian Tenancy Act establishes tenants' rights to receive interest on their deposits.[5] Therefore, any failure by a landlord to return the accrued interest, even if the principal is refunded, may constitute fraud. Moreover, depositing the funds into an unauthorized account not only jeopardizes tenants' access to their funds but may also be fraudulent due to the potential financial loss incurred. Additionally, there is the risk of the landlord failing to return the deposit or using it as leverage in disputes.

Even though the criminal nature of the situation may seem straightforward, many individuals are unaware of this fact. Some might not recognise or consider the matter as a criminal offence, while others may justify their actions based on practical considerations. In this study, we do not delve deeply into the neutralisation techniques employed by the landlords; instead, we focus on the more practical aspects of their behaviour.

This research aims to clarify the prevalence of irregular deposits in Norway's rental market. It will assess how often deposits are not stored in legally required accounts, identify the tenants' demographics, and discuss possible mitigating measures.

2. Methods and results

This research will adopt a three-step methodological framework. The number of rental units in Norway that use deposits will be estimated initially. Subsequently, the focus will shift to quantifying the total number of deposit accounts and gathering statistical data. The final step involves analysing transaction data to detect irregular deposits.

The analysis in the research has been conducted on a dataset provided by the largest bank in Norway, DNB. DNB states that they serve approximately 40 % of the Norwegian population as customers, counting two million (DNB ASA, 2024), and has records of more than 23 billion postings in the period. DNB's account and transaction data were analysed directly on their main data warehouse and primarily focused on the period between 1. January 2014 and 31. December 2023, a period of 10 years. While a multi-bank dataset would offer broader market coverage, access to such data has not been feasible.

2.1. The number of housing deposits in Norway

The Norwegian statistical bureau (Statistics Norway) does not collect statistics on the exact number of rental properties. Still, it does have statistics on the number of households that live in rental properties, as mentioned in the introduction. In 2023, 605,241 (23.7 %) households living in rented units accounted for 18.4 % of the total population (Statistics Norway, 2024). We will use this number as our base for the calculation.

Statistics Norway (2023) classifies landlords into five different categories: *Family/Friends/Staff dwelling/Others* (8.5 %), *Other private individual* (48.4 %), *Private landlord* (36.1 %), *Municipality* (5.5 %), and *Student organisations* (1.5 %) where the percentages are based on a population-weighted average for Norway's four largest cities. These statistics are only collected for the largest cities in Norway and therefore cannot be expected to be fully representative and will be corrected where possible (Statistics Norway, 2023). They are, however, the best approximation to date.

Of these groups of landlords, most municipalities and Student organisations forgo deposits for their renters (Storvik, 2022). Similarly, it can be expected that Family/Friends/Staff dwelling/Others also, in most cases, forgo deposits. While validating the number by Statistics Norway (2023), it became clear that there are differences with other sources. In particular, Student organisations have 36,664 rental units (NSO, 2023), not 9079 units as following the 1.5 % mentioned previously. We attribute this to the uncertainties of the statistics, the fact that very few students change their registration when moving to a student rental unit (Engeland, 2023), and their lower likelihood of answering surveys. Due to these reasons, it was decided not to re-balance the statistics. The number of households renting from friends or family was validated by identifying those that rent from what is most probable their parent by having the same last name and the receiver of the rent being at least 16 years older than the tenant using transactional data, making up 9.6 ± 0.37 % of the rental market between natural persons, approximately 5.46 % of the total rental population.

With these statistics, there are approximately 511,428 rental units in Norway that can be expected to have some form of deposit. Subtracting then the estimated number of deposit guarantees of 75 000 units[6] we expect $N_d = 461,429$ deposit accounts in Norway, with 264,299 between other private individuals and 197,131 from professional actors.

2.2. The number of deposit accounts in Norway

Similarly, no national statistics are available for the number of deposit accounts in Norway. Therefore, in this study, we extrapolate the number of deposit accounts in Norway from DNB's number of accounts and their estimated market share. DNB had a market share of 28 % in 2023, which has been relatively stable over the last years (Norges Bank, 2023). While this market share is based on lending, it is a relatively good substitute for the exact number. DNB's annual report reports a market share of 40 %, or private two million customers (DNB ASA, 2024). This number is most likely inflated due to persons having customer relations in multiple banks. Therefore, the lending numbers are expected to give a more accurate estimation of DNB's market share. A 28 % market share gives a scaling factor of $\lambda = 3.57$ that will be used in the following calculations.

There were 31,625 deposit accounts closed within the ten-year period from 2014 to 2013 within DNB. However, due to the limitation on transaction data retention, only those accounts whose entire transaction history is available, are part of the statistics, limiting the number of included accounts to 240,400. Their statistics are presented in Table 1. The first column refers to the average number of active deposit accounts within DNB throughout the year, including those without transaction history. In contrast, the second column shows how many deposit accounts with transaction histories were closed in that year, giving an estimated number of active deposit accounts in Norway in 2023 as $N_{2023} = N_{\text{DNB}} \cdot \lambda = 264,940$. In 2022, the effect of the COVID-

[4] The Penal Code, Lov om straff (2005), §371 states that a person who *"[…] with intent to obtain an illicit gain for himself/herself or others: a. causes, strengthens or exploits a mistaken belief and thereby deceives someone into doing or omitting to do something by which someone suffers a loss or risks a loss […]"* is committing fraud.

[5] Norwegian Tenancy Act, Lov om husleieavtaler (1999), § 3.5 (2−3): *"[…] med vanlige rentevilkår […] Leieren kan likevel kreve opptjente renter utbetalt […]"*, which translates to: *"[…] with standard interest terms […]. However, the tenant has the right to request accrued interest payments paid out […]"*

[6] There is no statistic available for this. However, based on various claims from actors in this industry, an estimate of 75,000 seems reasonable.

Table 1
Annual statistics on deposit accounts, with the Active column showing the average number of active accounts daily for the year. Except for first and last column, all other columns pertain to accounts closed at DNB. Depositors' demographics are recorded at account opening, while the interest rate represents the national average interest rate.

	Accounts			Account Owner			Deposits		Interest		
Year	DNB #	Closing #	Duration *days*	Sex Ratio $^{M}/_{F}$	M. Age *years*	Mdn. Age *years*	Mean *NOK*	Std. *NOK*	Mean *NOK*	Post. #	Rate %
2014	60,778	21,304	643	0.97	31.10	27	25,020	25,147	122.62	2.81	2.24
2015	63,512	22,566	677	1.01	31.38	27	25,813	18,353	107.28	2.88	1.41
2016	66,468	23,298	698	0.97	31.45	27	26,479	22,099	100.98	2.91	0.78
2017	68,359	25,248	733	0.98	31.46	27	26,650	17,004	88.60	2.98	0.77
2018	71,013	26,397	706	0.97	31.43	27	27,752	18,864	82.58	2.91	0.78
2019	73,872	27,967	728	1.00	31.38	27	28,333	16,940	88.31	2.97	0.94
2020	74,938	28,086	757	0.97	31.51	28	29,381	40,926	80.35	3.04	0.68
2021	75,268	25,533	858	0.99	31.59	27	30,740	18,067	77.58	3.31	0.33
2022	75,016	14,904	1 202	1.01	33.29	29	31,780	20,324	95.73	3.34	0.75
2023	74,213	25,097	838	0.99	32.48	28	32,409	19,805	144.21	3.03	2.15
Total	**70,344**	**240,400**	**769**	**0.99**	**31.65**	**28**	**28,400**	**23,242**	**97.99**	**3.01**	**1.08**

19 pandemic can be observed. There is a significantly lower number of closed accounts and a higher average duration due to lower mobility in the market. The total number of deposit accounts remained unchanged.

The total expected number of irregular deposit accounts active in Norway at any given time would then be given by

$$N_{ie} = N_d - N_{\text{DNB}} \cdot \lambda \tag{1}$$

that for 2023 gives the estimated number of irregular deposits to be $N_{ie,2023} = 196,489$, accounting for 42.6 % of all deposits.

2.3. The number of irregular deposits from transactional data

Identifying deposits going to and from non-deposit accounts is neither easy nor exact. Where regular deposits are labelled with metadata on the accounts and transactions, irregular deposits utilise regular accounts and transactions. The only key data point differentiating a typical transaction from a deposit transaction is its text message.

Table 2

The initial selection of candidates was performed by selecting transactions based on having the word *'depositum'* (deposit) present in the text and having an amount between 5,000 and 150,000 NOK reducing the transactions from 23 billion to 399,605. Deposits over and under this amount were deemed irrelevant for this study.

The candidate transactions were filtered further by removing those between the same customer's account and repeat transactions between the same pair of accounts and those with a deposit account. Then, transactions with patterns indicating exclusion were filtered, and over two hundred different patterns were identified. These included terms such as *cabin* or *vacation* [7], and was found by manual analysis of the dataset.

2.3.1. Repayments

Lastly, 6 579 repayments for deposits were identified. Repayments were exclusively identified when the debtor was a DNB customer to exclude potential repayments from other banks. In order to identify whether or not a repayment included interests, the roundness of the amount was used. If the amount ended in something other than '0.00', it was considered to include interests as it is improbable that interests will leave these even, approximately 85 % of the repayments were round numbers.

It was observed that there most likely is a causation between a landlord holding the deposit on an exclusive account only for that specific deposit and their repayment with interest.

[7] Most of the terms where in Norwegian and indicate a deposit for other uses then housing. This includes cars, travel, tuition, and indications of deposits in other banks. The identification of the terms was conducted with a manual analysis and tuning.

2.3.2. Deposits

This filtration left 173,726 transactions over the ten years, with 29,145 in 2023 as suspected irregular deposits. Of these, 47 % were classified as high confidence as they either had more explicit text positively affirming that it was a housing rental deposit or were solely between two DNB customers not sharing the same surname. The statistics on the amount and depositors were calculated based on the high-confidence deposits.

These numbers only refer to the number of irregular deposit transactions each year, not the number of active deposits at a given time. In order to estimate the total number of irregular deposits in effect, we need to multiply by the expected duration of the accounts. For this, we use the average duration from Table 1, $\bar{D} = 2.1$ years. Extrapolating the number of detected irregular deposits to Norway as a whole, for 2023, we get

$$N_{\text{it},2023} = N_{\text{it,DNB}} \cdot \lambda \cdot \bar{D} = 29,140 \cdot 3.57 \cdot 2.1 = 218,463 \quad \text{deposits} \tag{2}$$

and $N_{\text{ith},2023} = 148,537$ for the high confidence numbers. We used the overall average duration, not the specific year duration, as these numbers are calculated at the closing year, not at the opening year.

During the analysis, it was also observed that several landlords with few rental units organising their landlordship as a limited liability company (*Aksjeselskap*), were receiving at least some deposits on their private accounts.

3. Discussion

The widespread occurrence of irregular deposits highlights a significant gap between legislative intent and real-world enforcement within Norway's rental market. This issue has been formally acknowledged by the government, as reflected in its mandate to the working group on rental market challenges (Kommunal- og distriktsdepartementet, 2023). There is no dispute that irregular deposits represent a persistent and substantial problem in Norway. While similar issues may exist in other jurisdictions, no comprehensive comparative studies were identified, highlighting the need for further research on international perspectives.

3.1. Prevalence of irregular deposits

Our analysis confirms the significant prevalence of irregular deposits in the Norwegian rental market. By utilising multiple data sources and verifying accuracy where possible, we estimated that, in 2023, between 148 and 265 thousand rental units, equivalent to 24.5–42.6 % of all units, experienced irregular deposit practices.

These three figures, from high confidence number of 24.5 % to the statistically based 42.6 % provide a wide estimated range for the

Table 2
Annual statistics on deposits on non-deposit accounts. Candidate Payments are filtered by 'deposit' mentions and NOK thresholds, with exclusions based on Structural (same sender and receiver, repeating transactions, and account type) and Text (non-relevant terms like 'caravan' or 'vacation'). Breakdown includes Repayments signalling a potential lack of incurred interests through rounded figures. *Deposits* are further higher confidence based on textual and structural factors. Depositor demographics are related to the high confidence figures.

	Cand.	Excluded		Repayments			Deposits				Depositors		
Year	Paym. #	Struct. #	Text #	Total #	Round #	Avg. *NOK*	Mdn. *NOK*	Total #	High #	Avg. *NOK*	Mdn. *NOK*	Sex *M*/*F*	M. Age *years*	Mdn. A. *years*
2014	19,684	12,344	1380	81	63	14,264	12,000	5879	2285	16,526	13,752	0.88	33.2	26
2015	21,270	13,379	1381	73	59	15,040	10,500	6437	2486	17,384	14,499	0.93	32.4	25
2016	24,511	15,489	1464	93	72	17,836	13,500	7465	2886	16,903	14,000	0.88	32.6	26
2017	28,124	17,807	2141	89	71	20,031	15,000	8087	3024	17,879	15,000	0.91	32,9	26
2018	36,055	20,678	2922	196	165	11,278	7 130	12,259	4873	14,873	11,000	0.96	32.2	26
2019	40,363	19,709	3496	285	232	9 067	5 555	16,873	7346	13,959	10,000	1.05	32.4	27
2020	48,812	18,409	6245	794	705	10,417	7 614	23,364	11,314	13,908	10,000	0.93	31.7	26
2021	66,175	20,839	9296	1869	1592	13,274	10,000	34,171	17,165	14,889	11,500	0.94	32.3	27
2022	59,170	19,964	7645	1515	1319	12,739	10,000	30,046	15,217	15,255	11,500	0.89	32.0	27
2023	55,441	17,760	6952	1584	1333	14,476	11,248	29,145	15,116	16,596	13,000	0.97	32.5	27
TOTAL	**399,605**	**176,378**	**42,922**	**6579**	**5611**	**13,041**	**10,000**	**173,726**	**81,712**	**15,356**	**12,000**	**0.94**	**32.24**	**27**

number of irregular deposit accounts in Norway. The large interval is due to the three different methods and a real number is expected to be in the 30 parentage range. The high confidence numbers are artificially low due to the strict criteria applied leading to significant dark figures.

3.1.1. Interest on irregular deposits

One crucial issue with irregular deposits is the lack of interest payment on these funds. According to the Norwegian Tenancy Act, tenants have the right to receive interest on their deposits, which should be refunded along with the original amount at the end of the tenancy. However, this research shows that a significant number of irregular deposits do not include interest when refunded. An analysis of transaction data indicates that about 85 % of identified repayments were round figures, suggesting no interest had been paid. While the financial loss for each tenant is generally small, often only amounting to a few hundred NOK, it demonstrates a consistent disregard for legal requirements and tenants' rights.

3.2. Why are so many deposits irregular?

To explain why irregular deposits are as frequent as they are, Rational Choice Theory (RCT) and Routine Activity Theory (RAT) are well suited. Generally speaking, minimal deterrents discourage the landlord from having irregular deposits, and there are no punishments to speak of.

According to Rational Choice Theory, crime results from a cost-benefit evaluation that deems crime more profitable (Cullen et al., 2014). Landlords might opt for irregular deposits based on a rational calculation of benefits (e.g., more accessible access to funds, convenience) versus costs (e.g., potential legal consequences, higher cost). The perceived low risk of detection and penalties may encourage landlords to engage in this practice.

Routine Activity Theory emphasises the role of a motivated offender, a suitable target, and the absence of capable guardianship in the occurrence of a crime (Cullen et al., 2014). Landlords, motivated by financial gain and convenience and facilitated by the lack of oversight (lack of capable guardianship), target vulnerable tenants who often lack knowledge or means to assert their rights (suitable targets). In this context, the role of capable guardianship can be expanded to include regulatory bodies and tenant advocacy groups. The absence or inefficacy of these entities creates an environment where landlords feel emboldened to exploit tenants.

The frequency of irregular deposits can be attributed to a combination of factors, including the perceived low risks and high benefits for landlords, the weak enforcement of regulations, and the vulnerability of tenants. Evaluating the minimal likelihood of detection and penalties, landlords often prioritise their immediate financial gains and convenience over legal compliance. This behaviour is facilitated by a regulatory environment failing to deter such practices effectively. Additionally, tenants, mainly those less informed or economically disadvantaged, cannot challenge or even detect these irregularities. This combination of factors creates a situation where the lack of robust oversight enables landlords to exploit the system with little fear of repercussions.

To conclude the discussion on why so many deposits are irregular, it is crucial to recognise landlords' practical challenges, particularly concerning setting up and maintaining legally compliant deposit accounts. These challenges can inadvertently lead to irregular deposit practices.

For instance, landlords often face delays and administrative hurdles when setting up deposit accounts. The process requires a signed contract, and banks may take several days to establish a deposit account. This delay can be problematic, as landlords generally do not allow tenants to move in without securing the deposit and first month's rent. If tenants do not promptly follow up on signing the necessary agreements for the deposit account, even though this process is free for the tenant

and can be done online, the landlord may temporarily hold the deposit in their accounts. Such scenarios can inadvertently result in 'illegal' holdings, despite landlords' efforts to comply with legal requirements and repeated communications to tenants to finalise account setups.

Additionally, complications arise with tenants new to the country, who may not have a D-number[8] or personal identification number upon arrival in Norway. This issue complicates their ability to quickly set up a bank account, pushing landlords to handle deposits in the same manner as described, which can further complicate compliance with deposit regulations.

Thus, while Rational Choice and Routine Activity theories provide a robust framework for understanding the prevalence of irregular deposits due to perceived benefits and minimal risks, the practical challenges in managing deposit accounts also contribute significantly to this issue.

3.3. Socioeconomic and legal implications

Comparing the average amount of deposits in regular deposit accounts from Table 1 with the same number for irregular deposits, it is clear that irregular deposits are significantly smaller. Given that the Norwegian Housing Act section 3.5 sets an upper limit on deposits at six times the monthly rent, with the norm being three times, this suggests that these irregular deposits are associated with cheaper rental units. This correlation indicates that irregular deposits disproportionately affect low-income households.

Low-income households depend more on deposits as they generally need to pay a similar deposit at the new property when moving and have fewer means to fight if the landlord poses unreasonable and illegal demands. One example is described by Vege (2018), where a student faced a 45,000 NOK demand, illustrating the significant financial burden such irregularities can impose on vulnerable tenants. The socioeconomic impact on low-income renters is severe as they already struggle with financial stability and often lack the resources to challenge unjust demands legally or financially.

Irregular deposits exacerbate financial instability among low-income households. These households typically have less savings and rely more heavily on their deposits to secure rental housing. The smaller amounts in irregular deposits might make it easier for landlords to withhold or misuse these funds without facing immediate legal consequences. This dynamic creates an environment where low-income renters are more vulnerable to exploitation and less likely to reclaim their deposits without incurring additional costs, such as legal fees, which they can ill afford.

3.4. Limitations of this study

This study encounters several limitations that might affect the validity and generalizability of the findings. Firstly, the absence of comprehensive national data on rental properties and deposit accounts complicates accurate estimations, as such statistics are crucial for grounding the analysis in a broader context and using substitute statistics. This concern is particularly relevant when examining landlord statistics, where discrepancies have been noted with data from Statistics Norway (2024), Table 09896).

Secondly, challenges in identifying irregular deposits arise due to ambiguous or inconsistent transaction descriptions. This issue may also be exacerbated by the limitations inherent in our SQL-based analytical approach, which could overlook nuanced patterns or exceptions.

Thirdly, this study relies primary on data from DNB, which may not fully capture the dynamics of the entire market. While a multi-bank dataset would provide broader coverage, access to such data has not been feasible. However, as DNB serves between 28 % and 40 % of the Norwegian population and the expectation of a homogeneity in the market, the findings are trustworthy in regards to showing the approximate scale of the problem.

Additionally, constraints related to data retention and the limited availability of transaction histories restrict the scope of our analysis, potentially omitting significant insights from periods beyond our dataset.

3.5. Recommendations

This study identifies several systemic issues that require targeted interventions. The primary concern is the lack of effective deterrence for landlords who fail to follow proper deposit procedures. Aside from the risk of losing legal proceedings, non-compliance has minimal consequences. It would be advantageous to adjust the incentive structure to address this imbalance.For example, landlords could be made to forfeit any right to claim damages up to the amount taken if found to be handling deposits irregularly. This change would likely encourage adherence to legal requirements by attaching significant financial risks to non-compliance while also avoiding the need for police involvement. While no direct comparison is known internationally, the UK UK Parliament (2019) has similar protections to the Norwegian scheme in requiring deposits to be held in approved accounts and imposing fee caps, yet it enforces compliance more rigorously through stricter financial penalties for non-compliance.

Furthermore, the process of creating and managing deposit accounts needs simplification, as highlighted by multiple responses to the public hearing (Husleielovutvalget, 2024). While opening a deposit account can be done online, the procedure can nonetheless be quite cumbersome, which can be particularly challenging for foreign nationals renting in Norway. By streamlining these processes, landlords and tenants face fewer obstacles, which could lead to a decrease in irregular deposits.

Lastly, increasing public awareness about the regulations governing rental deposits is crucial. Awareness campaigns can educate tenants and landlords on their rights and responsibilities, potentially reducing disputes and non-compliance. Additionally, banks could play a proactive role by implementing system warnings that alert customers when a deposit is made into a non-designated account by the contents of the sender-to-receiver message. This preemptive approach could serve as a final check against the improper handling of deposits.

These recommendations aim to strengthen the regulatory framework, enhance compliance, and ensure landlords and tenants engage in fair and legal rental practices.

3.6. Future research

This study provides an initial exploration of irregular deposit practices in Norway, but several areas warrant further investigation. Future research could examine the long-term effects on tenant-landlord relationships, particularly regarding trust and legal disputes. A broader multi-bank analysis would also be valuable to determine whether irregular deposit practices vary across financial institutions. While this study focuses on Norway's largest bank, a nationwide comparison could provide deeper insights, though such research would require improved data accessibility. The motivations and challenges for the landlords should also be considered. Finally, future studies could investigate whether similar challenges exist in other jurisdictions and how different regulatory frameworks impact compliance.

4. Conclusion

In conclusion, the persistence of irregular deposits in Norway's rental market poses significant challenges to tenant protection and compliance with the law. The current regulatory framework, as outlined in the Norwegian Tenancy Act, aims to safeguard tenant interests by requiring landlords to deposit security funds in designated accounts. However, the

[8] A *D-number* is a temporary identification number assigned to individuals who do not have a permanent Norwegian personal identification number (fødselsnummer). It is used for tax, banking, and other official purposes in Norway.

analysis reveals that irregular deposits continue to be prevalent, leading to potential financial risks and empowerment imbalances favouring landlords.

The research methodology employed a three-step approach, including estimating the usage of deposits, quantifying the total number of deposit accounts, and analysing transaction data to identify irregular deposits. The dataset provided by DNB, Norway's largest bank, offered valuable insights into the prevalence and impact of irregular deposits.

The findings of this research underscore the need for legislative reforms to strengthen tenant protections and enhance compliance with deposit regulations. By shedding light on the frequency of irregular deposits, unreturned interest, and the demographic groups most affected, this research highlights the need for policy adjustments to mitigate these challenges within the rental sector.

Declaration of Competing Interest

The authors declare the following financial interests/personal relationships which may be considered as potential competing interests: Johannes Pippidis Lorentzen reports a relationship with DNB BANK ASA that includes: employment. DNB is the authors employer and fully finances the authors ongoing Ph.D. If there are other authors, they declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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