



Rent Arrears Policy

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1.0 Introduction

HHA has a duty to ensure the financial viability of the Association is maintained with the prompt and timely collection of rent and service charges from its customers. Without a robust process for collection, arrears are likely to increase and the impact on both our customers, in paying the debt, and the integrity of the Association, could lead to significant consequences. The purpose of this policy is to ensure the early prevention of arrears, working with customers to help them actively resolve their debt and mitigating the arrears increasing, through clear and transparent processes.

2.0 Aims and Objectives

HHA understands that occasionally customers may have difficulties making payments for their rent, in particular with Universal Credit and/or changes in their income due to employment changes. Customers experiencing difficulties paying their rent should inform the Association at the earliest opportunity and we will encourage them to seek advice from support agencies such as Money Advice Service and the Citizen's Advice Bureau.

The aim of the policy is to prevent a debt escalating to a level that becomes unaffordable. This will prevent high arrears accruing on an account, or static debts remaining on an account.

The objectives for the policy are: -

- To provide a clear and transparent arrears recovery process that prevents arrears accruing on an account.
- To set out the acceptable arrangements to repay a debt that will be time specific and affordable to the customer.
- To detail the support that the Association can give any customer struggling to make payments.
- To clarify the process for the recovery of former tenant arrears.

3.0 Stages of the Rent Arrears Policy

3.1 The Rent Arrears Policy will deal with arrears in three stages, these are:-

- Early Intervention
- Arrears Prevention
- Legal Process

Each stage focuses on debts that have reached a certain level. At each stage the focus will be on contact and communication with the customer, each situation requiring the Officer to adopt an approach that uses judgement and empathy to the individual circumstances of the debt (eg UC/HB payment dates as well as the cyclical nature of the customers payment arrangements) but is clear about the consequences of non-payment from the start. The Officer will establish and maintain relationships with customers, offering support and guidance at every stage; this will include referral to external advice agencies. The policy requires that, at all stages,

the Officer will have a mixture of personal contact and more formal contact with the customer. All information and contact will be recorded on the Housing Management system in a timely manner. The timescales listed in this policy are as a guide only. The Officer will apply the policy as appropriate to the individual case of arrears and at the discretion of the Association.

4.0 Early Intervention

4.1. Early Intervention is considered to be any level of arrears which is up to a maximum equivalent of 3 weeks rent owed. Early Prevention aims to stem the debt rising by establishing contact with the customer at the first possible opportunity. An arrangement to clear this debt that is affordable and offers a realistic opportunity for the debt to be recovered in the shortest time will be made directly with the customer.

4.2 The Early Intervention Arrears process: -

Level of Debt (wks)	Action to be taken	Letter
0-1	➤ Initial letter and Phone call	LT01
1 - 2	➤ Initial warning letter/ Phone call and arrangement to clear the debt in full. Visit to customer.	LT02 and Agreement signed to clear (App1)
2 - 3	➤ Letter warning of pending legal action. Personal Visit to customer. Warning Flag to alert others to make an arrangement for payment of the arrears	LT03 and  (Pre NISP) Rent statement to be provided.

4.3 All accounts will be monitored weekly.

4.4 The focus of the policy is to establish contact with the customer as soon as possible when an arrear appears on the account. Whilst letters will need to be sent the focus is on person contact. Rent statements are provided to the customer to show the debt that has accrued.

4.5 If a customer is failing to respond to requests for contact with the Officer, a warning note should be flagged on the housing management system to indicate that there is an issue to refer to the Officer if contact is made.

5.0 Arrears Prevention

5.1 If a customer fails to keep to agreements made or does not respond when contact has been attempted then further action will be taken. This will be at 4 weeks of rent owed. This will involve the service of a legal document – Notice of Intention to Seek Possession (NISP). The document expires after 12 months of service. The NISP is the first step in a legal process for the possession of the property.

5.2 Arrears action: the action below takes into account the payment of Housing Benefit and Universal Credit claims which are paid in arrears.

Level Of Debt (wks.)	Action to be taken	Letter
4 - 5	➤ At 4 weeks of debt outstanding (having taken into account HB or UC payment due) or if not in receipt of benefit, or has payments direct to themselves then a Notice of Intention to Seek Possession will be served, where possible this will be done at an arranged appointment visit to the customers home. ➤ The Officer will make an arrangement to clear the debt with customer. ➤ Those waiting for a Universal Credit claim to be processed will be considered for a NISP and encouraged to make some contribution	LT04 and NISP  Rent statement to be provided
5 – 8	➤ Each week the customer will receive a personal contact visit and/or phone call by the Officer to chase payment or check that payment in line with the agreed pay schedule is received. Take note of customer representations for arrears. ➤ The legal process will commence if no further payments are made to reduce the arrears.	LT05  (Court Action) Rent statement to be provided

6.0 Legal Process

6.1 The start of the legal process technically begins at NISP stage however it is the aim of HHA that the Officer reaches a reasonable repayment arrangement with a customer to clear any outstanding rent arrears. It is the aim of this policy to prevent, where reasonable, the need for an application of a Possession Order for a customer's home. However, if payments are not received on a regular basis from the customer and they breach the terms of the agreement then HHA will apply for the possession of the property.

6.2 In most circumstances HHA will apply to the court for a Suspended Possession order. The intention to take this action and claim the costs of this action will be made explicit to the customer in the pre court action letter (LT05).

6.3 HHA will follow The Pre Action Protocols for possession which includes all our tenancy types including Assured Shorthold Tenancies served with a Section 21a notice.

6.4 In exceptional circumstances HHA may apply to the courts for an Immediate Possession Order. All action will have senior management approval before this is applied for and support received from the Customer Liaison Committee.

6.5 Legal Arrears action

Level Of Debt (wks.)	Action to be taken	Letter
8 -10	➤ A letter to the customer advising them of the application to court for possession of the home. The Officer will arrange a personal visit. ➤ If contact is established and customer complies with making payments then consideration to postpone court action to be made and action confirmed in writing to them. ➤ If fail to comply proceed with possession hearing. Signpost to support agencies.	LT06 Personal letter Rent Statement
10 +	➤ Contact to be maintained with customer ➤ If contact and payment not established then the Eviction action to be taken.	Personal Visit letter and updating of the system. Submit eviction request.

Level Of Debt (wks.)	Action to be taken	Letter
	➤ If a customer offers to clear all arrears and all other outstanding debts then consideration is given as to whether to accept this. Approval from Operations Manager is required.	Potential to suspend eviction. Approval at senior management level required.

The policy will adhere to the Pre- Action Protocols (2015) of the Civil Procedure rules for possession cases for rent arrears.

7.0 Persistent Arrears cases

There are some customers who make payments towards rent and arrears but who fail to maintain this schedule of payments in a consistent manner and consequently have arrears on their account and never clear the debt. A regular review of all existing arrears cases that have been in arrears for 12 months will take place, and where appropriate the Officer will revise the arrangements with those customers to clear the debt. Our approach to these customers will be firm and robust and the Officers will be clear about the consequences of late payments. This will be through the legal process. Arrangements to clear arrears will be set up by the Officer and signed/formally agreed by the customer. This will then be presented to the courts as evidence in possession cases.

8.0 Former Tenant Arrears

8.1 When dealing with former tenant arrears HHA will always consider the feasibility of recovery and what the best ways of achieving this are. If a case had previously been subject to a possession order at court it is essential for recovering this debt that the order has stated on it that "judgement is given in the amount of arrears plus costs". This will assist HHA in the pursuance of the debt owed. This means that the court has indicated that there is no dispute that the customer (defendant) owes the money and this is essential in enforcement.

8.2 If a customer provides HHA with notice to leave their property the Officer will arrange to carry out the Pre-Tenancy Termination visit and advise the customer of the debt owed. A forwarding address should be obtained and a payment plan to clear the arrears and any other debts owed. This arrangement should be agreed and signed by the customer. This will be used in any enforcement action taken.

8.3 In considering what action to take HHA will take into account how economical it is to recover the debt. A judgement debt is valid for 6 years and historical debts can be archived and then written off after that period if tracing the debtor is not economical or possible to do.

8.4 HHA will take the following actions dependent on the level of debt owed, first action should be taken within 1 week of termination and where forwarding address is known: -

Debt Owed	Action
Under £100	Letter sent re debt and payment demand made. Possible consideration to write off after several attempts to recover as this would be uneconomical to recover.
£100 - £1000	Letter re Small Claims Court Action and advising of impact of CCJ for them. Attachment of Earnings or debt collection whichever is most efficient (court fees apply)
£1000+	Attachment of Earnings and Small Claims Court. Check Facebook if details of employer are known (court fees apply)

8.5 Where no forwarding address has been provided or is known then the actions HHA can take are limited. The options that can be taken to recover monies owed are:-

- a) Trace and Collect Agencies – they may provide an address or employer. An address is needed for the service of legal documents and additional court fees will be applicable.
- b) If the whereabouts of the customer is known then consideration will be given to make an application for an examination of the debtor's financial position but court fees would apply and approval must be gained from the Operations Manager for this action.

8.6 If a customer dies, then HHA will, where appropriate to do so, contact the next of kin/estate for the payment of the debt. If the customer dies intestate then HHA will write off the debt. The Operations Manager must approve this before passing through the write off procedure.

8.7 The Write off of the debt will be made via the approved proforma. This will evidence the efforts made to collect the debt and the case for write off. This requires Customer Liaison Committee approval and Chief Executive approval before this can be actioned and information passed through to the Finance Officer. All actions to be updated on the Housing Management system, by the Officer.

Appendix 1

Write Off Form – Former Tenant Rent Arrears/Court costs/recharges

Decisions to write off rent arrears are to authorised by the Chief Executive and passed to the Customer Liaison Committee

Arrears amount (identify by tenancy number only and split by type)	Attempts made to recover/ contact made/ action	Write Off Reason	Approved/ Declined	Comments

Approval for Quarter Ending