

Rent Arrears

Policy

1. Purpose and scope

Rent arrears control is a fundamental and vital part of the Housing Management function to ensure both the viability of the service and the sustainability of tenancies. It is vitally important to achieve effective debt control to ensure there is a balance between the welfare of our tenants and maintaining a high quality level of service provision.

Rent is due weekly in advance. Where payments are made in a different cycle, e.g. monthly, this will also be made in advance to prevent an account going into arrears. Payment is expected to be made in line with the Tenancy Agreement.

The Policy clarifies how the Housing Management Team manages rent arrears across the social rented portfolio whilst maintaining the responsibilities of a Registered Provider of Social Housing.

The Policy sets out our approach to rent collection and arrears recovery including the options that are available to facilitate payments and contact with the Housing Management Team

The Policy covers current arrears for all tenures with regard to the control of and the clearing of any debt, failures to adhere to alternative solutions and the termination of the tenancy contract, occupation agreement or lease. In addition it also covers former tenant arrears and related debts outstanding following the ending of a tenancy contract.

2. Policy statement

The aim of this policy is:

- To prevent rent arrears wherever possible by ensuring that tenants are aware of their obligation to pay rent and the methods by which they can do this by providing them with appropriate advice and assistance.
- To maximise rental income to ensure that the Trust can meet its financial obligations and operate effectively.
- To seek possession of a tenants home as a last resort and only when all possible actions with due regard to the rent arrears procedure have been exhausted.

New Applicants/tenants

Where appropriate new tenants will be offered assistance with completion of Housing Benefit/Universal Credit applications, where this is not possible they will be signposted to the appropriate place for further guidance. Wherever possible, consideration of a person's income or entitlement to benefits will be discussed with an applicant prior to allocating a property to mitigate against an applicant accepting a property that they are not able to afford. We will consider if an affordability assessment is appropriate during the allocation process.

All tenants will be required to pay the first week's rental charges upon commencement of the tenancy and commit to establishing a schedule of advance payments.

For starter or fixed term tenants in their probationary period, we will consider how the rent account has been managed during the starter/probationary period when deciding whether the tenancy is sustainable. If we decide that it is not sustainable the starter/probationary period may be extended or the tenancy may be brought to an end

Initial rent arrears action

The Housing Management team will monitor rent payments on a weekly basis and are committed to resolving arrears issues at the earliest opportunity. The rent arrears procedure is followed in all cases where the tenant is in, or at risk of falling into arrears.

High level Arrears

Where attempts to manage rent arrears or to maintain payment of arrears under an agreed rent arrears repayment arrangement fails, the Trust will look to take legal action to recover the outstanding amount either through a court ordered agreement or other suitable means or by retrieving possession of the property. Actions are requested and granted from the appropriate court. Given that the core mission of the Trust is to provide homes for people with disabilities, each case will be individually assessed before this action is taken through a proportionality review and impact assessment.

For shared owners, further action will involve liaising with their mortgage provider, which may delay a court application as the lender may be willing to pay the arrears. However, shared owners will be advised that if this course of action is taken, under the terms of the mortgage agreement this is regarded as a further loan which they will have to pay back with interest

within the term of the loan. In the event of no payments forthcoming, Papworth Trust reserves the right to seek forfeiture of the lease.

At all stages the preferred outcome will be the payment of the debt owing in full or a payment arrangement agreed with the tenant that enables the arrears to be cleared over a 12 month period.

Court orders and evictions

The Trust will take legal proceedings to recover possession of the property where all other avenues have been exhausted.

Former tenant arrears/debts

Former tenant debts can take the form of rent arrears or costs incurred by the Trust following the ending of a tenancy where these costs were the former tenant's liability. We will seek to minimise these debts by providing written confirmation or statements as appropriate and by following up outstanding debts within six weeks of the tenancy ending where a forwarding address is known.

Where arrears remain following the death of a tenant, these will be pursued through the deceased's estate.

Where no payment is forthcoming the case will be passed to the Finance team who will undertake formal debt collection proceedings.

Death of a tenant

The full rent for a property remains payable following the death of a tenant until possession of the property is returned to the Trust (the keys are returned with vacant possession) where there is no successor to the tenancy. Any welfare entitlement will likely cease at the end of the week after the date of death.

We will seek to recover outstanding rent from the deceased's estate where appropriate. Where no payment is forthcoming the case will be passed to the Finance Team who will undertake formal debt collection proceedings.

Where there is a successor to the tenancy with outstanding rent arrears the successor will become responsible for the repayment of any debt and any arrears owed by the deceased will remain on the tenancy and will be recoverable by the successor once the tenancy is assigned. This includes responsibility for complying with any undischarged court order.

Right to Buy and Right to Acquire

Papworth Trust properties are not currently eligible for Right to Buy.

All rent and other monies owed must be paid prior to completion or we will not agree to proceed with any Right to Acquire.

Bankruptcy/Debt relief orders

The Trust will deal with each case in line with any court orders and in conjunction with associated procedures, regulations, legislation and guidelines.

The Court of Appeal made it clear in the Harlow v. Hall case (2006) that possession proceedings are not counted as an action for debt under the terms of the Insolvency Act 1986.

If the tenant's Debt Relief Order is discharged, the Trust shall write off any arrears covered by the order.

Arrears Prevention

- Before granting a tenancy, we shall seek to make sure that the prospective tenant either:
 - Has a bank account and is able to pay regularly in line with the tenancy agreement; or
 - Can pay the rent in full without reliance on welfare benefits; or
 - Will arrange for any housing element of their welfare benefits to be paid directly to Papworth Trust and can pay any shortfall
- Prior to granting a tenancy we will assess the applicant's ability to pay the rent due. Where an applicant cannot afford to pay the rent (taking welfare benefit entitlement into account) we reserve the right not to grant a tenancy.
- We will give tenants a variety of ways to pay.
- In order to demonstrate the link between entering into a tenancy agreement and being the person responsible for paying the rent (including those who will seek help with rental obligations by claiming welfare benefits) we will require one week rent payment to be made upon commencement of the tenancy.
- We will require a commitment from the tenant to enter into appropriate advance payment in line with their payment cycle (this includes offsetting any arrear arising from welfare payments made in arrears)
- In order to prevent debt or resolve existing debt, no credit from one service area will be issued to tenants where there is an outstanding debt to the organisation. In cases where a tenant credit is used to offset a tenant debt, the Trust will inform the tenant of the action being taken.

Tenancy Transfers

We will not normally permit management transfers for tenants with rent arrears

In exceptional cases, where a tenant is under-occupying a property and there is evidence that the transfer will improve the sustainability of the tenancy and reduce the repayment of the debt, a management transfer may be permitted. Any outstanding rent arrears will be included as a tenancy condition on the new tenancy.

Joint tenants

Joint tenants are jointly and separately liable for any arrears that occur. This means that each joint tenant is individually and separately responsible and any tenant can be pursued for rent arrears, e.g. where one tenant leaves without terminating their tenancy the remaining joint tenant will be liable for all of the rent not 50% and vice versa. For this reason we will not permit any assignments where there are arrears on the account.

We will contact joint tenants separately in the event of arrears occurring and prior to and during any possible or actual legal action.

Vulnerable tenants

The purpose and intent of this policy is to ensure that rental obligations are met; however in certain exceptional circumstances movement from this policy may be required. Where exceptional circumstances require movement away from the guidelines in this policy on a case by case basis.

Where we are aware of particular vulnerabilities which may impact upon a tenant's ability to manage their finances in relation to their tenancy we will signpost them to the help and assistance that may be available in their area.

Confidentiality

This policy is written in accordance with the principles of the General Data Protection Regulations 2016

Reviews

Any request for reviews will be dealt with via the review of decisions policy.

Legislation

The Trust's rent arrears procedure is in line with current housing law and legislation and the expectations of the Regulator of Social Housing.

3. Roles and responsibilities

Roles	Responsibilities
All staff	<ul style="list-style-type: none"> To familiarise themselves and work in accordance with the contents of this policy, associated procedure and documents
Managers	<ul style="list-style-type: none"> To make sure staff are familiar with this policy and associated procedure and documents where their role may require them to have involvement inwith rent arrears cases
Finance Team	<ul style="list-style-type: none"> Undertake formal debt collection proceedings and support with legal action

4. Training

There is no specific training required for staff to complete with regards to Rent Arrears. Management staff will make sure that staff are familiar with this policy, procedure and accompanying documents where they may be required to deal with Rent Arrears as part of their role. Staff are expected to have read, understood and follow this policy and procedure when dealing with rent arrears and will be supported by management where required.

5. Monitoring and review

The following Key Performance Indicators (KPI's) are reported each month:

- Current Rent Arrears
- Former tenant Arrears
- Rent Collection

KPI's are monitored at Leadership Team every month and at by our Board every quarter.

This policy will be reviewed every 3 years in line with the review date in section 8, or sooner if changes in practice or legislation require it.

6. Further Information

Policy	
<ul style="list-style-type: none"> • Tenancy Policies • Rent Policy • Lettings Policy 	<ul style="list-style-type: none"> • Housing Complaints Policy • Review of Decisions Policy
Procedures	
<ul style="list-style-type: none"> • Rent arrears procedure 	
Guidance	
<ul style="list-style-type: none"> • None 	
External web links	

- [RSH](#)
- [Homes England](#)
- [Housing Ombudsman](#)

If you have any feedback or want to suggest corrections to this policy, please contact the Policy Owner.

7. Definitions

None

8. Document control

Policy Owner	Business Manager – Housing Management
Policy Sponsor	Director of Operations
Groups consulted	Tenant Scrutiny Panel
Date approved	July 2021
Next review date	July 2024
Version number	4.0

9. Version tracker

Version number	Date	Comments/Reason for issue
1.0	07.2015	New policy
2.0	07.2016	Revised
3.0	07.2018	Revised
4.0	07.2021	Standard revision

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