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## **RENT ARREARS POLICY**

### **Introduction**

Sutton Housing Society (SHS) has a responsibility to maintain an efficient rent collection service and to protect the viability of SHS in order to provide excellent services to our residents. We aim to maximise income and minimise debt in an appropriate way that supports residents and sustains communities. We recognise that engaging with our residents, encouraging a payment culture and helping residents to address financial problems is the most effective method of collecting rent.

This policy applies across all our rented homes, irrespective of the rent you pay eg: social rent, affordable rent. We recognise the need to take a pro-active approach to managing rent accounts; we will ensure that we follow the pre-action protocol for possession claims based on rent arrears to ensure a personal, fair, firm and consistent approach.

This policy applies to the collection of rent and arrears; this includes service charges and any other payments that form part of the tenancy agreement.

### **Objectives of this policy**

The key objectives of this rent arrears policy are to:

- Promote a rent payment culture that encourages prompt / early payment and prevents residents falling in to arrears
- Engage with residents quickly where arrears do occur to address the causes of the arrears
- Effectively and efficiently recover rent arrears, with eviction action being a last resort
- Seek to sustain tenancies and maintain communities
- Ensure that we act in accordance with the principles of the pre-action protocol for rent arrears possessions claims
- Prevent / reduce homelessness
- Clarify our approach to former tenant arrears and other sundry debts such as recharges and legal fees

### **Residents' Obligations**

Residents are responsible for paying their rent, including any service and other charges as set out in their tenancy agreement. The tenancy agreement states that residents must pay their rent and other charges due weekly and in advance.

Residents are responsible for ensuring that their housing benefit / universal credit claims are processed. They are also responsible for letting us know if they are having any problems paying their rent and if they have a change in circumstances that may impact on their entitlement to benefits.

### **Regulatory Requirements**

SHS ensures that it complies with the Regulator of Social Housing's Regulatory standard known as the Rent Standard, by setting rents in compliance with the rent formula set out in the rent guidance and by providing clear information to residents on how rent and service charges are set and changed.

### **Performance**

Performance targets for current and former tenants' arrears are included in our monthly key performance indicators data and are discussed at regular performance meetings. Targets are agreed on an annual basis and continually monitored. Performance is also discussed at the Board and at the Housing Operations Committee (HOC), a sub-committee of the Board.

### **Current Resident Arrears**

Rent and all associated charges is payable in advance in line with the tenancy agreement. The full amount remains due in all cases, including where housing benefit/universal credit is paid.

Rent charges are based on a 52 (or every 7 years a 53) week collection cycle. The preferred payment method is direct debit which can be collected on a weekly, fortnightly, four-weekly or monthly basis in advance.

Information is available on our website about the various payment methods available.  
([www.suttonhousingsociety.org.uk](http://www.suttonhousingsociety.org.uk))

### **Promoting a payment culture**

Encouraging early payment and preventing residents falling in to arrears will always be a priority for SHS. We have in place a number of preventative measures to help sustain tenancies and minimise the need for possession action. We:

- promote a rent payment culture, highlighting where possible, the connection between rent payments and our ability to provide services to our residents; this starts before residents sign their tenancy agreements
- visit all residents in their home within six weeks of moving in to discuss how they are settling in, addressing any concerns and tenancy matters, including rent arrears

- signpost residents for support and advice with welfare benefit applications, fostering positive working relationships between our staff, the local authority and the Department for Work and Pensions
- provide residents with a variety of convenient payment methods, albeit promoting more widely our preferred payment method of direct debit
- closely monitor rent accounts to identify problems at an early stage
- issue rent statements to residents on a quarterly basis
- aim to identify any additional needs of our residents and refer to appropriate support services as necessary e.g. Citizens Advice; Christians Against Poverty
- provide residents with clear and easy to understand information relating to rent arrears
- promote benefit take up and support for managing finances, referring to other agencies to help maximise income as necessary
- encourage residents to inform us of changes in their circumstances and any likelihood of missing payments
- consider the use of alternative payments for residents in receipt of Universal Credit where support needs are identified

#### **Assistance for residents in rent arrears**

Where arrears occur, we engage with residents as quickly as possible to identify and tackle the issue. Often when one payment is missed residents on low, limited and / or fixed incomes find this difficult to recover from.

We work with all residents that fall into arrears and will:

- always prefer telephone or in-person contact with residents in arrears. We will use letters to reinforce/clarify the situation
- issue letters in plain English, in an easy to understand format, explaining the arrears, what this means and what they must do
- encourage residents to meet with their housing officer to discuss their situation in an open, non-judgemental way
- make every effort to put an affordable arrears repayment plan in place as soon as possible, including seeking payment of benefit direct to SHS
- liaise with Housing Benefit / DWP (Department of Work and Pensions) where possible and with the consent of the resident
- make an application for an alternative payment arrangement at the earliest opportunity for all residents with support needs

- ensure staff are clear about where they can signpost / refer residents for support to manage debts and to maximise incomes (the SHS hardship fund does not include paying rent arrears)
- accept third party deductions from DWP where appropriate

### **Enforcement Action**

We are pro-active in ensuring direct personal contact at all stages of our arrears management process. This includes home visits, telephone calls, letters, email and texts. We will provide information in alternative languages if needed. All communications will be logged on our housing management system.

Action to repossess a property will only commence when all other steps have been taken and all reasonable options to address the situation have been attempted. The grounds for possession are contained within our tenancy policy; however we will avoid the routine use of mandatory Ground 8 for serious arrears except where recommended by the Community Housing Manager and agreed by the Operations Director.

Residents in arrears, where a notice is served, cannot apply to transfer to alternative accommodation or to carry out a mutual exchange or assign their tenancy to an eligible successor. Where the need to move is urgent, this must be agreed with the Community Housing Manager and the Operations Director.

Before instigating legal proceedings, we will ensure that we undertake the following:

- identify any vulnerabilities/support issues in line with the Equality Act 2010, ensuring that we have referred residents to relevant support agencies as appropriate
- continue to seek solutions to resolve the situation at all stages of the enforcement process until a possession order is granted
- keep the resident informed at every stage; this includes regular telephone and in person contact, continually trying to make appropriate arrangements to recover the arrears
- encourage residents to attend court and ensure that they understand any orders obtained and the consequences of not complying with these
- liaise with the Local authority homelessness / housing options teams where appropriate
- acknowledge and respect the terms of any debtors 'breathing space' in accordance with the debt respite scheme

### **Statutory Compliance**

We are required to adhere to the following Acts:

- Proceeds of Crime Act 2002 (POCA)
- Terrorism Act 2000
- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

If we receive cash (in notes and coins) in single or linked transactions that exceed £1,000 we must notify the Operations Director and the Resources Director. The Resources Director is responsible for assessing whether any official notifications under relevant statutes are required, and if so, to ensure that they are completed in accordance with statute and appropriately reported to the Chief Executive and Board.

The Resources Director will decide whether the transaction should be reported to the Police, FSA, the Regulator of Social Housing or other regulatory body.

### **Confidentiality**

The details of our residents' rent accounts will not be made known to anyone outside of SHS without the written permission of the resident involved. When dealing with a telephone enquiry, we will not disclose information without first confirming the resident's identity.

Where we identify that a resident is vulnerable and is potentially at risk of losing their home, we may contact relevant support agencies and with the authorisation of the relevant line manager and in line with our data protection policy. This may include the local authority homelessness, housing options and safeguarding teams. Only information that is deemed necessary and appropriate will be shared.

We will share information with the DWP where relevant.

**Related documents:** Appendix 1 – Pre-action protocol for possession claims made by social landlords, updated August 2021.

**Note:** Please refer to Procedure Manual Section 04 – Housing Management, for procedure