



manningham
HOUSING ASSOCIATION

RENT COLLECTION AND RENT ARREARS POLICY



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1. BACKGROUND

Manningham Housing Association (MHA) is a registered social housing provider. The Association provides general needs, sheltered and supported housing for rent and shared ownership.

This policy sets out our general approach to rent collection and the management of rent arrears. In exceptional or unusual cases MHA reserves the right to deviate from this policy. This would include circumstances where rent arrears is coupled with anti-social behaviour and/or the general conduct of the tenant in failing to comply with the terms of its tenancy on multiple occasions is such that legal action is considered necessary prior to following the steps set out in this policy.

2. LEGAL FRAMEWORK

MHA will ensure that the rent arrears policy meets legislative and good practice requirements, to maximise income collection and minimise rent arrears.

The statutory framework for income collection and recovery of rent is set out in the Housing Acts 1985 and 1988, which provide legal grounds for seeking possession of tenanted properties and forfeiture of leases.

MHA will also pay regard to related legislation including the Protection from Eviction Act 1977, the Law of Property Act 1925, the Data Protection Act 1984 (as amended 1998), General Data Protection Regulation (GDPR) (Regulation (EU) 2016/679), the Human Rights Act 1998, Equality Act 2010 and the Coronavirus Act 2020 in the application of its income recovery procedures.

The legal grounds for possession are set out in the Housing Acts 1985 and 1988. Section 21 of the Housing Act 1988 gives the landlord an automatic right of possession once a fixed term tenancy, such as a Probationary Tenancy, has expired, and Schedule 2 of that act provides Grounds 8, 10 and 11 (as amended by the Housing Act 1996 for assured/ assured shorthold tenancies). Schedule 2 of the 1985 Act governs secure tenancies.

3. OUR APPROACH TO RENT COLLECTION

Rent payments are due weekly and in advance on the Monday of each week. A rent account will fall into arrears if a payment has not been received by the Friday of the week that it is due.

In the case of housing benefit being paid direct to MHA, after this has been applied for and granted, payments are made by the Council to the association usually every four weeks in arrears. In this situation, providing we have been notified by the Council that benefit is payable, we do not regard the rent account as being in arrears.



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If there is evidence that a customer has failed to provide relevant information to the Council or Department of Work and Pensions (DWP), for Universal Credit claims, following more than 2 requests from the Council or DWP for that information and this has led to a delay in the payment of benefits then the account will be treated as being in arrears.

Where there is more than one person named on the tenancy agreement, we treat all of them as being equally responsible for the payment of the rent, including any arrears. The legal way of describing this is that all people named on the tenancy are “jointly and severally” responsible for all the tenant obligations in the tenancy agreement.

We will always treat customers with respect and consideration and provide as much help and support as required to assist them in resolving any financial difficulties they have with paying their rent.

Rent arrears are 'priority debts', which means the consequences of not dealing with them are serious - there is a risk of people losing their home. Accordingly, we will encourage customers that even if they have other debts, they should make sure they prioritise their rent arrears. In order to minimise the loss of rental income we will apply a firm but fair approach to the prevention and recovery of arrears.

4. PREVENTATIVE MEASURES

We will assess applicants' ability to afford the rent on their home as part of our lettings service. When we visit shortlisted applicants for new tenancies, we will advise them about possible home set-up and running costs, contents insurance, low-cost energy deals and whether they may qualify for any other financial support from the local authority or support organisations.

At sign up we will request new customers to pay two weeks' rent in advance. This will ensure their rent account does not go into arrears at the start of their tenancy. Where we feel, the customer will struggle to make this payment through financial hardship we will look to either waive the payment altogether or where appropriate make an arrangement with the customer to make pay the two weeks advance rent payment in instalments.

We will advise new customers of what will happen if they go into arrears. We will make it clear that the responsibility for ensuring the rent is paid is theirs, even if they may be eligible for housing benefit or Universal Credit.

During the first month of the tenancy, a member of our staff will visit the customer to check that they are settling in well and to offer help with any housing-related problems they may be having. We will use this as a further opportunity to check if there are any rent difficulties and provide any help and support the customer may need to deal with these.

We will send rent statements to customers at least every 12 months or upon request.



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It is our policy to actively pursue all former tenancy arrears even where the customer has moved out of the property. We will consider the use of professional debt collecting agencies where necessary and appropriate. Leaving the property does not remove the customer's responsibility to pay the debt owed.

In certain circumstances we may decide to "write off" former tenancy arrears. MHA have a procedure in place to identify the triggers which will enable us to write off these arrears. This means that we choose to stop actively pursuing the debt. It does not mean that the debt is considered to have been paid. We will seek opportunities to collect Former Tenant Arrears.

5. DIFFERENT WAYS FOR CUSTOMERS TO PAY THEIR RENT

A variety of payment methods will be made available to make it as convenient and simple as possible for customers to pay their rent. The current rent payment methods are:

- From any bank or building society by standing order or direct debit
- By Allpay cards which will be issued as and when required
- By direct payments on the customer's behalf from the Council or DWP to the association (where the customer has been granted housing benefit or Universal Credit)
- Debit card rent payments in the office
- Debit card rent payments over the phone

MHA will not accept Credit Card payments as this could get customers into debt. Cash payments will no longer be accepted unless it is to prevent an eviction.

Where possible we will work closely with the Housing Benefit department and DWP to help ensure that customers receive the maximum level of benefit and that it is assessed and paid as soon as possible. In return we expect our customers to engage with Housing Benefit Department/DWP and provide information to it promptly upon request.

6. DEALING WITH RENT ARREARS

Every effort will be made to assist customers in rent arrears to prevent their arrears building up, including referral to debt advice agencies, help with accessing appropriate benefits in order to maximum their income, and early personal contact by telephone, letters and home visits.

Where rent arrears accrue due to the impact of Welfare Reform, MHA will pursue any action as per this policy. We will provide support to families suffering financial hardship which may include helping them make an application for Discretionary Housing Payments (DHP) and will consider a



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priority transfer to another property where possible in line with our Lettings policy. An example of a priority transfer would be where housing benefit is reduced for under occupation.

As a guide for staff the following levels of arrears will be used as trigger levels for action:

- Warning of Notice Seeking Possession - 2 weeks or more arrears but not less than £70 static arrears.
- Service of Notice Seeking Possession – 3 weeks arrears or more but not less than £90 static arrears. We will normally use discretionary grounds for possession unless the arrears amount to 8 weeks or more and there is little chance of recovering the arrears in which case we retain the right to use the mandatory ground for possession.
- Court Action – 7 weeks arrears or more but not less than £130 static arrears.
- Eviction - 7 weeks arrears or more, but not considered for less than £130 static arrears. In the case of suspended possession orders, eviction will not normally be considered unless the customer is at least 2 weeks behind on the terms of a suspended order, and has had a warning letter giving them a chance to catch up with the terms of the order.

In England, the Pre- Action Protocol for Possession Claims by Social Landlords applies and this includes possession cases based on claims for rent arrears (paragraph 2 of the Protocol covers rent arrears claims and the protocol can be viewed at: <https://www.justice.gov.uk/courts/procedure-rules/civil/protocol>). The Protocol sets out the actions that are expected to have taken *before* someone brings an arrears case to Court. MHA's arrears processes will ensure that we comply with the requirements of the Protocol unless there is good reason to depart from this guidance.

Eviction will only be considered as a last resort where every other means of debt recovery options have been exhausted. Approval will be required from the Director of Operations or in his/her absence another member of the executive team prior to an application for eviction being made.

No court or possession action will be taken against a customer who has submitted a claim for housing benefit or Universal Credit, supplied all the relevant information and is awaiting assessment. However such action may be taken where there are outstanding requests for information from the Council or DWP on more than two occasions. For Shared Ownership properties, the Mortgage lender can act unilaterally, and does not need our consent.

If a customer who owes arrears of rent or a recharge is due compensation of any kind or any other type of payment from the Association, where permissible by law, the money will automatically be offset against any rent or other debt for example Recharges owed to MHA. If a customer's rent account accumulates a credit, we will ensure any rent due is refunded in accordance with the individuals tenancy agreement.

Starter Tenancies will not be converted to fully assured status if the customers are in rent arrears.



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In line with good practice in housing management, it is not our policy to use Distraint (i.e. the seizing of customers' goods in order to sell them to pay off the debt) in arrears recovery. However, we will pursue other legal remedies where repossession is not appropriate which may include recovering this debt via the small claims court.

7. EVICTIONS

As a last resort, the Association will evict customers who fail to pay off their arrears following a Possession Order. Evictions must be approved by the Assistant Chief Executive/Director of Operations or another Director in his/her absence. Where an eviction does proceed, the customer will be sent a letter in advance of the eviction notifying them of the time and date of the eviction. They will be advised to clear the property of their possessions in advance of the eviction being carried out. The customer will be recommended to seek advice independently. The Association will notify the Homelessness Team of the Local Authority of possible evictions.

Eviictions will normally only be cancelled where arrears are cleared in full, although the Director of Operations will have the discretion to agree part payment. The Income Officer and at least one other colleague will attend the eviction, and the locks of the property will be changed. An inventory will be taken of any possessions estimated to be worth over £100 left behind. Where items of value have been left, they will be put into storage for a minimum of 28 days, and the cost of storage will be charged to the evicted customer.

8. ARREARS AND RECOVERY ACTION DURING UNPRECEDENTED TIMES

An example of an unprecedented moment would be the Covid-19 pandemic. This pandemic presented a challenge to social landlords and customers alike, where customers were been pushed into precarious financial situations due to job losses which impacted their ability to pay their rent.

In such circumstances MHA will work pro-actively to support customers where possible to continue to pay their rent and to prevent arrears accruing by strengthening early intervention support. One of the ways in which this is done is by ensuring that the customer is in receipt of the benefits they are entitled too. This work will be carried out by the Welfare Benefits and Financial Support Officer.

During such instances it is normal for the government to review legislation to support the population as was the case during the Covid-19 pandemic where numerous legislative changes took place to help support those families in greatest need. An example of this was the Coronavirus Act 2020 which changed the notice served upon a customer for rent arrears under section 8 of the Housing Act 1998 to specify a minimum of six months, before possession proceedings could commence.

As a responsible landlord MHA will review any government legislative changes that may occur in the future and apply them accordingly.



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9. FINANCIAL INCLUSION

Rent arrears are often associated with the existence of other household debts, unemployment, and with accessing welfare benefits. Tenants in social housing are adversely affected and will make up the majority of the financially excluded.

Customer who are financially excluded are often on low-income households and can be vulnerable to higher interest rates, are prey to loan sharks, and face difficulty in accessing affordable credit.

The on-going welfare reforms will cause further restrictions on household budgets. The introduction of Universal Credit will require the majority of tenants to be directly responsible for paying their own rent.

MHA will help customers access a range of advice agencies, including the Bradford Credit Union, offering access to financial products and services, budgeting, managing money and dealing with debts. Partnership working is regarded as an essential tool in the approach to providing information, advice and support.

MHA has appointed a Welfare Benefits and Financial Support Officer to help support customers with budgeting, dealing with debts and income maximization. The work involves providing advice, practical support with applying for Universal Credit, help with Discretionary Housing Payments, general welfare benefits and help with any discrepancies in the benefits claimed.

Customers are also supported with reducing their energy bills via the Green Doctors. They can support with swapping over to cheaper suppliers. Customers are helped with accessing small grants and funds such as Warm Home Discounts and other applicable utility grants.

10. PROVIDING SUPPORT TO CUSTOMERS

If arrears do arise, we will engage with the customer to identify and tackle the causes. We will work with them to come to an arrangement to clear their debt with us, outlining the importance of maintaining regular payments to their rent account and highlighting the consequences of not doing so.

If customers require financial advice or debt counselling, they will be signposted to suitable independent agencies which may include the Citizens Advice Bureau, Stepchange or the Money Advice Service.

If a customer in arrears is identified as vulnerable and in need of debt advice, we will liaise with the relevant support agencies and internal departments as appropriate.

We may make an application for an alternative payment arrangement / direct deduction where a customer is in receipt of Universal Credit and falls within a DWP Tier One or Tier Two Factor grouping.

11. RE-HOUSING OF CUSTOMERS IN RENT ARREARS

Our Lettings Policy does not exclude customers in rent arrears from applying to transfer to another MHA property.



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However, in deciding on eligibility and priority for re-housing, each case is considered having regard to the way the current tenancy has been conducted and we will take into consideration any significant, serious or consistent breaches of the Tenancy Agreement, including non-payment of rent.

12. CONFIDENTIALITY

We will always treat any sensitive or personal information given to us as confidential in accordance with the Data Protection Act 1998 and the General Data Protection Regulations (GDPR) 2018. We will only pass this information onto third parties such as statutory organisations if:

- We are required by law to do so - either for the prevention or detection of crime or the apprehension or prosecution of offenders.
- There is an information/data sharing protocol, contract or confidentiality agreement in place.
- The person who gave us the information is happy for us to share the information.

Our employees will always respect confidentiality and will not share any information given in confidence unless justified by the assessed risk to the vulnerable person or required by law.

Confidentiality will be discussed with the customer where there are safeguarding concerns or alerts and an explanation will be given that this information may need to be shared with other people in order for the situation to be resolved.

13. MONITORING AND REVIEW

We will monitor and review this policy in conjunction with customers to ensure its effectiveness and relevance to the Association's stated aims and objectives.

The Assistant Chief Executive/Director of Operations has overall responsibility for the on-going monitoring of the policy through the work of frontline staff, particularly those engaged in Income Management. The policy will be reviewed every three years or sooner following significant legislative or regulatory changes or good practice requirements.

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