



## **POLICY: HOUSING INCOME RECOVERY**

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Copies of this Policy may be made available in alternative formats on request.

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## **POLICY: HOUSING INCOME RECOVERY**

All reference to 'we', 'our' or 'us' in this Policy should be read as meaning Sandbourne Housing Association.

### **1. Purpose and aim of the Policy**

- 1.1 We recognise the importance of having an effective policy both of arrears prevention and debt recovery that seeks both to prevent arrears by offering timely advice and assistance and, where necessary, to recover arrears and other debts by fair but firm action.
- 1.2 This Policy applies to arrears of rent and occupancy charges, including service charges and other debts. All references to "rent" or "arrears" in this Policy includes service charges and other charges due to us as part of the overall rent and includes items of other housing related debts such as rechargeable repairs the rental of mobility scooter storage and recoverable court costs.
- 1.3 The objectives of this Policy are:
  - 1.3.1 to promote a culture of payment amongst our tenants through consistent application of this Policy
  - 1.3.2 to provide a framework for recovering debts where eviction of tenants is seen as the option of last resort
  - 1.3.3 to provide a cost effective and value for money procedure for maximising income recovery
  - 1.3.4 to take into account and comply with legal, regulatory, and best practice.

### **2. Promotion of a payment culture**

- 2.1 The Regulator of Social Housing's (RSH) Tenancy Standard states that 'registered providers shall develop and provide services that will support tenants to maintain their tenancy, and prevent unnecessary evictions'. As such it is vital that we communicate the importance of paying rent in accordance with the terms of tenancy/lease and such communication has to start before a new tenant moves into their home. To assist us in meeting the Tenancy Standard we will:
  - 2.1.1 Unless payments are to be made by direct debit we will collect a week's rent and service charge from the new tenant when they have accepted the offer of accommodation and before the tenancy starts regardless of their entitlement to welfare benefits. Where

this is not possible, we may accept a minimum payment and make a formal agreement to bring the rent account into payment in full by the due date over an agreed period.

- 2.1.2 signpost to appropriate advice on welfare benefits and entitlement
  - 2.1.3 signpost to information on charities that may be able to help
  - 2.1.4 refer those facing financial difficulty to relevant support agencies, where possible
  - 2.1.5 provide a convenient and cost effective range of rent payment methods
  - 2.1.6 give clear and straightforward information on the new tenant's responsibility to pay the rent in accordance with conditions of tenancy/lease
  - 2.1.7 give clear and straightforward information on the action we will take to recover debts
  - 2.1.8 stress the importance of discussing any problems with paying the rent with us at the earliest possible stage so that appropriate advice and support may be given.
- 2.2 We will take other measures to communicate the importance of paying rent through:
- 2.2.1 articles in our tenants' newsletters, leaflets and/or our website
  - 2.2.2 providing tenants with 'easy to understand' rent statements at quarterly intervals or on request.

### **3. Early action to prevent a debt getting out of control**

- 3.1 We will regularly monitor rent accounts. Smaller debts are normally far easier to clear than large ones. In order to prevent debts becoming out of control, we will take early action to notify a tenant of a debt and to arrange its clearance.
- 3.2 Such action will include:
- 3.2.1 The housing team taking the lead and directing other employees in assessing rent payments, and discussing any difficulties with new tenants, at the courtesy contact normally made no later than six weeks after moving in.
  - 3.2.2 Contacting the tenant as soon as reasonably practicable after a debt arises by a variety of methods, including phone, visit, text and letter/email. Action will take into account any officially confirmed benefits that will be paid directly to us. At all times the tenant will be expected to clear their account immediately on demand; but agreements, confirmed in writing, to clear by instalments may be made in cases where there is hardship and/or circumstances make this the appropriate course of action.

- 3.2.3 Referral to debt counselling agencies, especially if the tenant has multiple debts.
- 3.2.4 Signposting to obtain advice on obtaining the maximum welfare benefits.
- 3.2.5 Signposting to obtain contact details of charities that may be able to assist.
- 3.2.6 Where a tenant is receiving Universal Credit and:
  - Is in arrears for an amount equal to or more than 2 months of their rent
  - Has continually underpaid their rent over more than 2 months, and has accrued arrears of an amount equal to or more than one month's rent.
  - Was previously in receipt of Housing Benefit and it was paid to their landlord.

We may apply to the Department of Work and Pensions for an 'Alternative Payment Arrangement' (APA). If approved this will mean future rent payments and a contribution to the outstanding arrears will be deducted from the tenant's Universal Credit and paid directly to us.

#### **4. Legal action to recover a debt**

- 4.1 If early intervention has not been successful, normally legal action will be started as follows:
  - 4.1.1 serving a valid Notice of Seeking Possession/Notice to Quit when or before eight weeks'/two months' arrears have accumulated
  - 4.1.2 filing a possession action in the county court when or before twelve weeks'/three months' arrears have accumulated
  - 4.1.3 seeking a small claims judgement and attachment to earnings or similar action for non-possession cases, e.g., small level persistent arrears cases.
- 4.2 Serving Notice of Seeking Possession/Notice to Quit may be delayed:
  - 4.1 If there is an officially confirmed notification of pending benefit that is to be paid directly to us
  - 4.2 if the tenant is particularly vulnerable and where serving Notice of Seeking Possession would serve no practical purpose.
- 4.3 We will normally serve a Notice of Intention to Seek Possession under Ground 1 of the Housing Act 1985 for secure tenancies or Ground 10 of the Housing Act 1988 for assured tenancies. Legal action may also be started under Ground 11, where the tenancy agreement allows.

- 4.4 For assured and assured shorthold tenants, legal action may be started under Ground 8 (a mandatory ground) of the 1988 Housing Act where this is permitted in the tenancy agreement.
- 4.5 Possession proceedings will not normally be started if a tenant can demonstrate to our satisfaction that:
  - 4.5.1 they have a reasonable expectation of benefit and intend to pay that benefit to us
  - 4.5.2 they have given the local authority of Department of Works and Pensions. (DWP) or equivalent all the evidence required to process a benefit claim and that will be paid to us
  - 4.5.3 they have paid required personal contributions towards the total rent.
- 4.6 Possession proceedings will not normally be started if a tenant has kept to an agreement to repay a debt.
- 4.7 In most circumstances, a Suspended Possession Order, plus a money judgement and costs, may be sought in the county court. Circumstances where an outright order will be sought include, for example:
  - 4.7.1 where the tenant has persistently refused to co-operate and/or communicate with us up to the date of the hearing
  - 4.7.2 where co-operation and communication has been limited or absent during the period up to the date of the hearing and the tenant fails to attend the hearing
  - 4.7.3 where it is apparent or highly likely that the tenant has abandoned the property
  - 4.7.4 where there are other serious breaches of tenancy (e.g., anti-social behaviour) and where the appropriate ground for possession has been included in or added to the court action
  - 4.7.5 where the tenant is a 'repeat offender' only clearing a debt at the time of the court hearing.
- 4.8 We may also apply for a money judgement and costs if, between the period of instigating action and the court hearing itself, the debt has been cleared or reduced to a level that is less than the normal twelve-week/ three-month threshold for starting court action or the debt is one that cannot be pursued for possession, e.g., former tenant arrears or rechargeable repairs etc.
- 4.9 The housing team member has authority to make an agreement at the court hearing and/or instigate a course of action.

## **5. Enforcement following legal action**

## 5.1 Suspended Possession Order

- 5.1.1 We will ensure the tenant is made aware of the seriousness of having a Suspended Possession Order and of the consequences of breaching it. Referrals to debt-counselling agencies will be made, where appropriate.
- 5.1.2 Enforcement action will normally follow the first breach of suspended possession. Enforcement action will be sought by way of eviction.

## 5.2 Outright Order

- 5.2.1 A warrant for possession will be applied for as soon as it can be following the court hearing unless the debt plus eligible costs is cleared in full or up to a level considered acceptable by the Chief Executive or other designated officer.

## 6. Authority to take enforcement action up to and including eviction

- 6.1 Authority to approve and instigate enforcement action is vested in the Chief Executive or other designated officer and an eviction request must be signed by the Housing Team member and Chief Executive or Head of Housing.

## 7. Shared ownership

- 7.1 Rent and other charges for shared owners are usually payable monthly in advance depending on the provisions contained in the lease. Where an account falls into arrears, we will endeavour to agree a repayment plan with the shared owner or their mortgage lender. Notice will be served on the mortgage lender prior to commencing any possession or forfeiture proceedings.

Authority to approve and instigate possession or forfeiture proceeding is as described at 6, above.

## 8. Governance

- 8.1 We will provide regular reports to the Board; such reports can include:
  - 8.1.1 cumulative arrears performance at various levels on both current and former tenants
  - 8.1.2 performance against targets on legal action
  - 8.1.3 eviction approvals
  - 8.1.4 evictions taken place
  - 8.1.5 former tenants' arrears to be written off.
- 8.2 The levels of authority required to approve and instigate action will be contained within our Standing Orders and/or Financial Regulations.

## **9. Vulnerability**

9.1 We will aim to help make vulnerable tenants and, where appropriate, their authorised representatives fully aware of their obligations in relation to the payment of rent. We will liaise with such people, as necessary, if and when action needs to be taken in respect of arrears recovery. We will take into account, either directly or via support agencies/debt counselling agencies, vulnerable tenants' individual circumstances and support needs when considering legal action.

## **10. Monitoring credit balances**

10.1 We will monitor credit balances on tenants' accounts. In investigating the source and reason for an unusual credit balance, issues such as money laundering, rent accounting errors or potentially recoverable benefit credits will be considered before repaying monies to tenants.

## **11. Former residents' debts write-offs**

11.1 Former tenant arrears will be pursued to the point where the process becomes uneconomic. In such cases, the Chief Executive and/or Board will be asked for approval to write-off the debt as per levels in Standing Orders and/or Financial Regulations.

## **12. Effective training**

12.1 All relevant employees will receive appropriate training in order that they may understand and follow procedures for rent control and recovery to meet the objectives of the policy.

12.2 We will co-operate fully with the Verification Framework for housing benefit claims and make appropriate use of the Landlord's Portal to provide information in support of claims for UC.

## **13. Equality impact assessment/Protected characteristics (as at 31 August 2022 or later amendments/additions)**

13.1 Neutral.

## **14. Consultation arrangements**

14.1 Our employees will be consulted on substantive changes to this Policy and their views will be taken into account by the Board before approving it.