



Ekaya Housing Association Rent Arrears Management Policy

Contents

1. Introduction
2. Aims and Objectives
3. Policy Statement
4. Rent Collection
5. Arrears prevention
6. Rent arrears management (early prevention)
7. Enforcement (Legal action)
8. Joint Tenants
9. Vulnerable tenants
10. Debt Respite (breathing Space)
11. Housing Benefit and Universal Credit
12. Under occupiers
13. Loss of rights for tenants in arrears
14. Former Tenant Arrears
15. Shared Ownership
16. Insolvency Bankruptcy and voluntary arrangement
17. Related Policies and Procedures
18. Staff training and performance
19. Policy Approval

1.0 Introduction

- 1.1 This Policy sets out the principles and approach to be taken in collection of rent and service charge payments and managing current and former tenant rent arrears by ensuring all tenants debts are collected, and arrears are prevented whenever possible and are reduced and repaid when they do arise.
- 1.2 Ekaya must maintain an efficient rent collection service in order to provide a wide range of services to our tenants, and to deliver effective, efficient and well-resourced housing management, maintenance and asset management services.
- 1.3 Ekaya recognises that significant proportions of our tenants are vulnerable and / or dependent on benefits or are in low paid employment and is sympathetic to the financial problems our tenants may face. We recognise that engaging with our tenants, helping them overcome personal and financial problems and fostering a payment culture is the most effective method of collecting rent.
- 1.4 This Policy combines the need to maximise rental income from tenants with the provision of offering early advice and support all throughout their tenancies.

2.0 Aims and objectives

- 2.1 The Association firmly believes that prevention, early intervention, tenant contact, gaining insight and understanding our tenant's circumstances as well as working closely with them are the key factors in controlling rent arrears.
- 2.2 The aims of the policy are to:
 - promote a rent payment culture, encourage early payment and prevent tenants falling into arrears
 - develop a culture of trust between Ekaya and its tenants where Ekaya is seen as supporting tenants to sustain their tenancies and develop financial resilience
 - engage with tenants quickly and sympathetically where arrears do arise and tackle the causes of the arrears
 - Be aware of factors like the Benefit Cap and Bedroom Tax (under Occupier) and work with tenants and agencies to manage these situations, including supporting tenants to make applications for discretionary housing benefit payments
 - effectively recover rent arrears, through early intervention, clear and customer focused communications, professional support to assist with budget management and money matters, fair and reasonable options for repayment and using legal options including eviction as the last resort
 - achieve upper quartile performance in the collection of rent, the recovery of arrears and other debts and customer satisfaction
 - ensure we act consistently and in accordance with the principle of the protocol for rent arrears for social landlords
 - ensure our rent arrears policy complies with legal and regulatory requirements and best practice

3.0 Policy statement

The rent policy is based on the following:

- Rent collection
- Arrears prevention
- Rent arrears management
- Enforcement
- Vulnerable tenants
- Insolvency and voluntary arrangements.

4.0 Rent Collection

- 4.1 Rents and service charges are the main source of income for Ekaya and it is therefore essential that the Association adopts rigorous policies and procedures around the collection of rent that reflect best practice in maximising income whilst supporting tenants to sustain their tenancies and become financially resilient.
- 4.2 The collection of rent is viewed as a key business activity and given a high priority with procedures that give guidance to staff throughout the process.
- 4.3 Tenants are responsible for paying their rent, including any service charges in advance as set out in their tenancy or licence agreement and for informing us if they are having any problems paying their rent or if they have fallen into arrears.
- 4.4 We will advise new tenants that the first month's (or part month for those on full benefit) rent is due when they sign for their tenancy. This helps ensure that their rent account does not go into arrears at the start of their tenancy, and to help reinforce their responsibility for rent payment in advance and to instill a payment culture.
- 4.5 To ensure tenants are able to maintain their tenancy, we promote a variety of ways for tenants to pay their rent and service charges including Allpay, standing order, by cash in the office (only in exceptional circumstances, e.g. to clear arrears to avoid eviction), by debit card via portable payment device. We will look to develop direct debit and online payments to further increase tenant choice.
- 4.6 We understand the value of using a range of preventative measures to help sustain tenancies and minimise the use of possession action.
- 4.7 We will:
 - promote a rent payment culture, highlighting the connection between rent payments and our ability to provide a high-quality service
 - signpost tenants for support and advice with welfare benefit applications and foster a positive relationship between Ekaya staff, local authorities and Department for Work and Pensions
 - closely monitor rent accounts to identify problems at an early stage
 - keep tenants informed about their rent account balance through regular rent statements
 - aim to identify any vulnerabilities or additional needs of our tenants and provide or refer the tenant to appropriate support services as necessary

- identify any communication needs and provide information in alternative formats if required
- publicise the potentially serious personal consequences of accumulating arrears, for example through newsletters
- provide tenants with clear and straight forward information on their responsibilities, payment methods and available support at sign-up and followed up with a settling-in home visit
- encourage tenants to inform us of any change in personal circumstances and any likelihood of missing a repayment and provide a supportive environment where tenants feel able to discuss difficulties
- consider making an application for an alternative payment arrangement (APA) where a tenant is in receipt of Universal Credit and falls within a DWP Tier One or Tier Two Factor grouping which defines vulnerability
- make sure staff are well trained to manage rent arrears and that training is refreshed to keep up to date with best practice
- Managing rent arrears is prioritised for housing staff with clear performance targets set for all staff with responsibility for managing arrears
- agree flexible working for managing arrears to allow staff to make calls and visits at times when we are more likely to engage with people, particularly if they are hard to reach

- 4.8 With Universal Credit replacing housing benefit for most tenants there are now strict time limits for submitting claims for Universal Credit and housing benefit with limited opportunity to request back dating of claims. We will advise and support tenants to submit claims for housing benefit/Universal Credit claim with the necessary supporting evidence to ensure prompt payments.
- 4.9 We do not offer financial advice or debt counselling; however, our housing staff will offer assistance where appropriate. Tenants wishing to seek financial advice or debt counselling will be signposted to suitable independent agencies which can include the Citizen Advice Bureau or StepChange.
- 4.10 We will consider the needs of an individual when we communicate with them and use a variety of contact methods to communicate with our tenants. These include letters, emails, text messages, telephone calls (day or evenings), and home visits (day or evenings) where possible.
- 4.11 We will contact a tenant by phone if they accrue at least one week of rent or less arrears. If we fail to establish contact by phone, we will follow up by another appropriate method of communication.
- 4.12 We may agree to a repayment plan with a tenant where it is clear they are unable to repay their rent arrears in full. We will support tenants to complete a budget plan encouraging them to disclose details of their income and expenditure so that a management repayment plan can be agreed. An agreement to repay debt is not a right but based on a realistic repayment plan over a set period of time.

5.0 Arrears Prevention

- 5.1 We recognise that effective management of rent arrears is essential for maximising rental income, preventing rent arrears building up and helping ensure that tenancies

are sustained. In cases where rent arrears do accrue, Ekaya acknowledges the importance of taking early action so that these are kept to a minimum. We are committed to ensuring that our arrears recovery process is carried out legally and fairly, taking into account the circumstances of each case.

- 5.2 The Association will focus on preventative measures for managing arrears and adopt the view that tenants have a responsibility to pay their rent in advance and they must consider rent to be a **priority debt**.
- 5.3 Measures to prevent arrears are the core of the policy and will be taken at the earliest opportunity.
- 5.4 We will:
- present information in easily accessible formats and ensure tenants understand that they are in arrears
 - understand the personal circumstances of the tenant and any household members, wherever possible through personal contact with the tenant
 - will contact tenants as soon as they go into arrears to offer support, discuss options for clearing the arrears, remind the tenant of their responsibilities and obligations to pay rent, and outline the potential implications of non-payment
 - if a tenant in arrears is identified as vulnerable or in need of debt advice or is experiencing financial problems, we will liaise with relevant support agencies as appropriate and provide flexible advice and support services in response to their needs
 - at the tenancy offer and sign up stage, all new tenants will be clearly made aware of their obligations to pay weekly rent in advance and the importance of making regular payments
 - encourage tenants to contact staff at an early stage if they are experiencing difficulties in meeting their rent payments obligations
 - highlight the importance of informing the Association and relevant agencies (DWP, HB) of changes that could affect their benefit entitlement. We will provide advice and assistance to new tenants, so that they do not fall into debt at the beginning of their tenancy
 - make an application for alternative payment arrangement (APA) at the earliest opportunity where a tenant is in receipt of universal credit and falls within DWP Tier One or Two grouping
 - work with tenants to provide the right support that works for them towards a clear outcome for repayment of their rent arrears
 - provide advice about alternative housing options, including signposting to independent advice, where rent arrears have arisen due to a change of circumstances such as under occupation
- 5.5 We will continue to explore the use of technology and text tenants who are in arrears to advise them of their rent balance and gather insight information on our residents to be able to tailor assistance accordingly.
- 5.6 We will develop tenant profiling to ensure we have relevant information about our tenants and their household, such as contact details (text, mobile, email),

communication preferences (e.g. language, large print), economic status, household information to ensure we have up to date information about behaviour changes and provide appropriate support.

- 5.7 We will work with our tenants to find out if there are any underlying causes for the arrears, e.g. change in employment / benefits, relationship breakdown / death of a partner, vulnerability and carry out payment analysis for late or erratic payers and provide assistance and advice accordingly.
- 5.8 We will put in place an effective arrears control system (set out in more detail in Section 6), to monitor rent accounts on a weekly basis and take early action in accordance with our rent arrears management procedures.

6.0 Rent Arrears Management

- 6.1 Rent arrears action will be based on a staged escalation process, up to and including eviction. The process will be based on a preventative approach that seeks to maximise tenant's entitlement to benefits and secure regular payments.
- 6.2 Emphasis will be based on intensive management and personal contact whilst arrears are at a relatively low level to prevent escalation of arrears.
- 6.3 Ekaya's rent arrears procedure will detail the action to be taken at every stage and the timetable for actions

6.4 Early contact

- 6.5 We will contact tenants as soon as their rent account falls into arrears. We expect tenants to also work with us to sort out the debt. We expect our tenants to put things right at this early stage.
- 6.6 The main features of the early intervention stages of our rent arrears procedures are:
- treat joint tenants as jointly and severally liable for rent arrears
 - monitor rent accounts regularly so that problems can be identified at an early stage and arrears levels minimised
 - inform tenants of their debt and advise them of the consequence of continued non-payment
 - endeavour to make personal contact with tenants who are in arrears, either by visiting, inviting them for interview or telephoning so that the arrears position can be discussed
 - use texts, as well as letters, to alert tenants of their rent balance when they fall into arrears
 - ensure that any tenant in arrears is aware of their debt at an early stage and given an opportunity to come to an arrangement to clear the arrears. The consequences of not reaching and maintaining it will be carefully explained
 - ensure that appropriate welfare benefits and debt counselling advice are offered and signposted to other agencies
 - during the arrear's recovery process, we will ascertain the full circumstances of the tenant and where possible help the tenant to address any factors immediately contributing to the arrears for example breakdown in relationship, ill health, loss of employment etc.

- encourage direct payments from the DWP and Housing Benefit where this is practicable
- arrears balances and repayment arrangements are checked and monitored by housing staff on a weekly basis to identify cases where accounts have fallen into arrears and / or arrangements have been broken, allowing for prompt follow up action.

6.7 Arrears letters will:

- provide a clear and unambiguous message to the tenant
- show the current arrears balance
- emphasise the need for the tenant to establish early contact with the Association and the availability of advice and assistance
- encourage the tenant to seek early advice in clearing arrears
- advise that tenants can seek assistance from specialist resources such as Citizens Advice Bureau or Step Change
- make clear that Housing Benefit/DWP may be available to help with housing costs
- state the seriousness of failure to reduce / clear arrears
- clearly set out any arrangements made as well as reminders of any that have been broken

6.8 Low level or static debt

We take even small arrears seriously and take firm action on low level debt. This is to protect our income and to protect the tenant falling into further arrears and difficulties. This may also apply to small debts which may have been sitting on the rent account for a long time (static debt), even when they are not increasing.

6.9 Repayment agreements

A repayment plan will be offered based upon income and reasonable expenditure and the time in which the debt will be paid in full. The minimum arrangement acceptable will be the ongoing weekly/ monthly rent plus payment towards the arrears.

If a tenant breaches an agreement on more than two occasions within a three-month period, no further agreements will be made (unless there are exceptional circumstances for example, non-payment due to long-term sickness, mental health issues, divorce proceedings or bereavement) and agreed by the Housing Services Manager - the case will proceed to the next stage of recovery action. All agreements will be confirmed in writing.

It will be emphasised to tenants that any change in circumstances must notified the Housing Officer or Supported Housing Officer immediately so that revised arrangements can be agreed and that, where they fail to make contact or fail to co-operate with repayments, a Notice of Seeking Possession (NOSP) or Notice to Quit for Recovery of Possession will be served by Officers in accordance with our procedures.

7.0 Enforcement - Legal Action

Eviction has high social and economic costs for both the tenant and the Association and, as such, is considered as a last resort where other approaches have failed. Where, despite the assistance offered by the Association, the tenant has failed to cooperate to resolve the problem, we will commence legal proceedings.

7.1 The main features of the enforcement stages of the Rent Arrears legal action are:

- We will serve Notice of Seeking Possession in accordance with procedures and in line with current regulations
- We will use Ground 8, 10 and 11 of Schedule 2 of the Housing Act and use Ground 8 mandatory for tenancies with eight-week rent arrears or 2 months rent arrears for those paying monthly such as London Living tenure.
- The Association will comply with the requirements of the Housing Act 1985 and the Ministry of Justice Pre-Action Protocol for Possession Claims relating to rent arrears in social housing
- We will request the appropriate order at Court, depending upon the individual circumstance of the tenant and the case
- We will always request an award for costs at Court. Where granted these will be added to the outstanding debt
- We will use Notice to Quit procedures to end License agreements

7.2 Where applicable we will seek to recover outstanding debts via legal recovery actions. Legal action will comprise of an application for a money judgement (where this has not already been obtained at the possession hearing) and any resulting action to enforce the order such as attachment of earnings.

7.3 Voluntary Attachment of Earnings

Where a tenant has failed to comply with the terms and conditions of their tenancy or license agreement, Ekaya may approach tenant's employers to deduct an amount from their wages and pay it directly to us with the tenant's consent. Some employers may agree to deduct such amount from a tenant's wages. with a small administration charge.

8.0 Joint Tenants

8.1 Both tenants are 'jointly and severally' responsible for paying the full rent and for any rent arrears. This means that if one joint tenant does not pay, the other is fully liable. This will still be the case where Universal Credit/ Housing Benefit is only paid to one tenant, or where one of the joint tenant has left the property. Ekaya will take appropriate legal action and both tenants will be notified.

9.0 Vulnerable tenants

9.1 There is no standard definition of what is meant by the term 'vulnerable'. We understand some tenants can be vulnerable over the long term or for a short period

and this may be because of a traumatic life event or family crisis or lack of financial literacy. We will make every effort to advise tenants and signpost them to the appropriate agencies that offer support that is tailored to their circumstances.

- 9.2 While we accept that vulnerable tenants may need additional support, we still expect rent to be paid on time and arrears to be repaid as quickly as possible.

10.0 Debt Respite Scheme

Ekaya will work in line with the new statutory 'Breathing Space' to help people in problem debt, including rent arrears, better manage their finances, seek professional debt advice and reach sustainable solutions.

- 10.1 Breathing space can only be started by:

- A debt advice provider who is authorised by the FCA to offer debt advice
- A Local Authority (where they provide debt advice to residents)

10.2 Types of breathing space

- A standard breathing space for any qualifying debtor that offers protection for up to 60 days;
- A mental health breathing space for any qualifying debtor, that offers protection for the duration of the debtor's treatment, plus 30 days.

- 10.3 In order to be eligible, within the 12 months prior to making an application, the debtor cannot already have utilised a period of standard breathing space.

11.0 Housing Benefits/ Universal Credit

- 10.1 We will try to work with the tenant to resolve any arrears which are the result of a problem in claiming Housing Benefit or Universal Credit, including verification of whether a claim has been made. We may also pursue other options, including applying for an Alternative Payment Arrangement and/or Managed Payment, where we believe the tenant's arrears are the result of vulnerability-related issues. We will do this automatically for all tenants living in supported housing or temporary accommodation.

- 11.1 We expect tenants to be paying any rent due which is not covered by benefits and all tenants including those getting benefits are expected to be in advance with their rent payments.

12.0 Under-occupiers

- 12.1 Housing Officers will continue to work with residents, offering support in the most appropriate area e.g. mutual exchange, re-housing and making arrangements with residents with a rent shortfall as a result of the bedroom tax (Under Occupation).

13.0 Loss of Rights for Tenants in Arrears

- 13.1 Those Supported Housing licensees who are in arrears will not usually be considered for move-on within the organisation.
- 13.2 General needs tenants in arrears will not be accepted on to our transfer waiting list for rehousing. Those already on the waiting list will be suspended from the transfer list if they fall into arrears. Any exceptions to this must be agreed by Housing Services Manager.
- 13.3 Tenants in arrears will not be able to carry out tenancy changes such as mutual exchanges or creating joint or sole tenancies until the arrears and any legal costs are cleared.
- 13.4 If a tenant is in arrears, any compensation payments will be offset against their arrears.

14.0 Former Tenant Arrears

- 14.1 Tenants who end a tenancy are known as former tenants. If they leave any rent or service charge, court costs or rechargeable costs outstanding on their account, then this is known as Former Tenant Arrears (FTA).
- 14.2 Former tenant arrears will be pursued using the same principles as current tenant arrears. Ekaya will provide advice and offer a reasonable opportunity for the former tenant to pay before further recovery action is taken. Where appropriate, repayment arrangements will be agreed with former tenant to clear the balance in instalments.
- 14.3 Tenants ending their tenancy will be reminded of their payment responsibilities and encouraged to provide a forwarding address
- 14.4 Former tenants will be contacted and given an opportunity to clear the debt. If the former tenant cannot be traced or refuses to accept responsibility for the debt it will be forwarded to a debt collection agency to collect.

15.0 Shared Ownership

- 15.1 Rent and other charges for shared ownership are usually payable monthly in advance depending on the provisions contained in the lease. We will regularly monitor such rent accounts and contact those who fall into arrears.
- 15.2 Failure to pay the shared ownership rent, service charges or mortgage payments and other breaches of the lease agreement could lead to loss of their home.
- 15.3 The general principle for Shared Ownership Joint Guidance for England issued by the Regulator for Social Housing, the Council of Mortgage Lenders, and the National Housing Federation will be used as guidance for managing shared owner arrears.
- 15.4 Ekaya will only seek to commence possession proceedings as a last resort, when all alternative debt management actions have been exhausted.
- 15.5 Ekaya will endeavour to reach a repayment agreement to clear the arrears with the shared owner or their mortgage lender.

- 15.6 If a shared owner has been found to sublet their home; we will seek the full repayment of any debt in one payment as they will be classed as a commercial landlord.
- 15.7 If Ekaya is unable to recover the debt from the shared owner, we will contact their mortgage provider for the recovery of the debt.
- 15.8 If the shared owner fails to clear the arrears and their mortgage provider refuses to pay the arrears, a 28-day notice will be given to the shared owner and its lender that Ekaya intends to commence possession proceedings. We will notify shared owner in advance of any legal action we intend to take. Any legal costs incurred by Ekaya in recovering the debt will be added to the total debt with interest.

Leaseholders, shared owners, and freeholders in arrears

- 15.9 When our leaseholders, shared owners, or freeholders are in arrears we will also refer to the Homeowners Policy.
- 15.10 Where a homeowner is in arrears, particularly if suffering hardship, we may adapt our approach on a case-by-case basis. This can include offering extended periods to repay any rent or other outstanding charges. This will not apply to non-resident homeowners or buy-to-let investors unless there are very exceptional circumstances.
- 15.11 If you don't engage with us or make sufficient payments, we'll contact your mortgage provider, where possible, and ask they make arrangement to settle the outstanding arrears.
- 15.12 Payment arrangements for homeowners that exceed 12 months are regulated by the Consumer Credit Act 1974. These will be in line with our Consumer Duty and will be subject to you entering into a credit agreement.
- 15.13 If you're consistently in arrears, we may take legal action against you to remove you from the property in accordance with your lease. This can also lead to forfeiture of your lease, meaning the lease will be terminated

16.0 Insolvency Arrangements – Bankruptcy, Individual Voluntary Arrangements (IVA) and Debt Relief Orders (DRO)

- 16.1 Where a tenant has an insolvency arrangement, they remain liable to pay current rent as normal.
- 16.2 We do not write off rent arrears where bankruptcy has occurred. We will deal with repayment of rent arrears in line with this policy, and follow standard procedures for recovery action where arrangements or a court order are not kept to.
- 16.3 The main feature of a DRO is a ban (called a moratorium) which prevents creditors pursuing debts for a period of 12 months. Tenants with a DRO are still liable to pay current rent, and rent arrears incurred after the DRO has been made which are not covered by the moratorium. We will deal with repayment of these arrears in the standard manner.

16.4 Following the Harlow v Hall case in 2006 and Sharples v Places for People Homes Ltd 2011, we are no longer obliged to write off arrears following bankruptcy.

16.5 We continue to seek possession where appropriate. Arrears will therefore be treated in the normal way and arrangements made for repayment of arrears. Where arrangements are not kept, we will follow this procedure for recovery action.

17.0 Relevant legislation and regulatory compliance

General Data Protection Regulation (GDPR) 2018

Housing Acts 1988, 1996 and 2004 as amended

Welfare Reform Act 2012

The Human Rights Act 1998

Data Protection Act 1998

Rent Arrears Protocol – [The Court Services - Code of Good practice 2006 & 2015]

The Coronavirus Act 2020

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020

18.0 Staff training and performance monitoring

18.1 Effective arrears management requires staff to be trained in a range of areas, including welfare benefits regulations, legal framework for rent recovery, the impact of recent welfare reforms and sensitive approaches to debt collection. We will ensure necessary training is in place to meet the needs of staff. We will set, monitor and review appropriate performance targets for income collection and arrears management.

19.0 POLICY APPROVAL

19.1 This policy will be reviewed once every three years except where there is a need to take account of any changes to legislation, regulation or good practice.

Policy Approval

Approval date: *October 2024*

Approved by: *Policy & Performance Committee*

Policy Author: *Housing Services Manager*

Policy Owner: *Head of Service*

Consultation completed: *October 2024*

Review gateway: *Policy & Performance Committee*

Next review date: *October 2027*

