



# Rent Collection and Arrears Recovery Policy

<b>Approved by</b>	Senior Management Team
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<b>Policy developed by</b>	Housing Services Manager
<b>Associated procedure</b>	Rent Collection and Arrears Recovery Procedure Debt Respite (Breathing Space) Procedure

03332 31 32 33 | [connexus-group.co.uk](http://connexus-group.co.uk) | [hello@connexus-group.co.uk](mailto:hello@connexus-group.co.uk) | [@weareconnexus](https://www.instagram.com/weareconnexus)

# Introduction

## 1. Purpose

- 1.1 This policy explains how Connexus will collect rent and other charges (excluding Rechargeable Repairs. These are covered in the Rechargeable Repairs Policy) from its tenants and the approach it adopts to recovering rent arrears.
- 1.2 Connexus will maximise its income through its rent collection and arrears recovery process. Connexus takes rent arrears very seriously and expects all tenants to pay in accordance with their Tenancy Agreements. The responsibility for ensuring rent is paid in full will always lie with the tenant, even if they are entitled to assistance from the local authority or the Department for Work and Pensions (DWP).
- 1.3 Connexus recognises that occasionally tenants may have genuine financial difficulties leaving them unable to pay the rent due. In these cases we will adopt a firm but fair approach to arrears recovery offering all tenants, where possible, clear, practical and realistic repayment plans. Connexus will ensure every effort is made to make sure the necessary support is in place for those tenants that require it to enable them to manage their tenancy.
- 1.4 Scope: The policy applies to Connexus Homes Limited.

## 2. Problem to solve - Objectives

- 2.1 Connexus has the following objectives in relation to the collection of rent and other charges;
  - To ensure that all tenants are aware of their contractual responsibility to pay rent and other charges due to Connexus, as well as the consequences of failing to do so.
  - To proactively manage income collection using best practice principles, by using appropriate measures, defining stages of intervention and monitoring performance.
  - To maximise the collection of rent and other charges due from tenants to fund high levels of service.
  - To sustain tenancies by actively preventing arrears accruing and by proactively encouraging tenants to clear any debts that occur.
  - To offer assistance to those in financial hardship to maximise their income and manage their money effectively.
  - To ensure that the collection of current and former tenant arrears is carried out in a cost effective way.
- 2.2 To ensure that all potential tenants are as prepared as possible, as a result of our pre tenancy checks and subsequent processes, as well as being aware of their responsibility, to pay their rent.

## 3. Methods

### Legal and Regulatory Requirements

- 3.1 Connexus will meet legislative and regulatory frameworks, including but not limited to;
- The Regulator of Social Housing's Regulatory Standards
  - Ministry of Justice's Pre-Action Protocol for Possession Claims by Social Landlords
  - Housing Act 2004
  - Data Protection Act 2018
  - Welfare Reform and Work Act 2016
  - Housing and Planning Act 2016

### Rent Collection and Arrears Recovery

- 3.2 For social and affordable rent tenancies, rent is charged weekly and payments are due at least weekly in advance. Where payments are made using a different frequency (fortnightly, monthly etc.), these payments should be made in advance. For shared ownership and rent to buy tenancies, rent is charged monthly and payments are due at least monthly in advance. License fees are charged weekly and payments are due at least weekly in advance.
- 3.3 Weekly rent is charged either over a 50 or 52 week collection year as determined by the tenancy agreement. Monthly rent is charged on 1<sup>st</sup> of each month (or part month) unless otherwise specified in the tenancy or lease agreement.
- 3.4 Connexus will;
- Create a culture where colleagues and tenants give high priority to prompt payment of rent and other charges.
  - Prioritise rent collection first; pursuing other debts thereafter.
  - Adopt a firm but fair stance; with colleagues being approachable and supportive of tenants with arrears on their rent account.
  - Support tenants to maximise their income by referring to our Tenancy Advice colleagues.
  - Support tenants to minimise their debts through early intervention and assistance when arrears are relatively low.
  - Make repayment agreements which are both realistic and affordable, taking into account the tenant's income and expenditure.
  - Ensure colleagues liaise with outside agencies to ensure procedures are applied fairly to all.
  - Look sympathetically and reasonably at any arrears accrued where a joint tenant has left their home as a result of Domestic Abuse.
  - Evict a tenant only as a last resort after exhausting all other stages in the arrears recovery process.
  - Where necessary, upon the death of a tenant, seek repayment from the estate if there are arrears on the account. Where there is no estate, arrears will be written off.

- 3.5 Connexus has procedures in place which guide colleague action on arrears to ensure a consistent and fair approach to the collection of arrears but which recognise individual circumstances and vulnerability.
- 3.6 Connexus' procedures are aimed at ensuring prompt and appropriate action on arrears.
- 3.7 Tenants requesting a transfer or mutual exchange will be advised that they must have a clear rent account and no other outstanding debts (re-charges, former tenant arrears etc). In exceptional circumstances the Housing Services Manager will use their discretion, taking into consideration individual circumstances, to allow a transfer or mutual exchange to go ahead.

### **Payment Methods**

- 3.8 Connexus will offer a variety of payment methods to support the payment of rent and making it inclusive for all. These methods of payment will include:
- Direct Debit.
  - Bank Standing Orders.
  - Recurring debit card payments.
  - Bank Transfers.
  - Payments from employers.
  - Housing Benefit direct to landlord.
  - Direct payments from DWP (to include Universal Credit alternative payment arrangements (APAs)).
  - Payment via the internet or the Allpay app.
  - Payment by telephone via debit and credit card.
  - Payment by Allpay swipe card with cash, cheque or debit card at any post office or retailer that accepts PayPoint payments.

### **New Tenants**

- 3.9 Prior to signing their tenancy, all new tenants will be made aware of;
- Their responsibility to pay rent and other charges, as well as the consequences of non-payment.
  - The amount of rent and other charges due each week.
  - The need for an up-front payment equal to a minimum of one week's rent, which could be higher based on the incoming tenants' payment frequency.
  - Available assistance with the completion of any housing benefit application forms or any Universal Credit application.
  - Information on all available payment methods available.
  - The need to contact Connexus promptly should their financial circumstances change or they are having difficulty paying their rent.
  - Advice on services and support available from Connexus and other agencies.

### **Universal Credit and Housing Benefit**

- 3.10 Connexus will work with the DWP to assist tenants with their Universal Credit claims to help them to maximise their income.

- 3.11 Connexus will reserve the right to request direct payments from Universal Credit for those tenants who have accrued rent arrears in excess of eight weeks as well as those whose vulnerabilities will affect their ability to pay their rent.
- 3.12 Connexus will always encourage that Housing Benefit is paid directly to the landlord and will automatically contact the relevant authority for compulsory payment of Housing Benefit direct should rent arrears exceed eight weeks.
- 3.13 Connexus will work with Local Authorities to assist with the verification of Housing Benefit claims.
- 3.14 Where a Housing Benefit overpayment has occurred, and if the Local Authority deem the landlord responsible for repaying the overpayment, the amount will be debited to the tenant's rent account and treated as rent arrears.

### **Rent Statements**

- 3.15 Those in rent arrears will be kept informed of their balance regularly and statements provided throughout the period in line with current rent arrears collection processes.

### **Welfare Reform, Welfare Benefit and Debt Advice**

- 3.16 Connexus offers an in-house Tenancy Advice Service, which provides welfare benefit, income maximisation and budgeting advice. Tenants who are experiencing financial difficulties will be encouraged to take up this service.
- 3.17 If a tenant requires further in depth debt advice they will be referred or signposted to the Citizens Advice Bureau or other suitable debt management agency.

Where Connexus is notified that a tenant qualifies for Debt Respite (Breathing Space) then we must ensure all protections are observed throughout the breathing space and refer to the Debt Respite (Breathing Space) Procedure.

### **3.18 Grounds for Possession**

#### **Assured, Fixed Term, Starter, Rent to Buy and Shared Ownership Tenancies**

- 3.19 Dependent on the specific tenancy agreements, Connexus may use the following grounds for possession;
  - **Ground 8 (mandatory)** This ground concerns rent arrears. Arrears must exceed 8 weeks if the rent is paid weekly or fortnightly, 2 months if paid monthly, one full quarter if paid quarterly or 3 months if paid yearly. The maximum arrear in each case must exist both at the notice of proceedings and at the hearing itself. The ground must be clearly stated so that the tenant knows what they are responding to.
  - **Ground 10 (discretionary)** This ground is for rent lawfully due and unpaid on the date proceedings begin.
  - **Ground 11 (discretionary)** This ground is relates to persistent arrears. Whether or not any rent is in arrears on the date on which proceedings for possession are begun, the tenant has persistently delayed paying rent which has become lawfully due.

- 3.20 In the case of a Starter Tenancy, or any relevant assured shorthold tenancy, a section 21 notice can be served ( ) to bring a tenancy to an end within the first 12-18 months of the start date (dependent on whether the tenancy has been extended) The section 21 notice needs to be served giving the tenant at least 2 months' notice and can be served up until the last day of the 12 month period (or any relevant extended period).

### **License Agreements**

- 3.21 Where someone holds a license agreement and is in persistent rent arrears a Notice to Quit will be issued to end the agreement.

### **Former Tenant Arrears**

- 3.22 Connexus will ensure that tenants are made aware of their obligations even after termination of their tenancy. Upon notice of termination, the tenant will be made aware of any rental balance due and a forwarding address will be requested.
- 3.23 Where the outgoing tenant is not in the position to clear any balance prior to termination, an affordable and realistic agreement will be sought.
- 3.24 Connexus will pursue all recoverable former tenant arrears. Where no forwarding address is given, every effort will be made to trace the former tenants' whereabouts using systems available to us, including use of a debt collection agency.
- 3.25 Failure to agree to or maintain an acceptable repayment arrangement will result in further recovery action as deemed appropriate on a case by case basis. These actions may include:
- Money judgement
  - Attachment of earnings
  - Third Party Debt Order
  - Order to Obtain Information
- 3.26 Where it is not cost effective to pursue a debt it will be written off in accordance with Connexus' Standing Orders and Financial Regulations that states;

### **Write-Off: Former Tenant Arrears**

- (i) The Housing Services and Support Services Managers (and any other equivalent managers within those service areas) shall have delegated authority to write off individual former tenant arrears up to a maximum of £500 and the Director of Housing & Communities has similar authority up to a maximum of £2,500 subject to the total write-offs in any one financial year being contained within the appropriate budget provision. Any debts in excess of this can be approved by the Group Chief Executive in conjunction with the Director of Resources subject to the total write-offs in any one financial year being contained within the appropriate budget provision. A summary report must be submitted to the Audit & Risk Committee at least annually detailing the total value of the write-offs approved.*

*(ii) Former tenant arrears arising from terminated tenancies can be written off on a rolling basis 12 months after the end of the tenancy. Those debts deemed uneconomical to pursue and deceased tenants where next of kin have verified that there is no estate can be written off when appropriate.*

3.27 These debts will be reinstated should the tenant make contact to address the debt.

## 4. Measurement

4.1 Performance will be monitored against the following measures which will be reported to:

- Current tenant rent arrears %
- Former tenant rent arrears %
- Rent written off %
- Universal Credit arrears

4.2 All colleagues dealing with rent collection and arrears recovery are responsible for reading and understanding this policy.

4.3 This policy will be reviewed every three years or in line with any changes in relevant legislation.

4.4 Associated documents:

- The Connexus Standing Orders and Financial Regulations
- Rechargeable Repairs Policy
- Rent Collection and Arrears Recovery Procedure
- Former Tenant Arrears Procedure
- Tenancy/ License Agreement
- Rent Setting Policy
- Tenancy Policy
- Debt Respite (Breathing Space) Procedure
- Lettings Policy
- Mutual Exchange Policy