



manningham
HOUSING ASSOCIATION

RENT COLLECTION AND RENT ARREARS POLICY



RENT COLLECTION AND RENT ARREARS POLICY

1. BACKGROUND

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

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 are 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 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, 1996, 2004 and Equality Act 2010. The Pre-Action Protocol for Possession Claim by Social Landlords provides legal grounds for seeking possession of relevant 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 Act 1985 and 1988 as applicable. 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 outlines the relevant grounds for possession which for rent arrears include Grounds 8, 10 and 11 (as amended by the Housing Act 1996 for assured/ assured shorthold tenancies). Schedule 2 of the 1985 Act governs the possession regime for secure tenancies.

The King's speech for the new government in July 2024 announced the Renters' Rights - A bill to reform the laws on arbitration in England and Wales. MHA will continue to review this to ensure that we remain compliant with legislative requirements

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.



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In the case of housing benefit being paid direct to MHA, after this has been applied for and granted, the housing benefit payments are made by the Council usually every four weeks in arrears, and the Universal Credit is paid by the Department of Work and Pension (DWP) a month in arrears. In this situation, provided the Council and the DWP notify us that the benefit is payable, we do not regard the rent account as being in arrears.

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 homes. Accordingly, we will encourage customers that even if they have other debts, they should make sure they prioritise their rent arrears. To minimise the loss of rental income we will apply a firm but fair approach to the prevention and recovery of arrears.

If a customer who owes arrears of rent or a recharge and the rent account accumulate a credit, we will offset arrears from the credit and ensure any rent credit due is refunded within the next 14 working days.

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 to prevent their rent account from falling into arrears from the start of the tenancy. In our experience, housing benefit claims take up to four weeks, and universal credit claims five weeks to process. The two-week payments will ensure that the rent account does not fall 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 arrange with the customer to make



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the payment in instalments. We would never refuse to offer a tenancy for failure to make the two-week advance payment.

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 benefits or Universal Credit.

During the first month of the tenancy, a member of our staff will visit the new tenants to check 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. Rent statements can also be accessed through the customer portal at any time.

5. DEALING WITH RENT ARREARS

Every effort will be made to assist customers in rent arrears to prevent their arrears from building up, including referral to debt advice agencies, help with accessing appropriate benefits to maximise their income, and early personal contact by telephone, SMS, email, 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 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.



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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 be 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 has been exhausted. Approval will be required from the Director of Operations or in his/her absence another member of the executive team before an application for eviction is 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.

6. DEALING WITH FORMER RENT ARREARS

It is our policy to actively pursue all former tenancy arrears even when 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 has 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 any debt that has been written off as Former Tenant Arrears.

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 Director of Operations or another Executive Team member 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.



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Evictions will normally only be cancelled where arrears are cleared in full, although the Director of Operations will have the discretion to agree to 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 28 days, and the cost of storage will be charged to the evicted customer. After 28 days, all belongings will be disposed of as deemed appropriate at the discretion of MHA.

In line with good practice in housing management, it is not our policy to use Distraint (i.e. the seizing of customers' goods 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. For example, the customer(s) who have practiced the Right to Acquire scheme and owes arrears of service charges. We will pursue these via the small claims court.

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 found themselves in precarious financial situations due to job losses which impacted their ability to pay their rent.

In such circumstances, MHA will work proactively 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 how this is done is by ensuring that the customer receives the benefits they are entitled to. 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.

9. PROVIDING SUPPORT TO CUSTOMERS

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

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



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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, and practical support with applying for Universal Credit, help with Discretionary Housing Payments, and general welfare benefits, and help with any discrepancies in the benefits claimed.

Customers are also supported with reducing their energy and water bills through various Charitable Trusts and discount schemes offered by utility providers. Additionally, they are assisted in accessing small grants and financial assistance programs, such as those related to maintaining a warm home and other utility-related aid.

10. VULNERABLE CUSTOMERS

Vulnerability within the context of MHA's operations is comprehensively defined to encompass a range of factors that may impair a resident's ability to independently access, utilise, and benefit from the housing services provided. Vulnerability is recognised as both a condition and a situation, varying widely in nature and impact, and often intersecting with multiple aspects of a resident's personal and social life. A sensitive approach towards rent arrears recovery will be taken with respect to customers who are deemed to be vulnerable, including those who are disabled as defined by the Equality Act 2010, or who do not have English as their first language and who may require additional support to understand what is required to maintain rent payments.

MHA policy on Supporting Vulnerable residents' categorises vulnerability into several key types to guide staff in providing appropriate and customised support.

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. Normally all rent arrears will need to be cleared before a transfer is offered.

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.



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12. 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 further 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 the Housing Benefit Department/DWP and provide information to it promptly upon request.

13. EQUALITY AND DIVERSITY

As Bradford's only Black and Minority Ethnic (BAME) housing association, MHA is actively committed to promoting and embedding a culture of equality, diversity, and inclusion. MHA is an organisation that values differences and enables individuals to be their authentic selves.

Our aims are for the organisation to be a leading voice for BAME communities, to be truly representative of all sections of society and communities we serve, and for each member of our staff, residents, and other stakeholders to feel respected and valued.

14. CONFIDENTIALITY

We will always treat any sensitive or personal information given to us as confidential in accordance with the Data Protection Act 2018 and the UK General Data Protection Regulations (GDPR) 2018, in line with MHA's General Data Protection Regulations Policy. We will only pass this information on to 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.



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- 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.

15. 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 Director of Operations has overall responsibility for the ongoing 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.

Policy Name	Rent Collection and Rent Arrears
Equality Impact Assessment	Completed
Date Approved by the Committee	5 September 2024
Next Review date	September 2027
Lead Officer	Director of Operations