

Rent Arrears Control

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ARREARS CONTROL - GENERAL PRINCIPLES

1.0 INTRODUCTION

Arrears Control is a vital function of Housing Management. At a time of high unemployment and increasing poverty, when many of our tenants are facing serious difficulties in managing their finances, effective rent arrears control becomes all the more essential - not only for SWHA but also for our tenants.

For SWHA, the rental income we receive from our tenants is essential to our finances. Our existing and future ability to provide affordable housing depends on it. For this reason it is important that tenants pay their rent and that we work systematically to keep rent arrears and bad debts to a minimum.

Tackling rent arrears systematically is also of direct benefit to tenants. Tenants must pay their rent and failure to do so will necessarily lead to legal action and, ultimately, eviction in the event of persistent non-payment.

An effective rent arrears policy will ensure that tenants have access to practical and sympathetic advice early or as soon as it becomes evident that they are running into financial trouble. Taking a firm but sympathetic approach also enhances the possibility of keeping rent arrears at a manageable level for the tenant concerned, which is clearly to the tenant's advantage.

2.0 GENERAL PRINCIPLES

The following principles are essential to effective arrears control:

2.1 The tenants' responsibility

In accepting a tenancy, tenants should be made aware that they also accept the accompanying rent payment liability, irrespective of whether rent is paid by Housing Benefit or not. Rent is due weekly, (fortnightly, four weekly or monthly) in advance as set out in the terms of the tenancy agreement.

2.2 Early Stages

It is essential that rent arrears are tackled promptly, at the earliest possible stage. Prompt action allows time for the Housing Manager (HM) to find out the tenant's circumstances and difficulties and to give advice on budgeting, benefits, etc, and on the best course of action. In

this way arrears control can be viewed as debt prevention and not simply as a series of steps to take legal action against a tenant.

Most importantly, early intervention will maximise the tenant's ability to pay and enable him/her to gain more control over the situation. Escalating arrears can only exacerbate a tenant's problems, often leading to the tenant giving up or even failing to sort it out, or else forcing him/her into taking loans, and getting into even greater difficulty.

2.3 Taking legal action

Tenants whose arrears continue to increase and who fail to co-operate in dealing with their arrears will find themselves subject to legal action. A tenant needs to be aware of the consequences of breaking an agreement to repay arrears. Failure to adhere to the terms of a Court Order are, for example, likely to result in the tenant being evicted.

2.4 The role of Housing Manager (HM)

The housing manager's role is to endeavour to keep the tenant in the tenancy as long as is possible. The Housing Manager has a difficult role to play - balancing the need to give practical and sympathetic advice on debt prevention with the need to take firm action in accordance with the procedures.

It is important the HM establishes direct contact with the tenant early on and, where possible, builds up a relationship with the tenant concerned. In this way it is more likely that the tenant will seek advice and inform the HM of relevant circumstances which need taking account of. If it is found that there are special circumstances which need considering, it then becomes easier for the HM to discuss these with the tenant, and to work out an appropriate course of action.

It also makes it easier for the HM to impress upon the tenant the policies of the Association and the need for the tenant to adhere to any agreements made.

ARREARS PROCEDURES

The following sets out the detailed procedure for dealing with tenant arrears, and should be read in conjunction with Rent Arrears Control- General Principles. Also refer to Additional Notes - Housing Benefit in the last section of these procedures.

1.0 INITIAL STAGES: PRE-LEGAL ACTION

1.1 2 Weeks Arrears (Stage 1)

When a tenant is in 2 weeks arrears for the first time, an arrears record be placed on Excalibur for future reference.

The tenancy file should be checked and if there are no special circumstances to consider, the HM should arrange for a standard letter (Letter A) to be sent. The purpose of the letter is to inform the tenant of the arrears and of the need to make immediate arrangement for payment. A note of this must be made on Excalibur.

Where there is contact with the tenant, a note recording any arrangements agreed, details of circumstances discussed, etc. should be made on Excalibur.

1.2 3-5 Weeks Arrears (Stage 2)

When arrears are between 3 and 5 weeks, a reminder (letter B) or a home visit or office interview should be arranged. A standard appointment letter (letter C) can be sent to tenant and a note made on Excalibur.

Home Visit/Interview

An arrears interview record (using the optional arrears Interview Record form) - detailing out all the necessary information - should be kept on tenancy file.

The purpose of the home visit/interview is

- a. to establish the reason why the rent has not been paid and to obtain details of the tenants circumstance regarding work, income and debts etc. A note should be taken of any special circumstances which need considering.
- b. to provide advice on benefits and debt prevention based on the tenant's details and to advise on the best course of action.
- c. to establish and agree the terms by which the tenant is to pay of his/her arrears. Any agreement made should be realistic, enabling the tenant to adhere to it without getting into

further financial difficulties.

d. to explain the Association's policy on arrears and to stress to the tenant the actions that will be taken if the agreement is not kept to - specifically, that NSP will be served and court action taken if the arrears continue to increase. It is important to explain this in some detail so that the tenant is clear about the consequences on non-payment.

The HM should also emphasise to the tenant the importance of informing the HM if he/she gets into further difficulties or circumstance change. The tenant need to know that the HM is there to give as much advice and assistance as is necessary.

Following the visit/interview a note should be made on Excalibur of any agreement made and a letter (letter N) confirming the agreement should be sent to the tenant.

2.0 NOTICE OF SEEKING POSSESSION (NSP)

2.1 6 or More Weeks Arrears (Stage 3)

Should arrears continue to accrue because a previous arrangement has not been kept, or the tenant has consistently failed to respond to the HM's attempts to contact him/her, a NSP will normally be served.

- The HM has authorisation to serve a NSP in accordance with these procedures. It is expected that a NSP be served by **6 weeks**, by the HM. A new NSP will be served if tenant remains in arrears of 6 weeks after the expiry of a previous one.

2.2 Service of NSP

The NSP is the first step in the legal recovery of rent arrears and must be prepared in a prescribed manner. The HM should ensure that the appropriate form is used, depending on whether the tenancy is assured or secure.

As tenancies are Monday to Monday, weekly in advance, it is essential to give at least 4 clear weeks notice form the date of service to expire ending on a Monday date.

The Notice should be accompanied by a letter of explanation from the HM (letter D) and can be served in the following manner:

- a. By hand to the tenant on the premises or,
- b. By hand to a responsible adult on the premises (The name of this adult should be given and it should be established whether he/she is a relation or friend. This person should be asked to ensure that the tenant receives the envelope with the Notice and letter sealed in. The reason for the letter should not be made known to anyone except the tenant) or,
- c. On the premises or through the letter box of the flat or,

d. By registered post or,

e. By first class post.

It is advisable to serve the Notice with a witness where there is the possibility of violence from tenant.

The HM should file a copy of the NSP, with a note attached confirming when and how the NSP was served and a copy of the accompanying letter of explanation, on the tenancy file.

Note: HM can serve NSP at earlier stages if there has been at least two attempts to contact tenants. HMs serving such NSPs should obtain the section's or at least one other HM's approval before serving the notice.

3.0 COURT ORDERS (stages 4, 5 & 6)

3.1 Expiry of the NSP

If there is no satisfactory arrangement in place on expiry of the NSP, the HM should apply to the court requesting a court hearing by filling in the appropriate form. The HM should then advise tenant of the pending court action and the steps required to prevent possession using letter F. Depending on the circumstances, HM should write to tenant should advise tenant before applying to court (Letter E can be used for this).

3.2 On receipt of the a hearing date the HM should contact the tenant, obtain up-to-date details of the circumstances and advise the tenant of the hearing date (using letter G).

Once a date for court hearing has been set, it may be cancelled up to 4 days, before it is due, if all the arrears and court costs are cleared. Otherwise the manager should proceed to court to recover costs.

Having got up-to-date information the HM should complete a Legal Action Form for use at the court hearing and for future reference. If the tenant wishes to avoid court action by making an agreement, and the HM agrees to suspend proceedings, the following should be agreed with the tenant:

a. that substantial payment off the arrears be made (as a lump sum) in a advance of the court hearing and that a realistic arrangement is made to pay off the rest;

b. that he/she must meet the legal cost incurred, if any by the association up to date;

c. that if the agreement is broken again we will proceed to court immediately, for eviction. It is important to state that there will be no other chance to change the course of action.

3.3 Court Hearing

The HM should have attempted to contact the tenant before the court hearing, as above. Before the court hearing date the HM should determine which type of order to be sought. Normally a suspended order for possession, plus a money judgement for the latest arrears plus costs will be sought unless there is clearly no intention of paying or of sticking to an agreement.

The HM should attend the Court Hearing with the following:

- a. the rent statement
- b. the tenancy agreement
- c. copy of NSP with proof of how it was served;
- d. the completed legal action form,
- e. the tenancy file.

After the hearing, the HM should make a record of the Court's decision on the tenancy file and Excalibur, and write to the tenant informing him/her of the court decision, and explaining the implications of breaching the terms of the court order using letter I.

If the court grants low payment instalments, other methods of securing payments should be sought - e.g. DSS direct payments if applicable.

4.0 EVICTION (Stages 7 & 8)

4.1 Approval for Eviction

In the event of the terms of the court order being broken, the HM, should arrange to visit the tenant to explain the serious consequences of the breach and to assess the situation.

Where eviction appears to be the only course of action left, an eviction report should be written by the HM using the eviction report form for approval by the Section Meeting and TSSC.

The eviction is to be reported to TSSC at the following committee meeting.

5.0 EVICTION PROCEDURES

5.1 Housing managers can apply for bailiffs when required after the eviction has been approved by TSSC but should first inform the tenant of the consequences of eviction in writing - using letter J.

5.2 Bailiffs may be cancelled **or deferred** on the first occasion if some payment is made in line with the court order. In this event, the tenant must be clearly warned in writing that the bailiffs will be recalled should he/she break the agreement.

5.3 If bailiffs are to proceed, the HM should confirm appointment with them in writing. In the event of tenant appealing against bailiff order, HM may have to attend court.

5.4 If eviction is going ahead, HM should advise tenant of eviction date (using letter K), Homeless Persons and/or social services of the tenant's impending homelessness where appropriate. HM should also advise tenant in writing to arrange for furniture removal/storage and general housing advice.

5.5 At the time of eviction, HM should attend with maintenance to change locks and/or secure property and to carry out void inspection if possible.

CANCELLING COUNTY COURT REGISTRATIONS

If court order is registered at the county court, then the tenant can arrange for this to be cancelled once the arrears have been cleared so that the tenant's credit rating is not prejudiced. HMs will assist as necessary.

6.0 TRANSFERRING TENANTS WITH ARREARS

Please refer to the allocations policy for further details on transferring tenants with arrears but generally:

6.1 Tenants in rent arrears will not normally be transferred.

6.2 In exceptional circumstances where they are moved, HM should make payment arrangements with tenants and issue a separate giro book for this purpose.

6.3 Where agreement is not adhered to, HM should consider the possibility of taking legal action through the county court for the debt.

HOUSING BENEFIT AND DIRECT PAYMENTS

1.0 HOUSING BENEFIT

It is important to ensure that the tenant is aware that s/he is liable for the payment of the weekly rent, even where there is Housing Benefit payable.

1.1 Claims

Where possible the HM should check the details of a tenant's claim to ensure that the claim has been completed correctly and ensure that tenant has filled the HB authorisation form.

Where part HB is applicable it is important that the tenant is made aware of the amount of rent payable by him/her after the HB contribution has been received.

If the tenant has applied but not received HB and there are existing arrears, the HM should try to persuade him/her to authorise direct payment to the Association (see Direct Payment below).

Debts arising from overpayments will be treated as normal rent arrears. Where the debt arose from conscious fraud HMs should proceed to court straightaway.

HB letters L & M can be used as and when required.

HMs should also try to get tenants to give their permission for HMs to deal directly with the Housing Benefit Office. Tenants will have to sign the authorisation form (attached).

1.2 HB delays

If that claim is outstanding for more than 6 or more weeks, a NSP should be served.

The reason for this action should be clearly explained to the tenant, in a letter. Where possible and particularly in the case of more vulnerable tenants, this should be verbally explained in advance of the NSP being served.

As soon as the claim has been outstanding for 8 weeks a letter should be sent to the HB office requesting that HB is paid directly to the Association.

2.0 DIRECT PAYMENTS

2.1 Housing Benefit Direct

At the stage of the tenant making the claim, the HM should discuss the option of direct payment of HB to the association and, where possible, try to persuade the tenant to authorise this (using the authorisation form).

The only situation where direct payments can be made to the association are:

- a. where the tenant has authorised the HB office to make direct payment to the Association;
- b. where the tenant is more than 8 weeks rent in arrears;
- c. where DSS arrears deductions are being made from the tenant's income support.

2.2 Arrears Direct

Arrears direct arrangement should be put in place wherever possible. Arrears direct arrangement can be made with the DSS where:

- a. the tenant authorises the DSS to make direct payments to the Association.

- b. where there is a court order

MONITORING

As a matter of course HMs will be monitor arrears each week in line with the stages outlined in this policy and procedure but in addition:

1. There will be monthly reports to Workers' Meeting showing the arrears levels and rent collection.
2. Once a quarter, halfway through the quarter, HMs conduct one-to-one supervision of all cases.
3. Once a quarter, at the quarter end, HM section will discuss individual arrears cases of 6 or more weeks.
4. Every quarter report on rent arrears, trends and rent collection to the Workers, Meeting
5. Every quarter, the TSSC receives update on cases over 6 weeks (those that have been served with NSPs), rent arrears, trends and collection.

PERFORMANCE STANDARDS

The section set yearly performance target for the overall rent arrears reduction. This is currently 0.5% year on year reduction.

Arrears Interview Record

Tenant's note: This form is not compulsory. However, if you do provide the information requested, it will help your Housing Manager to offer you Welfare Benefits advice and make a realistic agreement with you.
 You may, if you prefer, seek independent and confidential advice in order to make the agreement.

Address

Tenancy Name(s) Tel. No.

Children (Nos./Ages) Male Female

Employment Details
 (e.g. occupation, Work Place address etc.)

.....

INCOME (PW/PCM)

EXPENDITURE (PW/PCM)

Wages (Tenant) £.....
 Wages (Partner) £.....
 Income Support £.....
 Maintenance £.....
 JSA £.....
 Family Credit £.....
 Child Benefit £.....
 DLA £.....
 Housing Benefit £.....
 Other £.....

Rent (Less HB) £.....
 House Keeping/Food £.....
 Electric/Gas/Water £.....
 Maintenance £.....
 Transport £.....
 Negotiable Expenditure e.g.
 HP/Fines/Credit Cards £.....

TOTAL INCOME	TOTAL EXPENDITURE
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HB application issued (if applicable) Yes/ No

NOTES/COMMENTS

DECLARATION

I understand that if I miss any future rent payment and have not contacted my Housing Manager before, the serious recovery procedures could start without further reminder.

I acknowledge arrears ofon.....

and agree to pay the following agreement.....

The information given on this sheet is correct.

SIGNED (Tenants)

DATE HOUSING MANAGER.....

LEGAL ACTION FORM COURT SUMMARY SHEET

CASE NUMBER.....
HOUSING MANAGER.....

Name of Tenants _____

Address _____

Tenancy Date _____ Type of Tenancy _____

Household Details
e.g.
children/income/housing
benefit etc.

Current Rent _____ Current Arrears _____

Rent Increases _____

Arrears at NSP _____ Date of Service _____

How served _____ By whom _____

Letters/Visits/Agreement
etc.

Order Sought _____

Order Given _____

Costs _____

Attached: Tenancy
Agreement
Copy of NSP
Current Rent
Statement
Tenancy File

(see over for
additional
notes/comments)

Additional comments/notes

Brief Chronological Outline of Case

Date

Brief Notes

Eviction Report

TO:
FROM:
FOR DECISION

EVICTON REPORT

1.0 INTRODUCTION

2.0 RECOMMENDATIONS

3.0 TENANT DETAILS

3.0 TENANT REF. NO.

3.1 UNIT NO.

3.2 ADDRESS

3.3 FAMILY COMPOSITION

3.4 INCOME

3.5 TENANCY START DATE

3.6 CURRENT RENT

3.7 ARREARS

3.8 SOURCE OF REFERRAL

4.0 PROPERTY DETAILS
4.1 TYPE

5.0 HISTORY

6.0 FINANCIAL IMPLICATIONS

7.0 EQUAL OPPORTUNITIES IMPLICATIONS