



Arrears Prevention and Recovery Policy 2016 - 2017

Policy Reference:

Policy/HM011 Issue 2.0

Approved by:

Senior Management Team

Date approved:

01/04/2016

A Scope and Objectives

The objective of this policy is to maximise income through the prevention and recovery of current tenant rent arrears and charges to home owners. The reference to rent throughout the policy is inclusive of service charges where these are payable.

The recovery of former tenant arrears and other sundry debt sits outside of the scope of this policy.

B Policy Statement

Rental income accounts for a significant proportion of **bpha's** total income and as such maximising the organisation's income through the prevention and recovery of rent arrears is essential to ensure that we can continue to provide good quality services for our customers.

bpha understands the high cost to both the tenant and the organisation of evictions and as such will try to minimise the number of tenancies that end due to non payment of rent.

bpha's overall approach to maximising income through the rental stream is:

- To prevent tenants from falling into arrears with their rent by allocating properties appropriately and providing reasonable support and assistance to those customers at risk of not paying their rent.

Where this preventative approach fails, **bpha** will:

- Take action quickly and decisively to enforce the payment of rent in accordance with the tenancy agreement, including the use of court action and will ultimately seek to end a tenancy.

bpha's approach to the recovery of debt owed by home owners either in rent, service charges or loan charges is detailed within this policy document.

Preventative Approach

To try to prevent tenants falling into arrears with their rent we will allocate properties appropriately in accordance with **bpha's** Allocations policy with a focus on the long term sustainability of the tenancy.

Prior to the allocation of a tenancy a financial assessment of the applicant will be made in order to assess whether the property rent is affordable and, where it is, to assess what risk the applicant poses to the organisation in terms of their financial circumstances. Applicants may be refused a tenancy at this point or compelled to accept support as a condition of the allocation in accordance with our pre allocation procedures.

We will develop reporting from our housing management system to enable us to isolate particular household groups to assist in proactive work in targeting specific groups at risk of failing to pay their rent. For example, those claiming Universal Credit, under occupiers, households affected by the Benefit Cap and persons under 35 due to loss of entitlement to full Housing Benefit.

From 2016 we will no longer accept payment in arrears for rent from those persons claiming Housing Benefit. This will assist both the organisation and tenants in managing the transition to Universal Credit. Those tenants paying in arrears via Housing Benefit will be encouraged to begin making payments to bring their rent accounts into credit in accordance with their tenancy agreement.

Where tenants do fall into arrears with their rent we will look to prevent formal action being taken against their tenancy by intervening at an early stage. We will do this by providing tenants with the information, support and advice they need to maximise their income. We will offer money advice through our Financial Inclusion team offering either face to face or telephone advice as appropriate.

Where we are unable to assist tenants we will signpost to appropriate external agencies.

Rent Arrears Recovery

Where preventative measures have failed, **bpha** will take timely, decisive action in the recovery of the debt following the Rent Collection procedure.

Referral for support from the Financial Inclusion team will become a core part of the arrears recovery process for all tenants who fail to pay their rent, and referrals will continue to be offered at all parts of the arrears recovery process in order to try to prevent the tenant from losing their home.

Arrears recovery will focus on personal contact via visits and telephone conversations with tenants as well as informing customers of the debt and consequences of non payment in writing.

bpha will expect low level debts to be cleared in a single payment and will only agree to instalments where the tenant can demonstrate their inability to pay in a single payment.

For higher level debts **bpha** will accept repayment by instalment and will make agreements taking into account the tenant's personal circumstances and the time in which the debt will be paid in full. Repayment periods will not exceed 4 years, and this length of time will only be agreed in exceptional circumstances.

Court Action

Where agreements to repay a debt are not maintained **bpha** will take court action in order to recover the debt. In most circumstances this will be possession action.

bpha will seek possession on mandatory grounds for Assured Shorthold tenancies and Starter tenancies.

bpha will seek possession on discretionary or mandatory grounds for Assured tenancies dependent on the circumstances of the case. In cases where the tenant has failed to engage and has paid very little towards the debt, or where there has been previous court action to enforce payment of the debt, it is likely that mandatory possession under Ground 8 of the 1988 Housing Act will be relied upon in possession hearings.

bpha will always request that the court costs are awarded against the tenant and that a Money Judgement is included in the order.

For static debts **bpha** will consider applying to the County Court for a Money Judgement where the level of debt is not high enough to warrant possession action.

If a Suspended Possession Order is granted and subsequently breached by the tenant, no more than one opportunity will be given for the tenant to remedy the breach. Should the breach not be rectified quickly or if the order is breached on more than one occasion an application will be made to the County Court for a warrant for eviction.

bpha will oppose any application to stay the execution of the warrant unless payment is made to clear the debt in full, inclusive of court costs.

Where the eviction has been carried out and the tenant agrees to repay the full debt within 24 hours, **bpha** may consider granting a new tenancy. This decision will be entirely at the discretion of **bpha** and will not be considered where there have been any other breaches of tenancy, or the tenant holds a Starter tenancy.

Debt Relief Orders (DROs) and Bankruptcy

Where a tenant has secured a DRO or a Bankruptcy Order and includes the debt owed to **bpha** in the order, we will always seek possession of the property based on the tenants' inability to afford the rent payments.

Home Owners

Home ownership customers will be offered support and advice where appropriate, but **bpha** recognise that our home owners are generally less financially vulnerable than our tenants and as such the support offered will not normally be as extensive as that offered to rental customers and we will signpost to other agencies where appropriate.

bpha will seek to recover the debt from home owners in accordance with their individual lease or loan agreements as detailed within relevant corresponding procedures.

bpha will look to make agreements to clear any debt in a single payment and only make agreements to repay in instalments where the debt is particularly high or where the home owner is able to demonstrate their inability to pay in a single instalment.

Where instalments are agreed these will not normally exceed a period of 6 months. For very high levels of debt and in exceptional circumstances **bpha** may agree to instalments over a longer period, but this period will not exceed 2 years and will be entirely at the discretion of **bpha**.

If the home owner fails to reach an acceptable agreement or agreements to repay the debt are breached, **bpha** will seek to recover the debt more formally under the terms of the lease or loan agreement. This may include; writing to a mortgage provider to repay the debt, application to the court for a Money Judgement or, when all other measures to recover the debt have failed; application to the Court for forfeiture of the lease.

C Regulatory and Legal Considerations

This policy and the corresponding Rent Collection procedure comply with the Civil Procedure Rules Pre Action Protocol for Possession Claims for Rent Arrears.

The recovery of debt from leaseholders and shared owners is undertaken in accordance with relevant legislation including the Landlord and Tenant Act 1985 and the Commonhold and Leasehold Reform Act 2002.

The recovery of debt from equity loan customers is undertaken in accordance with Financial Conduct Authority (FCA) rules and relevant legislation.

D Monitoring, Reviews and Evaluation

Compliance with this policy and associated procedures is assisted by using a set recovery process within the Housing Management system for rental customers and shared owners.

The success of this policy and associated procedures is measured by:

- Measuring the level of current rent arrears owed to **bpha** on a monthly basis against annually set KPIs.
- Monitoring the number of evictions for non payment of rent on an annual basis.

E Associated documents and procedures

- Rent Collection procedure
- Sundry Debtors policy and procedures (to be written)
- Allocations policy
- Tenancy policy

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Responsible	Head of Housing Management
Equality impact issues	None
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