



Title of policy:	Rent Arrears Policy
Version:	1
Updated:	September 2024
Next review:	September 2025
By:	Housing Service Manager

1. Introduction

This policy sets out the approach we will take to ensure there are effective income recovery processes.

It is essential that North Star collect the maximum possible income owed to us, as there is a direct link between income collected and the services we provide.

The causes of rent arrears continue to remain unchanged. Research has shown that low income/intermittent work and other financial pressures remain key causes. The administration of the housing benefit and universal credit can also be a factor in the development of arrears and also the impact of the benefit changes through Welfare Reform will also significantly impact our ability to collect rental income.

Rent arrears can be a symptom of real financial hardship. Young households and single people are proportionately more likely to fall into arrears due to lack of financial capacity as well as inadequate or irregular income. At the same time, however we must be mindful that some tenants deliberately avoid payment. We will therefore consider all cases on their own merits with a consistent approach being adapted for all.

The best method of arrears control is prevention, but arrears will occur and our approach will be based on the following:

- Emphasis on a firm but fair approach to arrears recovery where legal action is taken as a last resort.
- Consider all factors affecting payments.
- Make best use of all remedies for collecting rent arrears with eviction seen as a last resort.
- Keep a comprehensive profile of tenants in arrears.
- Know the reasons why arrears have accrued.
- Refer cases to our Welfare Benefits Officer/Tenant Support Worker where additional advice and support is needed as well as referring to external parties where there is a threat of eviction – such as Housing Options.



2. Aims and Objectives

North Star aims to maximise its rental income and achieve its objective of delivering an efficient and cost-effective housing management service and to prevent rent arrears accruing where possible.

We aim to maximise income by offering advice and assistance to tenants who cannot pay their rent and by taking firm action against those who will not pay their rent.

We aim to provide a firm but fair approach and provide customers in arrears with sound financial advice.

The aim of the policy is to ensure that all staff work effectively to manage rent and service charge arrears in the following objective.

- To work with customers to prevent arrears developing and to enable them to maximise income working in partnership with relevant local agencies
- To offer a number of alternative ways for customers to pay their rent and promoting direct debit as the primary method of payment
- Ensuring customers are aware of all self-service payment options
- Use early intervention tools to help customers sustain their tenancies and avoid legal action (possession and or eviction) by such means as making early contact through text messaging, WhatsApp, email or letter
- Where it is necessary, and proportionate to do so, we will seek legal possession of a property where other methods have failed to ensure payment

3. Regulatory and Legislative Context

We will ensure that this policy meets with legislation and good practice requirements to maximise income collection and minimise rent arrears. This will include the following:

Tenancy Agreement

The rent (as stated in Section 3 of the Assured Tenancy Agreement and Section 1 of the Assured Shorthold Tenancy Agreement) must be paid when due. Failure to pay as agreed will be deemed a breach of tenancy agreement.

Protection from Eviction Act 1977

Protection from Eviction Act contains the legal powers of landlords to repossess the homes of others (i.e. non protected or non-statute) tenants.

Data Protection Act 1984 (amended by the Data Protection Act 1998)

The above is the main piece of legislation that governs protection of personal data in the UK. The 1998 Act broadens the scope of the 1984 Act to include manually stored data in addition to data store electronically.



Housing Act 1985 (amended by the Housing Act 1996)

The Act (as amended) defines the grounds under which possession proceedings may be brought against a tenant. The Housing Act 1996 also introduced probationary tenancies known as Introductory Tenancies and the procedure for possession of these tenancies.

Landlord and Tenant Act 1987

Section 48 requires the landlord to serve a notice on the tenant giving an address in England and Wales to which any notices, including notices in proceedings may be served on a landlord.

Homelessness Act 2002

The Act sets out further provision about the functions of local housing authorities relating to homelessness and the allocation of housing accommodation. The legislation raises specific issues in relation to the rehousing of people who may be deemed as intentionally homeless due to rent arrears.

Related Policies

- Safeguarding Children and Adults Policy
- Vulnerability, Protected characteristics and Reasonable Adjustments Policy
- Domestic Abuse Policy
- Abandoned Property Policy
- New Tenancy Sign Up Policy

4. Preventing Rent Arrears

We will ensure at the start of a new tenancy we will offer appropriate advice and assistance where necessary to claim the appropriate benefits.

We will also ensure that the tenancy conditions are fully explained, and that customers are aware of the potential consequences of not paying rent. We will emphasise tenancy terms and conditions to ensure, where possible, that payment by direct debit is the preferred method of payment.

We will make customers aware of the organisations welfare benefit service and can assist to maximise their income. We will promote this at sign up, social media platforms and in the newsletter.

5. Supporting Customers

We recognise that customers may from time to time experience financial difficulties. In order to assist and take steps to prevent the build-up of arrears, the Welfare Benefit Team will:

- Work to maximise customers income
- Provide support in making benefit claims
- Compile income and expenditure assessments

Rent Arrear Policy – September 2024



- Arrange pre court visits

6. Managing

Where possible staff will make early personal contact with all customers whose accounts fall into arrears and make arrangements to clear the outstanding debt.

Rent Arrears recovery will be based on a preventative approach, with a staged escalation process. Where necessary we will take appropriate legal action to recover rent arrears.

Before applying to court for a Possession Order, a Notice of Seeking Possession will be served, relevant to the tenancy type in line with the pre action court protocol.

We will ensure a comprehensive record is kept of all action and contact made with the customer who falls into rent arrears and will ensure the data is handled in accordance with the Data Protection Policy.

An exception to the rent recovery procedure would be where a customer has a successful application for the Government Debt Respite Scheme (Breathing Space) Once successful the scheme will notify of the customers start date, at which point legal recovery will cease, neither will the customer be contacted for the period in Breathing Space (typically 60 days) During Breathing Space, the customer is still legally required to pay their ongoing rent charges until the completion of the scheme. The scheme will send notification when the scheme has ended, at which point, and if still necessary, recovery action may commence.

We will only seek legal possession of a property as a last resort where other alternatives have failed or where the customer has wilfully failed to engage with us without reason. Where legal action has been taken and the court awards an order, we will also look to recover any costs incurred as part of the claim.

Pre-Action Protocol

We will follow the Pre-Action Protocol for Possession Claims in all instances.

In all cases, a Pre Court-Protocol Checklist must be completed and submitted together with a rent statement to the court with a copy sent to the tenant.

If prior to the Court date, the arrears have been substantially reduced then the case can either be withdrawn or an application made to the Court to adjourn the case (with liberty to restore). This means that no order will be sought but the case can be referred to Court without re-serving the NSP or incurring further Court costs. Approval to cancel/withdraw a court hearing must be given by the HSM.

When the case is heard at court the Judge will consider one of the following.



Postponed Possession Order (PPO)

This will order the tenant to pay their rent due weekly as well as an amount from the arrears. This differs slightly to an SPO in that you cannot apply directly for a bailiff if they default on payments you would have to go back to court to ask for a date and then apply for a bailiff after that date has passed.

Suspended Possession Order (SPO)

This will order the tenant to pay the weekly rent due as well as an agreed amount from the arrears. Failure to comply with the terms of this order can result in you making an application for the bailiff to attend the property to evict the tenants.

Outright Possession Order

This entitles the Association to the possession of the property immediately and should only be requested in severe cases where the tenant has made no effort to make payments or to reach an agreement to pay the arrears off or the tenant cannot pay their on-going rent liability or anything towards the arrears.

7. Use of Ground 8 Possession Proceedings

Ground 8

We will only use Ground 8 in exceptional circumstances, where the customer has made no attempt to pay the rent and have failed to engage.

Ground 8 is a mandatory ground for possession. This means that the judge does not have any discretion and must grant an outright possession order.

We will use Ground 8 as follows:

- The customer has arrears of at least eight weeks.
- There is a persistently poor payment history and the arrears have increased to an unreasonable level with a high risk that the debt will not be resolved
- The customer has not engaged or has failed to make a reasonable offer to repay the debt
- There is no Housing Benefit claim outstanding or any reasonable expectation of Housing Benefit being paid
- Use of Ground 8 is proportionate and reasonable in the circumstances of the case

During the notice period we will make every reasonable effort to contact the customer to establish their circumstances and assist them to claim for any benefits they may be entitled to, or to seek an independent assistance from appropriate support agencies.

8. Monitoring and Review

Performance will be regularly monitored and targets will be set and reviewed annually in relation to benchmarking performance data.



9. Review of this Policy

The policy will be review annually unless there are legislative changes in which case it will be reviewed in line with the changes.

