

Policy name:	
Rent Arrears Prevention and Debt Recovery Policy	
Section:	Housing
Exec responsible:	Director of Housing
Review by:	Director of Housing, Housing & Customer Engagement Manager
Tenant review:	
Authority to amend:	CEO
Frequency of review:	3 years
Last review:	March 2025
Next review:	March 2028
Responsibility for delivery:	Director of Housing, Housing & Customer Engagement Manager
Strategy:	Customer
Associated risk ID:	risk 12: Income streams from rent and sales are not achieved
Health & safety:	Income and arrears collection which is not customer focused can impact on the wellbeing of residents, this policy aims to prevent that, where possible.
Equality & diversity:	All tenants will be treated fairly in accordance with this policy and our Equality and Diversity Policy.
Associated costs and value for money:	Arrears figures are monitored monthly and benchmarked annually.
Associated documents:	Standard letters, Recovery Procedures

VERSION CONTROL			
Version number:	Sections amended:	Date of update:	Approved by:
3.0	Full review	March 2025	CEO

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1. OBJECTIVE

Our overall objective is to prevent rent arrears and maximise our income collection whilst enabling tenants to sustain their tenancies and remain in their homes. By doing so, we aim to minimise former tenant debt which is more difficult to recover.

2. SUMMARY OF POLICY

This policy covers the ways in which we aim to prevent rent arrears and our approach to arrears recovery for current tenants, including legal action. It also details our approach to recovery of former tenant debts. The policy is supported by detailed procedures.

3. PREVENTING RENT ARREARS

We aim to prevent arrears by:

- 3.1 Being clear with new tenants about their obligation to pay rent, the range of ways in which it can be paid, and our approach to arrears.
- 3.2 Requiring new tenants to pay one month's rent in advance when they sign up so they are always in advance from the start of their tenancy.
- 3.3 Expecting all existing tenants to pay their rent in advance in line with their tenancy agreements.
- 3.4 Encouraging all existing tenants to build up a buffer on their account so that should their financial circumstances change they don't fall into arrears.
- 3.5 Completing budget planners with new tenants to ensure they can afford to pay the rent and referring them for budgeting support where needed.
- 3.6 Referring existing tenants for budgeting and money advice where they need it, even if they haven't gone into arrears yet.
- 3.7 Ensuring all communication is clear and easy to understand as standard.

- 3.8 Communicating with tenants in a way that takes account of their diverse individual needs, this could include but is not limited to it being in a different language, in large print, or via an agreed third party.
- 3.9 Reminding tenants to pay when their rent is due, this may be by automated text message or other methods deemed appropriate.
- 3.10 Supporting tenants to be digitally included so that they can access benefits and job searches online.
- 3.11 Helping tenants with their benefit claims including Housing Benefit and Universal Credit to ensure they get payments for housing costs, where applicable.
- 3.12 Giving advice to tenants about updating the DWP and Local Authorities where there are changes in their circumstances that may affect their entitlement.
- 3.13 Notifying tenants promptly where Housing Benefit and Universal Credit is paid direct to us and there has been an over-payment. See Benefit overpayment procedure.
- 3.14 Working with the DWP and Local Authorities to support housing cost payments being made as quickly and as easily as possible.
- 3.15 Offering tenants a range of easy and effective ways of paying their rent.
- 3.16 Giving tenants access to their rent account 24 hours a day via MyTenancy or sending paper statements where requested.
- 3.17 Promoting Direct Debit as the preferred method of payment so that payments are automatic and not missed.
- 3.18 Promoting good financial health through articles in the Tenant Newsletter, on the website and in social media.

4. RENT ARREARS RECOVERY

All tenants are expected to pay their rent monthly in advance unless their tenancy agreement states otherwise, or other arrangements have been made between us and the tenant.

We will recover rent arrears by:

- 4.1 Recognising the individual characteristics of our tenants and working with them to ensure they understand this policy and the arrears recovery procedure.
- 4.2 Looking at the whole picture affecting the tenant, and their household, and reasons for non-payment of rent.
- 4.3 Adopting a firm, fair, consistent and non-threatening approach.
- 4.4 Being clear with tenants about their accounts, our expectations and their options.
- 4.5 Taking early action in every case.
- 4.6 Referring tenants for budgeting and money advice at the earliest opportunity.
- 4.7 Taking an incremental approach to the action taken.
- 4.8 Giving tenants the opportunity to rectify the situation at each stage.
- 4.9 Allowing tenants to make reasonable and affordable re-payment arrangements with us.
- 4.10 Taking a firm approach to broken re-payment arrangements.
- 4.11 Making personal contact, including the use of texts and telephone calls, home visits, and office interviews (where appropriate).

- 4.12 Taking a systematic approach to using standard letters with statements, or their equivalent in digital format
- 4.13 Taking action regularly.
- 4.14 Taking legal action where appropriate; the aim being to recover the arrears, not to evict the tenant, which is a last resort (we may, however, seek outright possession in certain circumstances).
- 4.15 Keeping accurate records of communication with tenants and other parties, actions taken, and documents associated with the case.

The rent arrears recovery procedure sets out our five stages of recovery; Early Intervention, Pre-Court Resolution, Court Resolution, Pre-Eviction Resolution and Eviction. Within each stage there are detailed actions to be followed to minimise and recover arrears.

5. LEGAL ACTION ON CURRENT ARREARS

We will follow the Ministry of Justice [Pre-Action Protocol for Possession](#) Claims by Social Landlords. The Protocol aims to encourage more contact between us and our tenants, to avoid legal action if possible and make more effective use of Court time.

Legal action is likely to commence if a re-payment plan cannot be agreed with the tenant in arrears and the account is more than one month in arrears. Discretion can be used (with Housing and Customer Engagement Manager approval), for example where there are persistent low-level arrears for at least six months.

We will also consider legal action where the tenant has failed to engage with us and/or accept help that has been offered.

Before taking any legal action we will complete an assessment under the Equality Act 2010 to consider the specific characteristics, needs and vulnerabilities of the tenant and their household and if reasonable adjustments are required prior to starting. This will be signed off by the Housing and Customer Engagement Manager and the tenant's ability to understand the legal process and defend legal action will be taken into account.

A Notice of Seeking Possession (NOSP) is the first formal legal stage of possession proceeding and it will give a minimum of 14 days before possession proceedings can begin (some tenancy agreements state a longer period so they must be checked). Service of a Notice does not automatically mean that we will proceed to a Possession hearing in the County Court.

The issue of a Notice is one part of the arrear's recovery process and less formal steps such as benefits advice, reasonable payments plans, referrals for additional support and advice will continue.

The grounds for possession are set out in tenancy agreements. All applicable grounds will be included in the Notice, including both discretionary and mandatory grounds for possession.

Possession proceedings through the County Court will be taken if all other reasonable attempts to recover the arrears have failed. However, we will not start proceedings where the tenant can evidence that they have appropriately applied for Housing Benefit or Universal Credit (housing costs element) that they are eligible for, and there are no other arrears not covered by those benefits. Possession proceedings require the approval of the Housing and Customer Engagement Manager.

We will continue to try and contact tenants up to the Court hearing date to reach a repayment agreement with them. If an agreement is reached at this stage a Suspended Possession Order or Adjournment will be sought on the terms of the agreement.

Repayment terms will be agreed based on a reasonable repayment timetable, usually no more than two years but never more than six years and taking into account affordability and sustainability for the tenant.

We will only seek an immediate Possession Order in exceptional circumstances; these may include where we believe the tenant has already vacated or abandoned the property or where there are other serious breaches of tenancy.

If the tenant fails to comply with the terms of the Court Order, a Warrant for Possession can be sought, and the tenant evicted. This action will only be taken as a last resort, where other attempts to recover the arrears have been unsuccessful. A review of the individual circumstances of the case will be completed, and the Director of Housing's approval will be required.

Where we decide to evict a tenant, we will tell them that the local authority may consider them to be intentionally homeless, and they may not be entitled to help with future housing. Prior to a court application, we will seek the tenant's consent to refer them to the Local Authority for homeless prevention advice and support under the Commitment to Refer.

Costs incurred in taking possession action will be added to the outstanding debt and the tenant will be required to repay these once the arrears have been repaid.

Court hearings will not be cancelled unless the tenant has paid all the arrears and the court issue fee. However, where arrears have been significantly reduced an adjournment with costs may be requested by the tenant and considered. Money judgements will be sought that can be enforced by an attachment of earnings order.

We will not allow the seizure of tenants' goods to recover rent arrears or other debts.

6. AUTHORITY LEVELS FOR CURRENT ARREARS

Authority is delegated to Housing Officer level for all rent arrears recovery action except for the following, which require Housing & Customer Engagement Manager approval:

- Agreeing to more than one re-payment agreement prior to legal action
- Service of NOSP using ground 8 (mandatory ground)
- Applications to Court for Possession
- Applications to Court for Warrant and for Warrant reinstatement
- Acceptance of tenant offers of substantially reducing arrears prior to eviction

Authority is delegated to the Housing and Customer Engagement Manager for all rent arrears recovery action except for Evictions, which require Director of Housing approval.

Solicitors may be appointed to act for us in complicated contested cases, and the Chief Executive must be notified of any impending eviction.

7. SERVICE LEVELS FOR TENANTS IN ARREARS

Tenants in arrears will receive Cornerstone's normal' service to acceptable standards. However, the following will apply:

- 7.1 Tenants in arrears are not normally eligible for allocated garages or parking spaces.
- 7.2 Tenants in arrears are not eligible for internal transfers unless the debt is cleared, the Housing & Customer Engagement Manager may use discretion where the tenant is downsizing, or there are exceptional circumstances.
- 7.3 Tenants in arrears are not eligible for mutual exchanges unless the debt is cleared.
- 7.4 Tenants in arrears will have any allowances or credits offset against their rent account, for example, downsizing allowance or compensation payments.

8. FORMER TENANT DEBT

Former tenant debt includes rent arrears, court costs and other sundry debts such as rechargeable repairs. We will pursue all former tenant debts where doing so represents value for money and the cost of pursuing the debt does not outweigh the debt itself. We will write-off debts where the tenant has died and the executor or family representatives can evidence that there is no money in the estate to settle the debt.

The Housing & Customer Engagement Manager may agree not to pursue a debt in cases of genuine financial hardship or where other exceptional circumstances apply. Where there is a dispute of the debt, for example with rechargeable repairs, the Housing & Customer Engagement Manager may agree to accept a prompt and appropriate offer in full and final settlement of the debt.

Third parties may be used to trace former tenants in order to pursue the debt, and legal action may be taken via the Small Claims Court to recover monies owed.

9. REPORTING AND MONITORING

Arrears figures are prepared by the Finance Team monthly and circulated to the Executive Team for monitoring. Key performance indicators are reported quarterly to the Board and benchmarked annually.