

# Rent Arrears Policy

## 1. Summary

- 1.1. This Policy sets out the approach SHAL will take to ensure there are effective income recovery processes. As there is a direct link between income we collect and the services we provide, it is essential that we collect the maximum possible income owed to us.
- 1.2. The causes of rent arrears continue to remain unchanged. Research has shown that low income/intermittent work, key life changes such as bereavement, starting a new tenancy and other financial pressures remain key causes. The administration of the housing benefit system and Universal Credit can also be a factor in the development of arrears and the impact of the benefit changes through Welfare Reform, such as the policy regarding non-payment of benefit for a third child and the bedroom tax will also significantly impact our ability to collect rental income.
- 1.3. Rent arrears are a symptom of financial hardship. They can also be caused by mental ill health, be a sign that someone is struggling with other aspects of their life, may be caused by economic abuse within a relationship or on occasion that the tenant does not value the tenancy or their home. Denial of debt out of fear of the consequences or shame can delay someone seeking help and increase the debt unnecessarily.
- 1.4. Debt and money worries are a major driver of poor mental and physical health. We know that tenants want to be debt free and feel the burden of rent debt very keenly. We will work with people to ensure that they are debt free as soon as possible and that, at the start of their tenancy, they have the best chance of preventing rent debt by taking a month's payment upfront.
- 1.5. In accordance with our 5 commitments to tenants and our restorative approach,  
**We will always seek to:**

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Crypton House, Bristol Road, Bridgwater, TA6 4SY – Online: [www.shal.org](http://www.shal.org) – Email: [information@shal.org](mailto:information@shal.org) – Tel: 01278 444344  
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- 1.5.1. Build and maintain a strong relationship with all tenants so that they know they can speak with us if they are struggling to pay the rent or manage other debts.
- 1.5.2. Listen and seek to understand the individual circumstances that are leading to debt and include people in the co-creation of an appropriate rent debt reduction plan which is practical, affordable and fair to them and to all our tenants.
- 1.5.3. Be accountable and transparent to all our tenants in the collection of rent and the way we work with people who have a debt with us so that we treat people appropriately in accordance to their circumstances and we always seek to minimise the debt and be fair to everyone, including those who are perhaps in similar circumstances but are fulfilling the tenancy agreement by paying their rent regularly.
- 1.5.4. We will be explicit with regards to what we expect from people in regard to rent debt repayment, ensuring that everyone has a written and personalised debt repayment plan which will include the date at which the tenant will be debt free. We will be explicit about the support we can offer to people who we know are struggling financially and we will carry out quarterly reviews of the re-payment plan, even when the tenant is paying and the rent debt is reducing.
- 1.5.5. Being explicit means being clear what will happen if rent is not paid up to and including eviction as a last resort. We aim to ensure that the tenant is in control of their rent payments and their debt reduction, and we will always say what we are going to do if there is no payment or no contact about non-payment and we will always follow through on what we have said we will do.
- 1.5.6. We will seek to set up Direct Debit payments in the majority of tenancies so that the payment is made automatically, and we will seek direct payments of rent from DWP and Local Authorities so that the

tenant has the best chance of making the payment and staying debt free.

## 2. Objectives

- 2.1. The purpose of the rent arrears policy is to:
  - 2.1.1. Maximise rent collection so that we can deliver good quality services to tenants
  - 2.1.2. Minimise rent debt for tenants to ensure that they secure their home for life and have positive mental and physical health
  - 2.1.3. Work with tenants so that they do not get into debt in the first place but where they do, they are able to recognise the full extent of the debt, understand the rate of debt reduction and the date at which the debt will be cleared, have in place a practical approach to rent payment which takes account of their financial circumstances and is sustainable to the date of debt clearance.
  - 2.1.4. Set out our commitment to financial inclusion and tackling poverty in a strategy which ensures that we work with local and national agencies who offer independent financial advice and are able to support households with non-rent debt and low-cost solutions to living costs which will enable tenants to pay rent regularly and consistently and reduce the likelihood of people accruing rent debt.
  - 2.1.5. Work with our tenants in a restorative way, ensuring that our processes are fair and transparent, we build strong relationships based on mutual respect to create a place of safety and be explicit in our conversations with people in order for them to understand our expectations of them and in return what they can expect from us, in order manage their finances and rent payments.

## 3. Details

- 3.1. We will collect rents due to us under the tenancy agreement and proactively prevent and manage rent debt.

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- 3.2. We will prevent rent debt by:
  - 3.2.1. Early intervention – We will be explicit about our offer in terms of benefit checks, budgeting advice, signposting to debt charities. We will monitor rent accounts on a weekly basis and ensure that contact is made immediately to anyone in debt, so they can understand their debt, and put in place a reasonable plan to clear the debt.
  - 3.2.2. providing information – we will provide detailed information on people’s rent debt and work with them in order for them to become debt free. We will provide a detailed written repayment plan which will identify the date on which the tenant will become debt free.
  - 3.2.3. signposting for debt counselling/advice – we will refer to local and national agencies who can provide further in-depth financial advice and support such as the Citizens Advice Bureau and Step Change.
- 3.3. Failure to pay the rent will be dealt with at the earliest opportunity. Every rent payment failure will be responded to with dialogue with the tenant and explicit agreement about how the debt will be paid and what will happen next if payment is not received as promised by the tenant. This will ensure that the tenant is in control at every stage of rent debt recovery. If they don’t pay, they will know what action will result. We will always take the action we say we will take up to and including eviction proceedings.
- 3.4. This policy applies to collection and arrears of rent including service charges, and to all our tenants in rented a property. This policy does not apply to leaseholders who are covered in separate policies and procedures.
- 3.5. Where a tenant has other non-priority debts with SHAL (such as recharges) these will be highlighted in the rent debt re-payment plan and will be collected once the rent debt is recovered. The rent debt re-payment plan will include the impact of the rent debt on the tenants i.e., SHAL will not agree to voluntary recharges, mutual exchanges, support with decorating or gardening.

- 3.6. At the start of the tenancy we will give clear information on rent payments and expect tenants to set up a direct debit or direct rent payment from DWP or the Local Authority.
- 3.7. We will complete comprehensive income and expenditure checks with all incoming tenants prior to a formal offer of a tenancy being made, to ensure both SHAL and the applicant understand the level of any debts and the impact this will have on the household finances.
- 3.8. We will make arrangements for direct payments from the DWP or the Local Authority as soon as possible to prevent the debt increasing any further.
- 3.9. We will assist our tenants to claim Housing Benefit (HB) and provide support and assistance where they are making a claim for Universal Credit (UC), including outlining the UC application process, any potential delays in receiving the first payment, run-ons of previous benefits and provide advice on any other benefits they may be entitled to, by completing benefit checks using a benefit calculator such as <https://www.entitledto.co.uk/>
- 3.10. Prevention
  - 3.10.1. We will promote a rent payment culture, encouraging early payment and preventing tenants falling into arrears.
  - 3.10.2. Anyone moving in to a SHAL home will be expected to pay one month's rent in advance to prevent the new tenancy starting with a debt.
  - 3.10.3. At all times, we will manage rent arrears in a confidential and sympathetic way, explaining the terms of our tenancy agreement and putting in place clear boundaries around what will happen if debts continue to increase.
  - 3.10.4. We will ensure that we consistently respond to anyone in rent arrears in line with this policy and in accordance with the pre-action protocol for rent arrears possession claims.
- 3.11. Moving in to a SHAL home for the first time

- 3.11.1. During our pre-tenancy work with a prospective tenant, we will carry out a comprehensive assessment of their financial circumstances and a benefits check.
- 3.11.2. We will ask for evidence of income of every adult in the household and details of their employer and their address. We will also obtain ID documentation for every adult in the household.
- 3.11.3. We will provide advice to any prospective tenant who may be claiming Universal Credit for the first time, and if they are identified as falling within a Department of Work and Pensions (DWP) Tier One or Tier Two Factor grouping then an immediate request for an Alternative Payment Arrangement (APA) may be made.
- 3.11.4. Prior to the start of a new tenancy, the prospective tenant must pay one month's rent in advance to ensure their tenancy does not start with a debt. We will provide advice and signpost if this will be difficult or not possible for them. This could include referrals to the Local Authority or the Credit Union.
- 3.11.5. In order to maximise tenancy sustainment and to reduce the risk of a new tenancy failing, tenants must be provided with advice, support and assistance by being explicit about our financial inclusion offer and concentrating on issues around affordability such as access to welfare benefits advice, financial advice and developing the most convenient payment methods with promoting direct debit.
- 3.11.6. We charge rent weekly in line with our tenancy agreement. A new tenant can pay their rent weekly, monthly or 4-weekly. In any event, rent should always be paid in advance to prevent rent arrears from accruing.
- 3.11.7. Joint tenants are jointly and severally liable for the payment of the rent and we may seek recovery for all or part of any arrears from any individual joint tenant.

- 3.11.8. We will encourage tenants where possible to pay their rent by Direct Debit.
- 3.12. Transferring to another SHAL home
  - 3.12.1. Tenant’s owing a debt to us will generally be unable to transfer to another SHAL home.
  - 3.12.2. Tenants in rent arrears may not be able to move home, transfer or complete a mutual exchange until the debt has been repaid and the rent account is being managed in line with the tenancy agreement.
  - 3.12.3. There may be situations where discretion can be used to allow a management transfer for a tenant in arrears, for example, where the tenant is being harassed, are experiencing severe financial hardship or are a victim of domestic abuse. Any request for an internal transfer must be agreed by the Management Team, following a report and recommendation from the Housing Manager.
  - 3.12.4. Any rent arrears may also impact on a tenant’s eligibility for the Right to Acquire, to create a joint or sole tenancy and may also mean that property investment works (kitchens, bathrooms) etc. are delayed.
- 3.13. Current tenants
  - 3.13.1. Tenants with rent debt will be contacted immediately. We will be explicit with our expectations and in what they can expect from us. We will discuss in detail what has happened to accrue any rent arrears and missed payments and we will work with them to identify the reasons behind this, putting in place clear boundaries and taking the action we have said we will take if and when necessary.
  - 3.13.2. A repayment plan will be set up immediately and this will be sent to the tenant and held on My Tenancy. The re-payment plan will include agencies to which the tenant has been referred and any meetings or contact dates which have been obtained. It will also contain the consequences of the failure to keep to the re-payment plan.

- 3.13.3. Budgeting assessments and benefit checks will be carried out and taken into account in establishing the re-payment plan. The re-payment plan will include the date the tenant will be debt free and any additional recharges including court fees which the tenant will pay.
- 3.14. Early intervention
  - 3.14.1. We aim to build a good working relationship with tenants based on fairness, consistency, being explicit about what we expect with regards to the tenancy agreement and what they can expect from us. We will also be explicit about our offer in terms of benefit checks, budgeting advice, signposting to debt charities.
  - 3.14.2. Rent payments will be checked weekly. All actions and agreements will be recorded on SHAL's housing management system.
- 3.15. Promoting a payment culture
  - 3.15.1. We expect tenants to pay their rent. It is a basic part of the tenancy agreement and the contract with us.
  - 3.15.2. Non-payment will be responded to immediately by using our texting service, during telephone conversations, visiting the tenant's home and by sending out rent statements and by updating re-payment plans.
  - 3.15.3. Vulnerabilities or additional needs which impact the ability of individual tenants to pay their rent will lead to safeguarding referrals on the basis that the individual is at risk of losing their home.
  - 3.15.4. We will ask people for the best way of contacting them.
  - 3.15.5. Providing assistance for tenants in rent arrears
  - 3.15.6. We offer our tenants simple financial advice or debt counselling. Our Housing Officers will offer signposting to appropriate agencies where necessary.
  - 3.15.7. Tenants wishing to seek financial advice or debt counselling will be signposted to suitable independent agencies which may include the Citizens Advice Bureau, Stepchange or the Money Advice Service. We



will regularly liaise with both the tenant and the agency in which a referral has been sent, to monitor how things are going to ensure we are aware of what is happening.

### 3.16. Payment arrangements

3.16.1. The agreements Housing Officers make with tenants for the repayment of arrears will be based on an income and expenditure assessment being completed, which will then need to be reviewed at least quarterly. We must make sure that we are agreeing to repayment arrangements which are affordable, fair and transparent, with a clear date in which the tenant will be debt free.

3.16.2. Housing Officers will regularly review the terms of agreements to see if they are still appropriate considering what they know of the tenant's income, the tenants' other outgoings and the size of the debt.

3.16.3. For any tenants who are in receipt of benefits or an equivalent low income, the minimum weekly arrears payment we will agree to will be the equivalent of the amount deducted by the Benefits Agency from benefit for direct arrears payments to landlords. The date that the tenant will be debt free will be included on every repayment agreement.

### 3.17. Third party deductions from benefits

3.17.1. If a tenant is in receipt of Universal Credit, we can apply to have payments made direct from this to the rent account to cover a set amount towards any arrears. The tenant must be at least 8 weeks in arrears before direct payments are applied for, unless we have identified a vulnerability and discussed this with them in detail.

### 3.18. Tenants with vulnerabilities

3.18.1. Tenants with vulnerabilities may be entitled to various forms of financial assistance that they may not be aware of and therefore have not applied for.

- 3.18.2. Issues of vulnerability should not deter us from taking recovery action if appropriate. The recovery route will be the same as tenants without an identified vulnerability and this will run in tandem with appropriate support, assistance and liaison with other departments and appropriate external agencies and with regard to the Equality Act.
- 3.18.3. Third party communication or advocates working on behalf of tenants, who have provided written authorisation by post or email, will be made aware of the tenant’s rent arrears. They should also be encouraged to speak to their client to resolve the arrears.
- 3.19. Debt Respite Scheme (Breathing Space)
  - 3.19.1. On the 4 May 2021 the Government introduced a scheme called Breathing Space to assist people in debt of which rent is included. There are two kinds of breathing space, a standard breathing space and a mental health crisis breathing space.
  - 3.19.2. A standard breathing space is available to anyone with a debt problem. It gives them legal protections from creditors for up to 60 days.
  - 3.19.3. The mental health crisis breathing space is only available to someone who is receiving mental health crisis treatment and it has some stronger protections. It lasts as long as the persons mental health crisis treatment, plus 30 days (no matter how long the crisis treatment lasts).
  - 3.19.4. If an approved Mental Health Professional certifies that a person is receiving mental health crisis treatment this can be used by a debt advisor the start a mental health crisis breathing space.
  - 3.19.5. If we are notified that debt owing to SHAL is in a Breathing Space, we must stop all action relating to the debt and apply the protections. These protections must stay in place until the breathing space ends.
  - 3.19.6. Breathing space can only be started by:
    - a A debt advice provider who is authorised by the FCA to offer debt advice

- b A Local Authority (where they provide debt advice to residents)
- 3.19.7. We will receive a notification which will tell us what debt is included in the breathing space and the date the breathing space started.
- 3.19.8. Tenants can only access a breathing space by seeking debt advice from a debt advisor. If we are aware of debt within the household or the tenant is receiving mental health crisis treatment we should refer them to a debt advisor as soon as possible.
- 3.20. Enforcement action
  - 3.20.1. Seeking possession is absolutely the last resort and not action we will take lightly. Prior to any Court referral, we must try to work with the tenant to resolve the breaches of their tenancy agreement. Setting up a repayment plan is an informal arrangement to reduce the debt.
  - 3.20.2. If a tenant is not engaging with us despite our continued efforts to communicate with them, we will have no choice other than to refer to Court as we cannot allow a debt to continue to increase. A Court referral could lead to a Possession Order being granted, which could be suspended on terms or a CCJ or Attachment of Earnings Order being granted.
  - 3.20.3. Any Court referral may also lead to Safeguarding as the tenant and/ or their family could become homeless as a result. This will include referring to Adults or Children's services, and to the homelessness prevention teams at the Local Authority.
  - 3.20.4. Even though Court action will only be taken in the most serious of cases as identified above, this does not mean that we will not issue a Notice of Seeking Possession (NOSP).
  - 3.20.5. We will issue a Notice of Seeking Possession for any tenants who have not kept to informal payment arrangements or have not spoken to us about the fact that they are unable meet these payments.

- 3.20.6. Whilst this notice puts a tenancy at risk, if the tenant is engaging and working with us to reduce their debt, no further action will be taken.
- 3.20.7. A Notice of Seeking Possession can be signed by the Housing Officer and should be accompanied by a letter of explanation with a statement of the rent account and a copy of the pre-action protocol for possession claims.
- 3.20.8. A Notice of Seeking Possession should be hand delivered either directly to the tenant or through the letterbox at their property.
  - a The Notice of Seeking Possession is valid for 12 months from the effective date. If however, arrears are still present on the account after 11 months and no court proceedings have been undertaken, a renewal of the NOSP should be served.
- 3.20.9. All rent accounts in arrears are monitored at least on a weekly basis. This will enable our Housing Officer's to pick up any potential issues quickly and make contact with the tenant to start to address them.
- 3.20.10. We will be explicit with the tenant to ensure they always know what actions we are taking and why, and we will ensure that they receive advice on debt repayments, the requirements of court orders and where to obtain independent legal advice if necessary.
- 3.20.11. If the tenant is within their initial 12 months of their starter tenancy, we will extend that tenancy by an additional six months. This will allow the tenant more time to reduce their rent arrear debt and us more time to monitor the tenancy closely. Further information can be found in our starter tenancy policy.
- 3.20.12. When seeking possession of a tenant's property via the County Court for rent arrears, we will also seek County Court Judgements (CCJ's) or attachment of earnings orders if necessary.

- 3.21. Thresholds – Restorative Practice
- 3.22. The action Shal take to remedy rent arrear debt will vary on a case-by-case basis and will be dependent upon how well the tenant is working with us. As a restorative organisation we will seek to use the restorative practice window, this means that we will seek to work with our tenants to resolve any issues. By working with the tenant, we will be in a place of high control and high support. There may be occasions where we are doing to rather than working with, especially around issuing Notice of Seeking Possession or Possession Proceedings. We will always seek to make sure aren't not doing anything or doing for, as either option will not lead to a successful resolution to paying the debt.
- 3.23. Escalation
- 3.24. Using the restorative window approach to managing debts will mean that we are clear on what we need and expect from the tenant, and they will also be clear on what to expect from us. The Housing Officer and Housing Manager have the discretion to take the necessary tenancy action when it is appropriate to do so, which will mean that the tenant will have access to the necessary advice and support, the debt is repaid and formal recovery action is taken where it is necessary to do so.
- 3.25. Monitoring
- 3.26. All rent debt's will be regularly monitored through monthly performance reporting and in discussions with the Housing Officer.
- 3.27. The Housing Manager will review each case at least monthly and will note on the housing management system that this has happened. This will help to inform conversations around debts in 121's and other meetings.
- 3.28. Former tenants
  - 3.28.1. We aim to minimise the losses from tenants who leave owing rent by pro-active early intervention whilst the tenant is still in residence.

- 3.28.2. We will make every effort to ensure that when a tenancy is terminated the debts are cleared and a forwarding address is received.
- 3.28.3. We will make contact with former tenants leaving with monies owed for previous rent in accordance with the current policies. Appropriate resources (e.g. tracing agents) will be used to track down tenants who have either abandoned their homes or who have been evicted with no forwarding address.
- 3.28.4. If we obtain a Possession Order with a money Judgement, enforcement options will be pursued.

#### **4. Outcomes**

- 4.1. We will work with our tenants in a clear and transparent way, ensuring that they are aware of the rent debt they have with us.
- 4.2. We will be explicit in our expectations of the tenant in paying their debt and in what they can expect from us.
- 4.3. We will have a fair process, offering relevant support where necessary and putting in place clear boundaries.
- 4.4. We will take the action we have said we will take where it is necessary to do so.
- 4.5. Our overall rent debt will decrease, meaning we have the funding necessary to continue to invest in our homes.

#### **5. Consultation**

- 5.1. A draft copy of this policy will be available on our website to allow members of the public an opportunity to comment on its contents prior to being submitted for approval by SHAL's board.
- 5.2. All tenants will be contacted by text to advise of its availability online and a draft copy will also be made available on request.
- 5.3. SHAL's tenant scrutiny panel will also be invited to review the policy and suggest any comments and amendments prior to the policy being approved by the board.

## 6. Equality and Diversity

- 6.1. SHAL are committed to the principles of equality and diversity throughout the organisation. In the context of dealing with domestic abuse cases, we aim to:
- 6.2. Meet the needs and choices of people from all backgrounds and take into consideration gender, age, disability, gender reassignment, race, religion or belief, sexual orientation, marriage and civil partnership and pregnancy or maternity.
- 6.3. Ensure our service is responsive and meets the needs of our existing and prospective tenants and customers.
- 6.4. Understand the cultural implications and barriers to responding to domestic abuse.
- 6.5. Ensure that all sections of the community in which we work have access to our service.

## 7. Value for Money

- 7.1. We will regularly review our processes to ensure resources and services are providing best value for money to our residents.

## 8. Owner

8.1. Housing Manager

## 9. Version and Revisions

9.1. This policy will be reviewed every 2 year(s).

9.2. Revisions

New version	Date	Revision details
1.1	2023-11	Paragraphs 3.21-3.27