



Rent Arrears Collection and Pursuance Policy

How we handle things

- The Association recognises the importance of rental income. We therefore give a high priority to preventing and pursuing rent arrears.
- To prevent rent arrears escalating, we will identify and tackle them at an early stage.
- In recovering rent arrears, we will prioritise personal contact.
- We will offer advice, information and support to new customers at sign-up, to prevent arrears in new tenancies.
- We will give advice on claiming benefits where possible and refer customers to specialist organisations if required.
- We will make repayment arrangements realistic, and therefore maintainable.
- To sustain tenancies, we will refer cases to Support Services when support needs are identified. When a Notice of Seeking Possession is issued and court action instigated, cases will be referred for support automatically.
- Eviction will only be used as a last resort when all other methods have failed.

What we're aiming for

- To collect 99% of the gross rent due.
- To ensure that current rent arrears are less than 5% of the gross rent due.
- To ensure that all cases owing five or more weeks' rent or £500, have a valid Notice Seeking Possession issued.
- To seek to make contact with 100% of customers in arrears before a Notice of Seeking Possession is served, and before a case is referred for Court action.

How the Welfare Reform Act 2013 affects our customers

Universal Credit

Universal Credit has replaced all means-tested benefits, including Housing Benefit. In most cases, the Housing Costs Element of Universal Credit will be paid directly to the lead claimant in the household. Payments will be made monthly as part of their overall benefit entitlement, alongside the claimant's personal allowance. The claimant will be responsible for paying the full rent as well as any additional contributions of arrears.

We will expect customers to pay their rent in advance, via Direct Debit where possible. Where a customer cannot make a payment in advance immediately, the Housing Officer will agree a weekly payment to bring the rent account into credit over a period of time. Where a customer is classed as "vulnerable", we will expect to receive the rent element of Universal Credit directly from the Department of Works and Pensions.

Under-occupation

Housing Benefit is reduced for customers who are under-occupying their homes. As a result, they are expected to pay the shortfall in their rent.

The Benefit Cap

Housing Benefit is also reduced for customers who exceed the limit of the total welfare benefit that households can receive. They are expected to pay the shortfall in their rent.

Procedure

Our procedure for recovering arrears

Advice and support for customers

Early contact with the customer is essential. This gives the customer time to decide on practical solutions before the situation becomes too serious. We will do our best to ensure that all customers have access to advice on rent payment, clearing arrears, Housing Benefit, other welfare benefits and budgeting techniques. This advice may come from the Housing Officer, or from external organisations such as the Citizens Advice Bureau. We will make translation and interpretation services available if required.

Squared offers customers a variety of ways to pay their rent. We promote Direct Debit as the most cost-effective way to pay. Customers can also pay online via our Customer Portal, Allpay card, online via the Allpay website, by Standing Order, and by cheque.

It is the general policy **not to accept cash**, but there may be exceptional circumstances where cash is taken. In these case, team members are expected to adhere to the Counterfeit Bank Notes Policy (FIN2).

We publicise the different payment methods regularly. Rent statements available to all customers online via the Customer Portal, as well as being sent with arrears letters where appropriate or if requested by customers.

Personal contact

We will make face-to-face contact with customers as much as possible. This includes arranged and impromptu visits. However, in order to offer a personalised service to our customers, we will also use other methods such as telephone calls, letters, emails and texts.

Housing Benefit

It is crucial that Housing Benefit is maximised. Currently, customers are encouraged to have Housing Benefit paid directly to Squared, whether they are in arrears or not. Wherever possible we will liaise directly with the Housing Benefit Department for those customers in arrears who are entitled to Housing Benefit. The Department notifies us when Housing Benefit is suspended or stopped. The Housing Officer should contact the customer within five working days to discuss the matter. If this is unsuccessful, we will make further attempts to contact the customer, whilst at the same time moving through the arrears recovery stages.

The Housing Officer will help the customer obtain back-dating – by drafting a request for back-dating if necessary. This request should be factual. The Housing Officer will ensure that everything possible is done to maximise the customer's Housing Benefit entitlement. This includes referring the customer to our Tenancy Support Officer if necessary.

The customer should be told clearly what the consequences will be if they fail to provide any information requested by Housing Benefit to un-suspend or renew their claim. If they fail to provide information and their arrears rise, the Housing Officer must immediately proceed to the next stage of the arrears recovery process.

Delays in assessment

The Housing Officer should make sure that the customer has done everything required and the arrears are due solely to a delay in assessment. In this case, they should ask Housing Benefit to assess the claim as quickly as possible. They should also discuss with the Housing Services Manager if it is appropriate to defer moving to the next stage of the process.

Record keeping

It is essential to keep accurate up-to-date records of all communication with customers and actions taken in controlling rent accounts. Details of actions and information received are kept in the Arrears Monitoring section of QLX, our computer system.

Details of any action agreed by the customer should be confirmed immediately after contact. Actions agreed by the Housing Officer should be carried out as soon as possible. The results should be communicated to the customer, and recorded in Arrears Monitoring.

Preventing arrears

Effective rent control should start before a new tenancy is granted.

At sign-up

The Housing Officer signing up a new customer shall:

- Make sure the customer understands that they are responsible for payment of the rent and for claiming any Housing Benefit they are entitled to.
- Explain how the rent and any other charges are made up – and which elements will **not** be covered by Housing Benefit.
- Tell the customer how they can pay their rent.
- Tell the customer what will happen if they fail to pay their rent, or claim Housing Benefit.
- If it is a joint tenancy, explain to the customers that they are liable both individually and jointly for paying the rent and any arrears.
- Ensure that an online Housing Benefit calculation is carried out unless the customer is in receipt of Income Support or Job Seekers Allowance.
- Before giving the keys to the property to the customer, make sure they hand in a claim form or change of address form to Housing Benefit, and a receipt is returned to us.
- Establish if there are any support needs by carrying out an initial assessment. Make a referral to the Tenancy Support Officer where required.
- Use Language Line if English is not the customer's first language.

For customers paying full rent, we require one week's rent payment in advance. Those setting up Direct Debits are required to maintain their payments until the Direct Debit takes effect.

The impact of Welfare Reform

Squared will provide all new customers with information on the impacts of Welfare Reform measures, including advice on:

- Introduction of direct payments. As part of the move to Universal Credit, those receiving welfare benefit will be required to make arrangements to pay rent to Squared from their own bank accounts by Direct Debit.
- The benefit cap. The limit on the total welfare benefit that households can receive has led to reductions in the amount payable for housing benefit if household income from benefits is more than specified limits.
- Under-occupancy penalty. This has already led to a reduction in the amount paid towards housing costs – 14% less for one spare bedroom, and 25% less for two or more spare bedrooms.

Squared will advise all new customers of these changes, whether they are receiving welfare benefits or not.

After sign-up

The Rehousing Officer will visit all new customers within these timescales:

- Transfers or applicants who have engaged with us, where rent is being paid and there is no cause for concern: within four to six weeks of the start of the tenancy.
- First-time customers and applicants who are not engaging with us, or rent is not being paid, or there is other cause for concern: within two or three weeks of the start of the tenancy.

During the visit, we will help customers chase up their Housing Benefit claims if they are not yet being paid.

Where problems are identified in the post-allocation visit, a further visit will be arranged.

Monitoring and regular rent control

The Housing Officer will check arrears cases every week and take action as appropriate. A variety of arrears actions and letters are available (see Process charts).

It is important to communicate with customers at every stage of the arrears process. The Housing Officer will advise the customer what they should do to resolve their rent arrears problem. They should also warn the customer of the next step that can be taken under the arrears recovery procedure.

Tenancy support from the Tenancy Support Officer will be offered at every stage of the arrears procedure. Customers will be automatically referred for tenancy support when a Notice of Seeking Possession is issued and Court action instigated.

Recovery procedures

Arrangements to pay

A customer should be encouraged to pay off the whole debt in full. If circumstances do not allow this, then the customer should be asked how they intend to clear the debt.

Repayment Plans

When agreeing a repayment plan, the greater the arrears, the more the customer is expected to pay each week or month to reduce the amount. However:

- If the customer is living on Job Seekers Allowance or Income Support, the minimum acceptable payment is £3.60 per week.
- If the customer is eligible for partial Housing Benefit, then the minimum acceptable payment is £6.00 per week.
- If the customer is not eligible for Housing Benefit, then the minimum acceptable payment is £10.00 per week.

We will seek to maximise the repayment sum, but ensure the agreement is realistic.

It is important that agreements are confirmed in writing at each stage of the arrears recovery process. State explicitly:

- The current arrears
- The amount to be paid each week to reduce them
- The first payment date

- The payment intervals, if not weekly
- What we will do if the agreement is broken.

Send the customer two copies of the agreement and ask them to sign and return one copy.

Broken agreements

If an agreement is not returned signed by the customer, or broken, then the Housing Officer will proceed to the next stage of the arrears recovery process. There will be no deviation from this except in exceptional circumstances agreed by the Housing Services Manager.

Third party deductions

For customers on Income Support or Job Seekers Allowance, direct payments towards arrears of rent may be obtained where:

- The customer authorises direct payments in writing to the Department of Works and Pensions
- Arrears are more than eight weeks' rent.

Voluntary attachment of earnings

Some employers will agree to deduct an amount from a customer's wages and pay it direct to Squared. The customer's consent is required. A small administration charge is sometimes made.

Notice of seeking possession

The Notice of Seeking Possession is the first stage in the process of legal action for rent arrears. A Notice of Seeking Possession will be served in all cases where there is five weeks' rent owing, or £500.

At this stage in the arrears procedure, the Housing Officer will automatically refer the customer to the Tenancy Support Officer, unless they are already receiving support,.

A Notice of Seeking Possession must:

- Show the full names of all customers.
- Show a date for proceedings – a Monday four weeks or more after the date of Service of the Notice of Seeking Possession.

- Specify the correct legal ground on which the Court will be asked to make an order for possession. It is essential that the wording used in the legislation is repeated in the notice.
- Be signed and dated by a delegated officer (normally the Housing Officer).
- Be copied and scanned with the date and method of service.
- Be hand delivered.

Once a Notice of Seeking Possession is served, there are four weeks before an application can be made for a possession hearing in court. During this time – and in the period leading up to the court hearing – the Housing Officer will continue to make every effort to contact the customer or customers and make an agreement with them to pay and clear any outstanding arrears. This is in accordance with the Pre-action Protocol for Possession Claims for Social Landlords.

Where a Notice of Seeking Possession is still valid, we will not use earlier standard letters (e.g. AR1, AR2, AR3) when writing to the customer as this sends the wrong message. If there is no suitable standard letter then a tailored letter should be produced which refers to the action already taken, e.g. the Notice of Seeking Possession being served.

If, on the date for proceedings on the Notice of Seeking Possession to be commenced:

- A satisfactory agreement has not been made
- An agreement has been made but broken
- The arrears have not reduced – unless there is an outstanding Housing Benefit claim and the Housing Officer receives confirmation from Housing Benefit that the customer has submitted all the requested information to support their claim. Housing Benefit will be asked to assess the claim urgently, in view of the pending possession proceedings. Unless Housing Benefit can confirm that all of the arrears will be covered by Housing Benefit, court proceedings should be issued.

If an agreement has been reached and the arrears are reducing, then the case will be monitored.

A Notice of Seeking Possession is valid for twelve months from the date Court proceedings can be actioned. It can be started at any time during the twelve months. If the matter has not been referred to Court eleven months after the start date, but there are still arrears of more than five weeks of the net rent on the account or £500, a fresh Notice of Seeking Possession should be served.

If the customer clears their rent account, The Notice of Seeking Possession will become invalid.

Court Hearings

Once court proceedings have been instigated, the Court will give a date and time for the hearing.

During the court process, actions will continue to allow information to be obtained from the customer, payment arrangements monitored or benefit issues explored.

If the customer attends the court, the Housing Officer should try to speak to the customer before the hearing and reach an agreement if this is appropriate.

The Court may make one of the following rulings:

- A Possession Order and money judgment for the debt
- A Possession Order (suspended on terms) and money judgment for the debt
- An Adjourned Order (adjourned on terms)
- An Adjournment of Proceedings (to enable further information to be provided)
- A withdrawal of proceedings

Possession Orders

The Housing Officer will always seek an Order for possession and money judgment if:

- A customer owes more than £1,000 on the date of the hearing
- There has been no contact with the customer throughout the process

The Housing Officer will seek a Possession Order that is suspended on terms if:

- The customer has made a reasonable agreement to repay the arrears and has been making regular payments.

Where an Order is made, the Housing Officer shall ensure that the order includes:

- The current arrears figure
- The amount to be paid by the customer
- The payment intervals
- The date on which they must make the first payment.

Court costs should be requested, assessed by the Judge, and added to the arrears of rent. They are usually in the region of £100.

Withdrawal or adjournment

In general, cases will only be withdrawn if the customer's account is clear on the day of the Hearing. We shall seek to recover our full costs in all withdrawn cases.

If, on the day of the Hearing, the arrears are under £200, and an agreement is being kept, it may be appropriate to adjourn an application, while still seeking our costs. Both steps should be agreed with and confirmed by the Housing Services Manager in writing.

Implications of insolvency

Where customers have been declared bankrupt, or have obtained a Debt Relief Order, they may have included rent arrears within their list of debts. If so, we are bound by the Insolvency Act 1986. For bankrupt customers, Section 285 (3) of this Act states that recovering arrears included or provable in the bankruptcy is prohibited. For customers who have included arrears in a Debt Relief Order, Section 251G states that any relevant creditor "has no remedy in respect of the debt". In such cases, we may be obliged to write off any relevant debt.

After the Court Hearing

The steps to be taken after the Hearing depend on the type of order obtained. However, in all cases the Housing Officer must write to the customer using letter AR6 confirming the exact terms of the order.

Orders for possession in X days (outright order)

If an order is granted for possession in a certain number of days – usually 14 or 28 – the customer should return the keys on or before the date specified. However, Housing Services will monitor the property. If there is clear evidence that the customer has vacated but not notified us, the Senior Tenancy Management Officer will seek authorisation from the Housing Services Manager to take possession of the property.

If the customer does not vacate by the date in the Order, we will seek a Bailiff's Warrant.

Suspended Possession Orders

In most cases the Court will make an Order requiring the customer to pay the arrears in installments. After the possession hearing, the Housing Officer will monitor the rent account closely.

If the arrears are reduced in accordance with the terms of the Order, no further action will be necessary unless there is a change in circumstance (i.e. the Housing Benefit claim is suspended or ceases.)

If an Order is not complied with, we should immediately send the customer a letter. This should notify them that they are in breach of the Order, and need to bring their payments up-to-date to prevent us seeking a Warrant of eviction.

If the customer has had a change in circumstances since the Order was made, they may be able to apply to the Court to reduce their payments.

Eviction applications

Where the customer continues to refuse to engage with the Housing Officer and ignores the conditions of the court order, Squared will take the necessary actions to bring the tenancy to an end at the earliest opportunity. We will only ever consider eviction as a last resort when all other reasonable efforts have failed. The Housing Officer will seek permission from the Housing Services Manager to apply for a warrant of eviction.

When the Court issues the Eviction Warrant, it will notify the customer of the time and date of the eviction. If there are children or vulnerable adults living in the property, the Housing Officer must also notify Social Services that an Eviction Warrant has been applied for.

In many cases the customer will offer to reduce the arrears after they receive confirmation that an Eviction Warrant has been applied for, and before the date set for the eviction. In this situation, we will only consider withdrawing an application if the account is cleared in full.

If it is agreed that an Eviction Warrant is to be withdrawn, the Housing Officer will seek authorisation from the Housing Services Manager to do so once the arrears have been paid in full. Payment can be made in cash, by bankers draft or building society cheque. A personal cheque is not acceptable.

If the customer proposes partial payment of the arrears, the Housing Officer will discuss the case with the Housing Services Manager. The Housing Services Manager will consider the application

and past payment record, and decide if it is appropriate to agree to a withdrawal. If it is not appropriate to withdraw the case due to past history or the level of the arrears, the customer must be advised that we intend to enforce the Eviction Warrant, but they can apply to the Court for a hearing to suspend it.

In that case, the Housing Officer and the Housing Services Manager will attend the hearing. If it appears that the Judge is minded to suspend the Eviction Warrant, then we shall seek the best terms possible and ensure that the Order clearly states the level of the arrears, what payments the occupant must make and an exact date on which the payments should start.

The Housing Officer shall write to the customer or customers, confirming the exact terms of the suspension.

Eviction procedure

If the occupant is thought to be violent, the Housing Officer should inform the Court Bailiff. The bailiff may arrange for the Police to attend. The Housing Officer should also request Maintenance to arrange for a locksmith to attend to gain access and change the locks. Where the property may be vulnerable to squatting, arrangements should be made to have it boarded at the time of the eviction.

It is the duty of the Bailiff to evict everyone they find on the premises, not just those who are a party to the proceedings. The Housing Services Manager shall attend the eviction with the Housing Officer and sign for possession from the Bailiff. Every effort should be made to obtain the former customer's forwarding address.

An inventory will be made of any possessions left in the property. If the customer is present at the eviction, the removal of their possessions will be discussed with them. Should the customer agree to their disposal, this should be confirmed in writing. If the customer intends to remove the possessions, Squared will store them for seven days. The customer will be advised to make arrangements for their removal and to contact Squared to arrange access at an agreed date and time.

If the customer is not present at the eviction, any items left in the property will be disposed of, after being photographed.

Arrears owed by former customers

It is Squared policy to pursue all former arrears, except where the arrear is less than £200 as it is not cost effective to do so. The Housing Officer should review progress regularly and decide the most appropriate courses of action in each case. They will use these criteria:

Where there is no forwarding address

Amount	Stage 1	Stage 2	Stage 3	Stage 4
Up to £200.00	Write off			
£200+	Try to find out if customer is claiming housing benefit from another address/consider using Tracing Agency	Write off		

Where we have a forwarding address

Amount	Stage 1	Stage 2	Stage 3	Stage 4
Up to £100	Letter with rent statement	Write off		
£100 - £200	Letter with statement	Warning letter	Write off	
£200+	Letter with statement	Warning letter	Try to find out if customer is claiming housing benefit from another address/ consider using Tracing Agency/ take court action	<ul style="list-style-type: none">• Outcome: write off• Enforced order• Collected

The Housing Officer is authorised to take action against former customers to recover arrears though a money judgement in the Courts.

Write-offs

All outstanding cases are reviewed every quarter. They will be written off where any of these situations apply:

- It is uneconomical to pursue the debt.
- Small static arrears below £200, which are more than twelve months old and there is no forwarding address.
- Any amount where the former customer cannot be traced.
- The former customer is deceased.
- Where the former customer is unlikely ever to have funds to clear the debt. (E.g. where the customer has gone into a nursing home.)
- The person's individual circumstances are such that pursuing the arrears would not be appropriate.

The Housing Services Manager authorises former customer write-offs. A report should be sent to the Board annually with the number and total value of debts written off. This report should also detail the amount written off, as a percentage of the Association's rent roll.

Complaints, comments and compliments

Although Squared aims to provide the best possible Rent Collection and Arrears Pursuance Service, we don't claim to be perfect. We may occasionally make a mistake, or not follow our agreed procedures. A customer or former customer may feel that we have not treated them fairly. To ensure that we know about and respond to customer dissatisfaction, Squared operates a Complaints Policy and Procedure (GEN 04)