

## RENT ARREARS POLICY

### STATEMENT OF INTENT

The Saffron Group (referred to hereafter as 'Saffron') adopts a tenant focused approach to rent arrears recovery. It accepts that a tenant's personal circumstances may change (for example through illness or unemployment) and that this can sometimes make it difficult to pay the rent. Saffron will consider a tenant's financial circumstances when making arrangements for the payment of the arrears.

Saffron's objective in managing rent arrears is to inform tenants promptly of changes to their rent charges, make early personal contact with tenants whose accounts go into arrears and to ensure tenants receive advice on benefit entitlement.

#### 1. Purpose

This policy is designed to set out Saffron's position and approach to the management of rent arrears.

#### 2. Policy Statement

Saffron will adhere the Ministry of Justice Pre-Action Protocol for Possession Claims by Social Landlords. In particular, this protocol emphasises and encourages pre- action contact between parties

2.1 It is Saffron's aim to ensure that all payments of rent are received when they are due and that they are for the amounts required.

2.2 However, Saffron is aware that many of its tenants may from time to time have difficulties in making regular rent payments depending on any changes of circumstances. As a result, it is acknowledged that tenants may accrue arrears and may require additional support. Saffron will offer tenants assistance to help them to overcome difficulties in making rent payments, and to ensure that any arrears accrued are cleared. Such assistance will include.

- the provision of, or referral for benefits advice with a view to maximising tenants' income
- the establishment of arrangements to enable tenants with arrears of rent to pay off the debt over an agreed period
- referral / signposting to providers of independent advice such as Citizens Advice, Local Authority Early Help Hubs and other debt and welfare rights specialists

2.3 Saffron will act to support and sustain tenancies and only where tenants persistently fail to pay rent and other charges will Saffron consider taking legal action to seek possession of their homes.

2.4 Where tenants fall into rent arrears, Saffron will take a sympathetic and fair approach, but will always take appropriate action to recover the rent owing.

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Our aim is to ensure that where possible tenants are able to sustain their tenancies and that any additional support is either given or referred to the relevant agencies.

- 2.5 Saffron will treat all joint tenants as jointly and severally responsible for rent arrears on the account (unless there exist exceptional circumstances). This means that Saffron can pursue just one of the tenants for all the rent due under the tenancy agreement.

### **3. Action for Non-Payment**

- 3.1 Saffron's separate procedures for rent arrears recovery give details of action to be taken to recover rent arrears.
- 3.2 Tenants will be advised of any changes to the rent payable promptly and in accordance with the statutory notice period of one month's notice.
- 3.3 No recovery action will take place if the tenant is formally taking part in Breathing Space. A standard breathing space is available to anyone with problem debt. It gives them legal protections from creditor action for up to 60 days. A 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 person's mental health crisis treatment, plus 30 days (no matter how long the crisis treatment lasts).
- 3.4 A home visit will be undertaken in all cases where this is requested or if the tenant has not responded to our contact attempts. This visit will be to discuss the rent account, to offer support and if required pick up any supporting documentation for benefit applications or other funding. The Income Officer will also carry out abandonment checks if required.
- 3.5 Service of a Notice of Seeking Possession will be made when the outstanding arrears total equates to four weeks gross rent or 12 weeks net rent, (whichever is the lower). Where there exists an outstanding Housing Benefit or Universal Credit (Housing Costs Only) or Pension Credit claim, a Notice will generally only be served where the claim has not been processed due to the tenant's failure to supply requested information or if the tenant(s) fails to pay personal contributions and or arrears are not covered by the outstanding claim.

### **4. Legal Action – Pre Court**

- 4.1 Commencement of court action for possession will be considered when the outstanding debt total equates to six weeks of the gross rent or thirteen weeks net rent (whichever is the lower) and no arrangement has been made - or complied with - to clear the arrears. Commencement of court action for possession may be considered at a level below these levels where the tenant will not engage with Saffron and/or comply with arrangements to make payment, and where this action is approved by the Director of Tenant Services.
- 4.2 The 'reasonableness' of the action will be assessed before a decision is made to refer a case to the County Court. Cases will not be referred for possession action in circumstances where the tenant can demonstrate that they have:-

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- i. A reasonable expectation of eligibility for the housing costs element of Universal Credit, Housing Benefit or Pension Credit, to cover either all the outstanding arrears or sufficient to reduce them below six weeks gross rent.
- ii. Provided the DWP (Department for Work and Pensions), Local Authority, with all the evidence required to process a Universal Credit (Housing Cost) or Housing Benefit application and paid any required personal contributions towards the charges.

4.3 Cases referred for possession action will comply with the requirements of the 'Pre-Action Protocol' as provided by the Ministry of Justice. (The latest version of this notice and the version to be used in all cases (19 August 2021) unless this is superseded) In particular, this protocol emphasises and encourages pre-action contact between parties.

4.4 Prior to Court action, enquiries will be made to see if other agencies are working with the tenant(s), e.g., Social Services Departments and if so, these agencies will be contacted with the tenant's knowledge. In recognition of the Tenancy Sustainment Protocol between Saffron, Broadland District Council, South Norfolk Council, Breckland Council and Great Yarmouth Council contact may be made with the homelessness team(s) when a case is referred to the Court for possession action. In all cases the tenant(s) will be advised of the referral.

### 5. Court Hearings

5.1 A Suspended Possession Order will usually be requested at court hearings. If the tenant(s) have entered and complied with a repayment agreement prior to the Court hearing, consideration will be given to requesting an adjournment on terms (issues to be considered when making this decision will be the level of the debt, previous payment, and arrears history).

5.2 If the tenant is believed to have left or abandoned the property, or fails to contact or communicate with Saffron, then an Outright Possession Order may be sought. Saffron may use Ground 8 (mandatory ground for possession) to Schedule 2 of the Housing Act 1988 in respect of its Assured tenants, except for those who have had this Ground disallowed in their tenancy agreements (specifically those tenants who transferred to (South Norfolk Housing Partnership from South Norfolk Council on 17 May 2004). As required by the Pre-Action Protocol, Saffron will undertake an internal review prior to starting proceedings in mandatory ground cases.

### 6. Evictions

6.1 Saffron will generally seek to sustain tenancies rather than end them and evict tenants, however, it recognises that there will be circumstances where preventative and supportive action has not been successful, and the ending of a tenancy is necessary.

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- 6.2 Prior to eviction, particularly where a household contains children or where there may be issues of vulnerability, notification will be made to Adult or Children's Social Services and local authorities homelessness teams. Such action to follow the General Data Protection Regulation 2016.
- 6.3 All requests for eviction are to be approved by the Director of Tenant Services Saffron's approach will be to sustain tenancies wherever this is possible.
- 6.4 If possessions and/or goods remain in the property following an eviction, these will be inventoried and a Tort notice served giving a maximum period of 14 days for items to be removed from the property or other location (garage). If the former tenant(s) whereabouts and/or contact details are known they will be advised of this storage and the maximum duration of storage, after which the goods will be disposed of. The cost of such storage will be charged to the former tenant.
- 6.5 Saffron will not use distraint (the seizure of someone's property to obtain payment of money owed, especially rent) as a means of recovering rent arrears.

### **7. Arrears Prevention**

- 7.1 Saffron aims to emphasise a proactive and preventative approach to rent arrears in respect of existing tenants and with a particular focus on new tenants. It aims to instill a rent payment in advance culture ensuring that tenants are clearly aware of the connection between rent payments and Saffron's ability to deliver high quality services.
- 7.2 Saffron's procedures for rent collection and arrears management ensure that all tenants are aware of their obligation to pay their rent in advance, the amount owing and the methods by which they can make rent payments. In addition, tenants who may be eligible to claim Universal Credit (Housing Costs), Housing Benefit or other benefits will be informed of their potential eligibility. Such information will be made available to tenants as they sign up for their tenancies, and at regular intervals thereafter. Income Officers will discuss these issues with any tenant having trouble paying their rent. Information shall be made available through individual letters and visits to tenants, but also through the Saffron website, newsletters, and social media. Tenants will be provided with information about possible sources of advice and assistance, in particular concerning welfare benefits.
- 7.3 Saffron will encourage tenants in receipt of Universal Credit or Housing Benefit to agree to have their benefit/housing costs element paid directly to us. Saffron will work to identify Universal Credit claimants who may be 'financially vulnerable' with the aim of seeking direct payment from the DWP (to Saffron) in these instances and with the agreement of the tenant. Where possible, Income Officers will establish these arrangements as tenants 'sign up' for their tenancies. Saffron will liaise closely with local authority benefit teams in terms of the payment of Housing Benefit generally (and with the DWP in relation to Universal and Pension Credit) and ensure that effective liaison takes place prior to enforcement action being taken. Staff will attend fraud awareness training to ensure that fraud or potential fraud is promptly identified and reported.

### **8. Former Tenant Arrears**

8.1 Saffron's separate procedures for former tenant arrears give details of action to be taken to recover these arrears. Saffron's general policy is outlined as follows.

8.2 Former tenant arrears may occur because of the death of the tenant, abandonment of a property, eviction or because of a transfer to other accommodation. At the initial stage, Saffron will attempt to pursue all debts. Different action may be adopted reflecting the circumstances of the case; however, the general approach will be as outlined below.

8.3 Where the former tenant has moved to another of Saffron's properties, the debt can be transferred to their new account and detailed separately from the tenant's current rent as a related account. An agreement will be reached with the tenant for the repayment of the former tenancy debt.

8.4 Where the former tenant has moved away, if no forwarding address is known, Saffron will actively seek information to determine a new contact address via a debt collection agency trace. If contact is made with the former tenant, an arrangement will be entered into for the repayment of the debt. If no contact can be made, or the former tenant will not make an arrangement for repayment, consideration will be given to referring the debt to an external debt collection agency for them to commence recovery action.

8.5 Before referral to a debt collection agency for tracing/collection cases will be assessed in terms of any vulnerability or special circumstances etc.

8.6 In cases where a debt is returned from the debt collection agency as unsuccessful in recovery terms, a decision based on information from the company, amount of debt and action already taken will be made in respect of whether further action (i.e. a money judgement, attachment of earnings, garnishee order, oral examination etc.) will be taken or whether write off will be recommended.

8.7 If there are no funds available to pay the arrears, consideration will be given to writing off the debt.

8.8 If the tenant has died, contact will be made with the executor of the estate/next of kin. If it is confirmed that there are no funds in the estate, it will be recommended that the debt is written off.

### **9. Write Offs**

9.1 In certain cases, it will be appropriate to write off the debt where there is little chance of recovery or where the debt is low. 'Clearing' such cases enables Saffron to concentrate resources on cases where recovery is more likely. The action of 'write off' is not finite and if the former tenant becomes known again in the future/has a change in circumstances, the debt can be 'written back' for

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collection purposes. The following are circumstances in which it may be appropriate to recommend write off of the debt.

- The debt is low, and it will not be economical to pursue through the procedure above
- The tenant has died and there is no estate from which to recover the debt
- The case has been returned by the debt collection agency where the former tenant cannot be traced
- There are no funds available to pay the arrears
- Where the steps outlined above have been taken and it is unlikely that further action will be successful and where the level of debt has been a factor in this decision
- Saffron will write off current and former tenant debt where a customer declares bankruptcy or debt relief order and we are formally advised in writing by the Insolvency Service
- When a tenant has moved into nursing care, we will consider whether the former tenant debt is reasonable and proportionate to pursue based on the presenting circumstances
- We will refer former debt to a debt collection agency after 4 weeks of the tenancy end date if the customer does not set up a repayment plan.
- For tenants where no forwarding address can be found and all attempts to locate the debtor are not successful after the debt has been referred for tracing the debt will be considered unrecoverable after 3 months and will be written off
- When a tenant is imprisoned, we will consider whether the former tenant debt is reasonable and proportionate to pursue based on the length of sentence and the likelihood of recovery

### 9.2 Write off approval

- Up to £2500 – write offs to be authorised by the Director of Tenant Services
- Greater than £2,500 – write offs to be approved by one of the Executive Directors and Chief Executive.

## 10. Review

Saffron will review its rent arrears policy at least every 3 years. The rent arrears % will be reported as part of the monthly KPI's and evictions will be reported as part of the annual NROSH Statistical Data Return.

Saffron recognises that there may be circumstances where it will need and/or wish to take different or alternative action to that outlined in this Policy and it reserves the right to do so.

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## RENT COLLECTION POLICY

### STATEMENT OF INTENT

Saffron aims to offer its tenants full assistance in ensuring that their rent is paid when it is due.

Saffron aims to ensure that all income is maximised and collected efficiently to this end, Saffron will:

- (i) Advise tenants, at the point of interview for a new tenancy and again when they sign up for their tenancies, of the importance of meeting their obligations under their tenancy agreements to pay their rent on time.
- (ii) Provide tenants with regular, accurate information about their rent accounts, encourage use of the online Saffron "My Portal" to review their rent account. Statements will also be provided on request.
- (iii) Provide tenants with advice on their eligibility for Universal Credit, housing and other benefits, and encourage tenants in receipt of Universal Credit and Housing Benefit to arrange for the benefit to be paid directly to Saffron.
- (iv) Develop a range of options for the convenient payment of tenants' rent.

### 1. Purpose

This policy is designed to set out to Saffron's position and approach to the collection of rent.

### 2. Rent Payments

2.1 Methods of payment may include:

- (i) Payment at local post offices.
- (ii) Payment by direct debit, standing order and BACS transfers. The use of direct debits will particularly be encouraged, since they provide a simple, efficient, and reliable method of rent payment. Staff will offer Direct Debit mandates to tenants as they sign up for their tenancies and advise them of the availability of this facility
- (iii) Payment by deduction from salaries, where tenants are also Saffron employees
- (iv) Payment over the phone by debit and credit card
- (v) Payment on-line (via Saffron's web site)
- (vi) Payment using Paypoint

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(vii) Other arrangements as developed

2.2 Saffron will from time to time seek the views of tenants on the rent payment methods made available to them, and on the information provided to them about their rent accounts, to monitor their satisfaction with the service.

2.3 Saffron will review its rent collection policy at least every 3 years.

3. Saffron recognises that there may be circumstances where it will need and/or wish to take different or alternative action to that outlined in this Policy and it reserves the right to do so.

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