



Arrears and Sundry Debt Policy

Version 1

Approved by: Strategic Board

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1.0 Introduction

1.1 This Policy advises how we'll prevent and reduce arrears and other debts. The Policy covers:

- What happens if you get in arrears or owe us money
- Our approach to collecting rental income
- Other consequences of being in arrears and in debt to us
- What we do if your tenancy ends and you owe us money.

1.2 When we say 'rent' in this Policy, we mean rent, service charges and any payments forming part of your tenancy agreement, licence, or lease (shared ownership and leaseholders). When we use 'you' and 'your', we mean residents (tenants, licencees or leaseholders). The terms 'we', 'our', and 'us' mean Optivo.

This Policy covers all of our rented residential accommodation, garages and parking spaces. It does not cover commercial properties, keyworker, student accommodation and care homes.

If you don't pay your rent and services charges on time, you risk losing your home.

1.3 One of your main responsibilities as a resident is to **pay rent in advance and in full**. If you contact us as soon as you fall into difficulties we can help and advise you. If you work with us to sort any issues out you are less likely to lose your home.

You're also responsible for claiming and providing information for all welfare benefits. You must tell the Department for Work and Pensions (DWP), and us, if your circumstances change. This helps avoid under or overpayments. Examples of changes include:

- A new child
- Someone moving in or out of your home on a permanent basis
- A new job or losing your job
- An increase or decrease in your income/benefits
- Becoming disabled/ changes in disability.

1.4 Former tenant arrears (FTAs) are rent and service charges unpaid at the end of a tenancy, licence or lease.

1.5 Sundry debts are other debts owed for:

- Legal costs
- Cost of repairs or other works which are your responsibility.

2.0 The help we offer to prevent and reduce arrears and debt

2.1 We'll be fair and firm when handling arrears and debt owed to us. We expect you to pay rent and service charges on time, keep your account in credit and pay any money owed in line with agreements made with us.

2.2 You should pay rent in advance. If you receive Universal Credit or choose to pay monthly you should pay your rent monthly in advance. You can decide how to pay, but we strongly encourage payment by Direct Debit (it's convenient and reliable).

2.3 We'll give you information about rent and service charges when you move in. Tell us if there's anything you don't understand and ask us for help.

2.4 We'll make it easy for you to monitor your rent account, for payments, charges, and if you're in credit or arrears. You can access your rent and service charge statement anywhere online once registered on [MyAccount](#). We'll always send you a statement when we contact you about your arrears and before taking any legal action. You can ask us to send you a statement at any time. This will help you to manage your rent payments and minimise the likelihood you'll accumulate arrears.

2.5 We offer help to prevent you getting into arrears and to pay money owed to us. This includes:

- Check you can afford the rent before offering you a tenancy (see [Housing Options & Lettings Policy](#))
- Helping you review income and spending
- Advice on household budgeting
- Information about other organisations who can also help with debt advice
- Help finding out if you can get welfare benefits
- Help filling out forms
- Talking with the benefits agency (with your permission) about your benefits
- Helping you to understand the benefits you receive e.g. Universal Credit, Housing Benefit, Personal Independence Payments etc.
- Helping you decide which debts to pay first
- Offering a personal interview at your home or in a local office.

2.6 We'll help you get the support you need. With your agreement we'll liaise with your support worker or advocate, if you have one. If you don't have a support worker, we

can make a referral to try and get you the help you need and/or signpost you to other services.

Examples of 'vulnerable' customers would be those who are elderly, with a disability, or households with children up to the age of five.

2.7 We can also help you get into work or training and set up a bank or building society account.

2.8 It's easy to contact us. You may be able to pay:

- By direct debit or standing order
- By phone
- By text or App
- Online
- By swipe card - AllPay
- By debit or credit card
- By Benefit Direct
- With cash (only via swipe card or with an invoice)
- By cheque
- Re-occurring card payment.

2.9 You can help avoid arrears, debt, and legal action by:

- Paying rent, service charges and debt repayments on time
- Asking for help as soon as you think you may struggle to pay
- Filling out benefit claim forms quickly and accurately
- Providing the DWP with any documents they need to fully assess your claim
- Informing the DWP, and us, as soon as your circumstances change
- Renewing your benefit claim when you need to
- Updating standing orders with your bank/building society as your rent changes
- Keeping to repayment agreements
- Contacting us when we ask you to
- Updating your Universal Credit journal.

3.0 What happens if you get in arrears, or owe us money?

3.1 Contact us as soon as you think you may struggle to pay your rent or debts so we can offer you help.

3.2 If you have a joint tenancy, both parties are liable for rent and arrears. This applies even if one tenant has left your home (see [Tenure Policy](#) for more details).

If your tenancy is transferred following a court or property order, we'll allocate the arrears in line with the order.

- 3.3 If you don't pay your rent, we'll contact you to ask you to clear the arrears in full. If you're unable to, you must agree a repayment plan with us. In some cases we can apply to have direct payments made from your benefits.
- 3.4 We won't start possession proceedings (apply to court) where arrears are due to an outstanding benefit or Universal Credit claim, providing:
- You have given all the correct information required to the DWP or Local Authority if required
 - You are paying any sums due, not covered by benefit
 - The Local Authority/DWP give us information about your claim and agree your claim is still valid. You'll need to give them your permission for us to discuss your claim with them.
- 3.5 If you're a shared owner, we'll contact your mortgage lender before we take legal action.
- 3.6 We'll take legal action to repossess your home (taking into account section 3.4 above) where:
- Arrears are at least four weeks, and
 - You have refused to accept any support
 - You make no contact or agreement
 - You break repayment agreements
 - You persistently fail to pay rent and service charges.
- 3.7 We use a range of legal options to recover rent and service charge arrears, and other debts (this includes former tenant debt). The approach we take depends on:
- The type of debt
 - Your tenancy agreement, licence or lease.
- 3.8 We may use mandatory grounds for possession because of the level of rent arrear (Ground 8 or service of Section 21 Notice for Assured Shorthold/Fixed Term Tenancies). This means a Judge must give us possession of the property and has no discretion to refuse our request.

We may also use small claims courts or debt collection agencies to recover debt.

We may use more than one option at the same time.

Options include but are not limited to:

	Current arrears, service charges, and other occupancy charges		Former Tenant Arrears	Sundry Debt
	Tenancy or Licence	Home Owners		
Possession action (you risk losing your home)	✓	✓ (shared owners post1989)		
Forfeiture (you risk losing your home)		✓(shared owners pre 1989) ✓ (other long leases)		
Attachment of earnings	✓	✓	✓	✓
Charging order		✓	✓	✓
Third party debt order	✓	✓	✓	✓

See the glossary in [Appendix One](#) for more information on the legal actions we may take.

3.9 Eviction is our last resort. Our overall aim is to ensure we collect rental income and intervene early where you're facing financial difficulties that mean you're unable to pay your rent. We'll tell the local authority if we plan to evict you. This does not mean they have a duty to rehouse you. See our [Housing Options & Lettings Policy](#), and [Tenure Policy](#) for more details.

3.10 If you've more than one debt, we'll prioritise payments as follows:

1. Current rent arrears, services charges and other occupancy charges (i.e. debts which can lead to the loss of you home)
2. Debts for support services
3. Current tenancy legal costs
4. Former tenant arrears (including legal costs)
5. Rechargeable works costs.

3.11 We'll deduct payments by us (e.g. compensation, payments for under occupation or home loss payments) from arrears and debts.

4.0 Other consequences of being in arrears or owing us money?

4.1 You'll normally need to pay any arrears before we give permission for you to exchange (swap), or pass on (assign) your tenancy.

If you're living in temporary supported housing and are in arrears, this may prevent you from being offered move-on accommodation.

If you pass your tenancy (assign) to another eligible person, they're responsible for paying the rent and service charges, and arrears. For more information:

- Contact us

- View our [Housing Options](#) and [Tenure](#) Policies
- Check your tenancy, licence or lease agreement.

4.2 We don't normally allow residents in arrears to move to another Optivo home. If we do allow it (in exceptional circumstances), we'll include the arrears as former tenant arrears in the new tenancy agreement and agree payment options in line with this policy. We can take legal action if these are not paid.

4.3 You must clear all arrears and debts owed to us before we let you have a garage. If you get into garage arrears, we'll ask you to clear your arrears immediately. If you don't, we'll end the agreement and take possession of the garage.

4.4 If you already have a garage and get into arrears for your home, we'll end the agreement and take possession of the garage.

5.0 When you leave us?

5.1 You're responsible for any debts with us, even when you move out. We'll make every effort to recover money owed. You can make repayment agreements and in exceptional circumstances we'll consider a settlement amount less than the original debt.

We may use Debt Recovery Agencies to contact you to recover the money you owe us.

6.0 Review

6.1 We will review this Policy to address legislative, regulatory, best practice or operational issues.

Appendix One

Glossary and useful terms

Attachment of earnings	A court order to pay directly from wages or benefit. We can arrange for the Department of Work & Pensions to make payments direct to us out of Benefits you receive.
Charging order	A court order placing a charge on a property which has to be paid off on the sale of the property.
Forfeiture	Possession proceedings for long leases (and shared ownership leases starting before 1989).
Possessing proceedings	Legal action in court which could result in you losing your home and paying our legal costs.
Third party debt order (previously called a garnishee order)	Where the court orders a bank or building society to freeze money in an account to cover a debt.
Ground 8	This is a mandatory ground for possession. This means the judge must make a possession order if you are more than 8 weeks / 2 months in arrears, at the time we give notice seeking possession, and the court hearing. The judge has no power to grant a suspended possession order.
Bailiff Warrant	Court order giving authority for the Bailiff to remove goods, from your home or your car for example, to settle any debt owed. This would only apply to former tenants.
Pre-action Protocol	<p>We must comply with this before we go to court. The aims of the protocol are:</p> <ul style="list-style-type: none"> • To encourage more contact and exchange of information between landlords and tenants prior to applying to court; • To enable both parties to avoid court action by settling the matter if possible; and • To enable court time to be used more effectively if proceedings are necessary.