

**RENT ARREARS / FORMER TENANT ARREARS  
POLICY AND PROCEDURE**

September 2017

Approved by MC: September

Review date: September 2019

**1. Aims of the Policy**

**1.1 The aims of the policy are:**

- To protect the Co-op and all of its tenant members by ensuring that the Co-op maximises rent collection and receives the rental income it needs to meet its financial obligations.
- To encourage tenant members to pay rent and any other service charges in advance and promptly to avoid getting in to debt.
- To support tenants on benefits and offering welfare advice and also responding flexibly in cases of genuine hardship.
- To ensure that all tenant members of the co-op are treated fairly and equally recognising that to achieve good governance and financial accounting rent collection is carried out properly, equitably and effectively.

**2. General Action and Notes**

- 2.1** Quadrant-Brownswood must control the level of its rent arrears in order to maintain its financial obligations and viability. The Co-op expects and requires rent to be paid in advance and rent payments to be a priority so keeping rent arrears to a minimum. Rent collection targets will be set to ensure income is maximised and arrears minimised.
- 2.2** It is the responsibility of the individual tenant member to manage their rent account and take immediate action to clear any arrears or to inform the Co-op if they are having difficulty with rent payments. Every effort will be made to ensure that tenants recognise this and that they are aware of their rights and responsibilities.
- 2.3** It is the responsibility of the individual tenant to claim any welfare or housing benefits, to provide all information in support of their claim and to keep the claim up to date. The Co-op will ensure that residents have access to advice to help them claim benefits to which they are entitled.
- 2.4** The Co-op will respond quickly to non-payment of rent and will take all reasonable steps to recover arrears and minimise bad debts.
- 2.5** The Co-op recognises that some tenant members may have difficulty in meeting rent payments and acknowledges that there may be reasons for this which are beyond the tenant's control. The Co-op is sensitive to cases of genuine hardship and will assist tenants whenever possible but does not tolerate wilful non-payment.
- 2.6** The Co-op will offer tenant members in arrears every opportunity to make reasonable arrangements to clear any arrears as set out in the arrears control procedures. Such arrangement will be paid in addition to the standard rent charge in order to reduce the debt owed by the tenant member.

- 2.7 The Co-op will always seek to take out a default action rather than a possession order in cases deemed appropriate by the Management Committee.
- 2.8 The Community Housing Adviser will provide the Management Committee with regular rent reports to show the status of members' rent accounts, any rent arrears action taken, forthcoming or current Court Action.
- 2.9 All tenants will receive, approximately quarterly, a copy of their individual rent ledger. Access to rent accounts is also available confidentially, 24 hours a day at [www.coophomes.coop/my\\_tenancy](http://www.coophomes.coop/my_tenancy). Members can request a unique password through Co-op Homes.
- 2.10 The Management Committee will, as in the other areas of the Management Committee's work, treat members personal rent account and all other information relating to individual tenants as confidential until the final stages of the rent collection procedure when it may be necessary to enforce an order for possession.
- 2.11 The Management Committee will set targets for the collection of rent as follows:
- Rent collected should be at least 97% of rent receivable. (The definition of rent collected is the gross rent and service charges actually received in a given year as a proportion of what was receivable in that year).
  - Rent arrears should not be more than 5% of the rent receivable (The definition of rent arrears used is total rent arrears – including those of former tenants and those brought forward from previous years – as a proportion of the total rent and service charge receivable in the year).

### **3. Powers and Responsibilities of Managing Agent**

- 3.1 The Co-op has appointed Co-op Homes as its Managing Agent with a specific responsibility for rent accounting and arrears control.
- 3.2 Co-op Homes will act in accordance with QBTC's procedures as set out in this document, unless otherwise authorised by the Management Committee. Such deviation from procedure will need written (email is acceptable) authority by officers from the Co-op Management Committee.
- 3.3 Quadrant-Brownwood Tenant Co-operative authorises the Managing Agent to do the following on its behalf:
- Negotiate an arrangement with a tenant for payment of arrears;
  - Serve a Notice to Quit / the appropriate notice on the tenant;
  - Represent the Co-operative at a court hearing;
  - Enforce the possession order and any money judgment;
  - Seek to recover all legal costs incurred after service of a Notice to Quit.
- 3.4 Co-op Homes will give tenants information on all available methods of rent payment and basic advice on eligibility for housing benefit, income support, family credit and other benefits and allowances. Referrals will be made to external advice agencies, including debt counselling agencies, where the tenant prefers it or where more specialised advice is required.
- 3.5 The Managing Agent will monitor all arrears cases regularly to ensure that arrears recovery action is taken at the specified intervals.
- 3.6 The Managing Agent will report in writing on rents and arrears to the Management Committee. Reports as per the meeting schedule. The report will include:
- An estimate of total annual rental income;
  - Gross and net arrears - as absolute amounts and as a percentage of annual rental income;
  - Housing benefit owed - as an absolute amount and as a percentage of gross arrears;

- A resume of action being taken in each case where the tenant owes more than the equivalent of over 4 weeks' rent.

3.7 In accordance with the Co-operative's policy on confidentiality, Co-op Homes' report will only refer to tenants by code and address, not by name. Arrears cases will be factual, relevant, accurate and up-to-date. The name and address of a tenant in arrears will only be disclosed to the Management Committee by the Managing Agent at the stage at which authorisation is being sought to enforce a Possession Order.

#### **4. Procedure for the Control of Arrears**

4.1 The Co-op has agreed the following process for rent recovery action:

**Stage 1:** A tenant member who is four weeks in arrears with their rent, who has not already given a satisfactory explanation, shall be sent a first reminder letter requesting that the debt be cleared in full or an arrangement made within seven days.

**Stage 2:** In the event of the tenant member not responding, and the debt continuing to rise, the tenant shall be sent a second reminder letter within seven days insisting on the payment of all arrears or an arrangement to do so. The second letter will advise that if the amount is not cleared or an arrangement made, a Notice to Quit will be served.

Should the tenant fail to act or respond to the second letter within 7 days, an appointment for a home visit will be requested by the Community Housing Advisor.

**Stage 3:** If there is not a satisfactory response (by way of payment in full of the arrears or a satisfactory arrangement to pay in instalments) to either the reminder letters or the attempt at a home visit and the arrears reach a value equivalent to 6 week's rent, the tenant member shall be served with either a notice of intent to seek a default action or a Notice to Quit by the Community Housing Adviser.

**Stage 4:** If a Notice is served and expires as the tenant has failed to clear the debt or to maintain the agreed arrears repayment, Co-op Homes will inform the Management Committee and request permission to apply to the County Court for a hearing to obtain immediate possession of the property.

4.2 Where the tenant is in regular and permanent employment the Co-op may seek an attachment of earnings but where following the granting of a wage attachment order, the tenant fails to pay their rent arrears, a Notice to Quit will be issued.

4.3 Co-op Homes will notify the Management Committee as soon as it deemed necessary to serve a notice of intent to seek a default action or a Notice to Quit.

4.4 The Management Committee has the sole responsibility to decide and advise Co-op Homes how to proceed at the County Court; and, where appropriate, what sort of order should be requested from the Court and any subsequent action in view of the anticipated outcome.

4.5 The Community Housing Adviser shall write to the tenant and visit at home to alert them of the intention of taking Court action including possession proceedings if necessary.

4.6 If a Possession Order is granted, Co-op Homes will seek authorisation from the Management Committee to enforce the order. The tenant will be informed within 24 hours of the outcome.

4.7 If duly authorised by the Management Committee, Co-op Homes will apply to the Court for a Warrant of Possession. As soon as practicable, Co-op Homes will inform the occupant of the date of the eviction and ask that all personal belongings be removed and the property vacated.

4.8 Co-op Homes will attend the eviction accompanied by a locksmith. The condition of the property will be carefully noted and an inventory (with photographs) taken of any household possession remaining in the property.

## **5. Policy on Ex-Tenant Arrears**

5.1 Where the Co-op is aware of tenants who are about to leave, Co-op Homes will write to the tenant confirming any outstanding balance on the rent account and remind them of their responsibilities.

5.2 Where there are outstanding sums of rent and/or other charges, the Community Housing Adviser's letter will advise the tenant that they have 14 days to either:

- pay off the debt in full, or
- enter into an agreement to pay off the debt in instalments.

5.3 Co-op Homes will make every effort to obtain a forwarding address, either from the tenant directly or through any known contact.

5.4 Where the ex-tenant fails to make contact and there is substantial debt owed to Quadrant-Brownwood Tenant-Co-operative, their case will be passed over to a debt collection agency such as Financial Trace and Collection (F.T.C.) or such other debt collectors that may be used by the Co-operative.

5.5 Where the ex-tenant defaults on any former tenant arrear repayment arrangement they have agreed with the co-op, their case will be passed over to F.T.C. or such other debt collectors that may be used by the Co-operative in order to reclaim the chase the debt.

5.6 Once all procedures called for by this procedure have been completed and it is deemed that there is no realistic possibility of reclaiming the arrears, former tenant arrears can be written off under the following authority, as outlined in Financial Standing Orders:

- CHS - up to £250 (reported quarterly to the MC)
- MC - all others