



Rent Arrears Policy

16.06.2025

Next review due: June 2027

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1. Introduction

- 1.1. This policy covers Funding Affordable Homes Housing Association's (FAHHA) approach to minimising rent and service charge arrears for our Social and Affordable Rent Tenants. We will apply this policy consistently and fairly and will always ensure that we act in a reasonable manner, and that our actions represent a necessary and proportionate response.
- 1.2. We will ensure that our approach represents current good practice and meets all legal and regulatory requirements. We will monitor our performance to ensure that this continues to be the case.
- 1.3. Where a managing agent is sub-contracted to provide a housing management service on our behalf, they will be responsible for complying with this policy. Any reference to FAHHA (we) within this policy (except in Paragraph 8.2 of this policy) will therefore also be deemed to refer to the managing agent.

2. Policy Aims

- 2.1. FAHHA's overriding aim is work with Tenants to address arrears and minimise both the need for and resulting cost of repossession where this is achievable. We will do this by:
 - Working with Tenants to prevent arrears developing from the outset, with support from the relevant external teams to help maximise their finances;
 - Offering a number of alternative ways for Tenants to pay their rent and service charges, and promoting the use of direct debit as the primary method for payment;
 - Ensuring Tenants are aware of any self-service payment platforms which may include customer portals, apps and automated telephony payment services to ensure there are no barriers to income collection; and
 - Use of early intervention tools to help Tenants sustain their tenancies and avoid legal action by making early contact through text messaging, automated telephony contact, email, or letter where appropriate through use of appropriate legal remedies where necessary.
- 2.2. However, where it is necessary, and proportionate to do so, FAHHA will seek legal possession of a property where other methods have failed to ensure payment; and FAHHA will consider the wellbeing and safety of children and vulnerable adults in accordance with FAHHA's Safeguarding Policy.

3. Prevention

- 3.1. FAHHA will ensure that at the start of a new tenancy, we will offer appropriate advice to signpost Tenants to claim appropriate welfare benefits, including an assessment of benefit entitlement, where possible.

- 3.2. Furthermore, new Tenants will be urged to have 1 month's credit on their rent account at the signup stage. This is in order to help prevent arrears and in line with the tenancy conditions.
- 3.3. We will also ensure that the tenancy conditions are fully explained, and that Tenants are made aware of the potential consequences of not paying rent or service charges.
- 3.4. We will emphasise tenancy terms and conditions to ensure, where possible, that payment is made by direct debit and other payment options highlighted earlier in this policy.
- 3.5. Where there are two months arrears, if payable monthly, we can request that housing costs are paid direct to the landlord via the Department of Work & Pensions through an Alternative Payment Arrangement request.
- 3.6. We will endeavour to make Tenants aware of organisations that can assist with maximisation of their income via text message alerts, letters, telephone and email contact.

4. Support For Tenants

- 4.1. FAHHA recognises that Tenants may from time to time experience financial difficulties. In order to assist and take steps to prevent the build-up of arrears, we will:
 - Work to maximise Tenant income;
 - Provide support in making benefit claims;
 - Identify vulnerabilities and refer to relevant agencies;
 - Compile income and expenditure assessments; and
 - Provide money management, advice and guidance.
- 4.2. Where a Tenant is identified as having a potential vulnerability or support need, which may affect their ability to pay the rent and service charge, we will ensure that these needs are fully considered and will signpost them to other specialist support agencies where applicable.
- 4.3. We will ensure that all information is written, as far as possible, in plain English and we will provide information to Tenants in other formats and languages where required. Other reasonable adjustments to communications will be considered depending on the nature of the Tenant's vulnerability or support need.

5. Recovery of Arrears

- 5.1. We will make early personal contact with all Tenants whose accounts fall into arrears to make arrangements to clear the outstanding debt.

- 5.2. We will contact Tenants by making best use of automated technology, where appropriate, to ensure contact is made promptly and so that support can be offered to ensure that affordable agreements are put in place to repay any arrears owing at the earliest opportunity.
- 5.3. Where financial circumstances are more complex, Tenants will be referred to the appropriate tenancy sustainment team for tailored support focusing on income maximisation to ensure future rent and arrears payments can be made maintained.
- 5.4. We will also make Tenants aware of other possible sources of support and wider assistance available to them within their locality.
- 5.5. Rent arrears recovery will be based on a preventative approach, following the Ministry of Justice Pre Action Protocol, with a staged escalation process.
- 5.6. Where necessary, FAHHA will take appropriate legal action to recover rent and service charge arrears.
- 5.7. Before applying to court for a Possession Order, a Notice of Seeking Possession will be served, relevant to the tenure type, in line with the Pre-Action Protocol.
- 5.8. The Notice will be in the prescribed form, specifying the grounds on which possession is being sought and setting out the particulars of each ground.
- 5.9. FAHHA will either serve the Notice by Royal Mail 1st Class or Recorded Delivery post or, in some instances, the Notice will be served by way of hand delivery to the property.
- 5.10. We will ensure that a comprehensive record is kept of all action taken and contact made with Tenants who fall into arrears and will ensure that all data is handled in accordance with FAHHA's Data Protection Policy.
- 5.11. An exception to taking legal action would be where a Tenant has made a successful application for the Government Debt Respite Scheme (Breathing Space¹). Once successful the Scheme will notify FAHHA of the Tenant's start date, at which point all legal/recovery action will cease, neither will any conversations take place to address the current debt until the Breathing Space has ended (typically 60 days).
- 5.12. During the Breathing Space, the Tenant is still legally required to pay their ongoing rent charges until the Breathing Space ends. The Scheme will send notification to FAHHA when the Breathing Space has ended, at which point, and if still necessary, recovery action may recommence.

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https://england.shelter.org.uk/housing_advice/eviction/breathing_space_help_with_rent_or_mortgage_arrears
[Debt Respite Scheme \(Breathing Space\) guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/debt-respite-scheme-breathing-space)

- 5.13. FAHHA will only seek legal possession of a property as a last resort where other alternatives have failed or where the Tenant has wilfully failed to engage with us without reason.
- 5.14. Where legal action has been taken and the court awards FAHHA either a full possession or suspended possession order, we will also look to recover costs incurred as part of the claim.

6. Use of Section 21 and Ground 8 Notices

- 6.1. While Starter Assured Shorthold tenancies are in place for first lets, FAHHA may choose to serve a Section 21 possession notice to take effect not earlier than six months after the tenancy start date. The reasons for using a Section 21 notice will be similar to the use of Ground 8 possession proceedings listed below.
- 6.2. Where the use of Section 21 or Ground 8 has been included in a notice served, the managing agent must seek authorisation from FAHHA's CEO or Company Secretary prior to commencing court proceedings.
- 6.3. Circumstances in which FAHHA would consider the use of Ground 8 proceedings are as follows:
- The Tenant has arrears of at least eight weeks for weekly tenancies or two months for monthly tenancies when the Notice of Seeking Possession is served, and has arrears of at least these levels following the expiration of the notice period;
 - There is a persistently poor payment history, which has resulted in FAHHA having previously sought a possession order, and arrears have subsequently increased with a high risk that the debt will not be resolved;
 - The Tenant(s) has not engaged in or refused attempts at personal contact, or has failed to engage with support, and has not made a reasonable offer to settle the arrears owed;
 - There is no Housing Benefit claim outstanding or any reasonable expectation of Housing Benefit being paid, and this has been confirmed by the local authority.
 - Use of Ground 8 is proportionate and reasonable in the circumstances of the particular case; or
 - The Tenant is not deemed to be a "protected party" under the Civil Procedure Rules² due to a lack of capacity, nor is known to be vulnerable. During the Notice period we will make every reasonable effort to contact the Tenant(s) to establish their circumstances and assist them to claim any benefits they may be entitled to, or to seek independent assistance from appropriate support agencies.
- 6.4. FAHHA will aim to agree a reasonable settlement with the Tenant(s) to clear the rent arrears with an affordable payment plan and explain the potential consequences if eight weeks' or two months' arrears are outstanding at any court hearing.

² <https://www.justice.gov.uk/courts/procedure-rules/civil/rules/part21>

- 6.5. We will establish a reasonable agreement with the Tenant, taking into consideration factors such as affordability and whether the agreement is sustainable, both for the Tenant and for us as the landlord.
- 6.6. In determining an appropriate course of action, full account will be taken of issues such as any vulnerability and appropriate support will be initiated in partnership with relevant specialist agencies who may be able to assist.

7. Former Tenant Arrears

- 7.1. We will pursue the recovery of former Tenant arrears rigorously unless it is deemed uneconomical to pursue. As soon as notice to end the tenancy is received, we will seek to obtain a forwarding address or next of kin details in cases where the Tenant is deceased.
- 7.2. We will make the Tenant aware that payment in full is due prior to the tenancy ending. If the Tenant is unable to clear the outstanding balance we will seek to negotiate a repayment plan with them.
- 7.3. Where a forwarding address is known, we will attempt to establish communication and negotiate repayment of the debt. If there is no response, we will pass the debt to an external debt collection agency for collection.
- 7.4. Where a forwarding address is unknown, we will immediately refer to an external debt collection agency for trace and collection.
- 7.5. If after 3 months, the debt collection agency has not been successful in recovery of the debt, we will recommend considering writing off the debt.

8. Reviewing and Monitoring

- 8.1. This policy will be reviewed in full every 3 years, unless legislative changes require an earlier review, to ensure that it continues to meet the stated objectives.
- 8.2. Performance will be regularly monitored with the managing agent, via collation and reporting of Key Performance Indicators relating to rent collection and rent arrears and discussion at the monitoring meetings.

9. Legislation & Regulation

- Housing and Regeneration Act 2008
- Regulator of Social Housing - Regulatory standards (Tenancy Standard), procedures and guidance
- Care Act 2014

10. Linked Policies

- Tenancy Management
- Equality and Diversity
- Safeguarding Adults and Children
- Reasonable Adjustments
- Complaints

Date of Board approval	Date of Review
01.05.24	16.06.2025 – minor amendments previously approved by way of G&CC Chair’s action ratified by G&CC