2025-26

LOCAL SPACE

Rent arrears collection policy

This policy sets out our approach to preventing and recovering rent and service charge arrears from our residents.

For any questions, please contact us.



Contents

1. Introduction 2

2. Scope 2

3. Our approach 2

3.1 Prevention and support 2

3.3 Early intervention 3

3.10 Enforcement 4

3.15 Possession 4

3.19 Evictions 5

3.21 Writing off arrears 5

3.26 Resident engagement 5

4. Equality, diversity and inclusion 6

5. Legislation and regulation 7

6. Responsibilities 7

1. Introduction

1.1
Minimising rent arrears is essential for us to provide high-quality homes and services for our customers. This policy sets out our approach to preventing and recovering rent and service charge arrears from our customers. Our rent collection approach focuses on sustaining tenancies through arrears prevention, support, early intervention, and enforcement. We will only evict customers as a last resort where all other solutions have been unsuccessful. However, it is important to stress that while we are committed to prevention and support for customers in arrears, this must be balanced with the ability of Local Space to continue to provide affordable homes for other people. For this reason, we will not usually pause or suspend any enforcement measures once it has become necessary to undertake them.

- We want to ensure our customers are secure in their homes, and we will seek to keep tenancies wherever possible.
- We are committed to supporting customers to access welfare benefits and other advice to ease financial challenges.
- We will act with compassion and work with any resident who is struggling to pay rent to make arrangements that are manageable for them in the long term. Legal action will only be taken in serious circumstances or where all other remedial action has been unsuccessful.

1.2
This policy should be read in conjunction with the following:
- Rent Arrears Collection Procedure
- Nominations Agreement

Please contact us for access to these policies.

2. Scope

2.1
This policy deals with the prevention and collection of rent and service charge arrears and applies to all Local Space customers.

3. Our approach

Prevention and support

3.1
Our key approach to prevention is to encourage a culture where customers routinely pay their rent in full and on time. We are proactive in our approach to preventing arrears occurring and escalating. To meet this aim, we:

- Set rent levels to be as affordable as possible while complying with statutory and other government and regulatory standards covering rent setting and linked to the individual tenures. More information can be found in our Rent Setting Policy - please contact us for access to this policy.
- Offer a range of payment and contact methods tailored to our customers. This may include direct debit, payment cards; Pay Point outlets; the Post Office; recurring payments; and debit/credit card.
- We will provide customers with access to online and printed rent statements on request. We can also signpost customers to agencies that can provide welfare benefit and debt advice in relation to their rent account.
- A pre-tenancy tenant profile and tenancy sustainability assessment will be carried out either by

Local Space or the local authority who nominates the customer to the property. Because of our nominations agreements it is often the local authority that does the affordability assessment. This ensures the home is affordable and enables us to identify any support needs that the customer may have.

- Address any issues raised in the risk assessment when we sign up new customers to ensure that benefits are claimed and payment patterns are established. This includes:
    - Collecting a minimum of one week's rent in advance, including initial payment when customers move into the property.
    - Helping customers claim benefits in ways that meet their circumstances.
- Contact new customers considered at risk of missing payments within two weeks of the start of their tenancy to help agree payments that will avoid delays in future, including claiming their full entitlement to benefits.
- Provide customers with access to welfare benefits and debt advice to help manage money and ensure they are claiming what they are entitled to.

3.2

Consideration will be given to the needs of the individual when we communicate with them. We use a variety of contact methods to communicate with customers, including letters, SMS, emails, telephone calls, and face-to-face appointments.

Early intervention

3.3
We encourage customers to contact us as soon as possible when they are having trouble. The more we know, the better placed we are to help.

3.4
We will contact a customer by telephone and/or SMS if they build up at least one week of missed rent. If we fail to establish contact by phone, we will follow-up by another appropriate method of communication.

3.5
Customers with a joint tenancy are contacted individually to make it clear they are both responsible for paying the rent, even where Universal Credit is paid to only one of the customers or one joint customer has left the property.

3.6
Action against customers in arrears needs to be proportional with the level of debt, considering historical factors and personal circumstances, including vulnerability. In some cases, to reflect the tenancy conditions, customers may need support through crisis periods to prevent them losing their homes. Where appropriate, we will tailor our service to meet our customer needs and/or help them to access support. However, recovery actions will need to continue while this support is provided.

3.7
At the manager's discretion, we may agree a repayment plan with a customer who is unable to repay their rent arrears in full, providing they share details of their income and expenditure. We will look to ensure any repayment plan is reasonable and affordable. We may continue enforcement action during the repayment plan. It is necessary for us to do this to avoid circumstances in which we have to restart the process from the beginning in cases where the customer fails to keep to the agreed repayment plan.

3.8
Rent arrears payment plans should be arranged to clear the debt in 12 months, subject to individual circumstances and by agreement of the Income Services Manager. A pay plan exceeding 12 months may be agreed in exceptional circumstances and will require approval by a senior manager.

3.9
We will try to work with the customer to resolve any arrears which are the result of a problem in claiming Housing Benefit or Universal Credit, including verification of whether a claim has been made.

Enforcement

3.10
Local Space has a process to follow concerning rent arrears and associated warning letters. An initial warning letter will be sent once a rent account reaches two weeks of arrears. If this first letter is not responded to and the rent arrears debt is not cleared, an additional warning letter may be sent. Again, if the warning letters are not responded to and the arrears debt has not been cleared, the customer is likely to receive a further warning letter, a home visit, or a Notice Seeking Possession (NOSP), if your rent is more than eight weeks in arrears.

3.11
Depending on the facts, we may decide to serve notice under Section 21 Housing Act 1988 or under Section 8 Housing Act 1988 using one of the grounds for obtaining possession set out in Schedule 2 of the Housing Act 1988.

3.12
Notice of Seeking Possession relying on Ground 8 can be used in conjunction with other grounds, but will only be used in the following circumstances:

- Where a customer owes at least eight weeks of arrears.
- Where a customer intentionally refuses to pay their arrears.
- Where the customer refuses to communicate and cooperate with us.
- Where arrears relate to a fraudulent Housing Benefit claim.
- Where a customer has a history of making significant payments to clear their arrears immediately prior to us taking legal action.

3.13
Furthermore, use of ground 8 will not be considered in the following circumstances:

- The customer is deemed to be vulnerable by the Customer Accounts Officer.
- The customer is cooperating with us to reduce their arrears.
- The customer has provided evidence to confirm they have submitted a Housing Benefit or Universal Credit claim and have provided the correct information as part of their claim.
- The rent arrears have been caused by a delay in processing the Housing Benefit or Universal Credit claim.

3.14
We will consider whether a customer who is particularly vulnerable has the mental capacity to understand legal proceedings – if they do not, we will make an application for the appointment of a litigation friend.

Possession

3.15
We may apply for a warrant of possession if a customer continues to breach the terms of their court order or agreement.

3.16
We may deliver a warrant of possession unless a customer repays all their arrears in full.

3.17
We may postpone possession proceedings if a customer successfully makes a debt relief order,

bankruptcy order, an individual voluntary arrangement, or a Breathing Space (standard or mental health) order.

3.18
We may seek possession of a property (based on the total amount of arrears owed) if a customer accumulates further arrears once a debt relief order, bankruptcy order, individual voluntary arrangement, or a Breathing Space (standard or mental health) order has been agreed.

Evictions

3.19
Eviction is our last resort. Our aim is to ensure we collect rental income and carry out early intervention when you are facing financial difficulties that mean you're unable to pay your rent.

3.20
All evictions are reviewed and approved by the Delegated Authority Panel. The Panel is made up of senior leaders in the organisation, from inside and outside the department. The Panel consider the customer's circumstances, the payment history, the level of engagement they had with the service, and the likelihood of the debt being cleared.

Writing off arrears

3.21
Decisions to write off customers' debts, or credits will only be considered in exceptional circumstances, such as bankruptcy or debt relief orders.

3.22
Debt Relief Orders (DROs): A Debt Relief Order (DRO) is a formal insolvency solution available to individuals with low income, minimal assets, and qualifying levels of debt. It provides legal protection from creditors and typically lasts for a period of 12 months, after which the debts included are written off.

3.23
Upon receipt of a valid DRO that includes rent arrears, we will submit the debt for write-off in recognition of the customer's financial hardship. However, we reserve the right to reinstate the debt to the customer's rent account if their financial circumstances improve after the 12-month moratorium period, and it is deemed reasonable and appropriate to do so.

3.24
Where a customer is vulnerable or can show that repayment would cause them financial hardship, a recommendation for write off may be considered.

3.25
We retain the right to write back to accounts where we have new information which indicates that the customer has made false statements or misrepresented their financial state, health or other position relevant to the decision to write off.

Resident engagement

3.26
We are here to help. Customers who are having difficulty paying their rent need to contact us as soon as possible. The sooner they do so, the easier it is to avoid issues escalating. It is the customer's responsibility to ensure the rent is paid, even where rent is paid via benefits.

3.27
Customer Accounts Officers will always attempt to engage with customers regarding issues relating to their rent accounts by using several different contact methods - telephone calls, letters, emails and SMS. Where there has been no contact or engagement with the Collections team, or other areas of the business such as not reporting any repairs for 12 months or more, a welfare concern will be raised internally to investigate and determine the customer's whereabouts and circumstances.

3.28
Additionally, a welfare concern will also be raised where:

- A customer with known vulnerabilities stops engaging
- A customer stops paying their rent with no warning and is not engaging or contactable, e.g. payment normally received by direct debit suddenly starts going unpaid and the customer does not respond to attempted contact.

3.29
Examples of referrals we make to support customers include to Step Change, local authority homelessness services, ALERT and safeguarding referrals to social services.

3.30
Before we make an application for direct deductions from a resident's Universal Credit for either the rent element and/or rent arrears from the Department for Work and Pensions (DWP), the Customer Accounts Officer will attempt to call the resident to discuss the application and the rent arrears.

3.31
Where the Customer Accounts Officer is unable to speak with the customer, the telephone call will be followed up with a letter advising the resident of the rent arrears and that an application to make a direct deduction will be made after 7 days. They will be asked to contact the Collections team to discuss their situation and to make any relevant support referrals.

3.32
Where a Breathing Space order is granted, all contact with the customer will cease for the duration of the order: 60 days for a standard order and 90 days for a mental health Breathing Space order. If the customer fails to maintain ongoing rent payments, the relevant insolvency practitioner will be notified, and they may agree to terminate the order earlier.

4. Equality, diversity and inclusion

4.1
Identifying customers who may be vulnerable is key to preventing rent arrears and offering appropriate support.

4.2
Customers will be made aware through all correspondence that translation services are available. More information can be found in our Equality, Diversity and Inclusion Policy.

4.3
Key actions, including possession action and eviction, are approved by managers at a suitable level of seniority to ensure that actions taken are appropriate.

5. Legislation and regulation

5.1
The following legislation applies to this policy:

- Housing Act 1985
- Housing Act 1988 and 1996
- Protection from Eviction Act 1977
- Pre-Action Protocol for Possession Claims by Social Landlords.

6. Responsibilities

6.1
The Finance Director has overall responsibility for the delivery of, and compliance with, this policy.

6.2
The Income Services Manager is responsible for the operational delivery of, and compliance with, this policy. This includes responsibility for colleague awareness, training, communication to customers, monitoring and reviewing the policy.