

CO-OP HOMES

Rent Arrears Policy & Procedure

Policy details	
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1. Statement of Intent

It is Co-op Homes' aim to demonstrate good financial management by taking a robust approach to rent arrears. This focuses on prevention and development of a payment encouragement culture to ensure tenancies are sustained and our rental income is maximised whilst achieving high levels of customer satisfaction.

The purpose of the Rent Arrears Policy and Procedure is to outline the steps to be taken when dealing with the prevention of arrears and recovery of rent and arrears payable to Co-op Homes.

This document sets out Co-op Homes approach to:

1. Rent collection
2. Arrears recovery
3. Writing-off debt

Rent charges in tenancy agreements and rent increase letters are part of the legal documentation between Co-op Homes and its tenants and must be dealt with properly to reduce the risk of dispute or challenge in the future.

Clear criteria for the writing-off of current and former tenant arrears are essential in order to minimise lost income.

2. Relevance

- Rents for all tenancies will be set accurately and according to a clear and transparent formula set out in the Co-op Homes Rent Setting Policy; [Rent Setting.docx](#)
- Rent will be recovered in a fair and efficient way, with arrears kept to a minimum;
- Debt write-offs are kept to a minimum, taking into account the cost benefit of continuing to chase debt – set out in the Write Off Policy and Procedure [FTA and write off Policy and Procedure September 2018.doc](#)

This Policy and Procedure is intended for the use of employees responsible for setting rents for

new tenancies, collecting rent, recovering arrears and writing off debt.

3. Guiding Principles

RENT COLLECTION

Co-op Homes will facilitate the payment of rent by providing tenants with a wide range of rent payment methods to suit all preferences and lifestyles. These will include through direct debit, standing order, attachment of earnings, through debt relief orders, payment card or payment via the website or telephone.

Co-op Homes requires all tenants to pay their rent in advance and on time and will take action to recover arrears in a firm but fair and equitable manner. Co-op Homes will support its tenants to manage their rent accounts in accordance with the conditions of their tenancy agreements.

Tenants who are in receipt of full or partial housing benefit are given the choice by the local authority of having their benefit paid to them or directly to their landlord. Those receiving Universal Credit may also opt to request that rent payments are issued directly to Co-op Homes. Tenants are encouraged to sign a Data Protection Document to enable legal liaison between Co-op Homes and Housing Benefits / Council Tax Departments.

Whatever payment method is used, all rent payments will be accurately entered into Co-op Homes' accounting system.

All tenants with Co-op Homes "My Tenancy" can view their rent statements through www.coophomes.coop/mytenancy 24 hours a day.

Tenants may also request a Balance update by texting "BAL" to 07398 377388.

ARREARS RECOVERY

When taking Rent Arrears Recovery Action, the circumstances of each particular case will be taken into account, i.e. personal/financial/family situation/disability and vulnerability. Agencies such as Social Services, Benefits Agency, Housing Benefit, Citizens Advice Bureau and other support agencies are to be involved as appropriate.

Advice and assistance will be offered to tenants on maximising their income, with referrals to the CAB and or Money Advice Service if the tenant requires specialist debt advice.

Repayment agreements will be offered up to the Court referral stage. Court action for possession will be taken against tenants in arrears, although this will always be used as an action of last resort.

Where a repayment agreement has been broken, action shall be taken as soon as possible. Following an eviction, action will continue in an attempt to recover the former tenant debt under the Write Off policy and procedure.

4. RESPONSIBILITIES

The overall responsibility for the management, control and recovery of rent arrears rests with the Head of Housing, however, the day-to-day control of rent arrears, interviewing and corresponding with customers, maintaining and initiating certain types of action under the rent arrears procedure lies with Co-op Homes' Housing Adviser.

Arrears will be monitored on a weekly basis with all action taken recorded on Co-op Homes One Stop Arrears Module of the Omniledger Housing Management System.

Tenants who do not receive Housing Benefit will be notified of arrears if no payment is made within a four week period.

Tenants in receipt of Housing Benefit (paid directly to Co-op Homes) will be notified within four weeks of the arrears accruing.

Personal contact will be made with tenants in arrears through telephone calls and home visits as well as via standard letters and text messages.

Reporting

Monthly arrears performance against performance targets are reported within the Power BI Scorecard Data which is provided to Co-op Homes' SMT (Senior Management Team) each month.

Through the quarterly performance reports, the Co-op Homes' Board is also advised of arrears performance against the phased target position.

Annual performance against set rent collection targets are published in the company's Annual Report.

Monitoring

A sample of accounts that have increased in arrears from one month to another should be audited by the Head of Housing to establish compliancy that the actions taken have been conducted in a timely fashion and according to set down procedures. Where further action is required the Head of Housing will consult and advise the Housing Officer to take the necessary action.

Debt Write-off

Arrears are generally incurred via rent charges owed by current and former tenants.

Debts may sometimes not be collected even though all procedures have been followed and the collecting officer may consider these debts to be irrecoverable or uneconomic to pursue. Any debt over six months old and all former tenant arrears should be reviewed in accordance with the separate Write Off Policy & Procedure, the main principles of which are:

- Current tenant arrears will not be written off
- Former tenant arrears will be written off in the nominal ledger on a quarterly basis unless there is a very strong reason to believe the debt is recoverable. These debts will not be written off in the Co-op Homes system until all collection avenues have been exhausted. Authority levels for the writing off of debt are detailed in the separate

Write off Policy and Procedure.

4. Measures of Success

Success for the Rents Arrears Policy and Procedure is that:

The annual collection target for rent arrears collection approved by the Board and the commencement of each financial year, are met.

5. Procedure

General Action & Notes

Arrears control is a key housing management function and sufficient time must be set aside for weekly monitoring and to record action taken. Co-op Homes seeks to approach arrears collection work in a professional manner taking into account tenants' particular circumstances and any special needs, adopting fairness and consistency.

Arrears work is carried out within the context of a quality housing management service and Co-op Homes seeks to adopt a positive attitude to tenants' individual circumstances.

The main thrust of the rent arrears procedure at Co-op Homes therefore is on prevention as well as timely and effective communication with tenants to help resolve any rent problems at an early stage.

- Personal contact will be made by home visits and phone calls, out of office hours if necessary. The lone worker policy should be adhered to for any home visits.
- Any arrears action should take into account the requirements of the pre-action protocol for possession claims based on rent arrears.

Tenants at all time will be encouraged to approach debt and welfare advice agencies and/or any advocate working on their behalf.

Rent and methods of payment

The payment of rent is the sole responsibility of the tenant.

Rent is due in advance on the Monday of each week (or month depending on the tenancy type) and must be paid on time. Housing Benefit is paid four weekly in arrears and this should be taken into account when deciding what arrears recovery action to take.

On termination of direct payment of housing benefit Co-op Homes should contact the tenant by letter unless notified prior to termination.

Rent can be paid either:

At the Post Office - tenants receive a rent payment card which can be used to pay rent at any post office, regardless of holding a giro account. Receipts will be issued

as proof that the payment has been made. It is the responsibility of the tenant to retain these receipts for future evidence, if required.

Standing Order from a Bank or National Giro Account - Co-op Homes keeps a supply of standing order forms that are given out on request. Tenants must be made aware that on cancelling a standing order they must notify Co-op Homes immediately, giving details of their proposed new payment method.

Direct payments of Housing Benefit - it is policy to recommend this method of payment to all tenants receiving this benefit, whether the benefit covers all or partial rent.

Direct Debit – forms for tenant to complete giving authority for Co-op Homes to request direct payments from customers' banks are available on request.

Online or telephone banking – via www.Allpayments.co.uk or through tenant's own online banking accounts to

Account Name: Co-op Homes (South) Ltd
Sort Code: 30-80-12
Account number: 10881868
Reference: the client's rent account number

Debit/Credit card over the telephone to Co-op Homes. Please refer to the [Tenant payments by telephone.doc](#) procedure

Attachments of Earnings See guidance on this [Make debt deductions from an employee's pay: Getting an order - GOV.UK \(www.gov.uk\)](#)

Through a Debt Relief Order (however there is still the risk of eviction - [How to get a Debt Relief Order \(DRO\) - GOV.UK \(www.gov.uk\)](#))

Tenancy Commencement

When a tenant starts their tenancy they will go through a signing up procedure which forms part of Co-op Homes' Allocations Procedure, using the "New Lettings Checklist". This procedure is designed to inform the tenant of the policy and procedure for rent control, inform them of the benefit entitlement and aid in application form completion. An initial assessment of housing benefit can be made but the final award decision is subject to council assessment. At this point any tenant queries or potential problems can be made known to Co-op Homes so issues are dealt with as soon as possible. Tenants must be made aware in writing of their contractual obligations.

Control of Arrears

In the event of a tenant's account going into arrears for whatever reason contact must be made with the tenant immediately. Agreements that are within the income capabilities of the tenant should be negotiated for arrears recovery. If agreements are not met Co-op Homes will consider legal action.

The community housing advisor will check each account that is in arrears at least once a month. Any action taken will be noted on the One Stop Arrears Module to act as evidence of the account being checked.

Those accounts in arrears which are 4 weeks' or more of the tenant's chargeable will be checked more frequently, most likely once a fortnight. This excludes those on full housing benefit being paid in arrears on a 4 weekly basis.

Tenants who are 8 weeks or more in arrears and/or have court agreements will be checked regularly, most likely each week depending on the agreements made.

Dealing with arrears

Every effort must be made to ensure that tenants do not build up arrears. A systematic procedure should be adhered to that seeks to identify causes of arrears, provide realistic recovery agreements and provide weekly monitoring. This is managed via the One Stop Arrears Module on the OmniLedger Housing Management System at Co-op Homes.

All action should be confirmed in writing to the tenant and recorded by Co-op Homes.

Triggers for action

The following minimum procedures must be adopted:

- a) Within six weeks of the tenancy commencement, Co-op Homes will contact the tenant to confirm any entitlements to housing benefit, confirm understanding of the procedure for payment, ensuring the tenant understands the terms of their tenancy agreement with Co-op Homes, gather any missing information, and provide the first point of contact for any rent payment problems or property issues.

Co-op Homes must make contact with all tenants who fall into arrears for the first time.

Letters should also be sent to each tenant with arrears of 4 weeks' rent to negotiate a recovery arrangement. This excludes tenants whose right to housing benefit has been substantiated and who will receive full benefit when the claim is assessed.

Vulnerable or Aggressive Tenants

Contact should be made with support agencies for any vulnerable tenants. Information relating to the vulnerability of a tenant should be taken into account when determining the appropriate recovery action. Information relating to a vulnerable tenant should always be recorded on the housing management system.

Any incidents concerning aggressive tenants should be recorded on the housing management system. The managing Community Housing Advisor should seek advice from their line manager if they have any concerns regarding recovery action for aggressive customers.

Exceptional Circumstances

Co-op Homes understands that there will be occasions whereby the process of rent arrears collection will need to be put on hold for the benefit of the customer.

These cases will need to be presented to the Head of Housing for approval following a recommendation in writing by the Community Housing Advisor.

These cases can include but are not restricted to:

- Tenants in hospital
- Joint working with external agencies

Abandonment

Where a property appears to be abandoned and there are rent arrears, the housing officer should follow the agreed procedure for ending the tenancy then follow the procedure for the collection of Former Tenant Arrears.

Agreements

Agreements can be used in the rent arrears procedure for Stages 1 and 2. Agreements can also be used for Assured and Assured Shorthold Tenancies after the service of a NOSP or prior to an application for a possession order. Agreements may be considered after the service of a Notice Requiring Possession for Assured Shorthold Tenancies.

It should be made clear to the tenant that we will make only **one** agreement per arrears stage, which if broken may lead us to proceed with the next action stage in the procedure.

Rent Arrears Action Stages

<u>Action</u>	Responsibility
Where possible all arrears should be checked as outlined in the 'control of arrears' section of the policy and necessary action taken. (An account should be checked prior to any action being taken).	Community Housing Advisor
If the next appropriate action is not to be taken this must be explained in the notes.	Community Housing Advisor
All files containing customer information should be kept in a locked cupboard when the office is unattended.	All
Stage 1	
<p>If this is the first time the tenant has gone into arrears a 1st stage letter (STA1) should be sent. This informs a tenant of his/her current situation and requests payment of the outstanding money within 5 days.</p> <p>The correct 1st stage letter (STA1) should be amended according to the tenant's method of payment, i.e. no Housing Benefit, partial Housing Benefit or full Housing Benefit but the CHA should first check with Finance to confirm the correct rent account status in case of any delays in internal rent processing.</p>	
<p>Where contact is made with the tenant:</p> <ul style="list-style-type: none"> • Find out the reasons for non-payment, • Negotiate a reasonable arrangement for clearing the debt based on the tenant's ability to pay. Emphasise that the tenant must contact us if there is a change in their 	Community Housing Advisor

<p>circumstances,</p> <ul style="list-style-type: none"> • Explain to the tenant the consequences of not keeping to the agreement, • If the tenant clears the arrears or keeps to an agreement no further action is required. 	
<p>If a tenant makes an agreement, a pre-NOSP agreement letter (RAA) should be sent which confirms the amount of the agreement, the start date of the agreement and what will happen if the agreement is not maintained.</p> <p>If an agreement is being maintained the account must be closely monitored.</p>	
<p>If the agreement is not maintained, the case should be escalated to Stage 2</p>	
<p>If the tenant does not respond to the STA1 letter within 5 working days, every reasonable effort should be made to contact the tenant in order to:</p> <ul style="list-style-type: none"> • remind them of their obligation to pay their rent regularly and on time; • to identify any problems the tenant might be experiencing in meeting his or her payment obligations and to give appropriate advice and assistance. • to agree satisfactory payment arrangements (e.g. methods of payment, payment date). <p>Personal contact may be established in one of the following ways:</p> <p>By telephone</p> <p>In telephoning tenants, officers will need to take account of the accessibility or special needs of the individual tenant – checking Omniledger messages/notes as necessary. Where a tenant is not at home during the daytime and does not have a telephone answer machine or a mobile telephone number, officers may wish to consider making evening telephone calls. Care needs to be taken to ensure that the telephone calls are not intrusive. For this reason it is recommended that out of hours telephone calls are made no later than 6.30 p.m. unless by prior arrangement with the tenant.</p> <p>When leaving messages on answer machines or text pads, please remember that someone other than the tenant might pick up these messages. When leaving a message in relation to rent arrears or other sensitive matters, the suggested form of words is “This is (name) from Co-op Homes. Can you please call me on any weekday this week between 9.00 a.m. and 5.00 p.m.? My number is xxxxxx Thank you”.</p> <p>By office interview</p> <p>Please ensure that the facilities used to speak with tenants about rent arrears are suitably private and secure.</p>	

By home visit

In undertaking home visits, staff should have regard to Co-op Homes' policy on lone working. When visiting a tenant who is known to be receiving support, it is advisable to make contact with that agency to assess whether a joint visit should be undertaken. Officers should also have regard to any personal safety issues when planning to undertake home visits, whether they should be accompanied by another officer, or whether the visit should be undertaken at all.

All actions taken to contact a tenant, successful or otherwise, should be recorded on the One Stop Arrears module.

Expiry

The stage one and two letters will be reissued if no further action has been taken for one full calendar year.

Stage 2

Where a tenant

- a) continues to be in arrears after two weeks from expiry of Stage 1, or
- b) has not responded to STA1 letter within the time specified, or
- c) has breached any agreement made under Stage 1

A 2nd stage letter should be sent (STA2).

The purpose of a second stage letter is to:

- Warn that if a satisfactory agreement is not reached to clear the debt a notice of our intention to seek possession of the property will be served;
- Warn that in the event of legal proceedings court costs would be incurred.

Where contact is made with the tenant:

- Find out the reasons for non-payment,
- Negotiate a reasonable arrangement for clearing the debt based on the tenant's ability to pay. Emphasise that the tenant must contact us if there is a change in their circumstances,

- Explain to the tenant the consequences of not keeping to the agreement,
- If the tenant clears the arrears or keeps to an agreement no further action is required.
- Update agreement arrangements on Omni.

If a tenant makes an agreement, a pre-NOSP agreement letter (**RAA**) should be sent which confirms the amount of the agreement, the start date of the agreement and what will happen if the agreement is not maintained.

If an agreement is being maintained the account must be closely monitored. If the agreement is not maintained, Stage 3 should be activated.

Stage 3- Notice of Seeking Possession (NOSP) / Notice Requiring Possession (NRP)

If the debt is not cleared in full or an agreement is not made or maintained legal action will be started by serving a Notice of Seeking Possession (NOSP).

- If the main objective is to recover the arrears rather than gain possession of the property, the Notice of Seeking Possession* should be served on grounds 10 and 11. Grounds 11 should only be included where the tenant is a persistent debtor.
- If the main objective is to regain possession of the property, the Notice of Seeking Possession* should be served on grounds 8. The history of a tenancy must be taken into account if possession is to be sought on grounds 8 and the tenancy agreement should be checked as it may not permit the company to serve a Notice on grounds 8. The tenant should also have arrears of at least eight weeks or two month's rent at the date of service (and at the date of the hearing).
- A Notice of Seeking Possession should **not** be served if a tenant has provided the local authority with all the evidence required to process a Housing Benefit claim, there is a reasonable expectation of eligibility for Housing Benefit and the tenant has paid other sums not covered by Housing Benefit.

* Court referrals should be agreed with the Head of Operations.

The purpose of a NOSP accompanying letter is to:

- Make an appointment for the tenant to attend the office to make arrangements to clear the debt,
- Let the tenant know that we will refer the matter to Court without further warning if the debt not resolved,
- Remind them that if they leave the property we will still pursue the debt as a former tenant arrear,
- Inform them that court action may affect their ability to obtain credit in the future.

The NOSP should be served by first class post or delivered by hand.

A certificate of service should always be completed. This indicates how the NOSP was served and is essential evidence in possession proceedings.

The tenant is given three options to take within 14 or 28 days at stage 3 (depending on the Grounds of the NOSP) to avoid court action:

1. Pay in full,
2. Leave the property by returning the keys,
3. Make a realistic agreement to clear the debt in the fastest possible time.

If the tenant does not attend their NOSP appointment or make contact, a missed NOSP appointment letter should be sent out. (**Missed NOSP**)

If the tenant contacts and makes an agreement, a NOSP agreement letter (**NOSP AGREE**) should be sent out which confirms the amount of the agreement, the start date of the agreement and what will happen if the agreement is not maintained.

If an agreement is being maintained the account must be closely monitored. If the agreement is not maintained, a breach of NOSP agreement letter should be sent which specifies the date for the agreement to be brought up to date. The tenant has two opportunity to bring their agreement up to date within seven working days of the date of the letter. (BNOSP 1) (BNOSP2).

A BNOSP 2 will be issued to any tenant who has failed to keep to the agreed payment plan and has already been issued with a BNOSP 1. The BNOSP 2 can be issued up until the expiry of the NOSP upon which point a new NOSP would need to severed.

The agreed payment plan can be made verbally or in writing but the CHA must ensure a written agreement is made for the records.

Stage 4 – Court Referral

Following the expiry of the notice period at Stage 3, an application for a possession hearing should be made if:

- There is no contact from a customer following attempts to contact by phone, letter and a home visit, or
- The customer has failed to make and maintain a repayment agreement, or
- The tenant has not cleared the arrears (if no agreement is in place).

The Community Housing Advisor should check the history before advising the customer that

the case will be referred to court. Any court action should also take into account the requirements of the pre-action protocol for possession claims based on rent arrears which states that possession proceedings should not be started if the tenant has:

- Provided the local authority with all the evidence required to process a Housing Benefit claim and there is a reasonable expectation of eligibility for Housing Benefit and the tenant has paid other sums not covered by Housing Benefit.
- Advice should be sought from the Head of Operations where necessary

Application for Court Action should be done through **PCOL** (www.possessionclaim.gov.uk/pcol) where possible, as it reduces cost to the organisation and the tenant.

The following documents should be prepared and submitted online via PCOL as part of the Court application.

- N5 Signed by the Community Housing Advisor
- Form N119 Signed by the Community Housing Advisor
- Certificate of service of NOSP
- Tenancy Agreement (or copy of front page)
- Most recent up to date statement of account, covering at least the past 6 months from when it was last in credit or a at a nil balance.

Notify the tenant of the referral in writing (**CT REF**) and make an appointment to see them to discuss the proceedings. If the appointment is not kept every effort is to be made to contact the tenant. This includes a home visit.

If there is no response to the court referral letter, a missed court referral appointment letter should be sent. (**MCT REF**)

Following a court referral if an agreement is reached, it must be made clear to the tenant that Co-op Homes still intends to pursue Court action.

When the Court date is received, notify the tenant in writing. The tenant will also receive notification direct from the Court. (**CT DATE**)

If the arrears are cleared prior to the Court date, proceedings should continue for the purpose of requesting court costs.

Stage 5 – Court Attendance

By the date of the Court hearing, the following action must have been taken:

- Every effort made to contact the tenant,
- Tenant should be encouraged to attend the hearing,
- Decision made on the type of Order to be sought.

(You can obtain an Outright Possession Order, a Postponed Possession Order, an order for costs only, the case can be adjourned for a period or it can be adjourned on terms)

- The tenant should be advised on the type of Order and the costs being sought,
- Contact made with the local authority's Revenues and Benefits Team to check the status of any Housing Benefit claims.

Action to be taken following the hearing:

- The tenant should be provided with written confirmation of the outcome of the hearing.
- The Managing Officer should ensure that OmniLedger should be updated with the Court outcome through the One Stop Arrears Module.

Stage 6 – Breach of Court Order

If a court agreement is not maintained, the tenant has one opportunity to bring their payments up to date within five working days. A breach of court order (BCO) or adjourned on terms agreement letter should be sent (depending on the court order awarded) which specifies the date for the agreement to be brought up to date.

No later than 10 days prior to the possession hearing, the tenant should be sent a letter with an up to date rent statement confirming the order we intend to apply for, disclosure of what knowledge we have of the tenant's Housing Benefit claim (where applicable) and a reminder of the court hearing date and time.

Stage 7 – Eviction Application

If the terms of a possession order are not rectified or if an outright possession order was awarded, the case should be referred for eviction. An eviction referral report should be compiled and referred to the Head of Operations for authorisation of the eviction referral. The report should detail the contact history with the tenant, the family composition and any known medical or welfare issues.

Where permission to apply for an eviction from the Court is required, form N244 should be submitted together with a witness statement, covering letter and court fee. The application should be signed by the Head of Operations. A notification letter should also be sent to the tenant.

Once permission to issue an eviction warrant has been granted the following should be completed:

- Application for Warrant (N325) or an Application to Reissue the Warrant (N445) should be sent to the County Court with the relevant fee and covering letter.
- Notification letter sent to tenant. This should state the tenant can submit an application

to suspend the warrant if they are unable to clear the outstanding arrears in full (for grounds 10/11 cases only). Eviction on Ground 8 letter should be used for ground 8 cases.

- Notification should be sent to the relevant local authority's Housing Needs and Social Services Offices with details of the family composition.
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Stage 8 – Eviction

When notification of the eviction date is received:

- Confirmation should be sent by fax and post to the County Court of our attendance. A Risk Assessment form should be completed where required.
- Confirmation letter should be sent to the tenant. This should include the date, time and a request to clear the property and return the keys prior to the eviction date. It should also advise the tenant they can submit an application to suspend the warrant if they are unable to clear the outstanding arrears in full (for grounds 10/11 cases only) **Appendix -** should be used for ground 8 cases.
- Confirmation should be sent to the relevant local authority's Housing Needs and Social Services Offices with details of the family composition.
- Arrangements should be made for a contractor to attend the eviction to force entry and change locks and to clear the property of any belongings or rubbish.
- Storage should be arranged for any possessions that are left in the property. The community housing advisor should attend with a camera, complete an inventory and take photographs of any items removed from the property and/or any damage to the property.
- Co-op Homes Officers should attend the eviction, with contractor and Bailiff
- Police attendance should be arranged if necessary.

If the tenant applies to the County Court to suspend the warrant, an officer should attend the hearing with details relating to the breach of the original order. Co-op Homes can also appeal against any suspension the County Court makes; this is particularly relevant in cases where previous suspensions have been granted by the Court.

If the tenant's application is successful, the contractor's appointment to attend the eviction should be cancelled.

An outcome of court letter should be sent to the tenant.