

Leasehold & Shared Ownership Arrears Collection Policy

Version	1
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1. Scope

1.1 This policy outlines Hexagon Housing Associations approach to the collection of rent and/or service charges which are included within rental charges and sub-unit arrears.

1.2 The principles of the Leasehold & Shared Ownership collections policy applies to both tenure types, including Horniman Housing properties

2. Aims and Objectives

2.1 When marketing new leasehold /shared ownership properties, applicants will be credit referenced and given independent financial advice. Ability to pay will be a key factor in permitting a sale to proceed.

2.2 The efficient collection of rent and/or service charges enables us to invest in the maintenance of our homes. We offer Direct Debit facility as the main option to make payments towards Leasehold & Shared Owners accounts but other payment options can be made available.

2.3 We will work with Leaseholders & Shared Owners to address outstanding arrears and ensure that any difficulties faced, are resolved without court proceedings wherever possible. Our approach will remain focused on preventative action and early intervention to prevent the initial accrual of arrears.

3. Policy

3.1 We will require our solicitors to get a Direct Debit form completed and signed by the purchaser when Contracts are exchanged. At completion we will expect the Completion Statement to include payment of rent and service charge for the first partial month so that there is enough time available for the Direct Debit to be set up.

3.2 We will provide Leaseholders & Shared Owners with access to rent statements on request and debt advice in relation to their rent and/or service charge account.

3.3 We may use analytical and predictive techniques on the data to implement a variety of collection strategies (RentSense).

3.5 Consideration will be given to the needs of an individual when we communicate with them. We will use a variety of contact methods to communicate with a Leaseholder or Shared Owner; these include letters, emails, telephone calls and home and/or office visits.

3.6 We will provide welfare benefits and financial advice to Leaseholders & Shared Owners to help manage money and ensure they are claiming their correct entitlements should these situations arise. We may also refer Leaseholders or Shared Owners with unmet support needs to external provisions for additional support if required.

3.7 We will try to work with the Leaseholder or Shared Owner 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. We may also pursue other options, including applying for an Alternative Payment Arrangement and/or Managed Payment, where we believe the Leaseholder or Shared Owner's arrears are the result of vulnerability-related issues.

Rent & Service Charge Collection & Repayment Plans

3.8 We will aim to contact a Leaseholder or Shared Owner by phone, in the first instance, if they accrue at least one month of rent and/or service charge arrears. If we fail to establish contact by phone we will follow-up by another appropriate method of communication. This will include and/or:- Email, SMS Messaging and Letter.

3.9 We may agree a repayment plan with a Leaseholder or Shared Owner who is unable to repay their rent and/or service charge arrears in full, providing that they are willing to engage with us and our services around their financial circumstances. Our advice and engagement with individual Leaseholder & Shared Owner will also be dependent on their level of engagement with us.

3.10 We may decide to serve a Leaseholder or Shared Owner with the appropriate statutory notice before seeking possession, if they fail to sufficiently address their rent and/or service charge arrears by making a suitable repayment plan/arrangement.

3.11 We will attempt to contact a Leaseholder or Shared Owner in writing and/or telephone call(s) once a notice has been served. This is to address their rent and/or service charge arrears without having the need to make a formal court application.

Applying to Court

3.12 Shared owners are treated as Assured tenants when taking legal action for rent and service charge arrears. This action will start with the service of a Notice of Seeking Possession. We will use Grounds 8, 10 and 11 (Housing Act 1988 as amended by Housing Act 1996) for arrears of rent with Ground 12 for service charge arrears and other breaches of the lease. We will use these same grounds when making an application to the county court. We will use our discretion on which ground(s) to seek the Possession Order

3.13 The remedies for arrears of service charge only, against leaseholders, are:-

Money Claims in the county court (which may lead to an attachment of Earnings order, Charging Order or 3rd party debt order – formerly known as Garnishee Order), or;

Forfeiture of the lease. We will use the Money Claim procedure for arrears of service charge. We will seek the approval of the Director of Operations before applying for Forfeiture of the lease, which will only be a last resort.

3.14 We will write to a Leaseholder or Shared Owner to provide them with details of an impending court hearing relating to possession proceedings against them.

3.16 Possession proceedings for rent and/or service charge arrears will not be started against a Leaseholder or Shared Owner who can demonstrate that they have:

- a) provided the local authority/Department for Work and Pensions with all the evidence required to process a Housing Benefit claim/Universal Credit claim; or
- b) paid other sums due not covered by Housing Benefit/Universal Credit.

3.18 If contact is made prior to the court hearing and the Leaseholder or Shared Owner makes a reasonable arrangement to pay by instalments and starts making payments as agreed, we may agree to adjourn court proceedings (either generally or for a fixed period) so long as the Leaseholder or Shared Owner keeps to such agreement.

3.19 We may apply for an adjourned hearing to be restored if a Leaseholder or Shared Owner fails to address their rent and/or service charge arrears and keep the arrangement/payment plan agreed.

3.20 If full payment of the arrears is made by the Leaseholder or Shared Owner, we may write to the Court asking for the proceedings to be dismissed with an order for costs incurred for having to make said application.

3.21 We will request the appropriate order at court depending on the circumstances of the case. Where appropriate, we will apply for, the following at court in relation to outstanding rent and service charge arrears and court costs: a money judgement and an appropriate order (Either an Outright Possession Order (OPO) or Suspended Possession Order (SPO)).

3.22 We will write to a Leaseholder or Shared Owner to notify them of the outcome of a court hearing relating to possession proceedings.

Possession

3.23 We may apply for a warrant of possession if a Leaseholder fails to rectify a breach of the terms of their court order (SPO) and/or agreement. Requests for a Warrant for eviction are authorised by the Housing Services Director.

3.24 We may execute a warrant of possession, unless a Leaseholder or Shared Owner repays all of their arrears in full or keeping to the arrangement/payment plan set at court hearing. Again, requests for a warrant of eviction are authorised by the Housing Services Director.