

1. This policy sets out our approach to maximising the collection of Guinness's rental income and other charges so that we may continue to invest in our homes and services. Our aim is to empower our tenants to take responsibility for paying the rent and other charges owed to us, and to avoid getting into debt. We will take a fair and consistent approach to debt recovery. This will involve balancing action to help tenants avoid getting behind with payments in the first place, with support where they do and legal recovery action where this becomes necessary.
2. The term "tenant" is used in this policy to describe all those who rent, lease, or have a licence agreement with us. Where specificity is required, the terms "social tenant", "licensee", "leaseholder" and "commercial tenant" are used. Licenses or leases may be used between Guinness and a person (or an organisation) in respect of residential or non-residential properties. The term "commercial tenant" is used to describe all non-residential licensees and leaseholders.
3. The policy applies to all tenancies managed by the Guinness Partnership Ltd, Guinness Housing Association Ltd, Guinness Homes Ltd and Guinness Care & Support Ltd ("Guinness") except for residential properties let at a market rent.

The Guinness Policy

4. Our policy is that we will:
 - comply with legal, regulatory, and contractual requirements in order to prevent arrears from occurring and recover them where they do;
 - help our tenants avoid falling into arrears by liaising closely with them from the start of their tenancy and throughout their time as a tenant with us;
 - engage with our tenants in arrears when they do not meet their contractual obligations in order to prevent further debts accruing, unnecessary evictions and repossessions;
 - tailor our approach to take account of individual financial and personal circumstances, and business or charity status, where applicable;
 - take legal action when necessary using a range of tools available including, but not limited to, money judgement orders, possession action and forfeiture. We will seek eviction and forfeiture as a last resort;
 - continue to pursue monies owed after agreements are ended where it is appropriate to do so; and
 - review accounts in significant credit on a regular basis to support our Anti-money laundering policy and to prevent tenants paying more than they should.

Background

5. This policy supports the delivery of our strategic objective to meet our legal and regulatory requirements and make sure we are financially strong. Additionally, it supports the delivery of our objectives to go further for customers who need more support.
6. Guinness tenants are required to pay rent, service charges or other occupancy related charges when property is rented, leased, or licensed from us. This responsibility is stated in the respective tenancy agreement, lease or licence. In managing social rent arrears, Guinness has a responsibility to develop and provide services that will support tenants to maintain their tenancy and prevent unnecessary evictions. This responsibility is set out in The Regulator of Social Housing's Tenancy Standard. Guinness's approach is to focus on arrears prevention and tenancy sustainment strategies which are flexible enough to respond to individual circumstances.
7. Recovery action is taken when these strategies fail. In doing so, Guinness follows the Pre-Action Protocol for Possession Claims by Social Landlords. This prescribes the specific procedures we should follow before issuing possession claims. Eviction is considered as a last resort, as it has a high

economic and social cost on the tenant and Guinness. Therefore, we work with our tenants at every stage of recovery action to try and prevent eviction from occurring.

8. Where consent is provided, Guinness provides data about existing tenants' rent payment record to "Rental Exchange". This enables us to use the data generated about our tenants to help inform our arrears management decisions. It also helps improve tenants' digital footprint which may enable them to access more services and credit. Tenants can refuse consent to having their data shared in this way and where consent is given, they may opt out at any time. This data may be used at any point where use of data is referenced in this policy. Definitions used in this policy are set out in Annex 1.

Further detail

A. Helping tenants avoid falling into arrears

All tenants

9. We will promote a rent and service charge payment culture from the start of the tenancy, licence or lease agreement. This means that we want our tenants to be clear that they are responsible for paying their rent and service charge. This includes any requirement to pay in advance, as set out in their agreement. Tenants are responsible for paying their rent on time. Where they are unable to do so, tenants are responsible for letting us know, so that we can agree affordable extra payments from them until they are paying in advance as required.
10. We will encourage new tenants to set up direct debit payments. This is our preferred payment method in order to prevent tenants from falling into arrears, and to help tenants manage their own finances. An easily accessible alternative payment method will be agreed where direct debit cannot be arranged.
11. We will contact new commercial tenants within one month of the start of their tenancy and check that rent payment arrangements are satisfactory. For all other tenants, we will do so within two weeks of the start of their tenancy.
12. We will contact tenants when a payment is missed, even if the account is in credit, to check whether there has been a change in their situation that we need to support them with.
13. We will continuously seek new ways to help our tenants avoid falling into arrears, as we recognise the distress this creates and the harm it may cause to people's health and wellbeing.

Social tenants and residential licensees only

14. We will undertake an affordability assessment for all new applicants for housing before we offer them a property, so that we are satisfied they can afford the rent due and they would not be putting themselves into a situation where they find it difficult to manage. To help, we will review benefit entitlement for tenants who are in receipt of benefits or those who are on a low income to ensure they are receiving all the benefits they are entitled to.
15. The affordability assessment will enable us to identify people with the highest risk of tenancy failure. We don't want this to happen, so we will use this information to support those tenants to manage their rent payments and avoid falling into arrears.
16. We will use other methods and data, to help us identify existing tenants that may be vulnerable to falling behind with their payments. We will contact these tenants and provide appropriate help, advice, and guidance to support them in keeping their payments on track. If the tenant has difficulty in managing their income, we will advise them how they can get help with this.
17. We will help tenants currently receiving benefits to avoid falling into arrears. We will do this by making an agreement with them to pay an affordable amount each week in addition to their rent. This amount will then cover the shortfall prior to receiving their Universal Credit payment.

18. If a tenant's circumstances change, we will help them to access the benefits they are entitled to receive.
19. Tenants will be able to closely monitor their rent account by accessing their information through the customer portal on the Guinness website, or by requesting statements on demand. This will support tenants to manage their finances.

Commercial tenants only

20. Financial due diligence checks will be undertaken to assess covenant strength before we offer a property for lease. This will ensure that the prospective tenant can meet the financial commitment.
21. Where it is appropriate to do so, we will obtain rent deposits or guarantors or other additional covenants to safeguard payment of rent.

B. Helping tenants in arrears to sustain their tenancy

All tenants

22. We will encourage tenants to talk to us as soon as possible if they are unable to pay their rent, service charge or other charges for whatever reason. We are here to help and will take individual situations into account when agreeing how best to manage their current circumstances. We will then agree how and when tenants should make payments to bring their account up to date.
23. We will use data, tools, or techniques to identify tenants who may be struggling to pay but have not informed us, so that we can offer our assistance. We will do this by understanding their individual circumstances so that we can develop a solution which works for them. This might involve one or a combination of actions such as working closely with them to ensure they are receiving all the benefits they are entitled to, giving budgeting advice, providing extra support in applying for benefits, or agreeing affordable payments. Using data this way helps us reduce the number of tenants having to face court possession action, arrears related evictions and forfeiture.
24. We will provide support tailored to individual personal or commercial circumstances where there is a change that affects their ability to pay. This includes when social tenants transition to Universal Credit or apply for the first time, as well as exceptional circumstances affecting commercial tenants.
25. We will check tenant's entitlement to benefits and advise or help them to apply so they may claim all the benefits they are entitled to. We may also help to resolve any housing related benefit problems.
26. Most people do not like being in debt and so we will agree repayments that help tenants to repay their arrears as soon as it is reasonably possible. We will focus our contact on tenants who need our help most.

Social tenants and licensees only

27. We will use specialist advisors to provide advice if tenants tell us they have general debt problems. This might include arranging for Universal Credit to be paid directly to Guinness or signposting to external debt management experts.

Housing benefit related overpayments

28. We will challenge all requests for the repayment of housing benefit paid to Guinness in error.

C. Action we will take if tenants do not pay

All tenants

29. We aim to recover rent, service charges (including arrears due to non-payment of major works costs) and other arrears as quickly as is reasonably possible. We will take income and individual circumstances into account to ensure repayments are affordable, and always try to help the tenant to sustain their tenancy.
30. We will monitor accounts closely to ensure repayments are made as agreed. Where they are not, we will get in touch to find out the reason why payments have been missed. Our aim is to ensure that repayments are re-established as soon as possible.
31. If satisfactory repayments are not made, we will assess whether there is good reason for this. We will also check whether there are any other relevant considerations to take into account. We will continue to support tenants where there is evidence of a genuine commitment to work with us to clear the debt.
32. The action we then take if the tenant continues to miss payments will be decided on a case-by-case basis, taking account of the risk of continued non-payment. We will take legal action where the risk of continual non-payment is high. For instance, we will take swifter action against tenants who are able to pay and there is no justifiable reason for not doing so. This may involve seeking a money judgement order.
33. If sufficient repayments are still not being made despite all our efforts to provide support, then as a last resort, we will start court proceedings for possession, forfeiture of lease, or other legal action as applicable. This may include seeking an attachment of earnings order and seeking an order for our costs in taking the case to court. The timing of this action will be based on each individual situation and will vary from case to case. All action taken will be in accordance with relevant legal requirements.
34. When tenants are notified of legal action being taken against them, they will be advised to discuss the matter with us or to seek independent legal advice.

Social tenants only

35. We will use a mandatory ground for possession in certain circumstances. This means that the court must make an order for outright possession if the ground is proved.
36. We will inform the local authority homeless department and other relevant agencies about any forthcoming evictions.

Leaseholders only

37. We will act in accordance with the lease.
38. We will seek a payment to clear the arrears from the leaseholder's mortgage provider before taking forfeiture action.

Commercial tenants only

39. We will act in accordance with the lease and relevant commercial property legislation. Where the lease allows, we may charge interest on the amount owed. We may also take statutory commercial rent arrears recovery action to recover the amount owed. Other legal remedies available to prevent further debt accruing may additionally be considered.

D. Former tenant arrears

Social tenants, licencees, and commercial tenants

40. We will continue to take action to recover monies owed to Guinness by former tenants where it is economical to do so, including those who don't provide a forwarding address. This may include using reputable debt collection agencies. Recovery action will continue until the debt is repaid.

Leaseholders only

41. Leaseholder arrears may be assigned to the new leaseholder if the arrears existed at the point of sale.

E. Credits on accounts

42. We will regularly monitor accounts in credit to prevent tenants from accruing large credits. The credited amounts will be checked to verify that the credit is correct, and not a housing benefit overpayment, or a transaction intended for another account, or any other error. The Guinness Anti-money laundering policy will be applied whenever the size or number of transactions on an account is inconsistent with the tenant's previous payment history. We will repay excessive verified amounts so that the credit remains in line with tenancy, licence or lease requirements.

F. General information

43. All personal information will be treated confidentially in compliance with data protection legislation.
44. We will maintain a close relationship with the courts, Universal Credit/housing benefit departments, social services, and local authority homeless departments.

Period of review

45. Our review programme is driven by service improvement initiatives, changes to legislation, regulation, evolving good practice or feedback from customers and other key stakeholders. Typically, we review policies on a three-yearly cycle.

Key legal and regulatory references

- Law of Property Act 1925
- Landlord and Tenant Act 1954
- Protection from Eviction Act 1977
- Rent Act 1977
- Housing Act 1985
- Housing Act 1988
- Tribunals, Courts and Enforcement Act 2007
- Equality Act 2010
- The Taking Control of Goods Regulations 2013
- Regulator of Social Housing Tenancy Standard 2015
- The Money Laundering, Terrorist Financing & Transfer of Funds (Information on the payer) Regulations 2017
- Data Protection Act 2018
- Sanctions and Anti-money Laundering Act 2018
- Coronavirus Act 2020
- Pre-Action Protocol for Possession Claims by Social Landlords 2020.

Related policies

- Allocations policy
- Anti-money laundering policy
- Disrepair policy
- Diversity and inclusion policy
- Home loss and disturbance payments policy
- Mutual exchange policy
- Reasonable adjustments policy
- Rent policy
- Service charge policy
- Starter tenancy policy.

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Policy author	Marion James, Housing Policy Manager	
Lead director	Scott Morrison, Director of Customer Contact	
Policy owner	Trafford Wilson, Executive Director of Customer Services	
Version history		
Version number	Review trigger	Brief description of the main changes
3.0	Cyclical review	<p>New policy clauses have been added to reflect current practice. The policy includes our responsibility to comply with regulatory obligations to sustain tenancies in order to prevent eviction where possible.</p> <p>The policy now states that we may use mandatory grounds for possession for social tenancies as a tool to deal with arrears. The policy also now includes our approach to dealing with commercial lease arrears.</p>

Annex 1: Definitions

Term	Description
Attachment of earnings order	An attachment of earnings order instructs an employer to divert money directly from wages to pay back a debt. An employer sends the money to the court that made the order, and they then forward the money to a creditor.
Commercial Rent Arrears Recovery	Commercial Rent Arrears Recovery (CRAR) is a statutory procedure which allows landlords of commercial premises to recover rent arrears by taking control of the tenant's goods and selling them. In order to use CRAR, a landlord must provide seven days' notice of enforcement.
Covenant	A covenant is an agreement set out in a legal document such as a lease, deed, or other contract.
Forfeiture of lease	Forfeiture is a legal means to bring a lease to an end in the event of a default by the tenant. In general, a lease can be forfeited by a landlord by a process referred to as 'peaceable re-entry', or alternatively by obtaining an order from the court.
Financial due diligence check	This means to thoroughly check financial information, usually of a company, prior to making a financial decision. The check focuses on verifying the financial information provided and assessing the underlying performance of the business. Earnings, assets, liabilities, cashflow, debt and management are usually considered. At Guinness, it can be applied to a tenant (private or public company), private individual or individuals, surety or guarantor, charity or other corporate organisation.
Licensee	A residential licensee is someone who has a license to occupy a room or home. In some cases, it provides the right to non-exclusive occupation of a property. Occupation is "non-exclusive" because other people also occupy the premises. In other instances, exclusive occupation is granted for the whole property for a limited amount of time. This may occur when we are unable to award a tenancy. Licensees aren't protected by the laws that protect tenants and so they have fewer rights. For commercial premises, the agreement typically does not give a licensee exclusive occupation of the property and is normally for less than six months.
Mandatory ground for possession	A mandatory ground for possession is a ground for possession in the relevant Housing Act whereby, once proven, the court must grant possession.
Money judgement order	A money judgement order may be obtained when Guinness asks the court for a possession order. It is a county court judgement (CCJ) and means the tenant will have to pay Guinness back the money they owe them, even if they've left the property.
Pre-action Protocol for Possession Claims by Social Landlords	The Pre-action Protocol for Possession Claims by Social Landlords is a required practice arising from the 79 th amendment of the Civil Procedure Rules. It outlines specific procedures to be followed before issuing proceedings. The aims of the protocol are to: <ul style="list-style-type: none"> • encourage more pre-action contact and exchange of information between landlord and social tenants; • help landlords and tenants avoid litigation by settling disputes out of court; and • support the efficient management of proceedings where legal proceedings cannot be avoided.