

## Income Management Policy

### 1.0 Policy statement

- 1.1 This policy establishes Stonewater's commitment to an efficient and effective income management service which maximises the income due and collectable from rent, service and other charges so that we may continue to invest in our homes and services.
- 1.2 We aim to empower our customers to take responsibility for paying the rent and/or service charges 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, with support where they do and legal recovery action where this becomes necessary.
- 1.3 The policy applies to all Stonewater properties and covers all current and former customers where they pay or were contracted to pay rent, service or other charges, across all tenures.
- 1.4 The policy extends to all housing related debts, including rent and service charge arrears, as well as legal costs.

### 2.0 Policy scope and objectives

- 2.1 The key objective of this policy is to safeguard the organisation's continued financial viability through the maximisation of income while supporting customers to maintain the obligations of their tenancy agreement.
- 2.2 Stonewater aim to maintain rents and charges at an affordable level and ensure that the collection of income is delivered within a framework of obligations and support. We will maintain an 'adult to adult' relationship with our customers aiming to achieve a balance between supporting customers when they are in difficulty and taking firm but fair action where customers do not engage.
- 2.3 In cases of persistent debt, following appropriate warnings and contact across a range of channels, where customers continue not to engage or make reasonable attempts to reduce the debt Stonewater will take appropriate legal action to repossess the property.
- 2.4 In order to prevent arrears from occurring and recover where they do our income management policy will reflect good practice and meet legal, contractual and regulatory requirements. We will continually monitor good practice and statutory and regulatory requirements.
- 2.5 We aim to help customers from falling into arrears by liaising closely with them from the start of their tenancy/occupancy and throughout their time with us, tailoring our approach to take account of individual financial and personal circumstances where applicable.
- 2.6 We will engage with customers in arrears when they do not meet their contractual obligations to prevent further debt from accruing, unnecessary evictions and repossessions. We will 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 where we are unable to obtain engagement from the customer or agree a workable solution.

- 2.7 Our procedures will take account of the Pre-Action Protocol for Possession Claim for rent arrears.
- 2.8 Stonewater will pursue former customer debt where it is appropriate, reasonable and practical to do so.
- 2.9 We will 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.
- 2.10 Where requested by the customer, Stonewater provides data about existing tenants' rent payment record to "Rental Exchange". This enables us to help improve tenants' digital footprint which may enable them to access more services and credit. Tenants can withdraw consent to having their data shared in this way and opt out at any time.

### **3.0 Policy details**

- 3.1 We promote a rent and service charge payment culture, from the start of the tenancy, licence or lease agreement. This means that we want our customers 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. Customers are responsible for paying their rent/charges on time. Where they are unable to do so, customers are responsible for letting us know, so that we can agree affordable extra payments from them until they are paying in advance as required.
- 3.2 Below is a summary of our policy commitments in relation to debt and income management. We aim to:
  - Set rent and other charges appropriately.
  - Give customers clear and timely information about rent and service charges written in plain language and available in different formats or languages on request.
  - Enable customers to view balances of their rent and charges online with an option to receive paper copies of their statements at least annually.
  - Make a wide range of easily accessible payment methods available to customers and publicise these through a variety of means.
  - Encourage the use of direct debits as our preferred payment method and promote the use of online payments to new and existing customers.
  - Encourage a positive payment culture amongst all customers, helping tenants currently receiving benefits to avoid falling into arrears 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 or Housing Benefit payment.

- Deliver efficient and effective rent collection processes; through the use of automated contact delivered through Voicescape and Caseload Manager allowing us to alert customers when a payment is missed to check whether there has been a change in their situation that we need to support them.
- Identify, control and recover debt promptly.
- Offer early and appropriate support and guidance to customers as to how they can reduce rent debt, maximise their income and assist them in sustaining their tenancy.
- Provide referrals to Longleigh, and other external charitable partners within our Money Matters programme to assist in customer financial wellbeing.
- Colleagues will be trained to deal effectively with rent debt, including prevention, intervention, legal action and civil proceedings. 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.
- Ensure 'good housekeeping' in the repayment of customer credits (ensuring appropriate liaison with local authorities/Department of Work and Pensions and that an appropriate credit remains on the account before any refund).
- If a customer's circumstances change, we will help them to access the benefits they are entitled to receive.

### 3.3 Specifically for new rented customers at the point of the tenancy being signed 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.
- Recognise where previous tenancy debt may have resulted from domestic abuse or from fleeing abuse, in this case, we will ensure engagement with statutory, and support agencies is taken into account and that the debt is being or going to be addressed in a sustainable way.
- Collect a minimum of one week's rent regardless of housing benefit eligibility (with appropriate flexibility based on customer circumstance). Where the tenancy is a monthly tenancy 1 month's rent should be paid in advance.
- Identify those customers at higher risk of tenancy failure and provide an enhanced onboarding and support service, we will review benefit entitlement for these customers if they 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.

- Ensure that any agreed payment frequency provides for payment in advance and allowing the customer to pay at a frequency which suits their income and budgeting requirements.
- Promote Direct Debit as the quickest, easiest and 'preferred' method of payment, providing information regarding alternative methods of rent payment also available.
- Reinforce the terms of tenancy and the importance of regular rent payments being made.
- Signpost to appropriate support who can assist with the prompt completion and submission of a housing benefit or Universal Credit application.
- Where the customer is in receipt of Universal Credit and meets the relevant criteria, apply for Alternative Payment Arrangements (APA). Where an APA is in place we will allow the customer to pay in arrears.
- Provide details concerning benefits advice, and money management agencies.
- Where the customer is identified as at financial risk make appropriate referrals to financial support partners to assist in debt management.
- Where the customer is in clear crisis or hardship either currently or that may be brought about by the additional costs involved in the initial stages of tenancy and moving home, support in applying for a financial grant.

#### 3.4 For Shared Ownership customers only, we will:

- Undertake an affordability assessment for all new applicants, in partnership with Stonewater's IFA partner, The Mortgage People, in line with Homes England recommended methodology. We will look to ensure customers are able to meet the minimum surplus required and that they are informed of the full costs of home ownership before putting themselves into a situation where they find it difficult to manage.

#### 3.5 For commercial tenants only we will:

- Undertake financial due diligence checks to assess covenant strength before we offer a property for lease. This will ensure that the prospective tenant can meet the financial commitment.
- Obtain rent deposits or guarantors or other additional covenants to safeguard payment of rent, where it is appropriate to do so.

#### 3.6 **Non-payment of rent and other charges**

##### 3.6.1 Where a customer fails to make regular or adequate payments for the charges due, we will:

- Promote a culture which encourages customers to talk to us as soon as possible if they are unable to pay their rent, service charge or other charges for whatever reason.

- Have in place automated procedures which ensure that early contact is made where we can take individual situations into account, agreeing with the customer how best to manage their current circumstances including how and when they should make payments to clear the outstanding debt.
- Check customer'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.
- Provide signposting information to debt and other advice agencies, encouraging customers to use these services.
- 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 customer to sustain their tenancy/occupation.
- Have in place debt recovery procedures which include regular contact with the customer, monitoring 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.
- Take appropriate legal action where a customer continues not to engage or make reasonable attempts to reduce the debt, ensuring this is in accordance with the court Pre-Action Protocol where applicable. 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.
- Request outright possession in cases where there is no engagement from the customer despite numerous contacts across multiple channels and/or Stonewater is unable to engage with the customer to agree a suitable repayment arrangement
- Notify customers of legal action being taken against them, giving them advice to discuss the matter with us or to seek independent legal advice
- Where a mandatory ground exists, Stonewater may rely on this in cases of non-payment of rent where there is no engagement from the customer despite numerous contacts across multiple channels and/or Stonewater is unable to engage with the customer to agree a suitable repayment arrangement
- Record all relevant interactions and support, to ensure that appropriate and proportionate legal remedies can be accessed.
- Inform the local authority homeless department and other relevant agencies about any forthcoming evictions.

### **3.6.2 Shared Ownership**

- Act in accordance with the terms set out in the lease.
- Engage with mortgage lenders where appropriate to notify them of non-payment of rent in compliance with the shared ownership model lease mortgage protection clause, prior to taking forfeiture action.
- We will consider downward staircasing equity purchase in extreme cases where all other recovery options have been exhausted.

### **3.6.3 Leaseholders and freeholders**

- Act in accordance with the terms set out in any lease or legal agreement.
- Seek a payment to clear the arrears from a leaseholder's mortgage provider before taking forfeiture action.
- Where homes are not in charge, we will follow the small claims court route for the recovery of unpaid estate and service charges where the customer continues not to engage or make reasonable attempts to reduce the debt.

### **3.6.4 Garages**

- Repossess a garage (giving 2 weeks' notice) where a customer owes over 4 weeks rent and fails to maintain an appropriate repayment arrangement.
- If already a customer with Stonewater owing more than 4 weeks rent arrears on their home, we may refuse to let a garage.
- Where a customer rents a garage from Stonewater as well as a home, we may seek to repossess the garage where a customer owes over 4 weeks' rent arrears and fails to maintain an appropriate repayment arrangement on their home.

### **3.6.5 Commercial customers**

- 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.

## **3.7 Former customer debt**

### **3.7.1 In cases of former customer debt Stonewater will:**

- Where a customer moves within Stonewater, we will seek a repayment plan ahead of granting a new tenancy for any debt held, this will be monitored through their rent account alongside their current charges and will be a conditional term within their tenancy agreement.
- Ensure that the pursuit of former debt is balanced with individual customer circumstance.

- Have processes in place to ensure that contact is made before a tenancy ends to clear any outstanding balance or make a payment arrangement.
- Have effective procedures and processes in place for debt write off where the debt is uneconomic or inappropriate to pursue. The level of debt which Stonewater considers to be uneconomically viable to pursue will be set within these procedures.
- Ensure a mechanism for proposed schedules of write offs to be authorised (in accordance with Standing Orders) and written off by the Finance Team on at least a quarterly basis.
- Employ a reputable debt collection agency where Stonewater is unable to recover the debt, and it is appropriate to do so.
- Enable discretion of those recovering former debts to apply a discount of up to 25% of the total balance for clearing the debt in full.
- Monitor the performance and customer service and focus of any debt collection agency utilised on a minimum quarterly basis.
- Stonewater will consider legal enforcement of former customer debt and will treat each case on its individual circumstances. Any Collection agency utilised will not be authorised to carry out legal enforcement without Stonewater's explicit authorisation.
- Where a debt is written off, Stonewater may at a later time still seek recovery of this debt. For example, where a former customer is untraceable, if contact is later made, Stonewater may seek repayment of the debt or a payment arrangement.
- In accordance with the Access to Housing Policy Stonewater will not let a home to a former customer where there is a former debt on the account unless the debt is cleared, or a suitable payment arrangement is in place and being adhered to.
- **Leaseholder only:** arrears may be assigned to the new leaseholder if the arrears existed at the point of sale

### 3.8 Arrears on debt relief orders

- 3.8.1 Where residents have been declared bankrupt or have obtained a Debt Relief Order (DRO), they may have included rent arrears within their list of debts. If so, Stonewater are bound by the Insolvency Act 1986 and notably Section 285(3) and Section 251G.
- 3.8.2 Stonewater will refer all customers enquiring about bankruptcy or debt relief orders to StepChange debt charity to ensure they understand the impact of insolvency actions.
- 3.8.3 Stonewater will not write off debt contained within an order unless legally obliged to do so, seeking legal advice as required.

3.8.4 Where Stonewater has been informed, in writing, that a current or former customer has a DRO approved, Stonewater is unable to seek to recover the listed debts nor ask customers to pay listed debts back during the DRO period (usually 12 months). Stonewater will therefore withdraw the debt from the customer account, setting this aside in a sub account until the DRO expires. Customers can still make payments towards the debt covered by the DRO during the period.

3.8.5 Stonewater will continue collecting unlisted arrears from the tenant if there are any arrears accumulated since, by following normal arrears management procedure, including possession proceedings on the ground of rent arrears where appropriate. Stonewater will ensure that the customer is fully aware of the need to make ongoing rent payments and the consequences of non-payment.

#### **4.0 Key outcomes**

4.1 The service aims to ensure that Stonewater maximises the available income and minimises the rent and other charges debt owed by customers and former customers.

#### **5.0 Equality, diversity and inclusion**

5.1 We will apply our income management policy consistently and fairly and will not discriminate against any person on grounds of their race, colour, ethnic or national origins, religion, sexual orientation, disability, gender, age or any other matter that may cause a person to be treated with injustice.

5.2 The needs of vulnerable residents where this affects their ability to make payments will be considered in accordance with the Pre-Action Protocol for possession based on rent arrears and the Equality Act 2010.

#### **6.0 Related policies**

6.1 The following policies should be read in conjunction with this policy:

- Vulnerable Persons Policy
- Rent Setting & Review Policy
- Service Charge Setting & Review Policy
- Domestic Abuse Policy

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