

Arrears Management Policy

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Policy Author	Policy Business Partner
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Please avoid referring to printed versions of this policy or saving it on shared/ individual drives. All policies and supporting resources can be found under 'Policy and Procedures' on the intranet. Printed and saved versions may quickly go out of date- contact policy@homegroup.org.uk for support and advice

Contents

1. Introduction
2. Scope
3. Regulation and Legislation
4. Our Policy
4.1 Methods of payments
4.2 Communication and accessibility
4.3 Financial inclusion and preventing arrears
4.4 Taking action to recover rent arrears and other debt
4.4.1 Affordable repayment plans
4.4.2 Legal action
4.4.3 Other action
4.5 Former customer arrears
4.6 Homeownership arrears
4.7 Credit balances
5. Roles and responsibilities
6. Monitoring and reporting
Key definitions
Version History

1. Introduction

Our mission is for our customers to live in strong, healthy and sustainable communities and our Arrears Management policy is key to meeting our business objectives and delivering on our strategy to promote the independence and aspirations of our customers.

We strive to provide an exceptional service to our customers through offering a personalised experience which recognises the individual support needs of all our customers. We have a fair and consistent approach to arrears management across Home Group.

We offer and provide advice and support to our customers throughout their journey with us. We understand the value of having a secure home and the impact that this can have on a person's health and wellbeing. We are committed to ensuring that our customers can sustain their tenancies with us and offer services and support which aim to help our customers to manage their finances, maximise their incomes and of course enable them to remain in their homes.

We are continually investing in technology and make best use of our digital services where it is appropriate to do so and will enhance our customer experience.

Our customer promise is a set of commitments we are held accountable for, and this policy helps support key elements of it. Our customer promise is to:

- Provide a safe place to live
- Deliver a reliable repairs service
- Care about you
- Help communities grow
- Tell you where your money goes
- Work together with customers and partners

This policy also relates to our corporate strategy and operational development plan and sets the standards of practice in relation to the prevention and management of customer debt.

2. Scope

This policy sets out Home Group's approach to Arrears Management including the prevention and management of rent arrears and other charges relating to Home Group properties.

This policy is group wide and applies to operations (rented and supported including regulated care services). It also applies to home ownership including leasehold, freehold and shared owners, Live Smart, customers renting garages and Mid-market rent in Scotland and England.

The policy recognises that different approaches to arrears management may be required depending on the nature of the debt, the tenure of property and the legislation in relation to different types of debt, tenure types or leases.

This policy covers the recovery of charges including:

- Rent
- Service charges
- Personal charges (including personal fuel and water charges)
- Registered care home charges
- Support and care charges
- Court costs
- Rechargeable repairs charges
- Former arrears
- Garage charges
- Reserve fund charges (leasehold)
- Insurances (leasehold)
- Energy debt

This policy is supported by the associated compliance notes, procedures and processes which provide more detail in relation to the policy standards and our working practices.

This policy should also be used in conjunction with our other relevant policies including our Property Management Policy, Support Practice Policy, Allocations Policy and Tenure Policy.

3. Regulation and Legislation

This policy complies with current legislative and regulatory requirements including, but not limited to:

England

- Regulatory Standards for Social Housing England
- Housing Acts 1980/1985/1986/1988/1996
- Protection from Eviction Act 1977
- Housing and Regeneration Act 2008
- Landlord and Tenant Act 1985
- Rent Arrears Pre-Action Protocol

Scotland

- Housing (Scotland) Act 2001 / 2010 / 2025
- Scottish Social Housing Charter
- Private Housing (Tenancies) (Scotland) Act 2016
- The Scottish Secure Tenancies (Pre-action requirements order) (PAR)

UK

- Equality Act 2010
- Energy Act 2023

4. Our Policy

We take a proactive approach to arrears prevention through engaging with our customers from the beginning of their journey with us and ensuring that we understand the individual needs of our customers so that we can offer advice and support where appropriate to try preventing arrears occurring at the outset.

We will ask and encourage our customers to pay their rent or charges upfront to avoid any arrears accruing. We recognise that prevention of arrears and early intervention is better than enforcement and leads to much more positive outcomes for the customer and Home Group.

Where appropriate we will use an income and expenditure assessment with the customer as an early intervention tool. This enables us to identify where a customer might be in financial difficulty and to put in the appropriate levels of support and guidance to ensure their account does not fall into arrears. We also make use of our digital platforms as an arrears prevention tool which enables us to identify at an early stage where an account is at risk of falling into arrears.

4.1 Methods of payment

We ask and encourage all our customers to pay their rent and/or charges by Direct Debit (and other digital payment methods) wherever possible. We will offer our customers support and advice to transition to digital payment methods. We recognise that some of our customers may have certain vulnerabilities or be in financial situations where making payments by direct debit or other digital means is not always possible. We also understand that for some customers digital payments are not something they feel

comfortable with. We will continue offering a range of alternative payment methods to meet the needs of all our customers whilst providing support and encouragement to move to digital payment methods in the future. We encourage a culture of payment in advance where appropriate to all our customers.

4.2 Communication and accessibility

We are open and transparent and provide a range of options for all our customers to communicate with us. We also offer our information and support in a range of formats suited to the needs of the customer. We are proactive and use a variety of methods to communicate and engage with our customers. We engage with our customers at the very beginning of their tenancy/lease with us and try to ascertain their preferred method of communication. We recognise vulnerabilities and promote equality of opportunity through tailoring our services to meet the specific needs of all our customers.

We aim to build relationships with our customers where they feel comfortable engaging with us in relation to managing their rent and/or charges.

We provide customers the information they need about rents, charges and payment options in a clear and accessible format and provide customers with accurate and easy to understand account statements.

4.3 Financial inclusion and preventing arrears

We engage with our customers from the beginning of their tenancy/lease with us and seek to identify if there are any support needs and/or financial issues that we can address to prevent the customer from building up arrears on their account. We care about the financial well-being of our customers and want to ensure that they have the capability to meet their financial obligations to Home Group and in the long term remain in their homes.

We work with other colleagues across the business to provide a range of support services tailored to the needs of the individual.

Our dedicated financial inclusion team accepts referrals from colleagues across our rented, leasehold and shared ownership services and offers customers support with claiming benefits that they may be entitled to, as well as analysing their income and expenditure to try to maximise their disposable income and offering general advice on energy saving and other cost reduction where appropriate.

In supported housing services, we promote financial inclusion through our LIFE support practice model. This includes offering support for customers to identify and apply for the welfare benefits they are entitled to, as well as supporting people to develop and maintain relevant skills for independent living, such as managing their household budget. The financial inclusion team also offers advice, where appropriate to colleagues in our supported services and works flexibly with the customer to try and improve their short and long-term financial situation

We recognise our own boundaries in terms of offering specific types of advice, and where appropriate we will work with and refer customers to partnership agencies for example where a customer requires specialist debt advice. We also monitor the performance of the agencies we work with to try to achieve the best possible outcome for the customer.

4.4 Taking action to recover rent arrears and other debt

4.4.1 Affordable repayment plans

Where a customer falls into arrears, we will always encourage the customer to clear the debt in full. Where this is not possible, we will work with the customer to develop an affordable payment arrangement. We will always work from a baseline amount, whilst conducting an income and expenditure analysis for each individual customer and negotiating a repayment plan that is both fair and reasonable to Home Group and the customer. Where the arrears are due to a shortfall in benefits payment, we will work with the customer to support them to pay the shortfall.

Payment terms for homeownership customers are set out in the lease or transfer and should be followed wherever possible. However, where a homeowner is experiencing financial hardship, we will work with them to explore appropriate payment options.

In all cases we follow our Person-centred Service Delivery policy to take account of individuals' needs and make reasonable adjustments in our approach to reduce the risk of harm to customers, especially those living in vulnerable circumstances.

4.4.2 Legal action

We strive to be creative and innovative and make use of digital technology to help support our customers and identify quickly when people might be struggling to pay their bills. Our main aim is to support our customers to stay in their homes. We ensure that we have used all alternative methods to collect debt before we consider taking legal action.

Where it is necessary to take legal action, we only do so within the requirements of the courts and we continue to engage with the customer to try and recover the debt alongside any legal action. Where legal action results in a court judgement for recovery of arrears, we will seek an attachment to customer earnings wherever possible, or a charging order where this is not possible, to recover money owed to us. As a last resort, where all other options have been exhausted, we will consider legal action to repossess rented properties or to enable forfeiture of lease.

If Domestic Abuse is known or suspected to have contributed to a customer's rent arrears, Home Group colleagues must fulfil all additional pre-action steps required by law before taking any possession action. Colleagues must provide targeted support for the customer's needs in relation to their arrears, having regard for our [domestic abuse policy](#), and must give the customer information on other available domestic abuse support services.

4.4.3 Other action

Where customers have accrued debt relating to energy supplied by Home Group through a heat network, we offer support to ensure that customers living in vulnerable circumstances are not left without supply of essential heating, cooling or hot water. Whilst we will always seek to agree an affordable repayment plan with the customer in the first instance, we may consider other actions in relation to energy debt, such as installing a pre-payment meter. We will always seek advice from our legal team before installing a pre-payment meter or taking other action in addition to agreeing a repayment plan, to make sure that we are working within relevant regulatory requirements.

We offer additional support to customers who have debt on a pre-payment energy meter to ensure that this debt does not prevent essential safety checks from being completed.

4.5 Former customer arrears

Through our arrears management activity, we seek to prevent customers leaving us with arrears on their accounts. Where we do identify arrears on accounts relating to former customers, we will pursue this with the former customer using all reasonable means at our disposal. Former arrears may include, but are not limited to, rent, service charges, energy debt or recharges.

We will use a dedicated team of colleagues to ensure that we can make contact with the former customer as soon as possible after the debt is identified. We make former customers aware they still have an obligation to pay the debt and that we will continue to work with them to recover the debt within a reasonable timescale. We will use a variety of methods to try and contact former customers including letters, emails, texts, and if appropriate, phone calls from agencies on behalf of Home Group. Where appropriate, we will also use trace and collect agencies.

This also applies to existing customers who have transferred properties internally but have arrears on a former tenancy.

4.6 Homeownership arrears

Homeownership arrears can occur for a range of reasons and should be handled fairly, consistently, and with a strong emphasis on early intervention and support. They may arise from unpaid service charges, or, for shared owners, rent due on the unsold equity. Homeownership customers have contractual obligations under their lease or transfer to pay service charges, and in the case of shared owners, rent, as well as meet their mortgage commitments (where applicable).

We should manage homeownership arrears in line with our wider procedures, focusing on early intervention, offering support to maintain homeownership and escalation where appropriate. We will work with homeowners to understand the cause of arrears and agree solutions and arrangements moving forward.

When a homeowner is unable to manage their financial commitments, we may engage with the mortgage company, where applicable. Mortgage lenders may agree to pay arrears to protect their security in the property. However, this should not be considered a primary or routine solution, but as one of the tools available. Any intervention by a lender typically results in the arrears and additional fees being added to the existing mortgage balance and can increase financial pressure.

Shared ownership leases usually include a mortgagee protection clause. If a lender is repeatedly asked to clear arrears, it may choose to rely on that clause. This can allow the lender to repossess and sell the property, including 100% of the leasehold or freehold interest, if it considers its security to be at risk. If that happens because multiple lender payments have been accepted, Home Group may risk losing some or all of its financial interest in the property.

From 27 December 2025, shared ownership leases can no longer be treated as assured tenancies and must be treated as long leases. This means that landlords will no longer be able to serve a section 8 notice to seek possession and instead will need to rely on forfeiture. As a result of this, lenders will be less likely to step in unless there is a real risk of forfeiture. Forfeiture is a specialist remedy, not a routine next step and should only be instigated with the involvement of Legal Services.

Our approach should be to prioritise working with the homeowner to address arrears directly wherever possible and ensure understanding of the implications of any lender action.

We will manage shared ownership and leasehold arrears in line with lease terms and our arrears management procedures. Persistent non-payment or lack of engagement may lead to enforcement action under the terms of the lease.

4.7 Credit balances

Where a customer's account is in credit, we will consider refunding the balance if the credit is a true credit and there are no other debts on the account, or where the credit relates to energy supply in a heat networked property. Where the credit is due to overpayment of benefits or other financial support that is paid directly to Home Group, the credit will be refunded to the relevant organisation and not the customer. We will aim for all customers to leave us with a zero balance on their account. We will make efforts to contact former customers with credits on their accounts and arrange to have this refunded. No refunds will be given if it will put the account into arrears.

Supporting documents

In order to comply with Home Group's approach to Arrears Management and achieve the standards set out above, the relevant processes and policy compliance notes must be followed in line with stated roles and responsibilities. Colleagues should refer to our internal index for the full list of supporting documents which can be found [here](#)

5. Roles and responsibilities

All colleagues involved in arrears

- **Prevention-first, person centred approach**
 - o Take a proactive approach to arrears prevention through early engagement and early intervention tools.
 - o Recognise vulnerabilities and support needs with the aim to sustain tenancies and keep customers in their homes.
 - o Ensure all alternative methods have been explored before legal action.
- **Communication, accessibility and reasonable adjustments**
 - o Offer a range of contact methods and provide information in accessible formats.
 - o Make reasonable efforts to support customers.
- **Payment options**
 - o Encourage customers to pay by Direct Debit or digital methods wherever possible but provide alternatives where needed.

Housing Managers/Service Delivery Colleagues

- **Pre-tenancy and sign-up responsibilities** (Rented and supported only)
 - o Carry out pre-allocation checks.
 - o Provide advice/information about rent/service charge obligations before tenancy is signed.
 - o Support customers where possible in submitting HB/UC claims and use all available tools.
- **Identifying risk**
 - o If a customer falls into arrears, make contact and establish reasons to manage resolution.
 - o Use guidance and set relevant expectations.

Operations Managers

- Approvals for any escalation steps must go through Operations Managers for a full review.

Financial Inclusion Team

- Offer free one-to-one support to customers and homeowners who are worried about their finances or experiencing hardship and explore all options available, where applicable.
- Where applicable, offer support to colleagues in making referrals or where advice is needed.

Executive/Directors

- Provide final approval for any legal decisions.

Responsibilities as set by legislation and regulatory requirements

- **England** – colleagues must comply with the Pre-Action Protocol for possession
- **Scotland** – all colleagues must comply with the PAR Order and Pre-Action requirements
- Where a customer is in Breathing Space, colleagues must not pursue arrears contact/enforcement steps.
- Ensure reasonable adjustments and accessible communication where necessary.
- **Group-wide** – Ensure targeted support and additional pre-action steps are taken where domestic abuse is known or suspected.

6. Monitoring and reporting

Home Group monitors arrears management via various internal systems and communications. These include, but are not limited to:

- Collect@Home systems
- Internal system case management and audit trails
- Frequent account reviews
- Payment agreement and arrangement tracking
- Monitoring vulnerability and reasonable adjustments
- Priority Services Register for energy customers

Our internal systems record all activity, decisions and communications to allow colleagues to support customers with communication preferences, tenancy notes and payment arrangements.

We report on arrears management via data pulled from Collect@Home, audits, payment arrangements nationally, regionally or locally, to ensure that all colleagues are following the policies and processes correctly, aligned with regulatory guidance and legislation.

Key definitions	
Word / phrase	Definition
Arrear(s)	Overdue debt, liability or obligation. An account is said to be "in arrears" if one or more payments have been missed in transactions where regular payments are contractually obliged (e.g. rent payments).
Court Pre-action Protocol	In England, the Rent Arrears Pre-Action Protocol applies to possession cases based solely on claims for rent arrears. The Protocol sets out the actions that you are expected to have taken <i>before</i> you bring an arrears case to Court. If you do not comply with the Protocol your rent arrears case is likely to fail in Court. The judge will adjourn, strike out, or dismiss the case. Provided they are followed correctly, Home's arrears processes ensure that we comply with the requirements of the Protocol. In Scotland a "PAR Order" sets out equivalent requirements (see below).
Credit	In relation to rent and charge accounts, credit means money paid into that account.
Debit	In relation to rent and charge accounts, debit means money paid out of the account
Direct Debit	A financial transaction where one person or organisation is authorised to collect (i.e. debit) money directly from another person's bank account.
Debt	Something owed (such as money) and / or the obligation to pay someone else
Discretionary income	Discretionary income is disposable income (see below), minus all payments that are necessary to meet current bills. It is total personal income after subtracting taxes and typical essential expenses (such as rent, utilities, insurance, medical, transportation, property maintenance, child support, food and sundries, etc.) to maintain a certain standard of living.
Disposable income	The amount remaining from total personal income after all personal taxes are paid
PAR order	The Scottish Secure Tenancies (Proceedings for Possession) (Pre-Action Requirements) Order ("the PAR Order") sets out the pre-action requirements for taking a possession case based on rent arrears to court. These requirements apply before serving notice. If you do not comply with the PAR Order your rent arrears case is likely to fail in Court. The customer and/or their legal representative will reasonably use any failure to comply with the PAR as part of their defence and if successful this would result in the case being dismissed. Provided they are followed correctly, Home's arrears processes ensure that we comply with the requirements of the PAR order. In England, the "court pre-action protocol" sets out equivalent requirements (see above).
Payment hierarchy	The arrangement of different methods for making payments into order of preference.

Standing Order	An instruction given by a bank account holder to their bank to make a regular payment of a set amount to another bank account.
Sundry debt	Other debts not related to rent / charge arrears, court costs or re-chargeable repairs.

Version history

Version Number	Effective Date	Amendment made by (job title)	Version approved by (job title)	Description of Changes
1	May 2012			
2	18 th Nov 2014			- Paragraph 1 – clarification that strong payment culture still applies after clients and customer leave Home where there are outstanding arrears - Paragraph 2 – reference to support and care charges' instead of 'supporting people subsidy'. Clarification of definition of 'client' to include clients not using residential services. - Clarification of requirement to provide information and support to help people pay as well as prevent arrears (standards 1 and 3) - Direct Debit highlighted as preferred payment method for all clients and customers. Other payment options by exception for care and support in line with a defined payment hierarchy. Support for clients and customers to open bank accounts (standard 2) - Reference changed to 'welfare benefits' and 'relevant authorities' instead of 'housing benefit' and 'local authorities' to reflect welfare reform and introduction of universal credit (standards 4 and 9) - Focus on returning to payment on time as well as clearing arrears (standard 5) - Clarified to show that all court pre-action requirements apply not just English pre-action protocol (standard 6) - Format changed to corporate template - List of key definitions added
2.1	10 Nov 2017			Policy updated following a desk top review to reflect the new strategy and move towards digital solutions.
2.2	May 2018	Policy Business Partner	Director of Treasury and Investor Relations	Re-branding
2.3	April 2019	Policy Business Partner	Director of Treasury and Investor Relations	Amended review date and reason for extension. Amended policy owner, aligned to primary activity ownership model

2.3	October 2020	Policy Business Partner	Director of Treasury and Investor Relations	New version to reflect change in name of policy from Income management to Arrears Management
2.4	February 2021	Policy Business Partner	Director of Treasury and Investor Relations	Date of last / next review and version number updated following desk top review and risk assessment carried out
3.0	September 2022	Policy Business Partner	Director of Housing and Communities	Full review of policy to reflect new ways of working as per operational development plan including: • Change in overall tone of policy reflecting more preventative approach rather than enforcement • More emphasis on supporting customers • New standard on financial inclusion service • Standard on priority debts removed • Scope widened to include leasehold and Mid-Market rent Change of ownership of policy to Director of Housing and Communities
3.1	April 2024	Policy Business Partner	Director of Housing and Communities	Date of last / next review and version number updated following desk top review and risk assessment carried out
3.2	April 2025	Policy Manager	Regional Director (Northwest)	Date of last / next review and version number updated following desk top review and risk assessment.
3.3	January 2026	Policy Manager	Regional Director (Northwest)	Added further detail to standard 4 Supporting customers on preferred approach to recovery arrears following court judgement
3.4	June 2026	Policy Business Partner	Regional Director (Northwest)	Amended to new policy template. Added further detail on supporting customers.
3.5	June 2026	Policy Business Partner	Regional Director (Northwest)	Information added relating to heat networks and energy debt, homeownership arrears and further supporting information related to domestic abuse.
3.6	October 2026	Policy Manager	n/a	Corrected typo and formatting