

Service Charge Recovery Policy

1. Policy Scope

There are an increasing number of homeowners within Bernicia owned blocks and estates who have bought their properties via the Right to Buy, Right to Acquire and Shared Ownership initiatives. Bernicia may provide services including (but not limited to) communal landscaping, repairs & maintenance, cleaning, lift maintenance, emergency light testing and buildings insurance. The purpose of this policy is to set out Bernicia's process in terms of demands and recovery of Service Charges payable by homeowners. This includes leaseholders and freeholders with services provided by Bernicia within blocks or estates.

2. Policy Standards

Standard 1: Payment

Each homeowner will be provided with a service charge demand for payment, accompanying summary of rights & responsibilities (if leasehold) and ground rent notice where applicable. A breakdown of individual service headings/costs will also be made available.

Bernicia will encourage homeowners to pay their service charges regularly and will review payment methods offered to ensure they are accessible, efficient and effective. We endeavour to offer homeowners as many different ways to pay their service charges as possible, which include:

- Payment by Direct Debit or Standing Order
- Payment by telephone using All-Pay's automated facility
- Payment online via www.allpay.net
- Payment by text via allpayments.net/textpay
- Payment by Allpay app from a mobile device
- Payment in person at any Payzone or Paypoint using a rent card
- Bank transfer directly to Bernicia

Demands for service charges as a result of Qualifying Major Works will be issued following completion of the required works, or in accordance with any specific provision in the lease, transfer or conveyance.

Standard 2: Payment Management

Bernicia operates a computerised system of service charge accounting for individual homeowners. All accounts will be monitored regularly to ensure prompt identification of non-payment.

Those who are experiencing difficulty in paying their service charges will be contacted at an early stage to ascertain the reason for non-payment. A series of standard arrears letters will be used to advise homeowners of their non-payment or failure to maintain agreed payment schedules.

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latest version.**

Where home owners are finding it difficult paying their service charges, we will endeavour to come to an agreed payment schedule. The agreement will take into account ongoing charges and will aim to clear their account within 12 months or prior to the issue of further service charges.

Standard 3: Arrears Recovery

Where homeowners have failed to make contact to secure a firm agreement and arrears continue to increase, Bernicia reserve the right to arrange for the account to be forwarded to a firm of appointed solicitors for arrears recovery. If the property is leasehold and we have received Notice of Mortgage, the lender may be contacted to request payment of the arrears to prevent forfeiture action being instigated. Where the lease or transfer allows, all legal and/or court costs incurred by Bernicia will be attempted to be recovered from the homeowner in addition to the service charge arrears.

In deciding whether to refer the case for arrears recovery, the amount owed will be taken into consideration against the likely legal costs which will be incurred. This will include a review as to whether the associated legal costs are recoverable from the homeowner in addition to the original debt.

The ultimate sanction relating to non-payment of service charges is forfeiture of the property. This applies to leasehold properties only and is not an option in relation to freeholders with services. Forfeiture of a lease will only be taken after every effort has been made to allow the leaseholder to clear the debt.

Standard 4: Training and Awareness

Bernicia will ensure that all those involved service charge recovery either directly or indirectly are provided with appropriate training in the application of this and the relevant supporting documents. All training and awareness raising activities will be logged.

3. Definitions

Word/Phrase	Definition
Shared Ownership	Homes England initiative offering homes for sale on a part buy/part rent basis.
Qualifying Major Works	repair works which cost any one leaseholder over £250 for their due proportion of the service charge. Such works also require statutory consultation with leaseholders prior to Bernicia incurring the expenditure, if the amounts are to be recovered as a service charge item
Staircasing	term used to describe the process of purchasing further shares, which can be completed in tranches. When final staircasing is achieved the property becomes owned outright and ceases to be shared ownership. However, the home owner may still have an obligation to pay Bernicia for services provided to their block or estate.

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4. Change Control

Version Number	Effective Date	Amendment made by	Version approved by	Description of changes
V4.0	December 2025	Policy & Governance Advisor	Director, Development	Transferred to new policy template.

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Version Number: V4.0

Effective From: December 2025

Applicable To:

- Bernicia

Associated Documents:

The following resources support the Service Charge Recovery policy and Bernicia colleagues to deliver consistent service charge management. These can be found in the Service Charge Recovery policy folder on the intranet:

- Service Charge Summary of Rights and Obligations
- Admin Charge Summary of Rights and Obligations
- Arrears Letters 1-4

Equality, Diversity & Inclusion: An ED&I Assessment was completed in December 2025. Please contact the Governance team if you require a copy.

Approved By: Director, Development

Policy Author: Home Ownership Manager

Policy Owner: Director, Development

Next Review: December 2028

Reference Number: POL-0065