

# Shared Ownership Arrears Recovery Policy

**Date written:** March 2011

**Date(s) reviewed:** March 2014, July 2018, September 2021

**Last Executive/Board reviewed (approved) date:** N/A

**Purpose:** To set out our policy with regard to the recovery of rent and service charges arrears relating to shared ownership properties.

**Scope:** All Bernicia shared ownership properties

**Definitions:** Shared ownership is the Homes England initiative, offering new homes for sale on a party buy/part rent basis

**Associated documents:** Shared ownership standard arrears letters

**Date for review:** September 2024

**Responsibility:** Home Ownership Manager

**Departments for mandatory read:** Home Ownership Team

### 1. Introduction

- 1.1 Bernicia provides shared ownership properties throughout the North East of England. The Group builds or purchases the properties specifically for allocation via low cost home ownership initiatives.
- 1.2 We are committed to collecting rent and service charges in a timely and cost-effective manner, in order to recover our incurred costs.
- 1.3 We strive to administer our rent and service charge demands to reflect best practice, and in accordance with legislation and guidance issued by Homes England.
- 1.4 When dealing with shared owners who are experiencing difficulty in paying their rent and service charges, Bernicia will adopt a sympathetic but firm approach and will display flexibility towards individual circumstances, whilst having regard to the overall recovery policy.
- 1.5 We will sign post appropriate advice and assistance to shared owners regarding Housing Benefit or other welfare benefits, where applicable.
- 1.6 We believe that personal contact with customers is an important part of income recovery and we will liaise with shared owners and/or their mortgage lender to ensure they are aware of any impending action.
- 1.7 We will not consider the distraint of goods as a means of recovering arrears with a court order. We will only consider this action when we are satisfied that all other steps to assist the shared owners have been taken to avert the action.
- 1.8 We will insist that all accounts must be cleared and paid up to the date of sale prior to providing consent to any assignment or sale of the property.

### 2. Policy statements

- 2.1 Bernicia will demand rent and service charges in accordance with the lease and relevant legislation.
- 2.2 Rent will be increased annually in line with the lease agreement and our rent setting policy. Service charges will be increased depending on the costs Bernicia incur in providing services and repairs, where applicable.
- 2.3 Shared owners will be advised of rent and service charge increases by a written notice and a copy of the review letter will be kept on file.

- 2.4 We will provide a statement of account upon request or when demonstrating outstanding rent or service charges.
- 2.5 Invoices for charges as a result of major repairs or maintenance will be issued following completion of the required works or in accordance with any provisions set out in the lease or relevant legislation.
- 2.6 We will endeavour to offer shared owners as many different ways to pay their rent and service charges as possible, including: -
- Payment by Direct Debit or Standing Order
  - Payment by telephone using All-Pay's automated facility
  - Payment online via [www.allpay.net](http://www.allpay.net)
  - Payment by text via [allpayments.net/textpay](http://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
- 2.7 We will continually publicise all payment methods available to shared owners and seek to implement new methods as they are developed.
- 2.8 We will encourage shared owners to pay their rent and service charges regularly in advance and will review payment methods to ensure they are accessible, efficient and effective.
- 2.9 Bernicia Group operates a computerised system of rent and service charges for individual residents. All accounts will be monitored regularly to ensure prompt identification of non-payment.
- 2.10 Shared owners who are experiencing difficulty in paying their rent and services charges will be contacted at an early stage to ascertain their reasons for non-payment.
- 2.11 A series of standard letters will be issued to advise shared owners of the non-payment or failure to maintain agreed payment schedules.
- 2.12 Where shared owners are experiencing financial difficulty, we will allow an agreed payment schedule. The agreement will take into account on-going charges and will aim to clear the arrears within 6 months. Payment agreements for more than 6 months will only be entered into in exceptional circumstances or if a substantial lump sum can be made as a first instalment.
- 2.13 Where shared owners have failed to make contact to discuss a firm payment agreement and arrears continue to increase, if deemed necessary Bernicia will consider contacting the mortgage lender (if applicable). If the

mortgage lender agrees to pay the outstanding arrears, the amount repaid will be added to the shared owner's mortgage.

- 2.14 Where we are considering forfeiture of the lease or repossession proceedings, we will give the mortgage lender 28 days' notice of our intention, providing that Bernicia has given prior consent to the mortgage.
- 2.15 Upon issue of proceedings against the shared owner by the mortgage lender, we will confirm in writing within 14 days our position regarding repurchase of the property. Where we do not wish to buy back, we will use our best endeavours to protect Bernicia's interest in the property.
- 2.16 Where there is no mortgage in place, after all reasonable attempts have been made to recover the arrears, Bernicia will take legal advice on recovery methods, depending on the level of debt and fees which would be incurred as a result.
- 2.17 Any legal costs incurred in recovering arrears will be added to the shared owner's debt, if the lease contains provision to do so.
- 2.18 Any forfeiture or repossession proceedings will only be commenced after careful consideration of the individual case and will be specifically authorised by the Assistant Director – Development.
- 2.19 We will act reasonably and will only take forfeiture or repossession action where there are no other reasonable alternatives and other avenues to protect the shared owner's interest in the property have been exhausted.
- 2.20 If we take action for forfeiture or repossession of the property, the full financial interest will be transferred to Bernicia and no compensation will be payable to the shared owner.
- 2.21 In extreme circumstances we may consider purchasing a proportion of shares back from the shared owner (downward staircasing), or complete buy back with the grant of a tenancy at an Affordable Rent. Although there is no automatic right to Flexible Tenure, an offer may be made at the discretion of Bernicia and subject to Homes England criteria.
- 2.22 The shared owner will be kept informed of any legal action we intend to take which may result in additional costs or fees. By doing so, we seek to minimise further debt to Bernicia and the individual.
- 2.23 All overpayments of rental charges will be automatically transferred to the next financial year. Any request for the repayment of overpaid charges will

be considered on an individual basis and in conjunction with the terms of the specific lease agreement.

- 2.24 If shared owners sell their home during the year then a refund of any credit balance calculated up to the date of sale will be processed and payment made in accordance with Bernicia's standard payment terms. Alternatively, any outstanding amounts will be collected prior to the assignment of the lease.
- 2.25 Shared ownership rent is eligible for housing benefit. Bernicia will endeavour to ensure that shared owners are aware of this and will liaise with the Local Authority benefits department, where appropriate.
- 2.26 We will provide guidance to shared owners in financial difficulty and offer the following options: -
- Signposting to money/debt advice and assistance in assessing financial circumstances
  - Assistance in deciding on the best payment options possible
  - The ability to negotiate a realistic repayment agreement

### 3. Responsibility for implementation

- 3.1 It is the responsibility of Home Ownership Officers to follow the policy in relation to the recovery of rent and service charge arrears.
- 3.2 The Home Ownership Manager is responsible for the effective implementation of this policy and for ensuring that staff are aware of, and appropriately trained, in Bernicia policies and procedures relating to arrears recovery.
- 3.3 The Assistant Director – Development will take overall responsibility for ensuring the policy is adhered to.

### 4. Actioning the policy

- 4.1 This policy will be actioned when shared owners fall into rent or service charge arrears.

### 5. Monitoring the policy

- 5.1 We will monitor trends in shared ownership arrears and make adjustments to the policy if further means of repayment options or recovery become available to us.

## 6. Resources

- 6.1 Description of the resources likely to be required to implement the policy and a commitment to making these available. Please be aware our policies are public documents.

## 7. Equality and Diversity

- 7.1 An equality and diversity impact assessment has been undertaken on this policy. In carrying out its services, we are committed to: -
- Treating all customers and employees positively regardless of any personal characteristics including gender, age, ethnicity, disability, sexuality, gender reassignment or religion.
  - Taking seriously all complaints, investigating and responding accordingly.
  - Using plain language and providing information in other languages, large print, audio and braille on request.