

Shared Ownership Arrears Recovery Policy

Version Number: V4.0

Effective From: December 2024

Applicable To:

- Bernicia

Associated Documents:

The following resources support the Shared Ownership Arrears Recovery policy and Bernicia colleagues to deliver consistent and effective arrears recovery management. These can be found in the Shared Ownership Arrears Recovery policy folder on the intranet:

- Shared Ownership Standard Arrears Letters

Equality, Diversity & Inclusion: An ED&I Assessment was completed in December 2024. 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 2027

Reference Number: POL-0067

1. Policy Scope

This policy sets out the recovery of rent and service charges arrears relating to shared ownership properties. The policy aims to ensure arrears are managed consistently and fairly, while also protecting Bernicia's financial interests and supporting shared owners to sustain their homes wherever possible.

It is the responsibility of Home Ownership Officers to follow the policy in relation to the recovery of rent and service charge arrears. The Home Ownership Manager is responsible for the effective implementation of this policy.

Shared Ownership Arrears Recovery will be in line with all relevant regulation and legislation including but not limited to:

- Housing Act 1988
- Capital Funding Guide

2. Policy Standards

Standard 1: Rent and Service Charges

Bernicia will collect rent and service charges in line with the lease and relevant legislation. Shared owners are encouraged to pay their rent and service charges regularly in advance and will be advised of rent and service charge increases by a written notice and a copy of the letter will be kept on file. We will provide a statement of account upon request or when demonstrating outstanding rent or service charges.

Rent will be reviewed and increased annually according to the lease and our rent setting policy.

Service charges will be increased depending on the costs incurred in providing services and repairs. 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.

Shared owners will be offered different ways to pay their rent and service charges, including:

- 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

Bernicia will regularly publicise all payment methods available to shared owners and seek to implement new methods as they are developed.

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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.

Standard 2: Support to Shared Owners

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.

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

Standard 3: Outstanding Payments

Shared owners who are experiencing difficulty paying their rent and services charges will be contacted at an early stage to identify their reasons for non-payment. Part of this communication entails issuing standard letters to advise of the non-payment or failure to maintain agreed payment schedules. All accounts will be monitored regularly to ensure prompt identification of non-payment.

Where shared owners are experiencing financial difficulty, we can offer an agreed payment schedule. The agreement will consider 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.

Where shared owners have failed to make contact to discuss a payment agreement and arrears continue to increase, Bernicia will consider contacting the mortgage lender. If the mortgage lender agrees to pay the outstanding arrears, the amount repaid will be added to the shared owner's mortgage.

Standard 4: Repossession Proceedings

Bernicia 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. Any forfeiture or repossession proceedings will only be commenced after careful consideration of the individual case and will be specifically authorised by the Director, Development.

Where we are considering forfeiture of the lease or repossession proceedings, the mortgage lender will be given 28 days' notice of our intention, providing that Bernicia has given prior consent to the mortgage. The shared owner will be kept informed of any legal action we intend to take which may result in additional costs or fees. By

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doing so, we seek to minimise further debt to Bernicia and the individual. Any legal costs incurred in recovering arrears will be added to the shared owner's debt, if the lease contains provision to do so.

Upon issue of proceedings against the shared owner by the mortgage lender, Bernicia will confirm in writing within 14 days our position regarding repurchase of the property. If we do not wish to buy back the property, we will use our best endeavours to protect Bernicia's interest in the property. If 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.

If action for forfeiture or repossession of the property is taken, the full financial interest will be transferred to Bernicia and no compensation will be payable to the shared owner.

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.

Standard 5: Sale of Property

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.

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.

Standard 6: Training and Awareness

Bernicia will ensure that all those involved shared ownership arrears 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 new homes for sale on a part buy/part rent basis.

4. Change Control

Version Number	Effective Date	Amendment made by	Version approved by	Description of changes
V5.0	05/11/2025	Policy & Governance Advisor	Director, Development	Transition of policy to new template, minor amendments of phrasing and grammar.

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