



Arrears Policy

1.0 Introduction

1.1 This Policy advises how we'll prevent and reduce arrears and other debts. The Policy covers:

- How we collect rent and charges
- What happens if you fall into arrears or debt
- How we can support you
- Enforcement
- What we do if your tenancy or contract ends, and you owe us money.

1.2 When we use the terms 'we', 'our' and 'us' we mean Southern Housing. When we use the terms 'you' and 'your' we mean our residents, tenants, licensees, shared owners, leaseholders, or freeholders.

When we say 'rent' and 'charges' we mean these and any payments forming part of your tenancy agreement, licence, lease, or Heat Supply Agreement.

1.3 This Policy covers our:

- Rented and owned homes
- Garages
- Parking spaces
- Bike stores
- Storage lockers.

It also includes sub-accounts like:

- Legal costs
- Major works
- Rechargeable repairs
- Heat network charges¹

1.4 The Policy's in accordance with:

- The Pre-Action Protocol for Possession Claims
- The Regulator of Social Housing's relevant standards, procedures, and guidance
- Our duties under [The Heat Networks \(Market Framework\) \(Great Britain\) Regulations 2025](#).

¹ A heat network customer receives heating, hot water, or cooling through a shared, central system rather than their own individual boiler

1.5 Whilst we're not bound by the Duty to Refer under the Homelessness Reduction Act 2017, we've adopted the 'Commitment to Refer' best practice guidance. This commitment applies to anyone we consider to be at risk of homelessness.

2.0 Paying your rent and charges

2.1 Residents of our rented homes must pay rent in accordance with their tenancy agreement. You should be fully in advance by the current value of your rent for the frequency payments are made. For example, if your rent is:

- £100 per week, upon payment your account should be in advance by £100
- £500 per month, upon payment your account should be in advance by £500.

2.2 If you receive Universal Credit or Housing Benefit, you should have at least one week of credit on the account at all times.

2.3 Shared owners, leaseholders, and freeholders must ensure they pay charges in accordance with their lease or transfer.

2.4 Residents living in specialist supported housing schemes, temporary housing, and care homes must ensure they pay charges in accordance with their occupancy agreement and funding arrangement.

2.5 If you have a Heat Supply Agreement with us, you must pay for your heating in accordance with that agreement.

2.6 If you don't pay your rent and charges in full and on time, you risk losing your home.

2.7 You can choose how to pay your rent and charges, but we strongly encourage payment by Direct Debit as it's convenient and reliable. You can also pay by:

- Online payments, including the online account, using your debit or credit card
- Rent card (using cash or card) at PayPoints and Post Offices (although you are not able to use Post Office with PayPoint)
- By phone or online using your debit or credit card
- Standing orders
- Recurring payment.

2.8 If you have a lease and it provides for a specific payment method, you must pay by the means stated unless we agree a variation with you.

2.9 If your Heat Supply Agreement provides for a specific payment method (credit billing or pay as you go), you must pay by the means stated unless we agree a variation with you.

2.10 We'll give you information about your rent and charges when you move in. Please tell us if there's anything you don't understand, and we'll be happy to help.

2.11 You can use your online account to monitor your rent and charges, make payments, and view if you're in credit or arrears at any time.

2.12 You can ask us to provide you a statement at any time. This will help you to keep track of your account and payments.

2.13 You can help avoid arrears, debt, and legal action by:

- Paying rent, service charges and debt repayments on time
- For heat network customers, making regular top-ups to your account
- Asking for help as soon as you think you may struggle to pay
- Filling out benefit claim forms quickly and accurately
- Providing the Department for Work and Pensions (DWP) / local authority with any documents they need to fully assess your claim
- Informing the DWP / local authority, and us, as soon as your circumstances change
- Renewing your benefit claim when you need to
- Updating your payments as soon as your rent changes
- Keeping to repayment agreements
- Contacting us when we ask you to
- Updating your Universal Credit journal.

2.14 Please tell us if you want to dispute any element of your service charges (see our [Service Charge Dispute Resolution Policy](#)).

You must continue paying whilst this is ongoing to prevent arrears from building on your account. If you decide to withhold an amount of your service charges, we may ask to see a bank statement and other evidence showing the amount being withheld is available.

2.15 Residents living in supported housing and care homes can expect enhanced support from local teams to help them address issues with benefits, budgeting, and understanding of their rent accounts.

2.16 If you're due a refund from us, contact us and we'll let you know the next steps. If you have a joint tenancy this needs to be paid to a joint bank account, or we'll need permission from the joint tenant.

2.17 If you're on Housing Benefit, we'll contact them for confirmation there's no overpayment on your account before raising the refund. We'll not start the refund process until we have received this confirmation in writing from your local authority.

2.18 If we notice a large amount of credit on your account, we may contact you to arrange a refund.

2.19 We pay refunds by BACS within 10 working days of you giving us your bank details and any documentation needed.

3.0 Welfare benefits

3.1 If you receive Universal Credit or Housing Benefit, you must be aware of the following:

- If they do not cover your full rent and service charges, you'll need to cover the difference

- If you're waiting for a payment from them, you should make token payments to us of at least £5 per week. If this isn't affordable, please contact us.
- We can request direct payments in some circumstances, please let us know if you'd like this.

3.2 You're responsible for claiming and providing information for all welfare benefits. You must tell the DWP / local authority, and us as your landlord, if any of your circumstances change to help avoid under or over payments. Examples of change include:

- A new child
- Someone moving in or out of your home permanently
- New job or losing your job
- Increase or decrease in your income or benefits
- Becoming disabled / changes in disability.

4.0 What happens if you get into arrears, or owe us money?

4.1 We expect rent, service charges, and heat supply bills to be paid on time and in full to prevent arrears occurring. If you fall into arrears, we'll make every effort to assist you and we'll take a fair approach when handling arrears and debt owed to us.

4.2 If you're experiencing difficulties with paying your rent, service charges, and/or heat supply bills, contact us as soon as you can. The sooner you contact, the quicker we'll be able to advise on the support we may be able to offer. Working with us will help us to tailor for your circumstances, whilst considering the needs of the business in terms of rent paid.

4.3 We'll regularly review rent and heat supply accounts and contact you if we notice any erratic or missed payments.

4.4 If you don't pay your rent or heat supply bill, we'll contact you to ask you to clear the arrears in full. If you're unable to, you must agree a repayment plan with us. If you're receiving benefits, we can in some cases apply to have direct payments made from your benefits.

4.5 How we'll contact you:

- Phone
- Email
- Text
- Letter
- In person.

4.6 We review payment plans regularly. You must notify us of any change in your circumstances.

4.7 If you have high arrears, we may carry out checks to confirm where you're living and credit checks to inform whether other debts have been formally registered against you.

- 4.8 You may be advised to apply for 'breathing space' by a debt advisor. Once the Insolvency Service notify us of this, we'll not contact you regarding arrears for the time specified on your terms (usually 60 days) and cancel any arrears action in this time.
- 4.9 You must continue to pay rent whilst under 'breathing space' terms. If you don't, we'll contact the Insolvency Service to advise them of this, as it may breach your 'breathing space' terms and end it early.
- 4.10 If you get into garage, parking, storage locker, or bike store arrears, we'll ask you to clear the arrears immediately. If you don't, we'll end the agreement and take possession.
- 4.11 If you have a garage, parking bay, storage locker or bike store and get into arrears for your property, we'll end the garage (e.g.) agreement and take possession.

5.0 Support

- 5.1 We may feel you need further support and will ask the relevant team to contact you. They will be able to assess your current financial situation and may be able to work with you to increase your income and/or reduce your expenditure. They may also suggest or support you to contact an external organisation like Citizen's Advice, StepChange Debt Charity, or National Debtline, for help. They could also recommend some self-help tools and services you might also find helpful.

6.0 Enforcement

- 6.1 Eviction is our last resort. Our aim is to ensure we collect rental income and intervene early where you're facing financial difficulties that mean you're unable to pay your rent.
- 6.2 Where eviction action will be needed, we can only do this once authorised by the Head of Region, Head of Independent Living, or above.
- 6.3 We'll take legal action to repossess your home where:
- You persistently fail to pay rent and service charges
 - You've refused to accept and/or engage in any support
 - You make no contact or agreement with us
 - You break repayment agreements
 - Your arrears aren't reducing by the required amount.
- 6.4 We'll not start possession proceedings where arrears are due to an outstanding benefit or Universal Credit claim, providing:
- You've given all the correct information required to the DWP / local authority, if required, and kept us up to date
 - You're paying any sums due, not covered by benefit
 - The DWP / local authority give us information about your claim and agree your claim is still valid. You'll need to give them your permission for us to discuss your claim with them.

- 6.5 We may use mandatory grounds for possession due to the level of arrears. This means a judge must give us possession of the property and has no discretion to refuse our request.
- 6.6 We may also use small claims courts or debt collection agencies. Any debt collection agency instructed will be compliant with all applicable laws and regulations.
- 6.7 The approach we'll take to recover arrears or debt will depend on the type of debt and the type of agreement, license, or lease.
- 6.8 When possession action is necessary, we will follow all regulatory and judicial processes (e.g. The Pre-Action Protocol for Possession Claims by Social Landlords) before processing any court applications.
- 6.9 If you've more than one debt with us, we'll prioritise payments as follows:
- Current rent arrears, services charges, and other occupancy charges (i.e. debts that can lead to the loss of your home)
 - Debts for support services
 - Current tenancy legal costs
 - Former tenancy arrears
 - Rechargeable works costs.
- 6.10 If you have a joint tenancy, both parties are liable for rent and arrears. This applies even if one tenant has left your home (see [Tenure Policy](#) for more details).

6.11 Heat network customers

- 6.11.1 We aim to ensure we collect heat bills and intervene early where you're facing financial difficulties that mean you're unable to pay for your heat supply. We'll take legal action in the form of a county court claim where you:
- Persistently fail to pay heat charges
 - Have refused to accept and/or engage in any support
 - Make no contact or agreement with us
 - Break repayment agreements
 - Fail to reduce your arrears by the required amount.
- 6.11.2 Once the county court claim is filed, defendants will have 14 days to respond, with options to:
- Admit the debt and propose a repayment plan, or
 - Defend the claim and dispute the debt.
- 6.11.3 Our last resort will be to suspend or disconnect your heat supply. Before we do so, we will:
- Send you at least two reminder letters
 - Try to contact you by phone at least twice to discuss the options available to you.

6.11.4 We will not disconnect your heat supply during the winter period if you have notified us that you or a permanent resident of your home is a vulnerable customer.

7.0 Leaseholders, shared owners, and freeholders in arrears

7.1 When our leaseholders, shared owners, or freeholders are in arrears we will also refer to the [Homeowners Policy](#).

7.2 Where a homeowner is in arrears, particularly if suffering hardship, we may adapt our approach on a case-by-case basis. This can include offering extended periods to repay any rent or other outstanding charges. This will not apply to non-resident homeowners or buy-to-let investors unless there are very exceptional circumstances.

7.3 If you don't engage with us or make sufficient payments, we'll contact your mortgage provider, where possible, and ask they make arrangement to settle the outstanding arrears.

7.4 In exceptional circumstances, we may offer shared owners in significant arrears a downward staircasing of their home. The objective of selling equity back to us is to help reduce outgoings and avoid shared owners losing their home or deal with other exceptional circumstances. Any request for us to buy back shares must be approved by our internal Risk Appraisal Group (RAG) and will be managed in accordance with the [Buy Back Policy](#).

7.5 If you're consistently in arrears, we may take legal action against you to remove you from the property in accordance with your lease. This can also lead to forfeiture of your lease, meaning the lease will be terminated.

8.0 Other consequences of being in arrears or owing us money

8.1 We don't normally allow residents who have arrears to move to one of our other properties. If we do allow it in exceptional circumstances, we'll include the arrears as a former tenant balance in the new tenancy agreement and agree payment plans in line with this Policy. We will take legal action if these are not paid.

8.2 If your tenancy is transferred following a court or property order, we'll allocate the arrears in line with the order.

8.3 If you're living in temporary supported housing and are in arrears, this may prevent you from being offered a move-on accommodation.

8.4 If you assign your tenancy, the person(s) being assigned the tenancy becomes responsible for paying the arrears.

8.5 You must clear all arrears and debts owed to us before we let you have a garage or parking space. If you have a garage or parking account, this needs to be paid in advance by the frequency you pay.

8.6 If we make any of the following payments, we'll deduct them from your arrears and debts:

- Compensation, if you agree (except where it's awarded under a Housing Ombudsman Service (HOS) order)
- Payments for under-occupation
- Home loss payments.

9.0 When you leave us

- 9.1 If you have a tenancy or licence, all payments owed to us should be clear by the time your tenancy or licence ends. If not, you're responsible for any debts with us, even once you've moved out.
- 9.2 In exceptional circumstances we can make repayment agreements and may consider a settlement amount less than the original debt.
- 9.3 All homeowners are required to ensure arrears are cleared on completion of the sale of the property. We won't agree for the property sale to complete until the arrears have been paid.
- 9.3.1 When you sell your home, we will shut down your account once we receive notice of transfer from your buyer's solicitor.
- 9.3.2 Any unpaid debts on the seller's account will transfer automatically to the buyer's account on receipt of the notice of transfer from the buyer's solicitor.
- 9.4 If we don't hold up-to-date contact information, we have the right to use a tracing service through a third-party collection agency to gain a forwarding address.
- 9.5 Failure to engage may result in us sending your details to a third-party collection agency who'll collect the debt on our behalf.
- 9.6 If you've paid a deposit and there are arrears on your account, we'll withhold the deposit to cover some or all the outstanding balance, as allowed by the Deposit Protection Service (DPS).
- 9.7 In the event of a resident's death (for sole tenancies), we'll attempt to claim any arrears from the deceased's estate.

10.0 Monitoring and continuous improvement

- 10.1 To identify missed or erratic payments, we use Artificial Intelligence (AI) software to manage rent accounts. This uses an algorithm, so we know who to contact. For more information, please visit our [Privacy Notice](#).
- 10.2 We set annual targets for income collection. We measure performance by relevant KPIs and through performance reports to the Operational Management Team, Executive Team, and Board.
- 10.3 We'll review this Policy to address legislative, regulatory, best practice, or operational issues.

11.0 Equality, diversity, and inclusion

- 11.1 We've carried out an Equality Impact Assessment to consider the positive and negative impacts this Policy may have on people with protected characteristics under the [Equality Act 2010](#).
- 11.2 We recognise some residents may need adjustments due to a language barrier, disability, cultural need, or vulnerability. In these circumstances, in line with our [Reasonable Adjustments & Vulnerable Needs Policy](#), we'll work with residents to ensure we consider their specific needs, on a case-by-case basis, provided it doesn't compromise health and safety to individuals or homes. This includes working in partnership with other agencies to ensure we manage and mitigate any known risks of safety and wellbeing.
- 11.3 We aspire to embed diversity and inclusion within the culture of our business activities.

Policy controls

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