

PLEASE NOTE: This policy explains the general approach taken by Lava Lettings in handling circumstances in which tenants find themselves in arrears in respect of rent payments. It does not form part of the tenant's contract with the Landlord and shall not be argued as such.

Rent Arrears Policy

Last updated: 13 March 2021



INTRODUCTION

The purpose of this policy is to provide interested parties, such as landlords, tenants and/or guarantors with **guidance** as to how we will usually handle circumstances in which a tenant fails to make rent payment(s) on time and in full, as per the terms of their tenancy agreement.

The application of this policy, like all others, is expected to be exercised in a fair and non-discriminatory manner regardless of a tenant's special characteristics under Equalities legislation.

GENERAL APPROACH

Where a tenant(s) falls into arrears, we may (on behalf of the Landlord) take the following action(s).

If there is an overlap between the number of weeks a tenant(s) is in arrears and the value of any arrears, we may apply either or both sets of corresponding actions to address the circumstances, amongst any other actions we deem suitable at the time.

WEEKS IN ARREARS	ACTION TO BE TAKEN
0-2	No specific action required. However, we may contact the tenant enquiring as to whether they are aware of the overdue payment. We may take into account persistent late payments in advising or deciding whether to grant any new tenancy agreement or serve notice to terminate a tenancy. We define persistent as more than 2 occurrences in a calendar year.
2-4	Call and follow up with an email to the tenant advising them of the overdue payments.
4-8	Write to the tenant (by letter or email) advising of the overdue amounts and requesting further contact. Also request completion of an affordability questionnaire within 10 days of delivery.
8-26	Write a Letter of Demand to the tenant(s) advising of the breach, amount of arrears to date, any interest due and the potential for legal proceedings. Also request completion of an affordability questionnaire within 3 days of delivery.
26+	Likely to result in the immediate commencement of legal proceedings.
VALUE OF ARREARS	ACTION TO BE TAKEN
£0 – 1,000	No action other than as above.
£1,001 – £2,500	Request affordability questionnaire be completed and returned within 10 days of delivery. Early notification (and consultation in respect of further actions) with the Landlord likely. Guarantor (if any) is likely to be

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	contacted with notification of the breach of the tenancy agreement, amount of arrears owing, and warning of potential legal action.
£2,501 – £10,000	Request affordability questionnaire be completed and returned within 5 days of delivery. Guarantor (if any) is likely to be contacted with a Letter of Demand. Imminent commencement of legal proceedings likely.
£10,000 +	Likely to result in the immediate commencement of legal proceedings.

INDIVIDUAL CIRCUMSTANCES / LANDLORD'S DISCRETION

Where tenants fall behind on their rent payments we may, on the Landlord's behalf, exercise our discretion in applying any of the above actions.

For example, we may elect not to issue a Letter of Demand if we are aware of the reasons why a tenant(s) has / have not been able to comply with the rent terms of their tenancy agreement and adequate evidence has been provided of the same (eg a letter from the tenants' bank advising of ongoing technical issues with the tenants' banking facilities).

Equally, we may elect to take earlier action where we do not reasonably believe that the tenant(s) intends to make any effort to pay the arrears.

AFFORDABILITY QUESTIONNAIRES

As specified at certain points above, we may ask the tenant(s) to complete an affordability questionnaire to help us assess the likelihood that the tenant(s) will be able to repay the arrears within a reasonable timeframe.

Where asked to complete such a questionnaire, tenants should be careful to answer the questions honestly and accurately, as we (or the Landlord) may rely on the statements made in any subsequent legal proceedings.

Providing answers to an affordability questionnaire does not necessarily mean that we or the Landlord will seek to take immediate action against a tenant(s) to recover possession of the Property.

In fact, where suitable, Lava Lettings will encourage landlords to try and reach an amicable solution with the tenant(s) in order to avoid initiating unnecessary legal proceedings; including consideration of payment extensions and/or repayment arrangements.

A copy of our current affordability questionnaire can be found below if you wish to review the types of questions we might ask.

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AFFORDABILITY QUESTIONNAIRE

QUESTIONS	TENANT'S RESPONSE	AGENT'S NOTES [PLEASE LEAVE COLUMN BLANK]
What is the primary cause of your current financial difficulty?		
Are you currently employed?		
If you are employed, what are your contracted hours per week?		
If you are employed, what is your current net income per calendar month?		
How much are your current outgoings (total per month)? Eg utilities, credit cards, mobile phone, gym membership, other subscriptions, food etc		
How much, if anything, do you think you can afford to pay each month towards your total arrears to date and upcoming rent?		
How many weeks do you think it would take before you were fully up to date with your rent payments?		
Would you prefer to terminate your tenancy early (eg if this helped you financially)?		
Do you think your financial circumstances are likely to improve or decline in the next six months?		
Please provide any additional comments in the box to the right:		

The information in this questionnaire is accurate and true to the best of my knowledge and I understand that the information I have provided in this questionnaire amounts to representations on which the Landlord and its agent, Lava Lettings, intend to rely. I also understand that falsely providing information may adversely impact me in any subsequent legal proceedings. I further understand that completing this questionnaire does not prevent the Landlord from commencing legal proceedings to recover possession of the Property.

_____ Signature

_____ Print Name

_____ Dated