

Policy Summary

Leasehold arrears

Customer summary of a Genesis Housing Group policy

This policy sets out our approach to collecting leasehold arrears. It applies to customers who are shared owners, leaseholders who have exercised their Right to Buy and Right to Acquire and those living in leasehold schemes purpose built for outright sale. It applies to residential leaseholders of Springboard and PCHA, but does not apply to leaseholders managed by Pathmeads on behalf of landlords.

A full copy of the policy is available on request.

Introduction

We must manage an effective service to ensure that leaseholders pay rent and charges in accordance with their lease. We aim to collect income and minimise debt whilst following our obligations under our lease agreements.

Our aims

To ensure that measures are in place to:

- encourage prompt payment and prevent leaseholders falling into arrears
- ensure leaseholders have the information and support they need to prevent arrears
- contact leaseholders quickly when arrears do arise to effectively collect the arrears
- ensure we act consistently and in accordance with legislation, regulation and guidance.

Definitions

The following payments are due to us, in advance, in accordance with the lease.

Rent – Where the leaseholder does not own 100% of the property they must pay rent to us for the remaining proportion.

Ground rent – Where we do not own the freehold, we must pay the ground rent and pass the cost on to leaseholders. Where we do own the freehold we will charge ground rent to leaseholders.

Service charge – To cover the cost of a range of services provided, including estate management, cleaning and management fees.

Arrears – Arrears are defined as debts owed to us by a leaseholder when payments have not been made under the terms of the lease.

Leaseholder's obligations

It is a leaseholder's responsibility to pay their rent, ground rent and service charges, as set out in their lease. Failure to make payments may lead to a breach of their lease.

Payment

We will encourage leaseholders to pay their rent and charges promptly to prevent them falling in to arrears. Similarly, if they have fallen into arrears we want to help leaseholders repay any debts as soon as possible. A range of payment methods are available including direct debit, standing order, and online payment. Some leases may specify payment arrangements.

Generally, we will ask leaseholders to pay rent and charges on a monthly basis in advance. Failure to pay by the due date will result in arrears accruing on the account. Payment terms vary and include annual, quarterly, bi-monthly or monthly periods. We will keep to the terms of the lease when agreeing payment terms.

Advice and information

We will provide clear details about the cost of a new home to potential leaseholders so they can make informed decisions before buying a home. We will issue clear, regular statements to all leaseholders which include gross rent and service charge details.

Account monitoring and contact with leaseholders

We will monitor accounts regularly and contact leaseholders when their accounts remain unpaid after the due date. If we cannot contact a leaseholder we will take further action, which may include enforcement action (see 'taking enforcement action').

We will contact leaseholders in writing, over the telephone or in person where necessary. We aim to let leaseholders know that they have arrears, encourage them to repay the debt and advise them of any action we may take to recover the debt. We will record all communication and correspondence with leaseholders regarding their arrears.

Difficulties in paying rent and charges

Where a leaseholder finds it difficult to pay we will make arrangements for them to clear arrears over an agreed period of time, usually between three and six months. We will agree reasonable and affordable payment plans and confirm them in writing. Any payment plan will take into account our need to collect enough service charges in to the service charge account and reserve funds to pay for works such as lift maintenance or roof repairs. Where the lease allows, we will charge interest on the debt.

We will advise leaseholders to seek debt advice from independent agencies such as Citizens' Advice Bureau. These agencies may also help with claims for welfare benefits, including Housing Benefit.

Loan facilities

Some leaseholders may have a statutory right to a loan facility for help in paying service charges. In these cases, we will process applications in accordance with regulations.

Taking enforcement action

Where a leaseholder does not keep to a payment arrangement or fails to contact us to resolve their arrears we will take one or more of the following enforcement options to recover the debt:

- contacting the mortgage lender
- civil action, such as a small claims action or a county court judgement
- possession action (shared owners only)
- forfeiture.

Forfeiture

We will only seek forfeiture of the lease for arrears as a matter of last resort. Before taking court action, we will always tell the leaseholder of our intention by serving a notice under section 146 of the Law of Property Act 1925. We will also tell the mortgage lender.

We will not start forfeiture proceedings if the amount of debt is less than £350 or has been outstanding for more than three years. This is in line with leasehold law. As part of the forfeiture process, we will make an application to the Leasehold Valuation Tribunal (LVT) asking them to confirm that the leaseholder has breached their lease. We will add any court fees and legal costs relating to the forfeiture to the arrears.

Before we take any legal action, we will check whether the leaseholder requires any support and refer them to relevant support agencies if it's necessary.

Possession and resale of a property

Where the court has granted forfeiture of the lease, we will tell the leaseholder of the decision and instruct the bailiff to gain possession.

Where we have a commitment to sell shared ownership properties, we will pass them back to GenesisHomes to market and re-sell the property in line with the local eligibility criteria. Where 100% of the property was owned by the leaseholder, the property will be sold on the open market.

Once the property is sold, we will deduct any relevant expenses from the proceeds of the sale; for example outstanding service charges and legal fees. If there is not enough money left after the sale to cover the costs, we may make a claim to the court. If there is money left after the sale we will usually return it to the former leaseholder.

Arrears following the death of a leaseholder

In cases where a leaseholder in a retirement flat has died, we may agree to defer payments of charges. Any agreements will be made at our discretion and will not affect our right to take action in line with the lease.

Confidentiality

All office interviews regarding arrears will be carried out in confidence. The details of a leaseholder's account will not be shared with anyone outside Genesis Housing Group without the leaseholder's written permission. When dealing with a phone query, we will not disclose personal information without first confirming the customer's identity.

Staff training

We will train staff in a range of areas so that we effectively manage leasehold arrears. These areas including legal framework for debt recovery, welfare benefit regulations, approaches to debt recovery and service charge management.

Performance monitoring

We will set, monitor and review appropriate performance targets for leasehold income collection and arrears management.

Contact us

If you would like a copy of the full policy please contact the Policy Team on **020 8150 4112** or email **info@ghg.org.uk**



If you are a **PCHA customer** phone us on **020 8451 8000** or email **info@pcha.org.uk** **www.pcha.org.uk**



If you are a **Springboard Housing Association customer** phone us on **020 8475 0033** or email **info@springboardha.org.uk** **www.springboardha.org.uk**

If you need any part of this information in large print, Braille, on audio tape or explained in your own language please contact us on the number below.

Si necesita esta información en Braille, en CD, en cinta o en su propio idioma, póngase en contacto con nosotros en el teléfono siguiente.

Spanish

إذا كنت ترغب في الحصول على أي جزء من هذه المعلومات مطبوعاً بأحرف كبيرة أو بطريقة برايل أو مسجلاً على اسطوانة مدمجة أو شريط صوتي أو مشروحاً باللغة التي تتحدثها، يرجى الاتصال بنا على الرقم الموضح أدناه.

Arabic

যদি আপনি এই তথ্যগুলোর যে কোন একটির সম্বন্ধে বিস্তারিত জানতে চান, অথবা আপনার নিজের ভাষাতে ব্রেল, সিডি, অডিও টেপ-এ পেতে চান তাহলে নিম্নলিখিত নম্বরে আমাদের সাথে যোগাযোগ করুন।

Bengali

Si vous souhaitez obtenir une partie de ces informations en Braille, sur CD, cassette audio ou expliqué dans votre langue, veuillez nous contacter au numéro indiqué ci-dessous.

French

જો તમારે કોઈ પણ ભાગની આ માહિતી બ્રેઈલ, સી.ડી ઉપર, ઓડિયો ટેપ અથવા તમારી પોતાની ભાષામાં સમજી શકો તેની જરૂર હોય તો નીચે જણાવેલ નંબર ઉપર અમારો સંપર્ક કરો.

Gujarati

Se necessitar de parte desta informação em caracteres aumentados, em Braille, em CD, cassete áudio ou apresentada no seu idioma, por favor contacte-nos, através do telefone abaixo indicado.

Portugese

Haddaad u baahan tahay warkan afkaaga-hooyo, afka loogu talagalay dadka aan arki karaan – afka faraha ama CD-ga ama ajeladda rekorka nala xirir. Namberkan isticmaal.

Somali

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or email info@ghg.org.uk**