	Resident Arrears Management Policy
Policy statement	This policy sets out Paradigm's approach and principles to managing resident arrears effectively. It is guided by principles of fairness and transparency with aims to minimise arrears while supporting residents to sustain their tenancies and avoid financial hardship.
Objective	The aim of the policy is to: • Ensure a consistent, fair, and transparent approach to arrears management. • Promote early intervention to prevent arrears from escalating. • Support residents to sustain their tenancies by way of guidance and referrals to appropriate services. • Foster a positive payment culture by supporting tenants to make timely rent payments, including initial payments in advance where appropriate and within legal limits, to help prevent arrears. • Adhere to legal and regulatory requirements for arrears recovery. • Protect Paradigm's financial stability.
Scope	This policy applies to all residents who are responsible for paying rent or other charges to Paradigm Housing and its subsidiaries. Procedures may vary depending on the type of tenancy or ownership.
Policy	**Arrears Prevention** We will conduct a comprehensive assessment with all prospective residents before extending an offer of a tenancy or lease. We will evaluate residents' financial circumstances to ensure they are able to afford the proposed tenancy at its commencement. This assessment may include an income and expenditure review, and a review of any benefits the resident might be entitled to, ensuring that they maximise their available benefits. Shared ownership residents will undergo an independent financial assessment to ensure affordability, conducted in line with our Shared Ownership Sales Policy. We also consider factors affecting a resident's ability to manage their tenancy. Our Customer Support Policy guides us in identifying and addressing support needs early, ensuring a tailored approach that supports arrears prevention. We will encourage and establish a positive payment culture by encouraging timely and consistent rent payments, supporting tenants to remain up to date with their rent and avoid falling into arrears, including through: • Highlighting to residents the benefit of paying their rent in advance in line with their payment frequency. • Securing up to one month advance payments to keep the rent account out of arrears until a regular payment cycle begins.

- Encouraging residents to set up a direct debit. This offers convenience for residents while ensuring operational efficiency and cost effectiveness for Paradigm.
- Encouraging residents in receipt of Housing Benefit or Universal Credit Housing Element to have this paid directly onto their rent accounts in order to avoid any preventable arrears resulting from delayed resident payments.
- Applying for an Alternative Payment Arrangements (APA) if the resident requests it and qualifies under Universal Credit rules and APA guidelines.
- Encouraging residents to contact us about payment difficulties so we can work together to prevent and reduce arrears.

Early Intervention

Rent Recovery Managers and Rent Recovery Officers will closely monitor resident arrears via arrears management software and the Housing Management System to ensure payments are being made and to prevent arrears accruing.

Accounts falling into arrears will prompt contact with residents from the Rent Recovery team, either in writing or verbally. Residents will be asked to agree a payment arrangement of current charges and an affordable amount towards the arrears.

Residents having difficulty paying their charges will be offered support and advice including advising them of their rights, access to available hardship funds, sources of money advice and signposting to relevant agencies. This includes support for our vulnerable residents that may have difficulty accessing services and support agencies.

We will signpost residents to local debt advice agencies as well as the Local Authority and/or the Department of Work and Pensions (DWP) and support in applying for any payments and benefits they may be entitled to such as Discretionary Housing Payments or any other payments. We will work with Housing Benefit, Universal Credit, Citizens Advice and other agencies where appropriate.

We will refer residents to our Tenancy Sustainment and Support team (TSS) as early as possible where vulnerability or additional support needs have been identified and work collaboratively to support residents with vulnerabilities.

Arrears Management

Our arrears recovery process aims to maximise the opportunity for residents to engage, address their arrears and avoid legal action.

We reserve the right to elect how any payments made by a resident should be applied to a rent or other debt account in our absolute discretion. If a resident is in arrears, any compensation or payments due from Paradigm will be applied to their arrears first, where legally permitted.

We will apply for an Alternative Payment Arrangements (APA) where the resident qualifies under Universal Credit rules, based on eligibility criteria and APA guidelines.

We will only use Universal Credit Third Party Deductions for arrears if residents do not constructively engage with a view to reducing the arrears, make a payment arrangement, or to prevent court action or eviction. All Universal Credit Direct Deduction applications will be authorised by a Rent Recovery Manager or Senior Income Recovery Manager.

	We will advise residents, using their preferred communication method and in writing, of our intended actions if the arrears continue to increase or where a payment agreement made has not been maintained. This may include issuing written formal warning of our intention to commence possession action in court and relevant legal notices. We assess each case carefully to ensure any action taken is fair and considers the resident's situation. Where residents are engaging with us to manage arrears and a sustainable solution is reached by way of an agreement, then we will not commence any formal possession action at that stage in accordance with the Pre-Action Court Protocol. If we have already commenced court action then unless there is some other compelling reason to continue, we will seek to adjourn the proceedings for as long as the payment arrangement is maintained. The above applies to all residents. Arrangements relating to specific resident groups are noted below: Shared Owners If a shared owner falls into arrears, we will liaise with them to resolve the situation with the aim of clearing the arrears within 12 months. If the arrears continue to increase and meet the statutory requirement for the mandatory ground for rent arrears (Ground 8 of Scheduled 2, Housing Act 1988), we will serve the relevant notice, which will include Ground 8, and we will inform the resident's mortgage provider. We will attempt to obtain payment from the mortgage provider or directly from Universal Credit, as a means of preventing an application to court. 100% Leaseholder Service Charges Leaseholders who have a service charge liability are invoiced annually as per the terms of their lease. Leaseholders must pay their service charges within 12 months. We will encourage payment in full but will offer instalment plans to clear the arrears within the 12-month period. If arrears cannot be cleared within twelve months we may apply to court for a money judgement. The County Court Judgment (CCJ) may be used to obtain payment from the mortgage provider or from the resident, either directly or via an attachment of earnings, third party deductions or a charge against the property. Ground Rent Leaseholders and shared owners that are liable to pay ground rent are issued a demand notice set out by Section 166 of the Commonhold and Leasehold Reform Act 2002. This is issued in line with terms of their lease. We will encourage payment in full but can offer instalment plans to clear the arrears within the 12-month period. We will not take legal action solely on ground rent arrears, but the arrears may be added to a legal claim if they have arrears outstanding for rent or service charges. Current Resident Recharges

Current resident recharges will be pursued using an in-house collection process and may be recovered alongside other arrears using a whole arrears recovery approach. We will not write off current resident recharges unless they become legally not payable.

Former Resident Arrears including recharges

We will actively pursue all former resident arrears.

Former resident arrears and recharges will be reviewed on a case-by-case basis to determine what collection method(s) would be the most effective and the best value for money.

As part of the 'end of tenancy' process, a forwarding address for the former resident will be sought. Where we have no forwarding address, Paradigm will use a debt collection tracing agents to obtain an address.

The Income Recovery team will pass arrears to a debt collection agency where we have been unsuccessful in collection or tracing the former resident. We ensure the debt collection agencies we partner with treats residents respectfully, communicates clearly, and seeks fair, compliant, and professional solutions.

Former Resident arrears will be written off where:

- the arrears are over six years old, no legal action has been taken and there has been no contact with the resident within a six-year period; or
- the arrears are uneconomical to pursue.

Eviction and Possession Proceedings

Our Eviction Policy sets out our approach to evictions and possession proceedings, including support available to residents.

We may use eviction to recover possession of a property from residents where statutory requirements have been met and:

- there are high arrears and/or persistent breaches of rent payment plans; and
- all other options to support the resident to remedy the breaches has been made following our arrears management process.

Where a resident is in arrears and the tenancy has become unaffordable for them (e.g. through a change of circumstances such as loss of employment, family split, or other life event), we may consider seeking a possession order to prevent high arrears accruing and forcing the resident into debt.

Where a resident is already the subject of a court application for possession, we may seek to include rent arrears as a basis for that possession claim where it is proportionate and appropriate to do so.

We may use Ground 8 on Assured and Assured Shorthold tenancies issued after August 2006 where the requirements for that ground have been met.

Appeals, Enquiries and Complaints

Residents may appeal against notices served on Mandatory Ground 8 and Notice to Quit using the relevant forms and guidance provided with the notices. Our Eviction Policy sets out how residents can request reviews or appeals of our decisions.

	When responding to queries, our responses will be clear and in simple language, deal with the matter raised and in line with Paradigm's Customer Care Standards. Complaints will be handled in line with Paradigm's Complaints Policy.
Equality, Diversity & Inclusion	We are committed to ensuring that our arrears management practices are in line with the principles of equality, diversity, and inclusion. We recognise the diverse needs of our residents and the communities we serve and strive to ensure that our approach is fair, respectful, and accessible to all. We will take a person-centred approach to arrears management, treating every resident with dignity and respect regardless of their age, gender, race, ethnicity, religion, disability, sexual orientation, socio-economic background, or any other protected characteristic. We will make reasonable adjustments to ensure our services and communications are accessible to everyone, including individuals with disabilities or language barriers. Where necessary, and as set out in this policy, we will provide tailored support and signpost individuals to appropriate resources or advisory services to help them manage their arrears effectively. Our teams will remain sensitive to the diverse cultural, religious, and personal circumstances of residents and will strive to minimise any potential discrimination or bias in the management process.
Roles and Responsibility	**Executive Board** has responsibility for: • Reviewing and approving the policy. • Monitoring arrears performance through regular reports, ensuring key targets are met, and identifying risks to financial sustainability. **Chief Financial Officer** has responsibility for: • Ownership of this policy. • Ensuring suitable resource is made available to allow delivery of an effective service. • Ensuring compliance with current regulations. • Monitoring any significant risks surrounding the service provision and performance. **Assistant Director Finance (Operations)** has responsibility for: • Monitoring arrears trends and performance to address issues proactively. • Approving the execution of warrant of possession for rent arrears. • Approving write-off of resident arrears in accordance with the limits in the Financial Regulations. **Senior Income Recovery Manager** has responsibility for: • Ensuring arrears management systems and processes are in place and are effective. • Reporting and monitoring arrears trends and performance. • Management of the day-to-day arrears management operations. • Ensuring we comply with the terms of our Universal Credit Trusted Partner status.

	• Ensuring the Rent Recovery team understand the way in which benefits are administered to assist with housing costs including the impacts or effects of any changes to rules or the basis on which benefits are paid. • Approving applications for Universal Credit Third Party Deductions for arrears. • Authorising Mandatory Notices requested by the Rent Recovery Managers and Rent Recovery Officers. • Review and authorisation of Proportionality Assessments, Pre-Court Checklists and Eviction Risk Assessments. • First authorisation of warrant requests. **Rent Recovery Managers** have responsibility for: • Operational arrears management within their allocated patch including court attendance. • Review and authorisation of Proportionality Assessments, and Pre-Court Checklists. • Ensuring that caseloads are complete and appropriate action is carried out by the Rent Recovery Officers. • Review and authorise Universal Credit Direct Deduction applications. **Rent Recovery Officers** have responsibility for: • Recovering rent for their allocated patch and working with residents to maintain their payments and repay arrears. • Carrying out pre-tenancy assessments for medium/high risk prospective residents. • Taking advance payment up to 1 month from residents to keep the account out of arrears. • Making use of APAs where the resident meets the criteria as set out in the Universal Credit regulations. • Making use of Rentsense Worktray and the housing management system for identifying arrears. • Making contact with residents when they fall into arrears. • Seeking authorisation of mandatory notices for possession from the Senior Income Recovery Manager. • Completing court paperwork and attending court. • Instructing Tenancy Sustainment and Support team or Resident and Neighbourhood Officers (CNO) for additional support in maintaining tenancies and the collection of arrears. • Attending eviction accompanied by a CNO. • Responding to complaints and enquiries in accordance with Paradigm's Customer Care Standards. **Income Recovery Officer**s have responsibility for: • Chasing former resident arrears, repairs recharges, 100% leaseholder service charges and ground rent. • Where collection has been unsuccessful, passing arrears to a third-party partner agency. • Requesting authorisation to write off former resident arrears in accordance with the limits in the Financial Regulations. • Responding to complaints and enquiries in accordance with Paradigm's Customer Care Standards.

	Assistant Directors of Customers and Neighbourhoods have responsibility for: • Hearing appeals from residents appealing possession action. • Approving the use of possession action and warrants in line with the Eviction Policy. **Lettings team** has responsibility for: • Collecting the information for Affordability assessments as part of the pre tenancy checks. • Collecting no more than one month's payment in advance at the start of the tenancy to support account stability. **Sales team** has responsibility for: • Ensuring residents payment up to one month in advance is collected in advance as part of the completion process. **The Tenancy Sustainment & Support team** has responsibility for: • Receiving and processing sustainment referrals from the Rent Recovery team • Reviewing all cases where vulnerability has been identified and the protected characteristics have been taken into consideration when assisting with tenancy sustainment. • Working with residents to assist them in getting back in line with the terms of their agreement. • Feeding back to the Rent Recovery team on sustainment methods attempted and outcomes.
Monitoring / Reporting and Assurance Controls	Resident arrears balances will be monitored by the Rent Recovery Managers and Rent Recovery Officers by way of a daily worktray recommendations from the arrears management software. Weekly caseload completion stats are monitored by the Senior Income Recovery Manager and the Rent Recovery Managers and checked for appropriate action by way of case review and spot checks. The number of evictions for rent arrears will be monitored via the Housing Management System and reported monthly to the Chief Financial Officer. Arrears percentages are reported monthly to Executive Board. Possession Tracker is used as a workflow in the Housing Management System starting from Notice through to eviction, which ensures the correct steps are taken in the correct order. All details of actions, agreements, interviews and referrals are recorded on the Housing Management System by anyone undertaking them. Paradigm has Trusted landlord status with the DWP. This status allows for a managed arrears payment plan and applying for APAs easier and in line with APA consideration factors. Voluntary agreement and Court Orders are recorded on the Housing Management System and monitored by the Rent Recovery Officers using the arrears management software.

	Where the resident is in arrears and has vulnerability and an impact identified under one of the protected characteristics, a referral to the Tenancy Sustainment and Support team will be made. Training is provided for Rent Recovery Officers to recognise the signs of vulnerability and when to refer residents to the TSS team. A Proportionality Assessment form is completed for mandatory cases and where we know there is disability. This is also completed prior to an eviction for rent arrears. Mandatory Notices of Seeking Possession initiated by Rent Recovery Officers are reviewed by a Rent Recovery Manager and then approved by the Senior Income Recovery Manager. Mandatory Notices initiated by Rent Recovery Managers are reviewed and approved by the Senior Income Recovery Manager. Warrant requests are approved and monitored by the Senior Income Recovery Manager, before passing to the Assistant Director Customer and Neighbourhoods for review, prior to final approval by the Assistant Finance Director (Operations). Targets for rent recovery will be set by the Chief Financial Officer and approved by the Board as part of the balance scorecard. Performance will be monitored and measured against these targets and reported monthly to Executive Board and Leadership team. The Senior Income Recovery Manager and Rent Recovery Managers will carry out one to one's with Rent Recovery Managers and Rent Officers to monitor compliance with this policy, rent arrears performance and ensure that commensurate action is being taken.
Cross References	• Lettings Policy • Eviction Policy • Shared Ownership Sales Policy • Tenancy Management Policy • Customer Support Policy • ASB Policy • Domestic Abuse Policy • Equality, Diversity & Inclusion Policy • Consumer Standards • Complaints Policy • Remedies and Compensation Policy

Policy Owner	Chief Financial Officer
Prepared by	Senior Income Recovery Manager
Approved by	Executive Board
Date of Board approval	N/A
Effective date	November 2025
Review date	November 2028
Version control	V4 supersedes v3 dated January 2022

Record of Amendments			
Date	**Version**	**Approved By**	**Details of Amendments**
Sept 2015	V1	Amalgamated Board	18th April 2018 updated to be in line with revised Data Protection Policy)
May 2019	V2	Management Team	Greater clarity around accountability and responsibility. Greater clarity and emphasis on monitoring and auditing controls
Jan 2022	V3	Executive Board	Full review of policy
Jan 2025	V4	Executive Board	Full review of policy EIA completed
Nov 2025	V5	Executive Board	Update to conform with Renters' Rights Act 2025