

Guidance Notes: Recovery of Rent Arrears from Residential Tenants

1. Introduction

These Guidance Notes are designed to assist residential landlords whose tenants are in arrears of rent. The Notes set out the steps landlords should take.

2. Rent Payment Reminders

If the Tenant has been late paying their rent, the landlord may wish to write to the tenant referring to the late payment and reminding the tenant to make future payments of rent on time.

If a payment of rent is overdue and remains unpaid, the first step is to send a reminder letter. This records the amount outstanding and the date the payment was due. It requests payment by return and states that interest will be charged if payment is not made by a specified date. Where we are managing the property on your behalf we will send this letter after 7 days.

3. Letter of Claim

If rent remains unpaid after taking the steps set out above, the landlord may wish to take legal action against the tenant, either to recover the arrears or to obtain possession of the property (or both). Where we manage the property we will write to the tenant again after 14 days adding interest in line with the Bank of England base rate and a further letter after 30 days.

Before the landlord takes legal action, the tenant must be given a final chance to settle the rent arrears. The landlord must set out a claim in writing **before** issuing proceedings. This is done by a formal 'Letter of Claim'. Where we manage the property we will send this on your behalf.

These Letter of Claim templates comply with the Pre-Action Protocol for Debt Claims which took effect in October 2017. This Protocol applies to debt claims against individuals, including residential tenants.

The letters give detailed information about the debt and give the tenant 30 days to reply. The letters warn the tenant that court action will be initiated if they fail to reply within the given time.

This step – of trying to settle a claim before taking court action – is important. The courts may penalise a landlord who does not make attempts to settle a claim before taking legal action.

If, after following the steps in the Protocol, the landlord still wishes to bring legal proceedings against the tenant, the landlord must give the tenant 14 days' notice of their intention to start court proceedings.

4. **Court Proceedings**

If the landlord wishes to take possession proceedings against the tenant on the ground of rent arrears, the landlord should refer to the guidance notes on “Residential Possession Proceedings – Standard Procedure” .

When we provide you with a full management service we will carry out these steps for you and keep you updated accordingly.