THE LETTINGS HUB
*the home for lettings*

# Infosheet | Your Guide To Unpaid Rent




Seeking vacant possession when the tenant is in rental arrears is difficult enough, but once the tenant is evicted, what happens next? Is the unpaid rent simply written off? Not necessarily. There are a number of legal avenues a landlord or letting agent can pursue over outstanding rent, but there are considerations around timing, cost, and practicality.

In this infosheet, we share the key steps to secure possession and the options available to help recover unpaid rent after eviction.

## Step 1 | Serving Notice

If a tenant falls more than two months into rent arrears, a Section 8 notice should be served, using Ground 8 under Schedule 2 of the Housing Act 1988. This is a mandatory ground, meaning that if the arrears exceed two months at the time of the court hearing, the judge must grant possession.

The notice must be served according to the terms set out in the tenancy agreement, most commonly by first-class post, and must give the tenant at least 14 days' notice to pay or vacate the property.

### CHANGES UNDER THE RENTERS' RIGHTS BILL

The Renters' Rights Bill will increase the notice period for Ground 8 from 14 to 28 days, and it introduces a new mandatory ground for tenants who have been in at least two months' arrears on three separate occasions within a three-year period, even if they're not in arrears on the hearing date. However, the threshold for rent arrears will increase from two months to three months.

With Section 21 being abolished, landlords will be relying more on Section 8 grounds, making accurate record-keeping more important than ever.

## Step 2 | Court Proceedings

If the tenant refuses to leave the property or clear the arrears within the notice period, the landlord can initiate court proceedings. These proceedings seek two outcomes:

1 | A possession order to reclaim the property

2 | A money judgment to recover the rent arrears

The arrears must still be over the two-month threshold on the hearing date for the mandatory ground to apply, because if the arrears drop below that level, possession may still be granted; however, this would be under discretionary grounds, which are less certain.

## Step 3 | Eviction




Once the court grants a possession order, the tenant will be given a fixed date to leave the property and settle any money judgment. If they stay beyond that date, a County Court bailiff can be appointed. Alternatively, you can apply to transfer enforcement to the High Court, allowing High Court Enforcement Officers to carry out the eviction.

At this point, the property can be reclaimed, but the landlord is still left with recovering the outstanding rent.

## After Possession: Debt Recovery Options



Some landlords may assume that unpaid rent must be written off after possession is granted, but that's not the case. There are several legal methods are available to help recover outstanding arrears, however each comes with costs and practical limitations, so it is important to assess whether recovery is proportionate.

## High Court Enforcement




If you obtained a County Court Judgment (CCJ) against the tenant, landlords can transfer it to the High Court for enforcement. High Court Enforcement Officers can obtain a Writ of Control, allowing them to attend the debtor's new address to either seize goods, or set up a monthly repayment plan.

Before taking this step, you should allow some time for the tenant to re-settle at a new address and then commission a trace to their confirm location and employment status.

## Attachment Of Earnings

If the former tenant is employed, then it is possible to apply for a court order to deduct money directly from their wages each month until the debt is cleared. This is an affordable and often effective method, but it only works if the debtor is in stable employment and earning above the minimum threshold.

## Charging Order

A Charging Order secures the debt against a property owned by the debtor, or guarantor – if one is in place. The funds will only be released if the property is sold.

## Third Party Debt Orders

In some cases, you may become aware that a third party who owes money to the tenant (for example, a business client), and in these cases, the court may order that money be paid directly to the landlord, rather than to the tenant.

However, this is complex process, and therefore very rare.

## Direct Settlement

Not every route to recovering unpaid rent has to be done through the courts. Once a tenant has resettled in their new property, it may be worth opening a line of communication with them. Agreeing a sustainable payment plan can be the most practical and least confrontational solution, particularly if the tenant wants to resolve the matter.



## Considering Your Options

Before deciding how to recover the debt, you should consider:

- The amount of arrears.
- Whether a money judgment has been secured.
- The tenant's employment and property ownership status.
- The likelihood of enforcement being successful.
- The total cost of recovery action.



Pursuing unpaid rent is complex, but with the right approach and good advice, landlords can increase the chances of recovering some or all of what's owed.

## Rent & Legal Protection

Chasing rent arrears and managing court proceedings can be time-consuming, stressful, and expensive, particularly when a tenant refuses to pay.

Rent & Legal Protection offers peace of mind by covering:

- Missed rental payments.
- Legal expenses associated with possession proceedings.

Debt recovery and enforcement costs, including High Court action becomes our problem, not yours.
With the Renters' Rights Bill proposing longer notice periods and more reliance on Section 8, protection will become even more important. It gives landlords financial security and supports letting agents in offering a professional, proactive service.

To learn more about Rent and Legal Protection read our infosheet guide and speak to your Client Relationship Manager.




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RENTERS' RIGHTS BILL READY

BOX

## YOUR COMPLETE TENANCY MANAGEMENT PLATFORM




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At The Lettings Hub, we're always here to support you through the ever-changing lettings landscape. With the Renters' Rights Bill introducing new regulations, staying updated is crucial. That's why we offer a variety of resources to help you navigate these changes smoothly. From webinars and blogs to tailored guides, our platform is packed with expert insights.

Be sure to follow us on LinkedIn and bookmark our Renters' Rights Hub for the latest updates, tips, and advice.

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