

TACKLING HOUSING DEBT AND EVICTION:

Enhancing Occupier Engagement Through Improved
Communication and Advice



Executive Summary

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“... early intervention around rent arrears, that’s what works” (Housing and Welfare Officer)

The loss of a home through eviction, and subsequent consequences, can be financially and emotionally devastating. The cost-of-living crisis has placed new financial pressures on low-income households. Our research identifies ways to avoid eviction proceedings through measures that improve meaningful communication between those in housing debt, housing providers, and advice services.

Key Findings

Based on 139 survey responses and 53 interviews with occupiers, debt advisers, legal practitioners, and housing providers, we found that:

Barriers to seeking advice and support in resolving housing debt

- A majority of respondents (56%) did not or were unable to access debt advice from a range of providers including charities, local councils and online providers.
- Respondents were deterred from accessing support by the lack of opportunity for face-to-face discussion of their issues, the difficulty of getting through on the telephone, and their awareness that advice services are overwhelmed.

“I think the problem is when you get into debt you start being scared to speak to anybody.”
(Mortgage borrower)

- They also felt frustrated that system solutions to complex problems, notably payment plans, do not help to resolve underlying causes of debt (for example, insufficient income to meet bills).

“They wanted me to do an income and expenditure, but when you’re in negative budget...I don’t see the point.”
(Mortgage borrower)

- Local authority housing officers reported that changes to working practices, accelerated during COVID, have led to a depersonalised approach to resolving arrears, with fewer frontline staff and more reliance on remote engagement practices. These changes have undermined their relationship with tenants and the level of trust and confidence that tenants have in them as sources of help and advice.

Engagement with the legal process

- Court observations by the research team indicated that where advice and representation were provided, this tended to result in better outcomes for occupiers.

“... if people are seen to engage, and they turn up, there’s a fair chance that they will not be evicted.”
(Advice service provider)

- Occupiers in England at threat of losing their home have a right to free legal advice and representation on the day of their hearing in most County Courts. This is not the case in Scotland where access to free emergency legal advice is available in only a limited number of sheriff courts.
- Asked whether they would attend any future court hearing, nearly two thirds of respondents said they would not, some indicating that they would find attending court ‘too stressful’. This finding is of concern given the apparent association between attendance at court and avoidance of an outright possession order.

Mental health issues

- A significant number of our respondents reported that health issues, particularly mental health issues, were a contributory factor in the accumulation of debt.
- Around half of respondents (53 of 99) reported a health condition or disability and of those, 8 in 10 reported having a mental health issue (conditions most mentioned were anxiety and depression).
- Respondents reported being worn down by the effort of trying to access help and effectively giving up, sometimes for the sake of their health.

Broader factors contributing to arrears included:

Service charges

- Service charges, particularly communal heating costs, impacted adversely on the ability of social tenants to afford their rent. These costs were due to factors beyond their control, and welfare benefits are simply not capable of covering those costs.

“You’ve got people paying £160 a month on council-controlled heating bills so they can’t even opt out of it. They can’t even turn their heating off and put a jumper on, they have to pay it.”
(Housing Officer)

- The inclusion of communal heating charges in the tenant’s ‘rent’ means that a failure to pay the charge can lead to a possession claim. This seems to introduce eviction for non-payment of utility bills ‘through the backdoor’.

The Universal Credit system and arrears

- The Universal Credit system emerged as a contributor to housing debt and a barrier to its effective resolution.
- The direct payment of the housing element to tenants, the wait for the first payment, advance payments, and sanctions and deductions, were signalled as major causes of sometimes inescapable debt.

“On Universal Credit, if you get even slightly behind you’re never coming back. You’re done, that’s it. Until you get a job, that is it, you are in debt now... It’s a really easy slippery slope.”
(Engagement Officer).

- There was some indication that those in debt may not be aware of sources of additional financial support such as Discretionary Housing Payments.

Policy recommendations

Improving communication and engagement

- **Landlords and mortgage lenders** should continually review their communication practices to ensure a supportive and consistent tone. Attempts to compel occupiers to repay their arrears through shaming or threatening legal action are likely to prove counterproductive and should be avoided.
- Face-to-face, familiar and personalised communication methods are more likely to result in engagement by those in debt. Where possible, this should include regular communication with the same adviser. A variety of methods may be needed to initiate and maintain contact including supportive home visits and the use of preferred contact methods (e.g. phone calls and texts).

Landlords and Lenders as Sources of Advice

- **Landlords and mortgage lenders** should recognise that occupiers often contact them for informed and fair advice about dealing with their arrears. Staff should therefore receive the training necessary to address the complex range of issues experienced by occupiers in debt.
- The use of a 'one size fits all' or rote response should be avoided. Instead, service provision should be underpinned by a compassionate approach that allows people time to explain their situation and to feel heard and understood.
- **Landlords and lenders** should ensure that their staff are aware of the propensity for occupiers in debt to agree to unrealistic and unaffordable repayment plans. In an effort to avoid this, staff should signpost customers in debt to independent sources of advice.
- **Landlords and lenders** should ensure that they adopt systems which deliver consistent advice and which do not require people to repeat their circumstances.

Encouraging attendance at court

Early intervention in the arrears process has the potential to prevent the escalation of problems that lead to home loss.

- The introduction of the Housing Loss Prevention Advice Service is a welcome addition to the advice sector so we call on **central Government and the Legal Aid Agency** to ensure that this service is adequately funded.
- The performance and outcomes of the scheme should be monitored and reported to allow for an assessment of its effectiveness.
- We call on the **Scottish Government** to introduce a similar scheme throughout all areas of Scotland to make legal advice and representation free at the point of use for those who have received a notice of possession.
- **Central Government** should consider whether to include debt advisers, as well as legal practitioners, as part of the scheme.

Address data and information deficits

- We would ask **HM Courts and Tribunals Service, the Ministry of Justice, and the Scottish Courts and Tribunals Service** to publish data similar to that published by the First-tier Tribunal (Housing and Property Chamber) in Scotland. The publication of such data could assist in evaluating the relationship between engagement, attendance and representation in affecting the outcome of possession cases.
- When publishing data relating to possession hearings held in the County Courts in England and sheriff courts in Scotland, **HM Courts and Tribunals Service, the Ministry of Justice, and the Scottish Courts and Tribunals Service** should ensure that the information is presented in a clear and accessible manner, avoiding the use of overly legalistic language.

Communal service charges

In response to evidence that service charges (particularly communal heating charges) are impacting the ability of tenants to afford their rent we recommend that:

- **The Department for Work and Pensions (DWP)** issues clear guidance about which service charges are covered by Universal Credit.
- Consideration should be given to the feasibility of installing smart meters to ensure equitable charges for heating in social housing.
- **Central Government** should ensure that people are not evicted because of the financial pressures imposed by global energy markets.

Reform of the Universal Credit system

- We support those calling on **central Government** for a review of the design and operation of Universal Credit, joining the voices of our research participants to others with lived experience of debt (see, for example, <https://www.turn2us.org.uk/about-us/news-and-media/latest-news/turn2us-hosts-all-party-parliamentary-group-on-universal-credit-and-gender>).
- **The DWP** should consider the reintroduction of direct payments by default of the housing element of UC or housing benefit to landlords. In the meantime, the need for Alternative Payment Arrangements should be identified at an earlier stage.
- **The DWP** should ensure that individuals are able to easily report changes to their income in their journal that are not employment related, for example, pension changes.
- Steps should be taken by **the DWP** to ensure a better working relationship between Universal Credit administrators and social housing providers in relation to resolving benefit issues.

About the research

- The project ran from October 2022 to March 2024.
- An online survey was distributed nationally from March – October 2023, with 104 responses, 84% from tenants (the majority of which were social tenants) and 16% from mortgage borrowers.
- A hard copy survey was distributed to venues such as libraries and advice agencies to encourage responses from those unable to use or access a digital device. We received 35 responses.
- While the online survey was distributed nationally, we focused our efforts in three case study areas: Southampton, Birmingham, and Glasgow.
- We conducted 33 interviews with housing and advice service providers.
- We conducted 20 interviews with occupiers (17 tenants and three mortgage borrowers).
- We observed possession proceedings and shadowed duty advisers in courts in the Midlands, South-West and South-East of England. A total of 14 cases were observed, including six mortgage arrears cases, three private rented sector cases, and five social rented sector cases.

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abrdn Financial Fairness Trust funds research, policy work and campaigning activities to tackle financial problems and improve living standards for people on low-to-middle incomes in the UK. It is an independent charitable trust registered in Scotland (SC040877).

