



Tenant's Guide to the Rent Direct Debit Process



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Section 1 – Why should I choose to pay my rent by Direct Debit?

You are in control

YOU – instruct us to set up a Direct Debit

YOU - tell us which frequency and day/date you want the Direct Debit to be taken **

YOU – will receive advance notice of any changes to the Direct Debit amount, date or frequency

YOU – are entitled to a full and immediate refund from your bank/building society (in the unlikely event of an error being made)

YOU – can cancel your Direct Debit at any time by contacting your bank or building society

Direct Debit is safe, reliable and easy. It is a convenient, quick and hassle free form of payment.

Once set up, you don't need to worry about your rent payments as they will be automatically collected ensuring that you don't fall into arrears or default on a payment arrangement if your Direct Debit includes a payment for outstanding rent.

The reduced costs for the Council of collecting rent by Direct Debit means we can spend less on administration costs and more on services for our tenants eg repairs, tackling antisocial behaviour and providing new homes.

**See section 3 for options available

Section 2 – Does payment by Direct Debit suit my circumstances?

To use Direct Debit you will need:

A bank account which accepts Direct Debits (some accounts do not – please check with your bank or building society)

Enough money in your account to cover payments on the due date

For Rent Direct Debit the following also needs to apply:-

You agree to pay the full rent due

You agree to pay by the sole method of Direct Debit – for example, with a joint tenancy one tenant cannot pay their share by Direct Debit and the other tenant by cash.

You agree to pay an amount towards arrears (if arrears exist on your rent account)

If you do not have a regular income coming into your bank account then you will need to consider whether paying by Direct Debit will suit you.

Section 3 – What payment options are available?

The following payment options are available when paying by Direct Debit:-

Weekly – any working day of the week – Monday to Friday.

Weekly payments will be collected 48 times a year. As there are 52 weeks in the year, there will be 2 weeks in the summer and 2 weeks in the winter when payments will not be collected*

Fortnightly – any working day of the week – Monday to Friday. Also you can have your payment collected in either the first or second week of the rent fortnight.

Fortnightly payments are collected 24 times a year. As there are 26 fortnights in a year, there will be one fortnight in the summer and one fortnight in the winter when payments will not be collected*

Monthly – any date from the 1st through to the 28th

Monthly Direct Debits collect 4 weeks rent, 12 times a year. There is no payment holiday as with weekly and fortnightly payers but everyone pays the same amount of rent – 48 weeks.

Twice Monthly – any date from 1st through to the 28th. Example you can pay on the 1st and 15th of every month.

Twice monthly Direct Debits collect 2 weeks rent, 24 times a year. As with Monthly payers there is no payment holiday.

*If your rent account is in arrears, we will continue to collect the arrears only element of your payment over the rent free weeks. This will be detailed in the payment schedule.

Section 4 – How do I set up a Direct Debit to pay rent?

If the person whose bank account the rent will be paid from is the main or joint tenant* then call our Freephone number 0300 555 0106

We will take you through the process which should only take a few minutes. You should have your rent reference and bank account details to hand before calling.

You will be asked the following:-

- 1) To confirm your identity: name, date of birth, address etc.
- 2) To confirm you are the bank holder and you can authorise debits from that account
- 3) What payment frequency you want to set up
- 4) What payment day or date you would like
- 5) If your account is in arrears, we will discuss and agree how much you wish to pay towards clearing those arrears
- 6) To provide your bank account number and sort code

We will confirm the details of the Direct Debit you have set up.

A confirmation letter with a payment schedule will be posted out to you.

*If someone other than the main or joint tenant is paying the rent, when you phone we will take your details and send you out a paper mandate and additional information request form which needs to be completed and returned by the PAYER. This applies even if the payer is also a resident in the house.

Section 5 – What is the payment schedule?

The payment schedule will have two parts:-

- 1) Rent elements – this shows all the charges currently made to your rent account including any housing benefit (please note any Universal Credit housing cost element will not appear here)
- 2) List of payment dates and amounts – so you can see when and how much will be collected from your bank account.

As a minimum, you should receive a new payment schedule once a year in April – this is when the rent annual increase is applied and your Direct Debit will be amended to reflect the new rent charge.

You will receive advance notification and a payment schedule before the new Direct Debit amount is collected.

If, however, your rent account has had other changes made to it throughout the year e.g. adding or removing insurance charges or changes to housing benefit then you will receive an advance notification and a new payment schedule each time a change occurs.

Please see the sample provided at the end of this guide for further explanation of the details found in the payment schedule.

Section 6 – Direct Debit and Rent Arrears

If your rent account is in arrears when you set up a Direct Debit then we will require your Direct Debit to include an amount to be paid towards those arrears in addition to your ongoing rent amount.

For as long as your Direct Debit remains active, and provided there have been no defaulted payments, no arrears action will be taken. This is because you will have, in effect, entered into an agreement to pay the outstanding rent.

We will automatically cancel your Direct Debit when certain triggers, relating to defaulted (unpaid) payments, are met:-

- Weekly – 4 consecutive unpaid Direct Debits
- Fortnightly – 2 consecutive unpaid Direct Debits
- Monthly – 1 unpaid Direct Debit

When this happens you will be moved back into the arrears process.

Our arrears officers will also review unpaid Direct Debits for those that happen on a frequent basis but perhaps not consecutively and they will have the discretion to cancel the Direct Debit and engage in arrears activity.

Section 7 – Frequently asked questions

Q. Why are you sending two confirmation letters to one address?

A. We have responsibility to notify both the main and joint tenant of any action that could affect their tenancy. In addition, we are also required to notify the Direct Debit payer of any changes to the Direct Debit payment. As such, several situations could exist that will result in more than one letter for the same Direct Debit action being sent.

- If the payer is the main tenant, then the main tenant will receive the confirmation of the Direct Debit set up or change or cancellation but the joint tenant will also receive a letter.
- If the payer is a resident but not a main or joint tenant, then the payer will receive the confirmation of the Direct Debt set up etc. In this case the main tenant and also any joint tenant will also receive a letter.
- If the payer is not a resident or a main or joint tenant, then the payer will receive the confirmation of the Direct Debit set up etc direct to their home address and the main and joint tenant will each receive a letter notifying them of these changes related to their tenancy.

Q. Why do I keep receiving new payment schedules when I have not made any changes to my Direct Debit?

A. Our Direct Debit system will adjust your payments to automatically take into account changes to your rent account. We will always provide advance notice of any changes to your payments and that is why you will receive a new payment schedule. If you are in receipt of housing benefit and your circumstances are causing your benefits to change a lot then this could explain the new payment schedules. Please contact us to discuss as it may be better

to suspend your Direct Debit for a short time until your benefits settle.

If you make other payments into your rent account over and above the agreed amount per the Direct Debit schedule then this will cause a new payment schedule to be issued. Again, please contact us so that we can discuss how best to manage this.

Q. I am moving from one council house to another. Will my Direct Debit follow me?

A. Unfortunately not. When a tenancy comes to an end the Direct Debit set up for that tenancy will automatically be cancelled. As soon as your new tenancy starts, please contact us and we will be happy to set up a new Direct Debit for you.

Sample



Rent Direct Debit Payment Schedule

Tenancy Reference: «Tenancy_Ref»
 «PropertyAddress1»
 «PropertyAddress2»
 «PropertyAddress3»
 «PropertyAddress4»
 «PropertyPostCode»

Only those rent elements that are applicable to your rent account will be displayed

Weekly rent details:-

Rent Element	Amount	Effective Date
Basic Rent	£69.41	02/04/2108
Housing Benefit	£ 8.62-	30/04/2018
Lock up	£ 6.68	02/04/2018
Property charge	£ 9.38	02/04/2018
Insurance	£ 0.46	05/06/2017
Total Rent	£77.31	

The effective dates above reflect when the charges were last updated/amended.

Your payment frequency will be shown here

Direct Debit Payment Schedule:-Fortnightly

Payment Date	Total Rent	Adjustment Element Arrears/(-Credit)	Total DD Amount
07/06/2018	£154.62	£20.00	£174.62
21/06/2018	£154.62	£20.00	£174.62
<p>The actual dates that the Direct Debit is due to be paid will be shown here.</p>	<p>This will be the Total rent from the table above multiplied by the frequency eg £77.31 x 2</p>	<p>If there are arrears on the rent account then a recovery amount will be shown here. If there is a credit balance on the rent account then that will be shown here as a minus figure eg -£22.40 If your rent account is in balance then this will show as £0.00</p>	<p>The Total Rent figure plus the Arrears figure or the Total Rent figure less the credit figure. It is this figure that will be collected from the bank account.</p>

Where the payment date falls on a weekend or bank holiday the Direct Debit will be collected on the next working day.

A new schedule will be issued in April each year or following any change in circumstances affecting the rent account.

This guide is produced by:-

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If you have comments or queries regarding this guide or require further explanation then please contact us either by email at HousingRentAccounting@northlan.gov.uk or by phone 0300 555 0106