

Zen Registered Providers: Shared Ownership Income Management Policy

Version:	4.0
Author:	Zen Living Management Limited
Policy Owner:	Board
Date adopted:	November 2025
Date of next review:	November 2027
Approved by:	Board

1. Introduction

- 1.1. This policy applies to Zen Housing Limited, Zen Housing 2 Limited and Zen Rented Limited (together “**Zen**”). This policy sets out Zen’s approach to the collection of leasehold charges and the management of arrears.
- 1.2. The policy applies to all leasehold customers.
- 1.3. Zen is committed to providing an efficient and effective income management service to seek to ensure that leasehold customers pay rent and charges in accordance with the terms of their lease. This is in order to ensure that Zen remains financially viable and can continue to deliver a high level of services to all our customers.
- 1.4. This policy sets out our approach to collecting leasehold arrears which includes rent, ground rent and service charges (and any other charges that may be specified in the lease).
- 1.5. The purpose of this policy is to ensure that Zen has appropriate measures in place to:
 - maximise income collection for leasehold properties;
 - encourage prompt payment and prevent leaseholders falling into arrears;
 - ensure leaseholders have the information that they need to prevent debt and arrears;
 - engage with leaseholders quickly and sympathetically when arrears do arise;
 - seek to maintain and sustain home ownership by supporting leasehold customers appropriately; and

- ensure we act consistently and in accordance with relevant legislation, regulation and guidance.
- 1.6. The key objective of this policy is to manage our income effectively, keep debt to a minimum and ensure the continued viability of the organisation. Our income management policy will always seek to reflect good practice and meet legal and regulatory requirements.
- 1.7. Encouraging early payment and preventing leaseholders from falling into arrears will always be our primary objective ahead of enforcement action.
- 1.8. In cases of persistent non-payment of monies due or failure to meet agreements to pay, Zen will take appropriate legal action, including to repossess the property and recover outstanding debts.
- 1.9. On all Zen's properties, the rent payments and other charges will be set and collected in accordance with the specific lease in place.
- 1.10. Where services are provided to shared ownership properties, charges will be set for the property in accordance with the terms of the lease.
- 1.11. This policy will be jointly implemented with our property managers.

2. Scope

- 2.1. This income management policy applies to all leasehold property including shared ownership.
- 2.2. It applies to the income and recovery of:
- Rent;
 - Service Charges;
 - Ground rent;
 - Court Costs; and
 - All other applicable charges under the terms of the lease or shared ownership agreement.

2.3. Approach

- 2.4. Zen is committed to promoting preventative action and financial inclusion by working with customers to promote a rent first payment culture, prioritising rent payments above most other expenditure.

- 2.5. Zen stresses the importance of payments of rent, service charge and ground rent as a condition of shared ownership leases and emphasises that customers are responsible for paying all appropriate charges in accordance with the specific lease.

3. Arrears

3.1. Shared-Ownership Rent, Service Charges and Ground Rent

- 3.1.1. Zen's shared-owner's lease agreement outlines that the leaseholder must pay the shared ownership rent and maintain mortgage payments.
- 3.1.2. Where there is a service charge due under the terms of the lease, the leaseholder is responsible for making service charge payments in accordance with the terms of the specific lease (including contributions to any sinking funds).
- 3.1.3. If applicable, the ground rent is an annual payment for the use of the demised premises. The leaseholder is responsible for making all ground rent payments in accordance with the lease.
- 3.1.4. Zen recognises that occasionally customers may have financial difficulties and be unable to pay their charges. Customers who fail to pay their shared ownership rent, service charges, ground rent, mortgage payment are in breach of their lease agreement which ultimately could lead to the loss of their home.
- 3.1.5. We will be supportive of all customers experiencing financial difficulties and will always provide clear, consistent and practical information to customers about the implications of any failure to make payments in accordance with the lease. We will seek to negotiate mutually acceptable payment plans for repayment of arrears before taking enforcement action.
- 3.1.6. Where appropriate we will refer customers to specialist debt counselling agencies or the Citizens Advice Bureau for support.
- 3.1.7. Where customers are identified as having a particular need, vulnerability or disability, Zen Housing will provide reasonable adjustments and give appropriate advice and assistance.

3.2. Forfeiture/ Possession Proceedings

- 3.2.1. If customers do not pay their shared-ownership rent, service charges or ground rent, Zen have a recovery procedure which will be followed. The actions that Zen can take against customers are issuing reminder letters, approaching the leaseholder's mortgage provider for payment on their behalf, applying to the court for a County Court Judgement or putting a charge on the property. Zen will encourage pre-action contact between parties before issuing court proceedings.
- 3.2.2. If these actions do not resolve the arrears, then Zen will apply to the courts for forfeiture of the lease. Zen will only seek to commence forfeiture proceedings as a last resort when all alternative debt management actions have been followed.

3.2.3. If the court issues a possession order Zen will enforce the forfeiture and repossess the property.

3.3. Mortgage Lender

3.3.1. Zen will contact the customer/leaseholder's mortgage lender when:

- the leaseholder and Zen are in discussion about potential payment difficulty. Any action taken will be disclosed to the lender;
- there are rent arrears and where Zen has been unable to reach an agreement with the leaseholder to clear the arrears in full. There may also be mortgage arrears which may alter Zen's recovery procedure;
- forfeiture proceedings are being considered; or
- the issue has entered into small claims court for non-payment.

3.3.2. Zen will provide the customer's mortgage lender 28 days' notice of any intentions to commence forfeiture proceedings. This will include details of the level of arrears. Leaseholder's will be informed of contact and actions taken between Zen and their mortgage lender.

3.3.3. We will notify customers in advance of any legal action that we intend to take. Any legal costs incurred by Zen in recovering arrears will be added to the debt.

3.3.4. A customer leaseholder can request that the mortgage lender covers the rent payments for a temporary period if they have a genuine reduction in income, eg. a period of sickness after to which the leaseholder returns to work. However, if the mortgage lender begins to pay rent in any other circumstances, then Zen will start forfeiture proceedings against the leaseholder.

3.3.5. Zen will be responsible in their actions to make sure anyone experiencing difficulties in making rent or mortgage payments is made aware of sources of advice available including welfare benefits and debt counselling. We will offer prompt and practical advice at all times.

4. Payment

4.1. Zen encourages a positive payment culture amongst all customers and stress the importance of payment of all charges as a condition of the leaseholder agreement. Payments due at the start of the lease will be collected when the lease is entered into.

4.2. Payment by Direct Debit is the most efficient method to collect income and reduce arrears administration. We will promote direct debit to all new customers and request a direct debit mandate is completed. Zen (through providers) will offer a wide range of payment methods, including:

- direct debit; and

- standing order

4.3. Customers will be reminded that cash (coins and bank notes) are not an acceptable method of payment. Staff are not permitted to receive cash from customers.

5. Frequency of payments

5.1. Customers will receive clear information regarding any charges payable in respect of their home in accordance with the specific terms of the lease. This will include the frequency of the charge, amount payable and the reason for the charge.

6. New Customers

6.1. At the point of the lease agreement being signed, Zen will:

- take the first contractual payment at sale;
- reinforce the terms of rent and the importance of regular rent payments being made; and
- provide information regarding the alternative methods of lease payment available.

7. Statements

7.1. Customers can request a copy of their rent and service charge statement with a clear breakdown of charges at any time

8. Changes to charges

8.1. Customers will be informed of changes to rent and other charges in accordance with the specific terms of the lease or at least one month before these changes come into effect.

9. Policy Management

9.1. The Board has overall responsibility for this policy.

10. Monitoring and review

10.1. Diversity information relating to customers in rent arrears will be reviewed to ensure that this policy and our services are accessible to all. Any concerns identified will be addressed and additional support or reasonable adjustments offered.

- 10.2. Zen will ensure that procedures are kept under review to reflect good practice and changes in legislation and regulation.
- 10.3. This policy will be **reviewed every two years** or when there is a change in circumstances, in work practices or the introduction of new legislation.
- 10.4. Our managing agents will be consulted when this policy is reviewed.