

The Essential Landlord's Guide

9 Tips to Get Tenants Paying and Reduce Rent Arrears



COVID-19 has had an unimaginable affect throughout the world, not only on people's health and way of life, but has affected many people's finances due to job loss, furlough and the devastating impact on global economies.

Many tenants desperately want to ensure that their rent is paid and to keep their debts to a minimum, but reduced incomes and high expenses has put them in difficult positions on how to manage their finances.

This then has a knock-on effect to you as a landlord where it can have negative consequences for mortgage and insurance payments.

But what can you do as a landlord to encourage tenants in arrears to pay back what they owe? Here are our 9 top tips...





Monitor, Communicate & React

Communication is always key to a good relationship with your tenants. Keep a close eye on the situation and rent payments so that you can react and open up a clear line of communication with your tenants.

If you don't know their financial situation you aren't going to be able to help. If you have this discussion then you can react accordingly by preparing your own finances and getting plans in place with your tenants to minimise any arrears.

This will also help build trust with your tenants making it easier for them to approach you if things get tough.



Be Understanding

The global pandemic has been a challenging and unprecedented time for everybody for a whole host of reasons. It has affected people in all sorts of ways and this is why it is so important to make sure you are understanding and take time to speak with your tenants and try to be sympathetic to their circumstances. This is particularly important if you do need to go down any official routes as a judge may want to see if you have taken the time to try and work out a plan.





#3

Work with a reputable letting agent

An experienced letting agent can help to take the stress out of rent arrears as they are equipped with the tools and knowledge of the latest legislation to help decide the best course of action and communication with your tenants - helping to manage rent arrears effectively.

Although you do have to consider a small monthly cost, the amount of money you can save in the long run, if the arrears are managed correctly, is worth the investment.

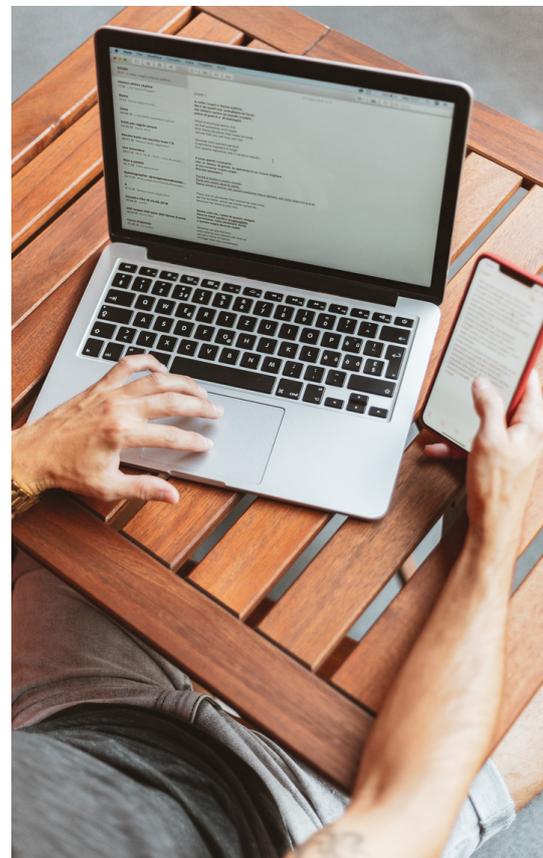


Technology is your friend!

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Although speaking on the phone is a great way to build personal relationships with your tenants, it is always useful to use technology to help keep track of things and help to organise your tenants better.

Encourage your tenants to set up automated payments using standing orders - this will help to ensure a constant payment date and less chance of forgetting payments. This also helps keep a digital paper trail to show what has come in and when - helping you to monitor payments effectively and can be useful if you need to use it as evidence later. Any agreements you make verbally regarding payment plans or rent payments should be confirmed in writing by email too.





Check-in with the Guarantor

Prior to a tenancy starting, sometimes a guarantor is named to help support an applicant's application if their affordability is close to the threshold or they are identified as medium risk.

If you end up with a tenant in arrears you should check your guarantor agreement and get in touch with the guarantor to start the process of getting the rent from them. In the first instance however, give the guarantor an opportunity to speak with the tenant as your tenant may be more comfortable discussing financial issues with them.



Point the tenant in the right direction

There are a number of organisations and schemes in place to help individuals who are in financial trouble.

If your tenant is struggling help point them towards someone who may be able to help such as Citizens Advice, Universal Credit and a whole range of local and national charities.

Its useful to help them understand that there is help out there and that there is support where needed.





Speak with your Lender and Insurer

Many agents are able to offer a form of rent guarantee insurance in the event your tenant isn't able to pay their rent - this is worth considering before starting a tenancy by looking at your finances and deciding what would have to any of your financial commitments if the tenant failed to pay.

If rent arrears become an issue for your portfolio, it is important to speak with your insurer to see if you have any form of rent protection and cover for legal costs if things need to go to court. Keep an eye on excess charges too so you factor in costs vs. how much money you could get back.

Your mortgage lender may also be able to help if your tenants are not paying rent by offering you a temporary repayment holiday. This will give you a chance to get a plan in place with your tenant to get the arrears paid off.



#8 Financial Audits and Payment Plans

It is always a good idea to try and come up with a structured solution that helps everybody.

In the first instance it is worth trying to create a financial audit to help your tenants step back and actually take into consideration what their monthly income and outgoings are. This could highlight areas that could be adjusted to help free up some funds for rental payments.

Once they know what funds they have, you should try to agree a realistic payment plan to help tackle the arrears. This may be for the full arrears amount or with an agreed discount. Remember to always confirm everything in writing.



#9

Keep it Professional

There are a whole range of emotions involved when dealing with rent arrears - frustration, anxiety, sympathy, upset, but it is always important as a landlord to remain professional and respectful at all times - even if you don't get the same back. Building a relationship of understanding and trust can go a long way to helping deal with the issue.

It is important not to bombard your tenant with phone calls, letters and emails all the time. Just respectful, periodic correspondence and reminders. This can then be used later as evidence if things go to court.

Don't forget that an agent can always help.



Say Hello!

Get in touch for more tips and advice -
we would love to hear from you!

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