



**PEAKS & PLAINS**  
Housing Trust

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# The Trust

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Leaseholder  
Charges Recovery  
Policy

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Version number: V1

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Effective Date:  
May 2022

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## 1. INTRODUCTION

- 1.1. This document outlines Peaks & Plains policy for the recovery of leaseholder service charges, ground rents and other charges.
- 1.2. The purpose of the Policy is to guide customers and staff in the recovery of charges, to maximise income to the business and to assist customers to pay their charges in accordance with their lease or transfer document
- 1.3. There is a separate policy and process for Shared Ownership leaseholders.

## 2. POLICY STATEMENT DEFINITION

- 2.1. A leaseholder is a property owner who has been granted a long lease for a specific term.
- 2.2. A lease is a contract which sets out the rights and responsibilities of the parties to that lease – usually the Landlord and the Leaseholder.
- 2.3. A Service Charge is an amount payable under the terms of the lease for services, repairs, maintenance, renewals, improvements, insurance and the landlord's cost of management.
- 2.4. A Sinking Fund is an amount of money set aside to pay towards expected future major expenditure. It is held as a separate fund associated to the individual property and that property's apportioned contribution to major works. Sinking Funds remain with the property on sale.
- 2.5. Ground Rent is a rent charged to leaseholders as stipulated in the lease.
- 2.6. Forfeiture of the lease is the recovery and possession of a property without compensation.

## 3. POLICY STATEMENT

- 3.1. Leaseholders have a contractual duty to pay the service charges and ground rent.
- 3.2. Peaks & Plains will send a statement (demand) at the start of each financial year detailing the estimated service charge for the following 12 months.
- 3.3. The estimated charge will include allowances for any future expected major items of expenditure.
- 3.4. The estimated charge will include an annual contribution to a Sinking Fund<sup>1</sup>
- 3.5. A statement detailing actual expenditure for the financial year and any surplus or deficit will be issued within 6 months of the financial year end.

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<sup>1</sup> Peaks & Plains is in the process of introducing Sinking Funds for all leaseholder service charges

- 3.6. An Annual Accounts Surplus will be refunded to the leaseholder, net of any arrears on the payment account.
- 3.7. An Annual Accounts Deficit will be billed to the leaseholder and collected alongside the first six months of the following year's service charges.
- 3.8. Service Charge payments are due quarterly in advance in accordance with the lease.
- 3.9. Peaks & Plains allows payments to be made monthly.
- 3.10. Direct Debit is the preferred method of payment.
- 3.11. Non-payment of charges constitutes a breach of the lease.
- 3.12. Arrears of Major Works payments and/or Annual Accounts deficits will be treated in the same way as Service Charge arrears.
- 3.13. Peaks & Plains will endeavour to contact the leaseholder to advise of any debt that has accrued and will agree to a repayment arrangement over a period of up to 12 months.
- 3.14. Longer term arrangements may be considered in exceptional circumstances.
- 3.15. Where agreement to pay is not forthcoming legal action will be taken through the County Court for recovery of the debt.

Where a charge is disputed, Peaks & Plains will seek to resolve the dispute prior to taking action for recovery of arrears. If a satisfactory resolution cannot be found within one month of the disputed charge, then Peaks & Plains will progress to take action to recover the arrears.

- 3.16. Peaks & Plains will issue at least two formal arrears recovery letters prior to commencing legal action.

Peaks & Plains will endeavour to speak personally with the leaseholder, either over the telephone or face to face, prior to commencing legal action.

- 3.17. Where applicable Peaks & Plains will direct leaseholders to organisations that can assist with debt advice.
- 3.18. Prior to commencing legal action Peaks & Plains will contact the leaseholder's Mortgage Provider (if applicable) to advise of the breach of the lease and to give them the opportunity to pay the debt. This is in accordance with the Council of Mortgage Lenders Guidance.
- 3.19. Peaks & Plains will always seek to recover their legal and administrative fees from the leaseholder and may also seek to recover any interest due on debts.

3.20. In the case of non-payment of arrears following a County Court Judgement, Peaks & Plains will seek one or more of the following:-

- Charging Order against the Property
- Attachment of Earnings Order
- Third Party Debt Order

3.21. As a last resort, and only where all other attempts to recover debt have failed, Peaks & Plains may seek to forfeit the lease.

In the unlikely event that forfeiture is sought, then Peaks & Plains would seek to compensate the former leaseholder following recovery of the debt and associated administration costs

3.22. Peaks & Plains will inform prospective purchasers of any arrears that are due. Where debts remain outstanding after the lease is assigned, Peaks & Plains will pursue the incoming leaseholder for the debt but retains an option to pursue former owner debts indefinitely.

#### **4. LEGAL FRAMEWORK**

4.1. Peaks & Plains policies and procedures have been designed in line with all current and relevant legislation, which includes:-

- Landlord and Tenant Act 1985
- Landlord and Tenant Act 1987
- Commonhold and Leasehold Reform Act 2002
- Law of Property Act 1925
- Housing Act 1985

#### **5. EQUALITY AND DIVERSITY**

5.1. The Trust will monitor the impact of this policy to ensure that arrears processes are followed consistently, fairly and effectively.

#### **6. RESPONSIBILITY**

6.1. The Director of Operations will be responsible for the effective implementation of this policy. The Head of Customer Experience will oversee the work of the neighbourhood teams in the day to day operation and reporting of this policy.

#### **7. CONSULTATION AND MONITORING**

7.1. Targets to reduce arrears and adherence to the policy and process will be set by and reported to the Senior Leadership Group

7.2. The Trust Executive management team will receive information on the operation of the Leaseholder Charges policy and report to Board if appropriate to do so.

## 8. ASSOCIATED DOCUMENTS

- 8.1.
- Leaseholder Handbook<sup>2</sup>
  - Leasehold Management Policy<sup>3</sup>

## POLICY INFORMATION

Policy Name:	Leaseholder Charges Recovery policy
Status:	V1
Approved by:	EMT
Drafted By:	Head of Customer Experience
Date approved:	05 May 2022
Next Review Date:	May 2025

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<sup>2</sup> The Leaseholder Handbook is currently under review

<sup>3</sup> The Leasehold Management Policy is currently under review