

## **SOCIAL SECURITY COMMITTEE**

### **SOCIAL SECURITY SUPPORT FOR HOUSING**

#### **SUBMISSION FROM Scottish Association of Landlords**

The Scottish Association of Landlords (SAL) is the largest and only dedicated national organisation that represents landlords and letting agents throughout Scotland. We support and represent our members' interests through providing resources and assistance as well as delivering lobbying and campaigning work.

SAL welcomes the opportunity to give evidence to the Social Security Committee's inquiry into social security support for housing.

Changes to the social security system from housing benefit administered by local authorities to universal credit (UC) being administered by the Department for Work and Pensions (DWP) is generally having a negative impact on landlords in Scotland for the following reasons: -

#### **Poor administration**

The main issue from a landlord's point of view is the poor administration of the UC system by DWP and many of our members have experienced one or more of the following:—

- DWP not replying to communications at all or not doing so within a reasonable period of time
- In situations where a claimant is not paying rent to their landlord, DWP not processing the request for a managed payment to the landlord or not processing it within a reasonable period of time
- DWP staff giving out misleading/inconsistent/incorrect information to landlords
- DWP sometimes not sending payment schedules to landlords when a payment is made to them – leaving them unclear as to which of their tenants the payment is for and what period it covers
- Landlords unable to make contact with DWP staff over the phone within a reasonable timeframe
- DWP not putting claimants onto direct payment to the landlord from the start of their UC claim when they have tier 1 and tier 2 vulnerabilities. It is worth noting that DWP consider they are not able to find out from the local authority whether the claimant's housing benefit has previously been paid direct to their landlord under the legacy system and appear to be entirely reliant on the claimant admitting to having tier 1 or 2 vulnerabilities which of course claimants will not always be truthful about.

#### **Defects in UC legislation**

1. Where payment is made directly to the landlord DWP have stated that legislation doesn't permit them to split it pro-rata between landlords when a tenant moves house – the full amount of rent payment in arrears can go the new landlord if the tenants payment date is shortly after the move date.

*For example:*

*Tenancy agreement requires tenant to pay rent monthly in advance on 1<sup>st</sup> of each month. Tenant is in receipt of UC and housing costs are paid direct to the landlord in*

*arrears on the last day of each month. If the tenant moves house on 25<sup>th</sup> of the month then all the UC payment at the end of that month will be paid to the new landlord, leaving the old landlord's rent outstanding for the period 1<sup>st</sup> to 25<sup>th</sup>.*

2. Tenants appear to be able to avoid direct payment of their housing costs being made to their landlord even when they are in significant arrears by constantly cancelling and reinstating their claim each month. When presented with a real life example of this happening senior DWP staff admitted it is a loophole in the legislation and there was nothing they could do to prevent the payment going to the landlord instead of the claimant.

### **Scottish flexibilities**

Claimants who don't have tier 1 or 2 vulnerabilities can't elect for payments to be made directly to their landlord from the start of their UC claim. This option only kicks in from their second payment month and could result in a tenant who struggles to manage their finances getting into arrears very early on in their tenancy.

### **Benefit payments not covering rent**

We are increasingly hearing from landlords that their tenant's benefit is not sufficient to cover their rent, and often tenants do not pay the "top up" resulting in a gradual build-up of rent arrears.

### **Time taken to evict tenants in arrears**

Despite government promises that the new Private Residential Tenancy regime would speed up the time it takes to evict a tenant in arrears, the regime hasn't delivered on this. It takes at least 7 months to evict a tenant who is not paying their rent. This compounds the impact on landlords where one or more of the above deficiencies with the social security system result in a tenant getting into arrears with their rent.

*For example:*

*Tenancy agreement requires tenant to pay rent monthly in advance on 1<sup>st</sup> of each month. Tenant fails to pay rent due on 1 April 2019. An application can't be made to the First-tier Tribunal for an eviction order until the tenant has owed some rent for 3 consecutive months – in this case not until 1 July 2019 (the day the 4<sup>th</sup> month's rent falls due). The tribunal process takes at least 4 months from the point of application to the point the landlord is able to recover possession of their property, and in many cases takes significantly longer than that. Even in the best case scenario a tenant who is not paying their rent at all would owe 7 months' rent by the time the landlord recovers possession.*

As a result of the issues outlined above many landlords in Scotland have come to the decision that they would prefer not to take the financial risk of letting to tenants who are in receipt of Universal Credit. This will inevitably make it more difficult for claimants to secure accommodation in the private rented sector.

### **Solutions**

We call on the UK and Scottish Governments to legislate to ensure the housing element of UC is paid directly to the landlord for all Scottish claimants who are tenants of private and social rented sector landlords. We also urge the UK Government to ensure the DWP is sufficiently resourced to prevent UC administrative problems and delays and make changes to the UC legislation to close the loopholes/defects identified above. Finally we ask the

Scottish Government to reconsider the procedures landlords must follow to evict tenants who are in rent arrears to ensure the timeframe is reduced as much as possible.