



Trapped in rent

Experiences of StepChange's debt advice clients renting in the private sector

May
2023

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Executive summary

Renters, like millions of households, are experiencing one of the worst cost-of-living crises in decades. The largest increase in private rented sector (PRS) rents since the current data series began has been accompanied by rising energy prices, wider inflation in the cost of groceries and household goods, and a real-terms decline in weekly earnings of 3.2%—also among the largest falls in real income since comparable records began in 2001.¹

StepChange clients are more likely to be PRS tenants than any other housing tenure: in 2022, one-third (34%) of clients were renting from private landlords (compared to 20% nationally). Increasingly, these clients report an additional vulnerability, such as poor mental or physical health, or a disability. Over half (52%) of all clients who are in vulnerable circumstances rent privately.

In late 2022, we surveyed our clients to understand how problem debt had affected their housing situation and vice versa.

This report builds on and updates similar research undertaken in 2018.² We found that the problems we noted in 2018 remain and, in some cases, have increased.



¹ ONS (2023) *Index of Private Housing Rental Prices, UK*; ONS (2023) *Average weekly earnings in Great Britain: March 2023*

² StepChange Debt Charity (2018) *Locked Out: How problem debt affects people's housing situations*

Key findings

Unaffordable rents cause financial difficulty, while help with housing costs fails to close the gap:

- Among survey respondents, in the PRS, average monthly rent payments were almost double those in the social sector, and 39% more than average mortgage payments.
- 66% of PRS tenants struggled to, or could not, afford their rent payments compared to 58% of social renters.
- Private renters spend a greater proportion of their incomes on rent than any other housing tenure: 37% compared to 29% among social renters and 27% among mortgagors.
- 78% of PRS tenants who received housing support said that support did not cover all of their rent costs. 82% of this group stated that they struggled to afford their rent.



PRS landlords often claw back rent arrears at an unaffordable rate and are less likely than social landlords to support tenants:

- Almost half (46%) of PRS tenants in arrears said that repayments of arrears were unaffordable, compared to 32% of social tenants. They repaid an average of four times more each month in arrears repayments compared to both council and housing association tenants.
- 36% of PRS tenants in arrears were asked by their landlord about income and expenditure to agree an affordable repayment plan, compared to 59% of social tenants.

Problem debt causes housing insecurity and is a significant barrier to renting or buying a new home:

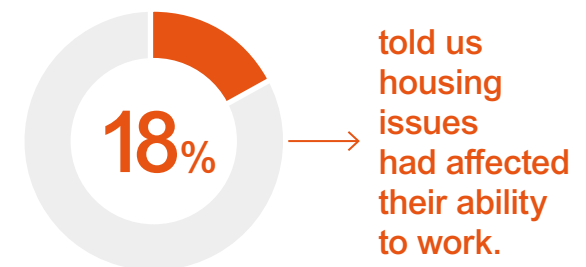
- As a result of their experience of problem debt, 22% of PRS respondents felt pressured to move, 18% had been forced to seek help from a local authority and 15% were threatened with eviction, while 4% had been evicted, 6% had moved to temporary accommodation and 6% became homeless.
- Over half (52%) of respondents stated that being in debt had affected their ability to rent or buy a home, most commonly through a poor credit rating or the impact of receiving benefits.
- One in five survey respondents who had tried to find a new home in the last 12 months stated that they were asked to pay more than two months' rent in advance. 18% of private renters who had tried to find a new home in the last 12 months had been asked to bid on it; just 28% were successful.

Debt problems trap PRS tenants in poor quality housing:

- 58% of survey respondents stated that they were experiencing at least one quality issue, affecting the extent to which their home can be classed as meeting the Decent Homes Standard. This figure was higher among private renters (64%) than among social renters (50%).
- 15% of PRS respondents who experienced quality issues did not report problems with their home for fear of being evicted.

PRS housing problems have impacts on health, wellbeing and work:

- 75% of PRS survey respondents told us that housing issues had affected their own or their family's health and wellbeing. This included direct impacts on health, for example on chronic health conditions, as well as the impact of housing insecurity and affordability worries on mental health problems.
- 18% of PRS respondents told us that housing issues affected their ability to work, including the impact of health problems on time off work or difficulty securing employment, as well as difficulties moving for work due to unaffordable housing.



Recommendations

As the profile of private and social renters has converged and PRS renters are increasingly affected by precarious finances and additional vulnerabilities, the housing strategy of successive governments has not kept pace.

In the White Paper *A Fairer Private Rented Sector*, the government set out plans to:

- Abolish section 21 'no fault' evictions to address insecurity of tenure for PRS tenants while strengthening other grounds for possession;
- Apply the Decent Homes Standard (which currently only applies to social housing) to homes in the PRS; and
- Introduce a new single Ombudsman for renters and landlords in the PRS.

The government has this month published the Renters (Reform) Bill to deliver these proposals.³

The government's commitment to abolishing section 21 evictions, raising quality standards and improving dispute resolution are welcome. Our evidence, however, is that there is an overlooked group of financially and otherwise vulnerable PRS tenants who face a number of challenges that will not be addressed by these proposals.

As part of the rent reform process, the government should ensure financially and otherwise vulnerable PRS tenants get the support they need:

1. Ending unnecessary evictions and increasing the use of affordable repayment plans

The government should prevent unnecessary 'hair-trigger' evictions by introducing discretion for the court in possession proceedings on the grounds of rent arrears, and increase the use of affordable repayment plans by developing a pre-action protocol for possession claims for PRS landlords.

The protocol should seek to ensure that tenants in financial difficulty are assisted to access advice and support and put in place affordable repayment plans where tenancies are sustainable.

2. Improving affordability for PRS tenants with low incomes

The government should restore Local Housing Allowance to cover the real cost of rent and remove or uprate caps that further reduce affordability in areas with the highest costs.

In light of the exceptional pressures on tenants, the government should also increase discretionary support to help struggling PRS renters who face acute affordability pressures, fall into arrears or cannot meet one-off costs such as house moves. Extra discretionary funding should be matched by a strategy to increase access to support among PRS tenants experiencing financial difficulty and in vulnerable circumstances.

3. Enforcing new quality standards to protect people affected by problem debt

The government should ensure that local authorities are adequately resourced to undertake sufficient inspections and hold accountable landlords and letting agents who ignore standards or the law.

4. Preventing financial exclusion spilling over into housing exclusion

As part of the rent reform process, the government should review the housing needs of people affected by financial difficulty to ensure that financial exclusion does not spill over into housing exclusion.



³ [Renters \(Reform\) Bill 2023](#)

Methodology

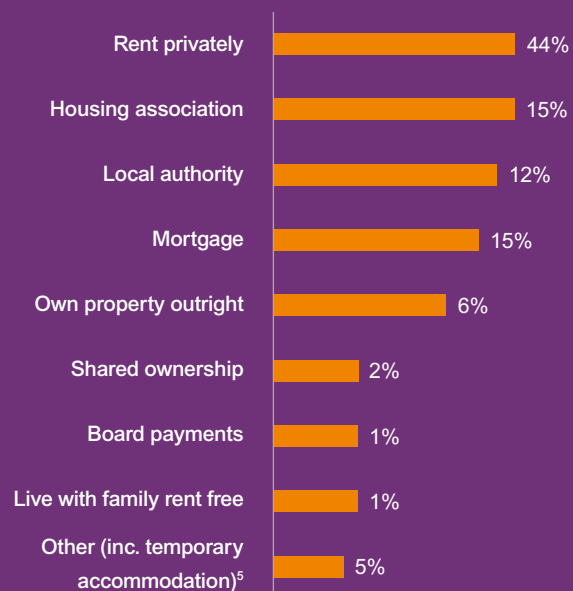
This report is based on research using StepChange debt advice client data, a client survey, and interviews with twelve clients.

We analysed data held on clients who completed a telephone or online debt advice session with StepChange in 2022 – 187,278 clients.⁴

We conducted a survey of clients in England, Wales and Scotland between 16 September and 11 October 2022. The survey was sent to a random sample of 20,000 clients (at least half renting in the PRS) who first received debt advice between July 2021 and July 2022. We received 617 unique responses.



Among survey respondents:



An interview invitation was sent to clients from a mixture of housing tenures who completed the survey and who had agreed to be contacted about further research. We offered a £50 shopping voucher in return for participation.

Interviews were arranged with twelve clients in February 2023 by members of the StepChange Policy, Public Affairs and Research team.⁶ We interviewed nine women and three men from across England, Scotland and Wales.

Four of the interviewees lived in privately rented homes, three in rented council homes, three in rented housing association homes, and two lived in homes with a mortgage. We also heard from an additional survey respondent who spoke with our Case Studies Officer, but did not complete an interview.

All participants' names, except the case study Rachel, who gave us permission to use her real name, have been changed. Some quotes have been edited lightly for length and clarity.

⁴ Client data. 187,278 clients completed a full debt advice session between January and December 2022, through a telephony or online session, or through a combination of both channels. This figure may differ from figures quoted elsewhere from StepChange, for example StepChange's monthly client data reports, which records all clients who completed a first debt advice session in each calendar month. The number of new clients who completed a first debt advice session between January and December 2022 is 171,874.

⁵ Due to rounding, percentages may not always add up to 100.

⁶ Interviews were conducted via Microsoft Teams and transcribed using their transcription software and edited manually. A summary was produced setting out experiences linked to the interview guide topics, and a coding exercise was conducted to identify common themes.

Background

As the private rented sector has grown, nearly doubling in size since the early 2000s, and the social rented sector has shrunk,⁷ the PRS is increasingly populated by those with low incomes, those who receive social security payments and those with additional vulnerabilities such as long-term health conditions and disabilities. Over time, the profile of private and social renters has converged.

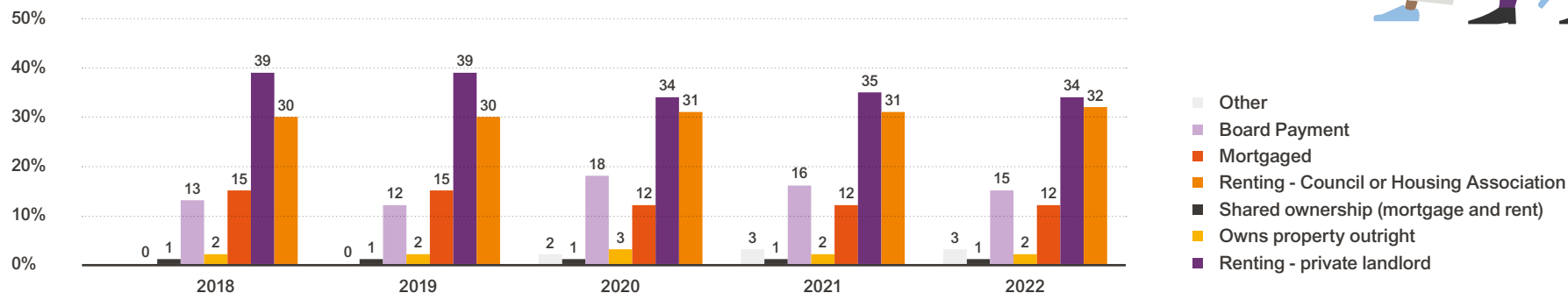
Of the almost 190,000 people who received debt advice from StepChange in 2022, 34% rented with a private landlord, 32% rented from a council or housing association and 12% were mortgagors, while 15% made a board payment. Only 2% owned their home outright while 1% had shared ownership (Figure 1).⁸

Since 2018, when we last carried out research on problem debt and housing, the proportion of new clients renting privately has decreased slightly, from 39% to 34%, accounted for by small increases in the proportion of new clients who are social renters or make board payments.

Private and social renters are overrepresented among our clients when compared with national data. In England and Wales, 20% of households rent privately, 17% rent in the social sector, 29% have a mortgage, loan or shared ownership, and 33% own their homes outright.⁹ In Scotland, this makeup is similar.¹⁰ Comparing national data and our client data, renting both in the PRS and SRS is associated with being in problem debt.



Fig. 1: Proportion of clients in each housing tenure from 2018 to 2022



Source: Analysis of all StepChange telephone and online clients from 2018 (n=357,525), 2019 (n=330,741), 2020 (n=124,534), 2021 (n=171,232) and 2022 (n=187,278).

⁷ House of Commons Library (2022) *Social rented housing (England): past trends and prospects*

⁸ Client data. For 2018/19, 'board payment' was a combined measure. Since 2020, this has been split into 'living with family' and 'board payment (not living with family)'. The statistics differ slightly, even in the combined figure. Also, pre-2022, the charity did not capture 'other' as a housing tenure type.

⁹ ONS (2021) *Housing, England and Wales: Census 2021*

¹⁰ The Scottish Government (2019) *Scotland Household Annual Survey Report*

StepChange seeks to support those struggling with debt to put in place a sustainable solution and get their finances back on track. The table (Figure 2) shows some of the common characteristics of StepChange’s clients according to different housing tenures.

Fig. 2: Common characteristics of clients

	All	PRS	SRS	Mortgage
Receive some form of social security payment	58%	54%	79%	48%
Receive Universal Credit	35%	35%	50%	12%
In work	54%	64%	38%	77%
Women	66%	62%	72%	60%
Aged 25 - 49	48%	74%	66%	67%
In energy arrears	33%	37%	46%	23%
In rent/mortgage arrears	22%	10%	29%	15%

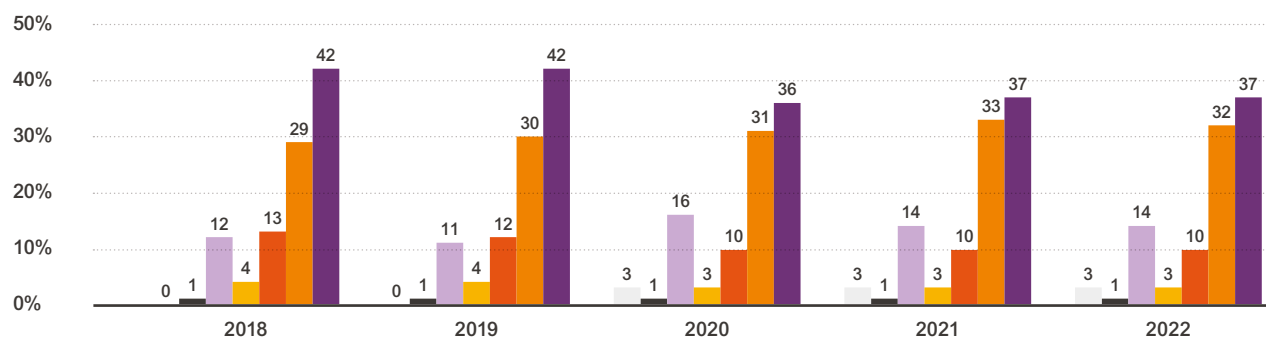
Source: Analysis of all StepChange telephone and online clients in 2022 (n=187,278).

Almost a third (32%) of all clients who are in vulnerable circumstances rent privately (Figure 3). Additional vulnerabilities encompass a wide range of short- and long-term characteristics and life events, including mental and physical health conditions, caring responsibilities and learning difficulties.

This suggests that not only are more and more of our clients in problem debt renting in the private sector, but an increasing percentage of these clients have vulnerable characteristics, over and above their financial vulnerability.



Fig. 3: All vulnerable clients 2018 to 2022 segmented by housing tenure



- Other
- Board Payment
- Mortgaged
- Renting - Council or Housing Association
- Shared ownership (mortgage and rent)
- Owns property outright
- Renting - private landlord

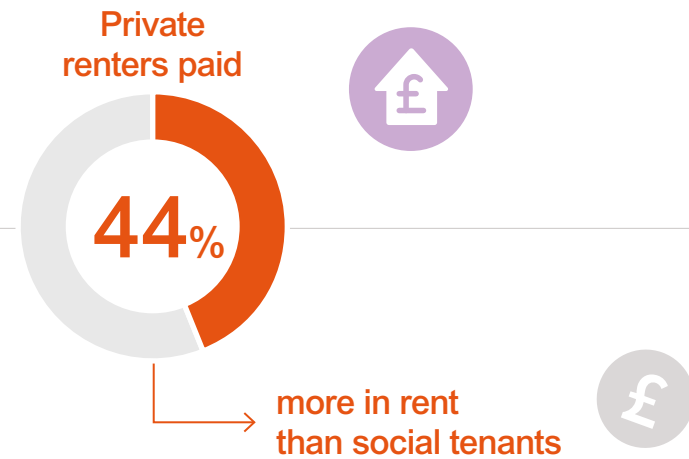
Source: Analysis of all new StepChange telephone¹¹ and online clients from 2018 (n=357,525), 2019 (n=330,741), 2020 (n=124,534), 2021 (n=171,232) and 2022 (n=187,278).

¹¹ For 2018/ 2019, 'board payment' was a combined measure. Since 2020, this has been split into 'living with family' and 'board payment (not living with family)'. The statistics differ slightly, even in the combined figure. Before 2020 the charity also did not capture 'other' as a housing tenure type.

Affordability

Rent costs

As rents have increased, incomes have not kept pace. The average cost of rent to household income ratio increased in most regions in the UK between December 2020 and December 2021.¹²



The real terms freeze of Local Housing Allowance for extended periods has increased affordability problems and widened the gap between support with housing costs and the real cost of housing.

The average monthly rent or mortgage payment for survey respondents was £686.¹³ For private renters, this was, £837, and for social renters it was £459. For mortgagors, meanwhile, it was £590. This means that, among survey respondents, private rents are almost double social rents, and 1.4 times mortgage payments.

Our clients in the PRS also spent a higher proportion of their income on their rent (37%) compared to renters in the SRS (29%) and mortgagors (27%).¹⁴ These figures are in keeping with sharp differences in the average cost of renting in the PRS and SRS nationally.

Given the PRS is housing increasing numbers of vulnerable individuals with low incomes, markedly higher rent payments help to explain the overrepresentation of PRS tenants among our clients.

Some respondents renting in the PRS told us that they had to seek higher paid work or more hours in order to pay higher rents, but higher paid work was difficult to find or working more hours caused some respondents stress:

“[I am] searching for work that is more than minimum wage and doing more shifts.”

“I have to stay in a higher paid but more stressful job in order to keep my current rental property.”

“As the prices rise to rent [...] it’s [an] additional pressure to find a job that pays well enough to cover living, and then living comfortably after rent is paid.”



¹² HomeLet rental index report (2022) *Ratio of household rent to income in the United Kingdom (UK) May 2020 and May 2021*
¹³ By average rent payment we mean the amount that the client is solely responsible for paying each month. Analysis of client survey. Total answering this survey question = 596: those with a mortgage (n=88); those renting from a local authority (council) or housing association (HA) (n=164), and those renting in the private sector (n=223).
¹⁴ StepChange 2022 client data

Using StepChange 2022 client data, we also looked at the regional cost of rent for social tenants compared to private tenants who receive benefits (Figure 4).

Rent costs were more varied among PRS tenants than social tenants and significantly higher in some regions. Clients in London and the South East paid, on average, double the rents paid in some other regions, such as the North East, the North West, Yorkshire, the West Midlands, Scotland, and Northern Ireland.



Clients in London and the South East paid, on average, double the rents paid in some other regions

Fig. 4: Rent cost for those receiving benefits by region and housing tenure in 2022

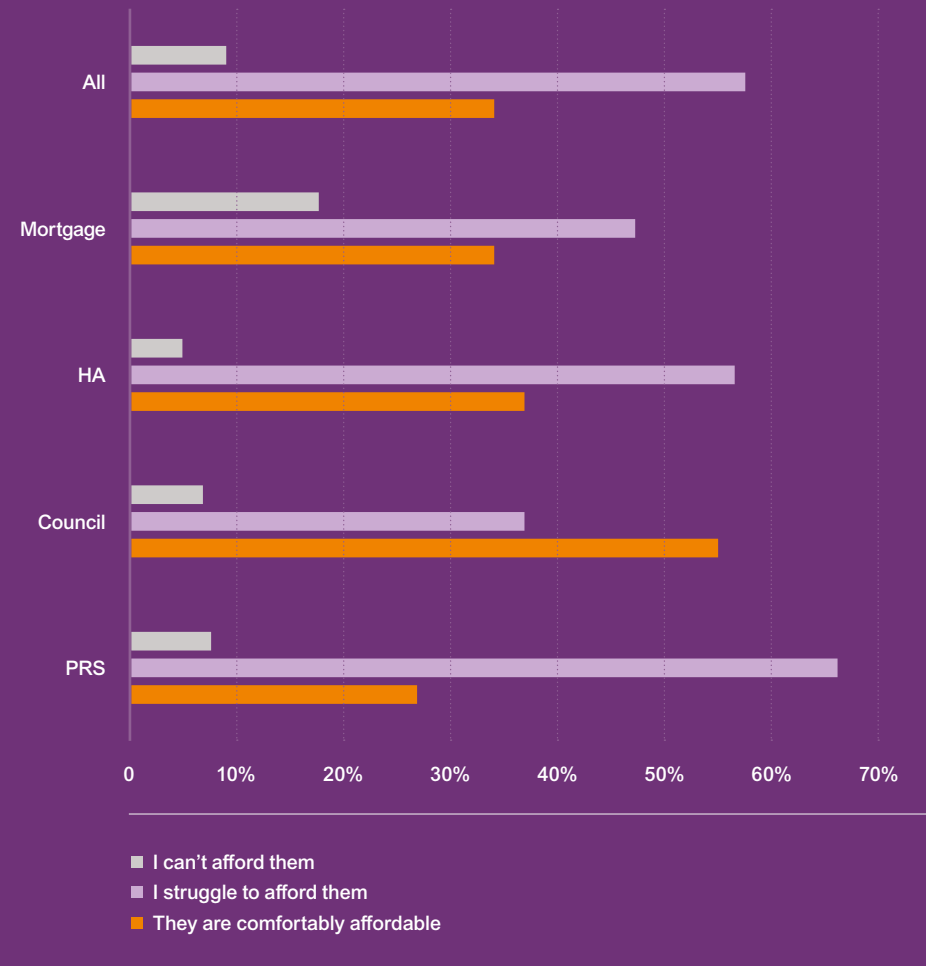


66% of all respondents to our client survey stated that they struggled to or could not afford their rent or mortgage (Figure 5).

This was somewhat higher among private renters, with 73% of PRS respondents stating that they struggled to or could not afford their rent.¹⁵



Fig. 5: Affordability of rent/mortgage payments by housing type



Source: Client survey. Total answering this survey question = 480: those with a mortgage (n=79); those renting from a local authority (council) (n=65), those renting from a housing association (HA) (n=76), and those renting in the private sector (n=243).

¹⁵ N.B. This data was collected before the impact of interest rates on mortgage rates.

57% of respondents stated that the affordability of their housing had had a negative effect on their or their family's health and wellbeing. Respondents told us about the impact of a lack of affordability in the private rented sector on their lives, including forcing them to move away from their families. They expressed feelings of anxiety, stress, worry, depression, and sleeplessness.

"My wife struggles with sleep when the rent is due."

"Rents have gone up, my income is unstable, and my current accommodation is not secure. I might have to move any time soon as the owners want to make more money with the accommodation. This brings worry and anxiety."

Another private renter wrote that worrying about paying bills had driven them to make a suicide attempt.

A number of interview participants and survey respondents called for rent caps. One private renter wrote:

"[The] cost of rent is ridiculously high [and needs] to be capped. ... I will soon be asked to pay almost £1,000 per month for a one-bed, small flat. I'm on my own and that amount on my salary is going to force me to move out of the area. This is an issue as my parents are old and mum has Alzheimer's, so I really need to be close by."

Both respondents to our survey and some interview participants expressed frustration at the fact that, by virtue of their situation, they could not get a mortgage. They felt that if they had a mortgage, their monthly housing costs would be cheaper. They cited barriers including receiving benefits, not working, problem debt and age. One respondent, a private renter, wrote:

"I will never be able to buy a home of my own due to my age and the fact that I will be paying my debts off till [...] my 70s."

Luke, an interview participant and a private renter, told us that he estimated that he'd "spent close to £120,000 in rent" during the 14 years he had lived in his home which, he said "would have been enough to buy our own property." As such, he said:

"I think we've got into the situation where we're trapped in rent."

Laura, another interview participant and a private renter said:

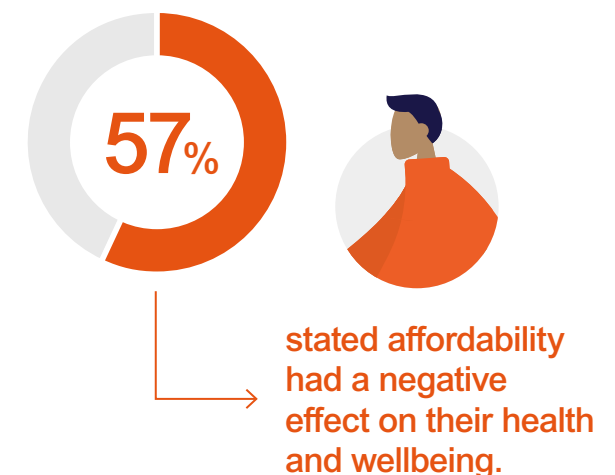
"My best friend, she has her own house... A two-bedroom house, and she pays a mortgage. The mortgage is a third of what we pay in rent. It's ridiculous."

For some respondents, homeownership seemed like the only route to affordable housing, but was never in reach.

Some interview participants in the private rented sector told us that they felt that their rents had been kept lower than comparable properties, either because they had lived there a long time or because of quality issues.

They told us they felt conflicted by this because, on the one hand, anything higher would be unaffordable, but on the other hand, they felt that rents overall were too expensive especially, in some cases, for the level of quality tenants experienced in their homes.

In other words, participants told us that they felt that not only were rents too expensive for their incomes, but also the quality of their home was not high enough warrant the high price. Laura, who experiences damp and mould in her home that has not been addressed, said: "You shouldn't feel you're lucky [to rent] for £1,000 a month."



Support with housing costs

Almost half (46%) of all survey respondents were currently receiving some form of support with housing costs¹⁶ at the time of the survey.

A higher proportion of housing association and council tenants received support (65%) compared to private renters (56%), which reflects the higher proportion of claimants reported to be living in social housing nationally.¹⁷ Compared to when we last surveyed clients about support with housing costs in 2018, around 13% more are now receiving support.

This figure is much higher among private renters than in 2018: 35% in 2018 compared to 56% in 2022. This reflects national data: there was a 20% increase in the proportion of private renters receiving support from 2019-20 to 2021-22.¹⁸

Almost two thirds of respondents who received housing support (65%) stated that this not cover all of their rent costs. This was markedly higher among private renters – over three quarters (78%) stated that support did not cover all of their rent, compared to two fifths (42%) of council tenants and just over half (56%) of housing association tenants.¹⁹ 82% of PRS tenants whose housing support did not cover rent stated that they struggled to afford their rent.

The rollout of Universal Credit has changed the structure of social security payments and the way in which housing support is paid to tenants.

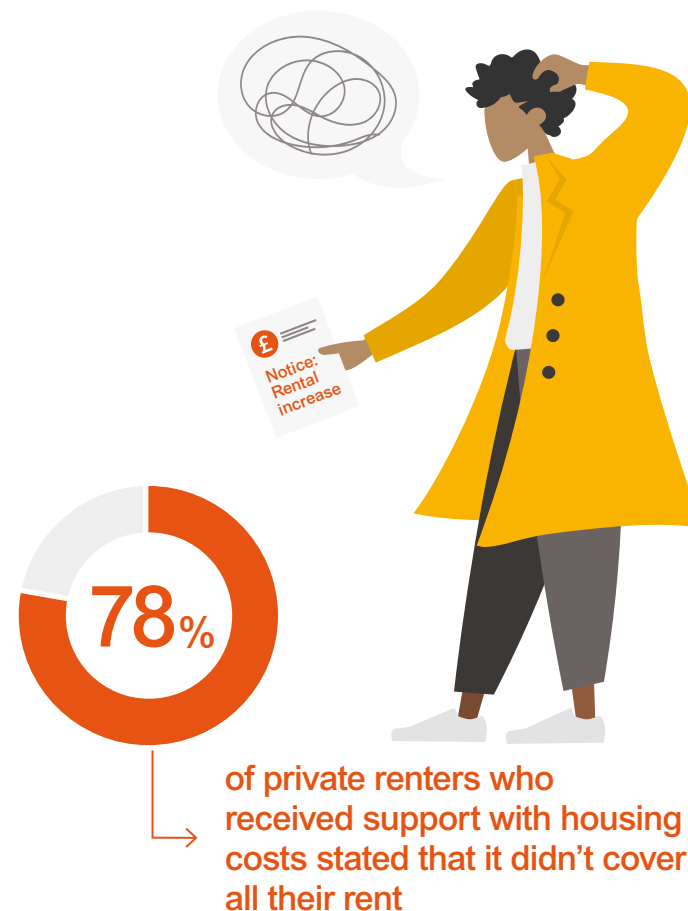
Because housing support is paid directly to tenants, people transitioning to Universal Credit often struggled to keep up with rent as wider living costs 'swallowed' housing payments.

Despite the fact that over a third of respondents stated they were paying the shortfall on their rent, 82% told us that support with housing costs helped them to keep their home.

Respondents in the PRS wrote:

"I couldn't afford to rent without it – [there is] zero social housing available."

"It enabled me to get a roof over my head when there was nowhere to go."



¹⁶ Housing Benefit or the housing element of Universal Credit

¹⁷ Department for Levelling Up, Housing and Communities (2022) *English Housing Survey: Headline report, 2021-22*

¹⁸ Ibid.

¹⁹ Analysis of client survey. Total answering this survey question = 272: those renting in the private sector (n=139); those renting from a local authority (council) (n=41), and those renting from a housing association (HA) (n=57).

Additional costs

We also heard about the impact of other costs related to renting, including moving costs. In open text responses to our survey question on rent-related costs, private tenants told us that deposits coupled with one or more months' rent upfront and needing to furnish a new property added to affordability pressures.



²⁰ See, for example: End Furniture Poverty (2021) *No place like home: Poverty and furnished tenancy provision in social housing*

²¹ Ibid.

Case study



One of our interview participants, Yasmin, a single mother of two who rents a council flat in London, used all her savings to move into a new property, as although she had applied to the Council for help with living and moving costs, this was refused.

Now that her savings have been used up, she struggles to manage with her rent and bills, stating that the increase in the cost of living has made money management difficult. She also cannot afford to furnish the property properly, so her son doesn't have a bed and there is no sofa. This reflects a long-standing issue of people on low incomes going without essential furniture.²⁰

She thinks single parents should be given financial support to help pay for home furnishings. This case is illustrative of the fact that even for those in council or local authority homes, support for social tenants to receive assistance with obtaining furniture is patchy, and these tenants do not always receive adequate support for their needs and vulnerable circumstances.²¹

"I can't afford to furnish my property, my son doesn't have a bed and there's no sofa."

Rent increases

Council and housing association tenants (78%) were more likely to have experienced a rent increase in the previous twelve months than private renters (41%).²²

Private renters, on the other hand, experienced more dramatic spikes in their rent, which is explained by the fact that the government caps the amount by which social landlords are able to increase rents. While almost all those renting in the social sector whose landlord had increased their rent in the previous twelve months had experienced an increase of between £10 and £99, a quarter of private rent increases were over £100, with 4% over £500.

The impact of rent increases on respondents was varied. Over a quarter (36%) cut back on essential and discretionary spending to be able to afford rent, 18% got into arrears on their rent, 15% got into arrears on another household bill, and 10% turned to credit to help pay their rent (Figure 6). Just 25% experienced no impact on their life whatsoever, and this was much lower among private renters (just 11%) compared to social renters (38%).



Fig. 6: Impact of rent increases on day-to-day life according by tenancy type

	PRS	SRS
I had to cut back on essential spending to be able to afford the rent	56%	33%
I had to cut back on non-essential spending to be able to afford rent	47%	25%
I got into arrears on my rent	14%	20%
I got into arrears on another household bill to afford the rent	16%	12%
I used credit to help pay my rent	14%	16%
There was no impact on my life	11%	38%

Source: Client survey. Total answering this survey question = 185 those renting from a local authority (council) or housing association (HA) (n=93), and those renting in the private sector (n=87).

How participants in different housing tenures responded to rent increases reflected differences in financially vulnerable tenants' protections across different tenancy types. For example, over half (56%) of private renters cut back on essential spending, over 20 percentage points higher than their social counterparts, and 47% of private renters cut back on non-essential spending, 25 percentage points higher than social tenants.

PRS tenants were, on the other hand, less likely (15%) to get into arrears on their rent than their social tenant counterparts (21%).

This is reflected in the national data – 10% of social renters reported being in rent arrears, compared to 3% of private renters. Based on what we heard from participants, this is likely to be because private renters prioritised paying their rent above other bills, because of what they perceived to be a higher risk of being served notice if they got behind on their rent.

In 2018, the percentage of social tenants in rent arrears was 38%, and in the PRS the figure was 14%. In 2022, the data was similar. The percentage of all clients living in social housing in rent arrears was 51%, compared to 11% in the PRS.

²² Analysis of client survey. Total answering this survey question = 349: those renting from a local authority (council) (n=52), those renting from a housing association (HA) (n=69), and those renting in the private sector (n=216). This is either an 'in tenancy' increase or a 'between tenancy' increase.

Arrears

A third of respondents stated that they had been in rent arrears in the last twelve months (Figure 7), with 51% of SRS tenants having been in arrears compared to 21% of private renters.

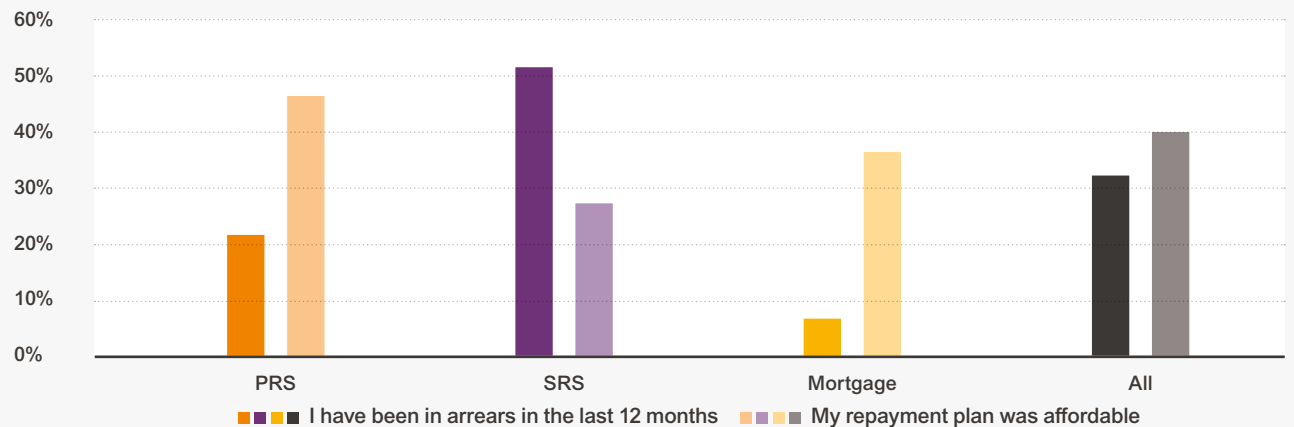
Our clients in the PRS were more likely to have unsecured debts and less likely to have rent arrears than social tenants, suggesting they are more likely to turn to borrowing to keep up with rent payments or other essential costs. Yet they were also more likely than SRS tenants to say that they had fallen behind on other household bills (Figure 6), which suggests that the burden of rent and bills is more onerous for private renters than social renters and mortgagors.

Average arrears repayments were considerably larger for private renters, with almost half (46%) of private renters saying their repayment plan was unaffordable compared to a third (32%) of social renters (Figure 7).

Often, rent arrears were caused by a life event. As we explored in our 2019 report, Life Happens, financial difficulties are often triggered by life events such as losing a job or having hours cut, a relationship breakdown or falling ill. This, combined with a lack of financial resilience, made it difficult for clients to cope when income was suddenly reduced and/or expenditure suddenly increased.²³

In 2022, one in every two people who came to StepChange for advice said that the primary reason they had got into problem debt was because of a life event or shock. In 2022, the cost-of-living crisis was the fastest growing reason for our clients to get into problem debt.

Fig. 7: Proportion of respondents in rent arrears in last 12 months by housing tenure and affordability of repayment plan



Source: Client survey. Total answering survey question= 459: those renting from a local authority (council) (n=48), those renting from a housing association (HA) (n=67), and those renting in the private sector (n=208). The darker colour shows proportion in arrears and the lighter colour shows proportion who found their repayment plan unaffordable.

²³ StepChange Debt Charity (2019) *Life Happens: Understanding financial resilience in a world of uncertainty*

Case study



One interviewee, Paula, who rents her home from a housing association, told us that she got into rent arrears after becoming ill with breast cancer and subsequent complications.

Her employer afforded her three months' full sick pay, after which she only had statutory sick pay and Universal Credit, which left a shortfall of over £250 just for her rent and bills.

“It was either you pay the rent and have nothing to pay bills, or you pay what you can of the rent and try to live,”

She told us that within two months of having major surgery:

“I went back to work, and I shouldn't have. ... I actually said to [the DWP], ‘You haven't even allowed me to be ill because every day I'm fighting with you.’ [...] When you're in that situation, you can't afford to stay off work.”

High rents and inadequate support through social security put pressure on clients to turn to unsustainable coping mechanisms to avoid losing their homes, such as using credit or continuing to work when sick.

The government's proposal to remove the Work Capability Assessment (WCA) and replace with a Personal Independence Payment (PIP) assessment²⁴ will concentrate support on the people with the most severe disabilities and could create more situations like Paula's.

Luke, a private renter and one of our interview participants, told us that he had to take time off work due to depression and had almost exhausted full sick pay from his employer.

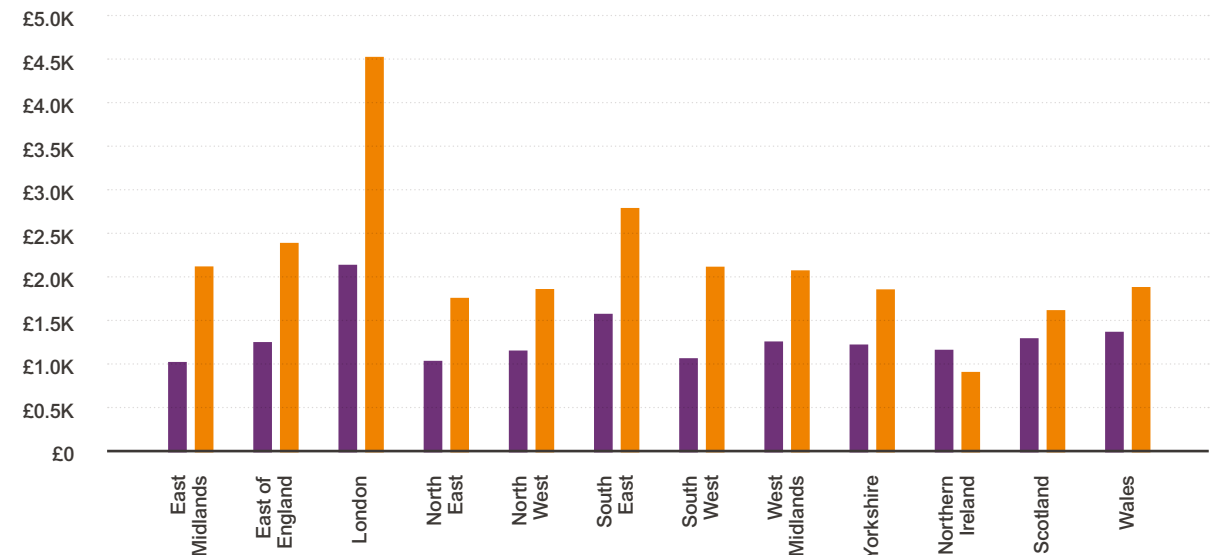
He said: “I'm on the cusp of going onto half pay, which I can't afford. So I'm in the position now where I've got to work, and there's a risk that could make me seriously ill. I can't afford not to work. I can't afford to go onto half pay.”

There was less variation in rent arrears regionally (Figure 8), but in London, private rent arrears were more than double private rent arrears in other areas of the UK: £4,534 compared to the average of £1,786, which reflects the much higher cost of renting privately in the capital compared to other regions.

Fig. 8: Arrears by region and housing tenure

■ SRS ■ PRS

Source: Analysis of 27,702 debt advice clients in 2022.



²⁴ Department for Work and Pensions (2023) *Transforming Support: The Health and Disability White Paper*

Support from landlords for tenants in arrears

In England and Wales, social landlords must follow steps set out in a pre-action protocol before bringing a possession claim.²⁵

In Scotland, there is a similar protocol.²⁶

The protocol sets out steps including pre-action contact where landlords must signpost to advice and afford a tenant time to apply for benefits, seek to agree an affordable repayment plan and make reasonable attempts to contact the tenant before serving a statutory notice. The protocol seeks to avoid unnecessary court proceedings and sets out how court proceedings should proceed as a last resort.

The pre-action protocol includes a number of protections for all social tenants, and enhanced protections for particularly vulnerable tenants. It seeks to ensure that a tenant can, in good faith, make attempts to pay their arrears in a reasonable timeframe. Landlords should make special considerations, “at an early stage” if they are “aware that the tenant is particularly vulnerable”.²⁷ In addition to considering any difficulties with reading or understanding information, they should consider:

- Whether or not the tenant has mental capacity to defend possession proceedings
- Whether or not any issues arise under the Equality Act 2010
- (If a local authority) Whether or not there is a need for a community care assessment in accordance with the Care Act 2014

There is no such pre-action protocol for the PRS. As a result, private tenants are much less likely to receive support when they fall into arrears than social tenants.

Falling into arrears is often the result of an unexpected life event and can quickly cause further financial precarity without adequate steps to prevent or deal with debt problems and agree affordable repayments.

The impact of the pre-action protocol on StepChange’s clients is borne out in our survey data (**Figure 9**).

While we found that the pre-action protocol was not always followed by social landlords, our survey demonstrated that there was better support for SRS respondents than for PRS respondents.

Similar proportions of respondents across all rented tenures stated that their landlord had contacted them within 30 days of the arrears happening, and in fact this was more common among private landlords, but private renters were less likely to have been offered an affordability assessment and repayment plan and/or have been signposted to support services.

Fig. 9: Support provided by landlords for clients in arrears by housing type

	PRS	Council	HA
My landlord contacted me within 30 days	68%	65%	55%
My landlord asked about income and expenditure and tried to agree an affordable repayment plan	36%	62%	55%
My landlord offered to assist me in any claim for housing benefit, discretionary housing payment or Universal Credit (housing element)	5%	17%	34%
My landlord advised me to seek assistance from citizens advice bureau, free debt advice provider, or other appropriate agency, as soon as possible	8%	45%	51%
My landlord signposted me to other support services	10%	12%	24%
My landlord wrote off some or all of my arrears	8%	6%	3%
I entered a repayment plan	60%	86%	78%

Source: Client survey. Total answering this survey question = 112: those renting from a local authority (council) (n=21), those renting from a housing association (HA) (n=38), and those renting in the private sector (n=40).

²⁵ UK Government (2021) *Pre-Action for Protocol for Possession Claims by Social Landlords*

²⁶ Scottish Government (2012) *Housing (Scotland) Act 2001 and 2010: repossession guidance for social landlords*

²⁷ UK Government (2021) *Pre-Action for Protocol for Possession Claims by Social Landlords*

Repayment amounts for arrears were markedly higher for private renters than they were among social renters (Figure 13). While social tenants in arrears repaid, on average, £29 per month, respondents renting privately repaid an average of £118.

As part of our survey, social tenants told us about the protections that had helped them deal with their arrears:

“I was five weeks in arrears. During the uplift in Universal Credit during Covid I managed to catch up with rent payments”

“I contacted my rent officer and she actually told me about a scheme they have which was a one-time hardship payment which I could claim. It was enough to wipe out the arrears at that time.”

Paula, a housing association tenant, told us that at a time when she was recovering from a breast cancer operation, she felt pressured by her housing association to pay back her rent arrears and was threatened with court action.

She eventually received an affordability assessment and signposting to StepChange from a Welfare Officer, which she found extremely helpful, but this was not initially offered.

We heard worrying testimony of private renters who got into arrears where unaffordable repayment demands put them in an insecure position with regard to their tenancy:

“After nearly nine years at the property at the time, I was immediately, after 31 days, served with an eviction notice and had to borrow money to pay my arrears in full fear of being evicted. [I received] no support from [the] landlord at all.”

“I got into arrears during lockdown as I was on furlough for three months. I am still paying back my arrears but can’t always afford the extra £75 per month I agreed to pay towards my arrears.”



²⁸ Analysis of client survey. Total answering this survey question = 78: those renting from a local authority (council) (n=19), those renting from a housing association (HA) (n=28), and those renting in the private sector (n=27). Excludes outliers of £1,000. One value has been excluded.

Access

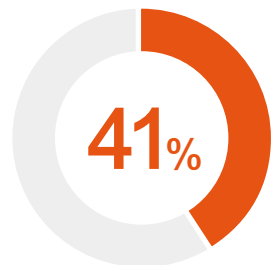
Our research demonstrated that affordability and financial difficulties often combine to limit access. In our client survey we found that experiences of problem debt had often affected clients' access to housing and that these problems had in turn negatively affected their wider health and ability to work.

Over half (52%) of clients said that access to housing had been negatively affected by factors linked to financial difficulty (Figure 10).

Fig. 10: Have any of the following ever, to your knowledge, affected your ability to start renting or buying a property?

	Being in debt	Impaired credit record	Claiming benefits
PRS	51%	45%	43%
SRS	53%	39%	49%
ALL	52%	41%	41%

Source: Client survey. Total answering this survey question = 479: those renting from a local authority (council) or housing association (HA) (n=127), and those renting in the private sector (n=215).



→ **said poor credit ratings impacted their ability to rent or buy a property**

Respondents told us:

“I’m in too much debt to move”

Social Renter

“[I have an] IVA – landlords [are] unwilling to take the risk”

Private Renter

“The landlord will always take people with no debt, as they think they are less risk, even though if they look at my renting history I have never been in arrears or late with the rent. It is always my first priority.” Private Renter

“Letting agents all do credit checks before fixing a contract with you” Private renter

“[Having a] CCJ isn’t accepted”

Private Renter

“Apparently a score of 631 is too low to pass a check for places to rent” Other

“[I] could not pass a credit check to rent privately. They wanted six months’ rent plus a deposit up front” Social Renter

“Some estate agents won’t even entertain me with viewings because of my record. When viewings are done, others are selected over me. [This is] understandable, but frustrating”

Private Renter

“We had to pre-pay six months’ rent in advance due to adverse credit” Private Renter

Over two fifths (41%) of those surveyed said that a poor credit rating impacted their ability to rent or buy a property.

Clients described how a poor credit rating reduced their access to housing, particularly in the private rented sector, as landlords and letting agents often request a credit report before renting a property.

Over two-fifths (41%) of respondents reported that being in receipt of benefits was a barrier to renting privately (Figure 14). Figures were similar among private renters (37%) and social renters (43%). Respondents told us how being in receipt of benefits presented a barrier to renting privately:

“No estate agents take on people on benefits” Private Renter

“[It is] very difficult to find landlords wanting to rent to benefit claimants” Private Renter

“Most landlords won’t accept housing benefit and the ones that do, the property is usually a much lower standard” Other

We asked clients who had tried to find a new property with a private landlord in the previous twelve months whether they had had to bid on the property:

52% said they had to bid on a property. This suggests that as demand outstrips supply in the private sector, the practice of asking prospective tenants to bid is becoming an increasingly common practice.²⁹ 18% of respondents also reported they had paid more than two months’ rent in advance to secure a property.

These trends put tenants with lower incomes at a disadvantage and, in the context of a PRS that is housing a significant proportion of people with low incomes or who are otherwise vulnerable, are of concern.

34% of respondents stated that issues with accessing housing had had a negative impact on their own or their family’s health and wellbeing, and 6% of respondents stated that issues with accessing housing had had a negative impact on their ability to work.

One respondent, renting privately, stated that, as a result of housing issues related to insecurity of tenure and affordability pressures, they had to take “time off work following [a] suicide attempt.” Another respondent, renting privately, told us about the impact of having to spend time looking for a place to live on their ability to work. They wrote: “I had to take weeks off work to look for housing [...] so did my partner, and then he lost wages as he was self-employed.”

“We’re kind of stuck here. Our rent is low for this area and can’t access social housing, as we don’t qualify. Private rents are 50% higher (at least) than we’re paying here.”

Case study



Laura, 66, lives with her husband and her grown up son is staying with her temporarily. She had to stop working due to ill health and is now a pensioner, though when she started renting her current property, she was employed in a bakery.

There are problems with damp and mould in the property, but she doesn’t want to complain too much for fear of being evicted.

This worries her because she thinks that if she were to rent a comparable property in the same area it would be £200 a month more expensive (based on what she’s seen).

She also believes that she would be discriminated against by agencies because her income is from a state pension. Worries about the prospect of not having the lease renewed keep her up at night.

“I’m forever looking. I’m forever thinking, ‘What if we have to move?’ And then I worry because, being a pensioner, they credit check you and they means check you and all that, and we wouldn’t be able to get anything decent. There’s all these little things, and when you go to sleep it just becomes 200% worse. I worry about that a lot.”

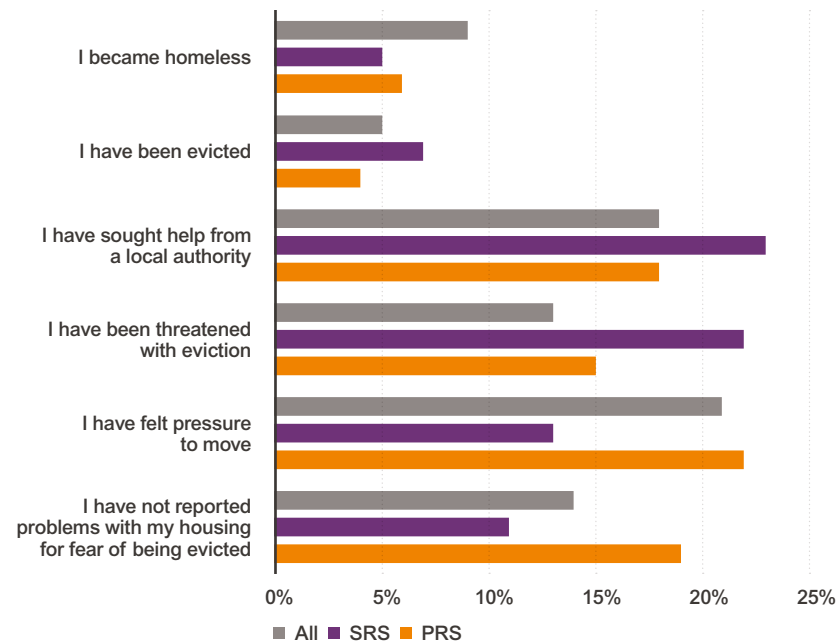
²⁹ Shanti Das (2022) ‘Bidding wars, cash up-front and ‘auditions’ – inside Britain’s broken renting market’ Guardian 22 August 2022

Security

Individuals in the private rented sector face the same life events as people who live in council and housing association homes, but without the same protections.

We heard from respondents that they worry that if they complain they will be evicted. Overall, respondents felt there was an unequal balance of power. In either their current or a previous home, they either experienced forms of insecurity of tenure and/or were worried about the prospect of facing insecurity (Figure 11).

Fig. 11: Proportion of respondents who have experienced insecurity of tenure in last two years



Source: Client survey. Total answering this survey question = 438 those renting from a local authority (council) or housing association (SRS) (n=109), and those renting in the private sector (n=200).

Private renters told us:

“When living in precarious rental situations you don’t want to make any complaints to the landlord for fear of eviction or rent increases if you ask for basic standards to be maintained.”

“With a private tenancy you don’t feel very secure and know you may be given notice to leave at any time. This then has an impact on your mental health.”

15% of private renters stated that they had not reported problems with their housing for fear of being evicted, compared to 5% in the social sector. Laura, a private renter who pays £1,000 for a three-bedroom house, told us:

“[The landlord is] a nice enough bloke, but we just don’t want to upset him because the market is as it is. You can just go out and probably find somebody who will pay £1,200 a month for this house.”

Other survey respondents told us:

“I don’t want to report any further issues with the house as I don’t want the landlord to increase the rent to cover the cost of fixing the issues. This means the house isn’t as it should be, and has a negative effect mentally.”

“I think there is a fear that the more we [make maintenance requests to the landlord], the less secure the tenancy becomes, so that if I start going, ‘Oh this needs to be done, that needs to be done,’ he might very well come round and say, ‘It’s costing me too much money. Now I’m going to sell it.’ So, I worry about going to him.”



Case study



Rachel, 48, is a single mother who lives with her four children. Since she moved back to the UK from Australia after a divorce, she has experienced financial difficulty.

She has four children, three of whom have special needs. Because of her caring responsibilities, she is unable to work full time. Even though it is unaffordable for her, she rents privately because she was denied a council home. She has lived in twelve different properties in the last fifteen years.

She receives £800 in Housing Benefit per month, and currently pays £1,200 a month for her home.

Child benefit and child maintenance from her ex-partner make up the shortfall, but when her eldest child turns 18 next year, this will change overnight, even though they are unlikely to move out.

After being served with a section 21 'no fault' eviction two years ago, Rachel appealed to her local council for help. She was told that they would be able to arrange social housing for her, but only if they were prepared to live in a hostel for 18 to 24 months.

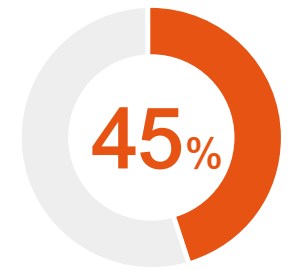
This was impractical for her and her family's needs:

"My housing situation is easily the most pressing issue in my life, and it causes sleepless nights. [...] It would make an immeasurable difference to my life [if I was able to access secure housing] and the lives of my children, as well as so many others out there who are in similar situations"

45% of respondents stated that the insecurity of their housing situation had had a negative impact on their own or their family's health and wellbeing. We also heard about the impact of a lack of security on respondents' mental health, relationships, and work.

One respondent, renting privately, told us:

"Rents have gone up, my income is unstable, and my current accommodation is not secure. I might have to move any time soon as owners want to make more money with the accommodation. This brings worry and anxiety." Private Renter



Said insecurity of their housing situation had a negative impact on their own or their family's health and wellbeing



Quality

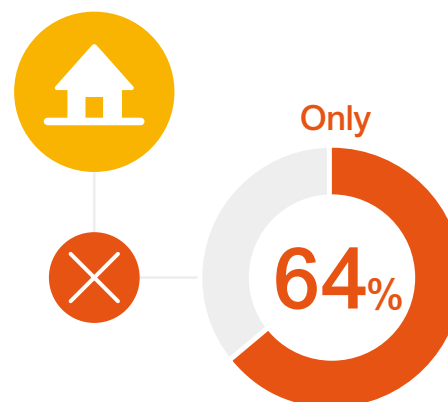
The quality of homes in the rented sector in general has received much attention as the tragedy at Grenfell Tower and events like the death of Awaab Ishak as a direct result of mould exposure in his council home³⁰ have brought home the reality that many people live in homes that pose a risk to human health in the UK.

In the PRS alone, it is estimated that hazardous conditions cost the NHS around £340 million a year, including treatment costs and wider societal costs of care, loss of economic potential and impacts on mental health.³¹

For our clients in problem debt, they are more likely than the population at large to live in low quality homes. This may be because, as we have discussed previously, their access to suitable homes is limited by factors related to their debt, including their debt history itself and/or an impaired credit rating. Our clients are also more likely to be on low incomes, with their income coming from benefits, again affecting their ability to access a suitable home. In addition, because our clients are overrepresented in the PRS, where they

have less security of tenure than in the SRS, we know that our clients renting in the private sector are more likely to avoid complaining about quality issues for fear of being evicted. This combination of factors means that ensuring that all households have access to good quality, decent homes is a key aspect of tackling housing inequalities that stem from financial inequality.

In our survey, we asked clients to rate their homes out of ten for quality. The average rating among respondents was 6.9. This is almost one point lower than when we asked clients the same question in 2018. There was, surprisingly, little variation among housing tenures.



Only 64% of private renters said they were experiencing at least one quality issue in their home

We also asked respondents whether they were experiencing any quality issues and the extent to which their homes met the Decent Homes Standard (DHS). These requirements map onto the English Housing Survey. For a dwelling to be considered 'decent' under the DHS, it must:

- Meet the Housing Health and Safety System (HHSRS) statutory minimum standard for housing
- Not contain a Category 1 (serious) hazard under the HHSRS
- Provide a reasonable degree of thermal comfort
- Be in a reasonable state of repair
- Have reasonably modern facilities

58% of respondents stated that they were experiencing at least one quality issue against the DHS. This figure was higher among private renters (64%) than among social renters (50%).

This figure is much higher than at the national level where, in 2020-21, 23% of homes in the PRS and 11% of homes in the SRS were deemed non-decent.³²

This suggests that StepChange's clients face more issues with quality than the population at large, and that problem debt has a negative impact on clients' ability to secure quality homes.

³⁰ This has led the Government to propose Awaab's Law, which will be an Amendment to the *Social Housing (Regulation) Bill*, which will require landlords to fix reported health hazards within a specified timeframe.

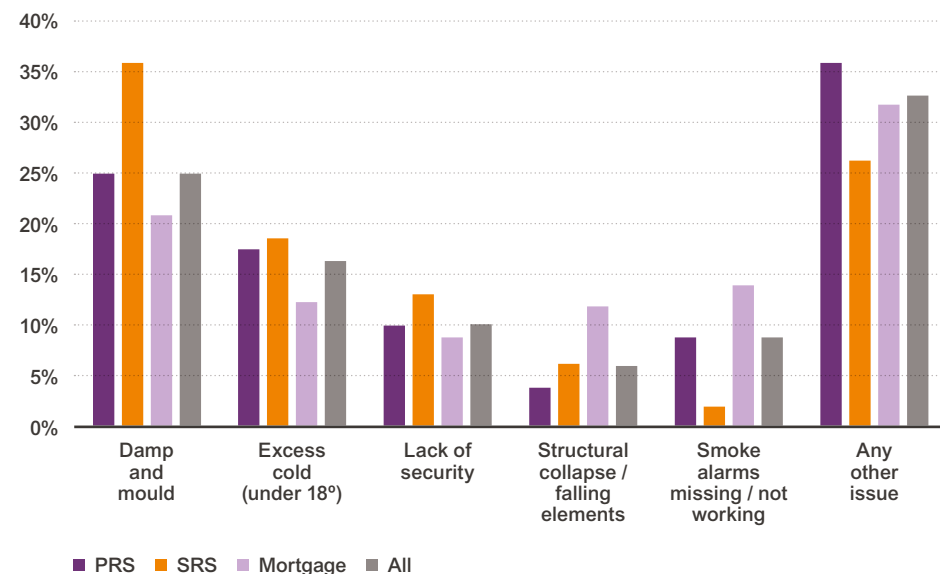
³¹ BRE (2021) *The cost of poor housing in England*

³² Department for Levelling Up, Housing and Communities (2022) *English Housing Survey Headline Report, 2020 – 21*

As part of our survey, we asked clients whether their accommodation suffered from any of the issues that would prevent their homes from meeting the DHS, and how modern the facilities in their homes were.

The most commonly cited quality issue was damp and mould (34%). Other commonly cited quality issues included excess cold/poor insulation (22%), carbon monoxide detectors missing or not working (17%), and a lack of security (14%). Worryingly, 8% of respondents' accommodation suffered from structural collapse and falling elements, 8% were suffering from domestic hygiene issues, pests and refuse, and 7% were suffering from electrical hazards (Figure 12).

Fig. 12: Proportion of respondents experiencing quality issues by housing type



Source: Client survey. Total answering this survey question = 495: those with a mortgage (n=111); those renting from a local authority (council) or housing association (HA) (n=129), and those renting in the private sector (n=228).



Respondents told us:

“I don’t want to report any further issues with the house as I don’t want the landlord to increase the rent to cover the cost of fixing the issues. This means the house isn’t as it should be, and has a negative effect mentally” Private Renter

“[I am] scared to ask for repairs” Private Renter

“The bathroom has not been upgraded for well over 30 years. [The] windows in [the] bathroom and kitchen are [ill-]fitting and let [the] elements and cold in” Social Renter

“The problem I have with damp is an [ongoing] problem from when I moved in over 20 [years] ago... They never sort the problem properly, they just put a plaster on the problem” Social Renter

Clients in the private sector seemed to be especially aware of the delicate line they needed to tread to avoid upsetting their landlord for making simple to fix quality issues. While the 2015 Deregulation Act made provisions to prevent retaliatory evictions in the private rented sector,³³ there is evidence to suggest that a significant minority of private renters do not feel that they have this protection.

Indeed, the government’s response to its consultation A New Deal for Renting implied that the 2015 Act has not worked fully, stating that it aims, through the Renters (Reform) Bill, that ‘the threat of retaliatory Section 21 evictions [will be] removed.’³⁴

In light of the government’s commitment to applying the DHS, which already applies to social housing, to the private rented sector,³⁵ it is notable that half of respondents to our survey renting in the social sector reported living in homes that are not decent.

³³ *Deregulation Act 2015, sections 33 to 34*

³⁴ Department for Levelling Up, Housing and Communities (2022) *Consultation outcome – A new deal for renting: government response*

³⁵ Department for Levelling Up, Housing and Communities (2022) *A Fairer Private Rented Sector*

Case study



Luke, 62, has privately rented a three-bedroom house, which he shares with a housemate, since 2009.

He has physical and mental health conditions, the latter of which, he said, was one of the reasons he fell into debt “because my solid decision-making went completely.” He overcame drug and alcohol addiction, which at the time contributed to his problem debt. He works but has a low income.

Luke told us: “the cost of moving house and rent is just beyond me, so I’m stuck here.” There are significant structural problems with the rear of the house, causing damp and extreme cold that also renders one of the bedrooms unusable. Luke told us, “the back of the house is like a portal to the Arctic.” The cold has a negative impact on his health condition, which is an adrenal insufficiency that affects the body’s ability to regulate temperature and, in turn, attacks the immune system.

The amount he pays in rent hasn’t changed since Luke moved in 14 years ago, which he considers a unique situation, and says is because of the state of the house. The landlord tried to increase the rent, but Luke successfully challenged this. He would like to move, partly because of the quality issues, and partly to be closer to his family, but he fears he wouldn’t be able to afford anywhere else, especially if he had to rent on his own.

Luke said: “I don’t want to have to consider an HMO (House in Multiple Occupation or shared house). I just don’t want a room in a house.” He also thinks that if he were to push the landlord to make the necessary repairs to the house, the landlord would consider this too expensive and instead sell the property.

“At any point he could come and say, ‘Well, actually, I’m gonna give you two months’ notice because I want a repair.’ So, there’s a little bit of uncertainty. It doesn’t feel secure. I think you’re going to get that no matter who the landlord is, so it is kind of hanging over us, because at the moment we don’t know if he’s going to sell up. If he does sell up, then where does that leave us?”

In addition to concerns about the quality of their homes, which caused them significant distress and stress, participants also felt it was unfair that their rent was so expensive, while the condition of their home was not adequate. Luke felt it should be possible to have “a fair rent for a fair property.”

Many of our interview participants had been proactive in reporting disrepair, but reported that their landlord did not take action when disrepair was raised, and not proactive in maintaining the property.

A number of interview participants cited the need for an independent, impartial regulator to tackle quality issues in rented properties. Although in the SRS there is a Regulator of Social Housing, SRS interview participants did not seem aware of it. Victoria, a housing association tenant, said: “The houses should be kept to a set standard, and if they’re falling below that then it should be looked at, and if it’s maybe not even by the housing owner – there should be a separate entity that comes in and says, ‘This is how it should be. You need to put it right.’”

In the PRS, local authorities are responsible for regulating the sector and protecting tenants by ensuring landlords and agents comply with relevant obligations.³⁶ Research commissioned by the government found that local authorities ‘face significant barriers to tackling poor conditions’, which led to often uneven, reactive and non-strategic enforcement.³⁷

And a 2018 report from the House of Commons Housing, Communities and Local Government Committee found that enforcement of tackling low standards in the PRS by local authorities was ineffective, leaving vulnerable private tenants without the protections to which they are legally entitled.³⁸

42% of respondents stated that the quality of their housing had impacted their or their family’s health and wellbeing. Respondents cited the stress, depression and anxiety they felt as a result of the quality of their home, including being scared to ask for repairs from their landlord. One respondent, for example, wrote: “Higher bills mean less heating and poorer health”.



³⁶ *Housing Act 2004*

³⁷ Department for Levelling Up, Housing and Communities (2022) *Local authority enforcement in the private rented sector: headline report*

³⁸ House of Commons, Housing, Communities and Local Government Committee, *Private rented sector (Fourth Report of Session 2017 – 19)*

The imbalance of power between tenants and landlords

The language of the rent reform white paper references balancing rights and responsibilities between tenants and landlords.

On the one hand, it speaks of tackling injustices related to disrepair and quality, and tenants' fear of complaining in case they are penalised. On the other hand, it speaks of landlords' right to manage their property.³⁹

The feedback we received from clients speaks of the need both to strengthen tenants' rights and ensure that the expectations of policy makers and landlords are appropriately framed in the context of the financial precarity faced by many PRS tenants.

Financially and otherwise vulnerable PRS tenants are currently in a poor position to exercise their rights, and those rights are insufficient to meet reasonable expectations of quality and support.

Respondents from both the private rented sector and the social rented sector expressed the same feelings of frustration and hopelessness over not having repairs completed swiftly enough.

This suggest that replicating standards, enforcement and Ombudsman arrangements from the SRS to the PRS may not be effective.

38% of respondents had had a dispute with their landlord in the last five years, including 16% about the quality of their accommodation and 16% about rent payments.

In open text responses, respondents told us they had disputes with their landlord about rent increases and issues of disrepair:

“There was damp and mould, and the property was very cold. I had to move in the end because the landlord did nothing”

Housing Association

“The landlord wanted six months’ rent immediately, refusing to continue with monthly direct debit payments” PRS

“[The landlord] attempted to increase my rent twice within a 13-month period. I took them to a tribunal and won”

Housing Association

“There was mould on the walls and water coming through the door, and the landlord refused to do anything about either and wouldn’t negotiate a cheaper rent deal, so I ended up leaving the property” PRS

“It takes [a] long [time] for repairs to be fixed, i.e., three years to get a new boiler and eight years for a new back door, which was leaking” PRS

“I’ve been waiting for repairs for the last two years. I haven’t started a dispute as [I] am not sure how I can go about it as private tenant. The agency never respond to my emails but will harass me for payment, even though I’ve never missed my rent due date” PRS

Participants felt that without enforcement of rights in the private rented sector, there was no hope of issues of disrepair and insecurity of tenure being prevented. This was a source of great frustration and hopelessness for private tenants, and made them feel as though the balance of power was stacked against them.



³⁹ Department for Levelling Up, Housing and Communities (2022) *A Fairer Private Rented Sector*

Conclusion and recommendations

Everyone deserves to live in a home that is affordable, secure and decent. Unfortunately, too many people live in homes that do not meet these requirements. Our clients, who are financially vulnerable because of their problem debt, and many of whom have additional vulnerabilities, are over-represented in the private rented sector, which does not offer them protections against insecurity and rising costs.

Our research found that our clients renting in the PRS struggled more with the affordability of their homes than any other housing tenure. They also faced more acute affordability pressures in the form of the burden of rent as a proportion of income, rent increases and rent arrears repayments. We also heard about the burden of additional costs, such as up-front payments like deposits and rent in advance, the cost of moving and of furnishing properties. These affordability pressures impacted their day-to-day lives, including their mental and physical health, had knock-on effects on the way they were able to spend their discretionary and non-discretionary income, and affected the security of tenures.

Access problems are getting worse for those dependent on PRS housing for a place to live. Among clients who had recently sought a new PRS property, over half were asked to bid on a property and a quarter to pay more than two months' rent in advance. Experience of problem debt had affected clients' access to housing, with credit impairment impacting their ability to rent a property in the PRS. Clients continue to experience discrimination because they receive benefits, despite this being unlawful.

PRS tenants face the same risks of financial insecurity arising from life events as social tenants yet have far fewer protections against insecurity. PRS clients are more likely to borrow to avoid rent arrears, increasing their risks of debt problems. When PRS tenants fall into arrears, they were asked to repay significantly more than social tenants. Private renters were less likely than social renters to have been offered an affordability assessment and repayment plan, or to have been signposted to support. PRS tenants unsurprisingly felt more worry about the risk of eviction if they fell into arrears than any other tenure. These factors help to explain why financial difficulty arising from life events is particularly likely to lead to financial difficulty for PRS tenants.

StepChange's PRS clients are more likely to experience quality problems than both the general population and clients who are social tenants. Clients face paying high rents for low quality accommodation. Feedback from PRS clients shows that they are aware of the need to tread a delicate line to avoid upsetting their landlord, which affects their ability to report issues and make simple requests to address disrepair. Social tenants, in contrast, felt more emboldened to report issues with their homes. While it is unlawful to evict tenants who raise quality concerns, our evidence suggests a significant minority of PRS tenants do not feel shielded by this protection.

All of these issues had impacts on clients' health and wellbeing, relationships and ability to work (Fig. 13). Respondents cited the stress, depression and anxiety they felt as a result of the quality of their home, including being scared to ask for repairs from their landlord. Limited access to housing leaves tenants feeling trapped and unable to make choices in their lives they might otherwise make. Poor quality has a very real impact on practical matters such as the cost of heating and, in turn, health.



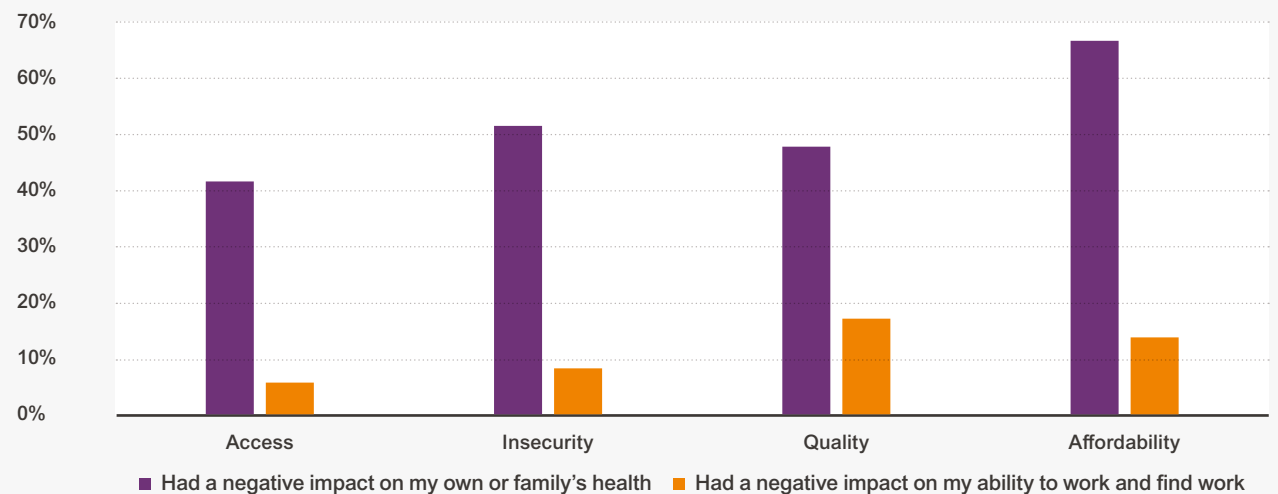
Conclusion and recommendations cont'd

The issues we encountered spoke to an unequal balance of power between tenant and landlord. Many of the renters we heard from in our survey expressed deep frustration at the difficulty they experienced in resolving disputes. Respondents often felt they had nowhere to turn. Respondents also felt that while they, as tenants, were held to a high standard when it came to breaches of tenancies, landlords did not face the same expectations, penalties or consequences if they did not act appropriately.

The effect of this imbalance is that respondents felt trapped in a situation in which their home was not really their own.

The Renters (Reform) Bill is an important step forward. However, the Bill does not address the needs of PRS tenants in vulnerable situations arising from financial difficulty. More action is needed to ensure everyone has access to a decent, secure and affordable home.

Fig. 13: Proportion of respondents renting in the private sector who stated that access, security, quality and affordability issues had a negative impact on theirs or their family's health and/or b) a negative impact on their ability work or find work



Source: Client survey. Total answering this survey question = 194 (private renters only).



Recommendations:

Ending unnecessary evictions and increasing the use of affordable repayment plans

We welcome the government's commitment to ending section 21 'no fault' evictions.⁴⁰ However, section 8 grounds for mandatory eviction for those in two months or more of arrears, and the introduction of new grounds for repeat 'serious' arrears, subject PRS tenants experiencing life events that cause financial difficulty to unreasonable housing insecurity.

Establishing a hard threshold at which to grant possession for rental arrears is poor practice in responsible debt collection and pushes PRS tenants into harmful debt problems. It also undermines incentives for landlords to work with tenants to sustain tenancies where possible and avoid court action.

The government has stated in the Fairer Private Rented Sector White Paper that it wants tenants to have reasonable opportunity to pay off rent arrears without losing their home.

StepChange's evidence shows that the proposed four week notice period for tenants in over two months of arrears will not achieve this aim. It is not long enough to allow tenants in financial difficulty to deal with their problems, while serving notice of eviction to PRS tenants in arrears without support falls short of the help tenants with sustainable tenancies need to deal with debt problems and get their finances back on track.

PRS tenants face very similar risks of financial insecurity to social tenants yet have access to fewer protections and less well-developed support.

The Pre-Action Protocol (PAP) for Possession Claims by Social Landlords requires social landlords to take reasonable steps to support tenants in arrears, agree an affordable repayment plan where possible and, as a result, maintain sustainable tenancies.⁴¹

The introduction of the Breathing Space scheme has also set out the government's intent to support those experiencing financial difficulty with time to access advice and enter a debt solution alongside protection from enforcement action during the moratorium period of 60 days.

StepChange's early evaluation of the Breathing Space scheme points to the need to extend the moratorium period in some cases where more time is needed to enter a solution or come to agreement with creditors.

DLUHC should make amends to schedule 2 ground 8 of the Housing Act so that a court has discretion to stay or suspend proceedings in cases of arrears. In tandem, the Ministry of Justice should develop a pre-action protocol for possession claims for PRS landlords to ensure that tenants in financial difficulty are assisted to access advice and support and put in place affordable repayment plans where tenancies are sustainable.

As many PRS landlords do not have the capacity of social landlords to support tenants in vulnerable circumstances. The steps required by the social housing PAP are, however, largely achievable for PRS tenants.

The protocol should reflect the principles guiding the Breathing Space scheme, including requirements to signpost to, and allow time for, debt advice and to seek to agree affordable repayment plans.

⁴⁰ Department for Levelling Up, Housing and Communities (2022) [A Fairer Private Rented Sector](#)

⁴¹ The PAP for Possession Claims by Social Landlords is binding for local authorities but not for housing associations in some circumstances, such as when a housing association applies for possession under schedule 2 ground 8 of the Housing Act. Nevertheless, good practice limits the use of ground 8 by housing associations without first pursuing additional support for tenants, including the steps set out in the PAP.

Improving affordability for PRS tenants with low incomes

There is unsustainable mismatch between PRS rents and the level of LHA support available to those with low incomes.

The coherence of social security design and its ability to meet household needs and prevent hardship rests on the housing element meeting the cost of rent.

In addition to prioritising the supply of affordable housing in the long-term, the government should relink Local Housing Allowance (LHA) to the real cost of rent and remove national caps that further reduce the adequacy of payment in areas with high PRS rents. If the national LHA rate caps and Benefits Cap remain in place, they should be updated annually.

The government should also ensure PRS tenants with low incomes and in financial difficulty benefit from sufficient discretionary support to maintain or commence sustainable tenancies, for example through grants to repay arrears or help with moving costs, particularly for those not eligible for statutory homelessness prevention funding.

To achieve this aim, the government should both increase funding for discretionary support through Discretionary Housing Payments and work with local authorities to ensure PRS tenants know about and have access to this help when it is needed.

We recommend that the government relinks LHA to the real cost of rent and remove national caps, and increase funding for discretionary support through Discretionary Housing Payments.

Preventing financial exclusion spilling over into housing exclusion

The UK has drifted into a position in which a high proportion of financially and otherwise vulnerable people are housed in the PRS.

Experiences highlighted in this report show that those who have experienced problem debt are often ‘locked out’ of affordable, decent housing. This issue manifests most often through the impact of an impaired credit record on access to housing and the practice of requesting unaffordable amounts of rent in advance.

There are no easy solutions to this problem. In the rent reform White Paper, the government proposes to introduce a power to limit the amount of rent that landlords can ask for in advance, and to use this power if the practice ‘becomes widespread or disproportionate’. This step could be helpful, but landlords might instead choose not to offer a tenancy if they have doubts about a tenant’s ability to pay rent.

Rent guarantee schemes, which are typically run by council and support tenants who would not otherwise be able to access housing with deposits and upfront costs, operate at small scale. Separately, the Financial Conduct Authority has proposed new governance arrangements for credit information that, in the long-term, have the potential to provide a forum to consider the impact of credit information recording and sharing practices on housing access.⁴²

The experiences of PRS tenants struggling with problem debt and unable to access affordable decent housing reflect the serious challenge facing policy makers of how the financial precarity of households can be accommodated alongside the realities of PRS market economics and the needs of landlords to maintain stable tenancies.

To ensure the PRS is fit for purpose, policy makers must work with stakeholders to understand these problems and find solutions to deliver access to affordable, decent housing for those who experience financial difficulty.

As part of the rent reform process, the government should review the housing needs of PRS tenants affected by financial difficulty to ensure financial exclusion does not spill over into housing exclusion.



⁴² Financial Conduct Authority (2022) *Credit Information Market Study Interim Report and Discussion Paper*

Enforcing new quality standards to protect people affected by problem debt

StepChange clients have told us how debt problems leave them trapped in poor quality housing that affects their health and wellbeing. We welcome the application of the Decent Homes Standard to the PRS and the government's commitment to make it illegal for landlords or agents to have blanket bans on renting to families with children or those in receipt of benefits (and potentially other groups such as prison leavers). But these measures must be properly enforced.

An approach to enforcement of quality standards that is overly reliant on PRS tenants raising complaints will not be effective. The government must provide sufficient funding and set clear expectations for local authorities to undertake sufficient inspections to deter PRS landlords from ignoring or neglecting their responsibilities and take prompt action against rogue landlords.

We also echo Shelter's call for the government to enforce, in a more robust way, against income discrimination by professionalising the lettings industry with a legally enforceable Code of Practice, and ensuring that local authorities are adequately resourced to be able to crack down on landlords and letting agents who defy the law.⁴³

We welcome the government's commitment to introducing a new single Ombudsman that is mandatory for all private landlords and lettings agencies. It is right that tenants in the private rented sector should have access to a fair, impartial and independent body whose purpose is to mediate between landlords and tenant.

The success of the Ombudsman will depend on how it works and its funding. The government should ensure the new Ombudsman learns lessons from the experience of social tenants where low awareness, frustrating processes and a lack of impact on outcomes for tenants can undermine its success.

Finally, there is also a clear need for well-designed advice, information and support for private renters. The introduction of a Property Portal should not only help tenants understand their landlord's responsibilities but be an accessible source of information on tenants' rights, dispute resolution and sources of support.

Local authorities should also enhance engagement with tenants, particularly those less likely to be digitally engaged, to ensure that they know their rights and where they can seek advice, advocacy and dispute resolution.

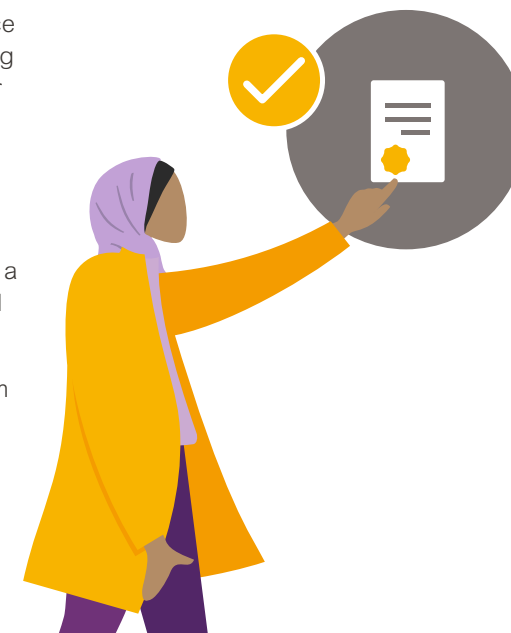
Providing adequate funding⁴⁴ for advice services and restoring legal aid funding would give low-income tenants greater power to dispute serious issues.⁴⁵

In fewer than ten years, the number of legal aid providers has reduced. 35% of the population of England and 42% of the population of Wales do not have a housing legal aid provider in their local authority area.⁴⁶

We would echo Shelter's calls to reform legal aid to ensure that people without means can still access justice by increasing the capacity of providers to deliver free legal advice.⁴⁷

We support the government's commitment to applying a Decent Homes Standard and introduce an Ombudsman service and Property Portal for the private rented sector, which seek to address some of the quality issues in the PRS.

The government should ensure that local authorities are adequately resourced to undertake sufficient inspections and hold accountable landlords and letting agents who ignore standards or the law.



⁴³ Shelter (2023) [End Income Discrimination campaign](#)

⁴⁴ [Legal Aid, Sentencing and Punishment of Offenders Act 2012](#)

⁴⁵ According to the Legal Aid Agency, there has been a marked decline in the number of firms providing housing law advice under a legal aid contract since LAPS0. See Housing Law Practitioners Association [response](#) to the All-Party Parliamentary Group on Legal Aid inquiry into the sustainability of Legal Aid

⁴⁶ The Law Society (2022) [Housing – legal aid deserts](#)

⁴⁷ Shelter (2021) [Our legal aid system is crumbling and it needs drastic action to save it](#)

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For more information, visit the [StepChange Debt Charity website](#).

For help and advice with problem debts call (Freephone) 0800 138 1111 Monday to Friday 8am to 8pm and Saturday 8am to 4pm, or use our [online debt advice tool](#).

Get in touch:



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