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| Rental payments and direct debit operational guidelines |
| Effective date: June 2023 |
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| More Information To find out about housing options visit the [Housing website](http://www.housing.vic.gov.au) <http://www.housing.vic.gov.au> or contact your local [Housing Office](http://www.housing.vic.gov.au/contact-a-housing-office) <http://www.housing.vic.gov.au/contact-a-housing-office>.  To receive this publication in an accessible format contact [Homes Victoria](mailto:enquiries@homes.vic.gov.au) <enquiries@homes.vic.gov.au>.  Authorised and published by the Victorian Government, 1 Treasury Place, Melbourne.  © State of Victoria, Department of Families, Fairness and Housing, June 2023.  ISBN/ISSN 978-1-76130-167-4 (online/PDF/Word) or (print)  Available at the department’s [Service Providers website](https://providers.dffh.vic.gov.au/rental-payments-and-direct-dept-operational-guidelines) <https://providers.dffh.vic.gov.au/rental-payments-and-direct-dept-operational-guidelines>. |
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# When do these operational guidelines apply?

These operational guidelines apply to current and previous departmental renters and residents of the Department of Families, Fairness and Housing (the department) and outlines payment methods for current and vacated rental account charges including rent, maintenance charges and arrears.

# Human rights considerations

In deciding what action to take, staff will consider the potential impact of proposed action taken through these operational guidelines on the person’s (and their household’s) rights under the *Charter of Human Rights and Responsibilities 2006*.

Any person taking action in line with these operational guidelines must:

* understand the objective and rationale of the actions they are taking under these operational guidelines
* consider the impact of proposed action on the person’s Charter rights
* consider whether the proposed impact is balanced and proportionate and necessary to achieve that objective, and
* choose the least restrictive measures available.

[The Charter of Human Rights and Responsibilities – A guide for Victorian Public Sector Workers](http://www.humanrightscommission.vic.gov.au/index.php/news-and-events/commission-news/item/716-a-guide-for-public-sector-workers-in-victoria) is available at <https://www.humanrights.vic.gov.au/resources/the-charter-of-human-rights-and-responsibilities-a-guide-for-victorian-public-sector-workers-jul-2019>.

# Overview

Payment of departmental charges can be made in any of the following ways:

* through HousingVic Online Services (HVOS) for clients registered to myGov
* electronic deductions from eligible Centrelink payments via Centrelink’s Rent Deduction Scheme (RDS)
* electronic deductions from bank accounts
* rental and maintenance repayment cards used at Australia Post
* rental account payment vouchers provided by a local office to be used at Australia Post
* any combination of the above.

**Note:** the preferred payment method is via the RDS arrangement or HVOS as payments can be more easily and consistently maintained using these services.

# Principles of direct debit deductions

Direct debit is a payment service offered to current and previous departmental clients who are eligible to pay departmental charges by debiting their Centrelink payment or their bank account.

Clients may have their rent (including service and water charges), rental arrears, maintenance arrears and additional rental payments directly debited to a maximum of 35 per cent of the total assessable household income for a current tenancy.

Direct debit is possible thorough an agreement between the department and Centrelink or a designated financial institution. The designated financial institution receives all bank direct debit requests and is responsible for coordinating the details of the transactions with all participating financial institutions.

Payment of departmental charges from a client’s Centrelink payment using RDS is the department’s preferred payment method for all existing clients.

RDS is a condition of sign up in accordance with the department’s *Residential Rental Agreement* signed by renters at commencement of a tenancy. All new renters and transferring renters with a poor payment history who are in receipt of a Centrelink income are also required to sign up to RDS.

There is no charge for the use of RDS, however direct debit from some bank accounts may incur a service charge, including a fee if there is not enough money in the nominated bank account to make the payment and the transaction is dishonoured.

## 4.1 Centrelink’s Rent Deduction Scheme (RDS)

Direct debit from a client’s Centrelink payment is known as the Rent Deduction Scheme (RDS). Departmental charges are deducted from a client’s Centrelink income before the payment reaches their bank account.

The RDS allows departmental clients to deduct the following charges:

* rental payments
* rental arrears
* renter responsibility maintenance charges
* additional rental payments
* vacated rent or maintenance arrears.

Only one RDS can be created for each client, however more than one RDS can be arranged for a rental account if there are multiple clients who want to pay rent through RDS. A client can opt to have deductions made from their pension/benefit and family related payments (where applicable). RDS can be set up three weekdays prior to the client’s payment date. RDS deductions cannot occur on weekends.

Rental payment deductions may be split between two or more clients, or one client’s deduction may be from a bank account and the other(s) through RDS.

Multiple clients who are paying departmental charges through the RDS may nominate to contribute different proportions towards these charges.

For example, if the weekly payment amount is $100, one client may pay $60 and the other may pay $40. The split of payment amounts is negotiated between the household members making the payments and the local office.

The RDS is currently not available to clients who are in receipt Department of Veterans Affairs income.

The department shall give a rental statement to the renter/s, showing RDS payments on demand.

## 4.2 Bank direct debit

Departmental charges that are directly debited from a client’s bank account are known as bank direct debit. Bank direct debit is offered to all current and previous clients who have bank accounts that offer direct debit.

Bank direct debit allows deduction of the following charges:

* rental payments
* rental arrears (current and/or vacated)
* maintenance arrears (current and/or vacated)
* additional rental payments.

Each client may have more than one bank direct debit in place for an account.

Deductions can occur on any nominated weekday. Bank direct debits can be set up two weekdays prior to the first deduction. Bank direct debit deductions cannot occur on a weekend.

The department shall give a rental statement to the renter/s, showing bank direct debit payments on demand.

# Applying for a direct debit

## 5.1 Authority for deduction form

Clients may apply for either type of direct debit service by completing an authority form, available from any [department office](https://www.housing.vic.gov.au/contact-a-housing-office) <https://www.housing.vic.gov.au/contact-a-housing-office> (generated from the housing business system HiiP) or from the [Housing.Vic website](https://www.housing.vic.gov.au/paying-rent) <https://www.housing.vic.gov.au/paying-rent>.

## 5.2 Verbal consent

Centrelink RDS can also be established by telephone:

* verify the client’s identity by confirming at least three of the following personal details from the HiiP system:
  + service ID number
  + full name
  + date of birth
  + telephone number
  + names and dates of birth of family members (for example, their spouse or children)
* once the client’s identity has been confirmed proceed to explain the details contained in the Centrelink RDS form
* all details for Centrelink RDS are confirmed over the phone and the deduction is created in the Housing Integrated Information Program (HiiP)
* the client is reminded that the Centrelink Rent Deduction Scheme is mandatory at sign up
* a file note is recorded confirming a client’s consent to the Centrelink RDS, and
* a letter will be generated by HiiP to confirm Centrelink RDS has been established.

### Sign ups

When signing a residential rental agreement (rental agreement) for a new tenancy an initial rent payment must be made to avoid the tenancy falling into arrears. HVOS is the preferred payment method where the tenancy commencement date falls on a day prior to the direct debit deduction date. If clients do not agree to use HVOS they can take a HiiP generated payment voucher to an Australia Post Office to make the payment.

This ensures that the tenancy commences with rent in advance and does not fall into arrears at the outset.

### Client loss of wages due to special circumstances

Where the client ceases employment they should apply to Services Australia for a Centrelink benefit as soon as possible. If a client requires assistance in applying for a Centrelink income, staff may refer them to supports such as Tenancy Plus or local service. If a client encounters a significant loss of wages or ceases employment and has difficulty obtaining the necessary documentation for a reduction in their weekly payment amount, a reduction or suspension of their direct debit may be applied as an interim measure while the rental rebate assessment is being finalised.

Once that has occurred and direct debit has been reinstated, a local agreement to address any arrears accruing during this period must be put in place.

Further information about the treatment of wages income can be found on the [Provider’s website within the Rent setting and rebate operational guidelines](https://providers.dffh.vic.gov.au/rent-setting-and-rebate-operational-guideline-assessable-income) <https://providers.dffh.vic.gov.au/rent-setting-and-rebate-operational-guideline-assessable-income >.

## 5.3 Deduction limits

### 5.3.1 New and Current tenancy

Combined deductions for current clients cannot exceed 35 per cent of the assessable household income.

Income is defined as assessable according to the department’s [Rent setting and rebate operational guidelines](https://providers.dffh.vic.gov.au/rent-setting-and-rebate-operational-guideline-assessable-income) <https://providers.dffh.vic.gov.au/rent-setting-and-rebate-operational-guideline-assessable-income>. It is important to ensure household income is up to date so that an accurate deduction limit can be applied and reduce the risk of financial hardship to the household.

### 5.3.2 Vacated tenancy

Previous clients of the department who are paying charges from a terminated tenancy are not restricted in the deduction amount they nominate. These clients are encouraged to make payments for outstanding charges using HVOS, RDS or bank direct debit when they make contact with the local office.

# Online payments via HVOS

Clients can make payments securely using bank debit cards at [HousingVic Online Services](https://www.housing.vic.gov.au/online-services) <https://www.housing.vic.gov.au/online-services>. Clients can who are registered to myGov can link HVOS. Additional services clients can access include viewing and updating tenancy information, requesting account statements to be sent to their myGov mailbox.

Clients can make payments for current and vacated tenancy services or bond loan debts via ‘Make a payment’ in the ‘My Account’ area.

Clients can select to make a payment into the rental or maintenance account for the tenancy service. The HVOS service is the preferred method to make the initial one-off payment required at the commencement of the tenancy.

Payments must be made with a Visa or Mastercard debit card. A receipt can be emailed following the transaction if the client requests. Payments will be processed the next business day.

Third parties cannot use this service to make payments on behalf of a client.

Receipts are not automatically generated but can be sent to the client if an email address is provided during the transaction process.

There is a credit threshold of $1000 credit on payments into an account.

For example, If a tenancy account balance is $800.00CR, only $200.00 will be able to be paid into the account.

If a tenancy account is in debt, the full amount of debt, is able to be paid, plus an additional $1000.00.

For example, if a tenancy account balance is $2000.00DR, a total amount of $3000.00 could be paid into the account.

For tenancy services, residents may make payment if the renter/s has granted the resident consent as referred to below.

Further information can be found within the HVOS Operational Guidelines on the department’s [Providers website](https://providers.dffh.vic.gov.au/housingvic-online-services-operational-guidelines) <https://providers.dffh.vic.gov.au/housingvic-online-services-operational-guidelines>.

# Payments at a Victorian Australia Post outlet

All renters are issued a rental payment card at the commencement of a tenancy. This card is linked to the rental account and can be used to pay rental charges at any Australia Post outlet using cash or transfer from their savings account (debit card). Credit cards cannot be used to pay any departmental charges.

Rental account payment vouchers can be issued at the sign up for immediate payments at Australia Post as the payment card is posted to the renter after the sign up.

Additional rental repayment cards can be requested by renters from a local office at any time. There is no charge to the renter when a replacement card is ordered.

Maintenance charges repayment cards are not automatically issued at the commencement of a tenancy and are generated and sent to renter/s when a maintenance debt is created. These can also be requested from the local office to repay these charges at Australia Post.

Australia Post outlets in Victoria enable manual payments to be made on a Saturday. These payments will be processed on a client’s account on the Monday evening and visible on rental account statements on the Tuesday following the payment.

Go to the [Australia Post website](file:///C:/Users/fkle1307/AppData/Local/Microsoft/Windows/INetCache/Content.Outlook/4A84GAWD/You%20can%20make%20your%20payment%20using%20your%20rent%20payment%20card%20at%20any%20Victorian%20Australia%20Post%20outlet%20or%20agency.%20%20This%20card%20can%20only%20be%20used%20to%20pay%20your%20rent) to [find your nearest Australia Post office](http://auspost.com.au/pol/app/locate) <https://auspost.com.au/locate>.

# Updating direct debit amounts

## 8.1 Rent reviews and changes in total amount payable

Direct debit deduction amounts are automatically updated when there are changes to rental charges from bi-annual rent reviews or a manual rental rebate assessment. Where a rent review results in the cancellation of a rental rebate, the previous deduction continues until it is updated manually after contact with the local office.

**Note:** The direct debit is updated automatically to the market rent amount if the tenancy is paying the market rent amount over two consecutive Fixed Rent Effective Dates.

More information on Fixed Rent Effective Dates is available in the Rent setting and rebate operational guidelines <https://providers.dffh.vic.gov.au/rent-setting-and-rebate-operational-guidelines>

## **8.2** **Rental arrears repayment agreements**

Establishment of a rental arrears repayment agreement between a renter and the department will automatically update any direct debit in place. A renter may choose to deduct the arrears agreement portion from any type of direct debit in place or request a new direct debit to repay.

The rental arrears agreement start date must align with the next direct debit deduction date. If the repayment agreement is to commence prior, or there is insufficient time before the deduction, the renter is advised to make a manual payment using other methods (HVOS, voucher, rental payment card). The rental arrears agreement will break if a payment is not made using one of these payment methods before the direct debit deduction date.

The total direct debit deduction amount should not exceed 35% of the combined rent and rental/maintenance arrears repayment charges.

**Note:** When there are direct debits across multiple clients in a household staff must review the repayment amount of the direct debit to ensure payment is deducted for the correct amount of each client.

## 8.3 Maintenance debts

Establishment of a repayment agreement for maintenance debts will automatically update any direct debit in place. A renter may choose to deduct the maintenance agreement portion from any type of direct debit in place or request a new direct debit to repay.

The maintenance agreement start date must align with the next direct debit deduction date. If the repayment agreement is to commence prior, or there is insufficient time before the deduction, the renter is advised to make a manual payment using other methods (HVOS, voucher, ~~rental~~ maintenance payment card). The maintenance repayment agreement will break if a payment is not made using one of these payment methods before the direct debit deduction date.

The total direct debit deduction amount should not exceed 35% of the combined rent and rental/maintenance arrears repayment charges.

**Note:** When there are direct debits across multiple clients in a household staff must review the repayment amount of the direct debit to ensure payment is deducted for the correct amount of each client.

Where an Order for Possession for rental arrears has been granted by the Victorian Civil and Administrative Tribunal (VCAT) and the household member has signed an agreement to repay MCAT charges, the maintenance payment agreement is suspended until the Order for Possession agreement has expired or the rental account is no longer in arrears.

Consistent with the spirit of the *Limitation of Actions Act 1958*, Homes Victoria will no longer pursue maintenance debts older than 15 years from the date the department obtained a VCAT order (or a renter accepted liability).

## 8.4 Frequency and scheduling of deductions

Deductions through the RDS are directly debited from a client’s Centrelink payment, which is paid fortnightly. The day of the week for RDS deduction must be the same as the Centrelink payment day, otherwise the deduction will not occur.

Current and previous clients who are eligible for bank direct debit may nominate to have charges deducted weekly, fortnightly (pension fortnightly or non-pension fortnightly) or four-weekly.

Deductions can be made on any weekday of the nominated week:

* Centrelink RDS – direct debit set up three weekdays before the payment date.
* Bank Direct Debit – direct debit set up two weekdays before the deduction date.

A tenancy account may have more than one scheduled deduction and therefore may have more than one deduction in one week or fortnight.

## 8.5 Dishonoured/unsuccessful deductions

If a bank direct debit payment is dishonoured due to insufficient funds, it automatically cancels upon the third consecutive dishonour. A letter is automatically sent to the client for dishonours/cancellation of bank direct debit. Banks can charge a dishonour fee to the client’s nominated bank account.

Unlike bank direct debit, RDS will still proceed if the Centrelink payment is insufficient to cover the rent by taking a proportionate deduction of the payment from Centrelink.

If a client’s Centrelink entitlement is suspended or cancelled, no payment will be made. Letters are automatically sent to the client for an underpayment or unsuccessful deduction due to income suspension/cancellation by Centrelink.

It is the renter’s responsibility to ensure that all payments are paid in light of the above and that future direct debit payments are received in full. Reporting is also available for staff to monitor dishonoured or unsuccessful deductions.

## 8.6 Refunding a direct debit payment

A refund is given when a direct debit payment has been duplicated for the same payment period or the wrong amount has been deducted and it will result in the household experiencing financial difficulty.

Refunds of bank direct debit payments or cheques cannot be made until it is certain that the payment has been honoured by the financial institution.

Where possible, it is preferable to offer suspension of future direct debit deductions to absorb the overpayment rather than offer a refund. When suspending a direct debit record staff must also confirm an end date to ensure payments resume and avoid the risk of the tenancy falling into arrears.

**Note:** The deduction will resume on the payment date **after** the end date of the suspension.

## 8.7 Suspending and cancelling deductions

Direct debit is a voluntary service after sign up and a client can request cancellation at any time. Clients should be reminded of their responsibility to always maintain their rental accounts in advance and that cancellation can increase the risk to their tenancy. A client may cancel one direct debit service to enter into another if they are eligible to do so. The request to cancel their direct debit arrangement must be done in writing at the local office. Cancelling a direct debit incurs no financial cost to the client.

A client can request direct debit suspensions up to twelve weeks. The renter may choose to use a credit on their rental account or if they prefer to pay manually for a short period, however it is preferrable to suspend the direct debit.

## 8.8 If direct debit deductions are disputed

If the client disputes their direct debit payments, the local office will:

* provide the renter a full statement of payments, charges and receipts for the period in question, and
* undertake account reconciliation in line with the [Account Reconciliation operational guidelines](https://providers.dffh.vic.gov.au/account-reconciliation-operational-guidelines-word) <https://providers.dffh.vic.gov.au/account-reconciliation-operational-guidelines-word>.

If the client continues to dispute their direct debit payments, staff will advise the client of the housing appeals process.

# Residents making payments

From 7 March 2020, a renter may consent for a resident to make payments directly into the rental or maintenance account of that household. Residents can make these payments via Centrelink’s Rent Deduction Scheme (RDS), HVOS and/or bank direct debit.

The renter remains fully responsible for the rental account with Homes Victoria regardless of whether the resident does or does not make payments.

**Note:** By granting consent for a resident to contribute to rental payments, the resident is not entitled to rights to the tenancy.

## 9.1 Granting consent

The renter may grant consent to a resident in their household to make payments by:

* completing a *Consent for residents to make payments* form available from the [HousingVic](file:///C:/Users/fkle1307/AppData/Local/Microsoft/Windows/INetCache/Content.Outlook/4A84GAWD/HousingVic) website at <https://www.housing.vic.gov.au/paying-rent>
* providing consent online using [HousingVic Online Services](https://www.housing.vic.gov.au/online-services) via a myGov account - see <https://www.housing.vic.gov.au/online-services>
* verbal instruction to the local office.

Where consent is granted, this is recorded by staff in (HiiP) for the resident to make payments, including a record of the name of the renter granting the consent.

When consent is granted, a letter will be generated to both the renter and the resident advising of the changes and their legal obligations.

#### 9.1.1 Direct debit

If the resident wishes to pay via bank direct debit or RDS, the resident will need to complete the appropriate authority form to consent for the payment to be deducted.

#### 9.1.2 HousingVic Online Services (HVOS)

Renters can grant residents within their household to make payments via the ‘Permissions’ on the home screen of HVOS screen.

Granting consent to a resident does not grant the resident tenancy rights. The renter/s of the property remain solely responsible for ensuring that the rental account of the property does not fall into arrears. When consent is granted, both the renter and the resident will be sent a letter outlining their legal obligations.

A resident who has been given consent can:

* make payments online
* contact a local office to set up a direct debit payment from their bank account
* contact a local office to set up Centrelink direct debit payments
* view their payments on the tenancy account.

The renter/s of the household can remove consent for the resident at any time via Permissions. Consent will be automatically revoked if the resident leaves the household or the tenancy ends.

## 9.2 Revoking consent

Consent for the resident to pay will be revoked when :

* the resident becomes a renter
* the resident leaves the tenancy
* the tenancy is terminated, or
* the renter advises that they wish to remove consent.

Consent may be revoked by any renter at any time in writing. All other means of removing consent are updated automatically.

When the resident remains in the household, staff must update the records in HiiP to remove consent. A letter will be generated to both the renter and the resident advising of the change. If the resident is paying via direct debit or RDS the direct debit payments will need to be removed manually by staff. If the resident has left the household, no letter will be generated.

# Monitoring direct debits

Monitoring suspensions and cancellations of direct debits is integral to sustaining tenancies. Reports available to housing staff enable timely monitoring of any direct debit suspensions or cancellations to be followed up with clients.

# Lodging a Complaint

Clients wishing to make a complaint about rental payments or direct debit, should firstly contact their local office to discuss any concerns. If the client remains dissatisfied with the outcome, they may seek to discuss the issue with the local manager. If the matter remains unresolved, the client may submit their complaint online by submitting their complaint on line via [e-form](https://feedback.dhhs.vic.gov.au/layout.html#/DFFH) <https://feedback.dhhs.vic.gov.au/layout.html#/DFFH>. For more information about the department’s [Feedback Service](https://dhhsvicgovau.sharepoint.com/sites/HousingBusinessSupport-DHHS-GRP/Shared%20Documents/Operational%20guidelines%20project/Payments%20and%20account%20management%20guidelines/Rental%20Payments%20and%20Direct%20debit/Feedback%20Service) go to <https://www.dffh.vic.gov.au/making-complaint> or call 1300 884 706.