

Collecting Cash Payments Safely

Every landlord needs a good system for collecting rent payments from their tenants. Managing, owning and purchasing additional rental properties would be impossible without a steady flow of rent payments.

Collecting rent from tenants by cheque, Direct Debit or an online payment system is ideal, but collecting cash payments is sometimes unavoidable. A new tenant may be unable to make non-cash payments for a variety of reasons, such as recently moving to the area from another country and not yet having a bank account. Cash payments should not be your first choice, but they can be a viable option if you follow these tips for collecting cash payments safely.

Using a No-cash Policy

As a landlord, you can collect rent payments using any method that works for you. However, if collecting cash payments makes you uneasy, you can exercise a no-cash policy. Communicate your policy clearly with potential tenants and advise them of acceptable ways to make their monthly payments, such as by cheque or Direct Debit. You should include a clause on your rental agreements or leases stating your no-cash policy. Enforce your policy and try not to make exceptions.

Accepting cash is not a secure way to collect rent, but it may be necessary in some situations. For example, if your tenant runs out of cheques and does not have new ones by the time rent is due or he or she is in the process of switching banks,

cash may be his or her only option. If this happens, it is important that you take steps to avoid this situation in the future, such as applying a late fee if this instance happens again. Periods of transition for your tenants may make it necessary for them to pay you in cash.

Collecting rent from tenants by cheque, Direct Debit or an online payment system is ideal, but collecting cash payments is sometimes unavoidable.

Collecting Cash Payments Safely

There are some positive aspects of collecting rent payments in cash. You do not have to worry that a cheque will bounce, and you do not have to wait for the funds to clear—you receive your payment immediately. But dealing with cash, especially in large amounts, can be risky. To minimise your risk, follow these tips for collecting cash rent payments safely:

- Collect the cash in person rather than through the post or a drop box at your rental office. This will avoid any confusion or blame if the full rental amount is not in the envelope.

Provided by **Credon Insurance Brokers Ltd**

The content of this Risk Insights is of general interest and is not intended to apply to specific circumstances. It does not purport to be a comprehensive analysis of all matters relevant to its subject matter. The content should not, therefore, be regarded as constituting legal advice and not be relied upon as such. In relation to any particular problem which they may have, readers are advised to seek specific advice. Further, the law may have changed since first publication and the reader is cautioned accordingly. © 2014 Zywave, Inc. All rights reserved.

Collecting Cash Rent Payments Safely

- Count the money straight away to be sure you have received the entire payment.
- If you are collecting the cash alone, tell someone where you are going, who you are meeting with and when you will be back.

Depositing Cash Payments Safely

Collecting cash rent payments means you will have to deposit a large amount of money into the bank. Heeding the following guidance can help you deposit cash payments safely:

- If you collect cash rent payments regularly, you should never establish a routine for making deposits. Vary the time of day and the route you take as much as possible.
- Always try to take someone with you. If you have to go alone, tell someone that you are leaving with the deposit, when you should be returning and after you have returned.
- If you are approached by thieves who want your cash, give it to them. It is much safer to comply instead of risking injury or violence.
- Transport the cash in something that will not draw attention. If the money is in a bank bag or similar container, always put it in something unidentifiable.
- Do not use public transport.
- If you are driving, be sure you have enough petrol to make it safely to the bank.
- If you are taking a taxi, use a trusted company, and always call for it by phone instead of flagging one down once you have reached the street.

- If walking, choose busy, well-lit streets that will keep you around other people at all times.
- Go directly to the bank—do not make other stops before making the deposit.

Staying Organised

No matter how you choose to collect rent payments, keep an updated ledger detailing each payment from every tenant and include the amount of the payment and the date it was collected. If there is any doubt between you and a tenant, you can reference your records to sort it out.

When dealing with multiple rental payments, uniformity is paramount. Make every tenant's rent due at the same time and in the same manner. Allowing special circumstances for each tenant may cause you to make mistakes or not notice a missing payment. Allow some flexibility for unique circumstances, but do not let this develop into a habit.

If a payment is late or not made at all, devise a system to notify tenants in a timely matter. Addressing the situation immediately will help you get answers—and your payment—sooner.

Collecting Safely Helps Ensure Success

By establishing an efficient and safe collection method and policy, you can be sure that you will receive rent payments on time and in the full amount. A steady flow of rent payments is central to growing your business. Contact **Crendon Insurance Brokers Ltd** today for more information on ensuring your success in property management.