

Policy



Customer Debt

Responsible Officer:	Assistant Chief Executive- Neighbourhoods
Approved:	Approved by Operations Committee
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Version	2

1 Introduction

- 1.1 Incommunities is a not for profit organisation that seek to improve the lives of significant numbers of people in its areas of operation through the provision of social housing for rent at affordable cost.
- 1.2 Any debt to us represents a lost opportunity to invest in our homes and schemes. This policy seeks to outline the measures Incommunities will take to prevent and recover debt.
- 1.3 A 'debt' is any monies due to be paid to Incommunities that has not been paid and cleared into the Incommunities account by the due date.
- 1.4 Debts covered under this policy include any monies owed to Incommunities (or its subsidiaries) and includes, but does not limit us to, the collection of the following types of debt; rent and service charges, garage rent, repair recharge, court costs, debts arising from benefits (i.e. overpayment or underpayment of Housing Benefit), leaseholder charges and the recovery of wrongly paid grants.
- 1.5 Prevention of any debt is better than recovery action. To prevent debt arising in the first place Incommunities will communicate costs and charges to its tenants, and issue notice of monies due.
- 1.6 Incommunities will seek to use a range of methods tailored to the type of debt owed and, as far as reasonably possible, the individual needs of the debtor and will keep the effectiveness of different methods of recovery under review.
- 1.7 This policy has been written with regard to equality and diversity to ensure there is no discrimination against anyone because of their race, religious beliefs, disability, gender, age, sexual orientation, or gender identity. The policy has also given due regard to our tenant profile and the high levels of poverty that exist amongst our customers.
- 1.8 Incommunities' tenants, its regulators and other stakeholders expect us to provide housing management services efficiently and effectively to meet our obligations and requirements as a landlord.
- 1.9 In meeting these obligations, we will work with tenants so they understand their obligations and provide support, where needed, so tenants can sustain their tenancies.

2 Policy Statement

- 2.1 Incommunities believes that tenants have a responsibility to pay any monies due and that the highest priority should be given to debts which will maintain a tenant's home.

- 2.2 We will notify each tenant of rent due and collect promptly the fullest amount of rent income and other charges due. In doing so, we will seek to create a culture where tenants attach a high level of importance to ensuring their rent is paid.
- 2.3 We will act in a sensitive manner and, as far as is reasonably possible, appropriate to tenants' individual circumstances and needs. We will respond to the specific needs of minority ethnic groups, people with disabilities, the elderly and vulnerable tenants in our implementation of this policy. Support will be offered wherever appropriate, including interpreters, provision of documents in community languages (upon request) and referral to the appropriate local authority departments, DWP contacts and/or appropriate voluntary agencies.
- 2.4 Incommunities will initiate early contact with tenants using one or more of a range of communication methods to offer tenants support and advice; including debt and benefit advice to the extent they are able to do so under consumer protection and financial services regulations.
- 2.5 The CIH's Good Practice Briefing 'Financial Inclusion and capability' identifies three levels/types of advice:
- 1 *Financial management and product advice: delivered by qualified financial advisor, authorised by the Financial Services Authority (FSA) and specialises on mortgage advice, investments and pensions*
 - 2 *Debt advice: delivered by specialist trained advisors with extensive knowledge of a range of issues from benefits, financial products, legal position of debtors. This person may be directly employed by a registered provider or advice organisation*
 - 3 *General information and generic advice: delivered by housing staff who have received appropriate training so they are able to provide initial risk/need assessments and/or signposting to appropriate agencies, including providing advice on general financial skills and money management skills*
- 2.6 Income Officers and other colleagues as appropriate shall receive ongoing training to enable them to provide general money and debt advice as per (3) above.
- 2.7 Incommunities offers a Money Matters service to provide customers with financial inclusion and financial resilience support and information. Where a customer requires more specialist advice, where possible, we will signpost and refer customers to other organisations.

3 Implementation

- 3.1 The implementation of this policy will be achieved through its consistent application.
- 3.2 The policy principles are set out below.

3.3 Relevant officers will be briefed in respect of this policy and trained in the application of the associated procedures.

4 Rent Payments & Collection

4.1 Tenants will be notified of any charges they are responsible for and when payments need to be made.

4.2 We will make it as easy as possible for tenants to pay their rent and ensure they have access to a variety of payment methods. These include a range of cash and cashless options. Options to pay by Direct Debit, online, by telephone and at local venues will be available to tenants.

4.3 The advantages of Direct Debit payments will be promoted to all tenants and former tenants. Tenants will be allowed a choice of dates on which direct debit payments can be made if the tenant shows no personal preference. Incommunities will determine the most appropriate date in the circumstances and communicate this to tenants. Incommunities will adhere to the Direct Debit Guarantee Scheme protocols.

4.4 We will review payment methods on an annual basis with our Community Trust Panel to ensure they are accessible, efficient and effective. From time to time we may consult with all our tenants on the methods of collection available and other related services to ensure ease of access.

4.5 Cash collection of rent from tenant's homes will only be carried out in limited circumstances for safety and security reasons. These circumstances include:

- Sign-up of a new tenancy
- Managing current rent arrears where a one-off payment is made
- As part of a tenancy termination home

In all cases Incommunities Procedures will be followed.

4.6 Everyone at Incommunities has a role to play in raising with tenants the need to make timely rent payments and reduce the likelihood of tenant debt - every engagement with a tenant is an opportunity to optimise income collection. Major responsibilities lay with the Customer Services Team upon initial tenant contact, neighbourhood officers from pre-sign-up to tenancy start, who will be expected to set up arrangements for rent payments and go through tenant responsibilities, and income officers who will be expected to chase on default and support through advice and assistance.

4.7 Incommunities will run Welfare Benefit publicity campaigns to increase tenants' understanding of their welfare rights and advance take-up. This will be done using standard letters, e-mails, mail shots and leaflets, newsletters, SMS

campaigns, resident involvement events, Incommunities website and videos. Other digital platforms that become available will be used where effective.

- 4.8 Tenants will be advised about all changes to rents and charges in accordance with their tenancy notice periods.
- 4.9 Rent will be debited over 48 or 52 weeks in each financial year, dependent upon the individual tenancy agreement. Our tenancy agreements require tenants to pay their rent one-week in advance, however, as part of our commitment to the prevention of rent debt we will encourage our tenants at 'sign-up' to pay up to 4-weeks rent in advance and to maintain this as a 'credit' balance going forward. Incommunities will not accept monthly payments in arrears unless rent is paid from Housing Benefit direct to landlord.
- 4.10 Incommunities will comply with LA verification processes for Housing Benefit claims where such agreements are in place.
- 4.11 Assistance will be offered to make an application for HB/UC (housing element) and arrange direct debits. However, the responsibility to ensure claims for HB/UC are timely and valid remains with the tenant.
- 4.12 Rent Cards will be issued to tenants at the start of each new tenancy and/or on transfer where this is a suitable payment method for tenants.
- 4.13 We will provide a replacement if the card is lost or damaged; we will not charge for replacement cards.
- 4.14 We will encourage all tenants who apply for HB to give consent to the appropriate Local Authority Housing Benefit Section to share information about their claim with officers of Incommunities.
- 4.15 We will seek to have HB paid directly to us, particularly where the conduct of the rent account allows us to do so under HB regulations and possession is not considered appropriate.
- 4.16 For tenants in receipt of the housing element of UC we will seek alternative payment arrangements (APAs) where the conduct of the rent account allows us to do so under UC regulations to prevent escalating legal action.
- 4.17 We will update our financial records to show payments and credits received and all tenants shall be provided with rent statements at least twice a year, or upon request.
- 4.18 An account will be in arrears, and appropriate action triggered, if payment has not been received by the Sunday of the week following the rent due date.

5 Prevention & Management of Rent Debt

- 5.1 The responsibility to pay rent and other charges and the range of payment methods available will be publicised to all tenants. This will be done using standard letters, mail shots and leaflets, text and electronic messaging, newsletters, resident involvement events, videos and digital media and Incommunities websites.
- 5.2 Income Officers will monitor rent accounts regularly so that problems can be identified at an early stage, interventions put in place and arrears levels minimised; the prevention of arrears, if achieved, removes the requirement for other recovery and enforcement stages.
- 5.3 Where appropriate we will seek to reach agreements with individual tenants in debt to clear the debt immediately. Where this is not possible, because of the financial circumstances of the tenant, we may agree to allow them to pay the debt over a period. Such agreements will be at a level that Incommunities considers reasonable for the tenant and acceptable to Incommunities. All agreements will be formally recorded and monitored.
- 5.4 We will take into consideration a tenant's financial circumstances when making agreements. However, if a tenant refuses to make, or maintain, reasonable agreements, we will take appropriate and proportionate enforcement action.
- 5.5 Enforcement action may include but is not limited to:
- Direct payments from Benefits
 - Repossession and eviction from the home for rent arrears
 - Attachment of earnings (to deduct money from tenant's income)
 - A request for payments to be deducted from appropriate benefits
 - Obtaining an Attachment of Debt (Garnishee Order) to seize the contents of the tenant's bank account.
 - Obtaining an Administration Order (where the Court administers the tenant's affairs, sorting out their debts)
 - Apply for a Charging Order (to register the debt against any owned property)
- 5.6 Incommunities acknowledges that access to Housing Benefit (HB) and Universal Credit (UC) for tenants is particularly important in preventing rent arrears.
- 5.7 We will endeavor to maintain good links with the Local Authorities and the DWP in relation to HB/UC and will ensure that our officers are trained in this regard and resourced appropriately.
- 5.8 All tenants will be advised within 7-days of going into debt and be asked to repay the debt immediately.
- 5.9 Tenants will receive further communication if the debt is not cleared within a

further 7-days.

- 5.10 We will enter into repayment of debt through repayment agreements in good faith. However, Income Officers will begin legal action in accordance with our procedures when circumstances dictate, requesting the appropriate order at court, depending upon the individual circumstances of the tenant.
- 5.11 An appropriate Notice will be served on any tenant who owes 4-weeks debt in line with Court action protocols.
- 5.12 An application for Court to seek a Possession Order will be considered where a debt is greater than 8 weeks debt and a repayment agreement has not been made or has not been adhered to. In line with pre-Court protocols all tenant circumstances will be considered to ensure this is the most appropriate and proportionate action. Where it is not this will be recorded with a clear income management plan put in place.
- 5.13 We will work with appropriate statutory and non-statutory agencies to facilitate support to individual tenants.
- 5.14 Debts owed to Incommunities are prioritised as follows:
1. Current rent, service charges and garage charges
 2. Current Tenant Rent Arrears
 3. Any debt where it is a condition of the current tenancy to repay this additional debt
 4. Any non-current rent debt subject to a Court Order
 5. Former Tenant Arrears not already accounted for above
 6. Rechargeable Repair or rechargeable costs
 7. Any other debt
- 5.15 In line with Best Practice advice, Incommunities will not use distraint for rent debts (i.e. the seizing of tenants' goods to sell them to pay off debt). However, in cases where a property has been abandoned and Incommunities must store the former tenant's goods we may consider selling such goods to defray storage costs if these are not reclaimed.
- 5.16 Incommunities will not seek to use Ground 8 to repossess a home.
- 5.17 Where an eviction is sought Income Officers will inform and liaise with the appropriate Local Authority's Homelessness Section in advance of the eviction action being taken as appropriate.

6 Former tenant arrears

- 6.1 We will seek through our arrears management and recovery procedures to control the level of arrears at all stages prior to a tenancy termination so that a former tenant's rent arrears are minimised as far as is it is reasonably possible to do so.
- 6.2 We will use our Abandonment Procedure to end tenancies as appropriate where properties have been abandoned, so that arrears are kept to a minimum as far as possible.
- 6.3 Incommunities will, in accordance with our GDPR statement, will maintain our debtor account records with a view to collecting debts owed.

7 Re-housing applicants with rent arrears

- 7.1 Where a tenant in rent arrears applies to transfer to another Incommunities property, the request will be considered in line with our Allocations and Lettings Policy. Requests to assign a tenancy by way of mutual exchange will be considered in line with our Assignment Policy.
- 7.2 Incommunities will not agree a transfer of a current tenant in debt unless the debt arises from a shortfall in benefit payments or other such financial difficulty, and this causes hardship so the tenant cannot meet payments, and where rehousing removes the hardship. Suitable alternative accommodation will be offered if the tenant agrees to a repayment of the debt. Incommunities will detail any debt in the new tenancy as a condition of the tenancy, and ensure that by granting a new tenancy the tenant has the resources to make any contributions to rent and repay any debt and be aware non-payment of the debt is actionable and could lead to an eviction from the home.
- 7.3 For former tenants with debt, Incommunities will agree to rehouse an applicant only where 25% of the total debt is cleared and a repayment agreement is made to clear the residual debt. Incommunities will detail any debt in the new tenancy as a condition of the tenancy, and ensure that by granting the tenancy the tenant has the resources to make any contributions to rent and repay any debt; non-payment is actionable and could lead to an eviction from the home. Incommunities will liaise with all applicants who may be subject to an offer of a tenancy about debt that is owed, to seek collection, and maintain records of such contacts.
- 7.4 Where an applicant has been subject to eviction proceedings in the preceding 2 years Incommunities will not offer further accommodation unless the debt is cleared in full prior to the offer of tenancy. Incommunities will ensure that by granting new tenancy the tenant has the resources to make any contributions to rent.
- 7.5 Where Incommunities recharge for repairs we will follow steps to recover the appropriate debt in line with this policy.

- 7.6 No arrangement which extends the scope of service beyond the terms of the tenancy or lease will be entered into with any tenant or leaseholder if they have been notified of debts owed.
- 7.7 Where a tenant has been declared bankrupt, subject to a debt relief order or subject to other formal creditor payment agreement and becomes a former tenant, we will not seek to bar such former tenants from rehousing with us permanently.
- 7.8 Threatening victims of domestic abuse that they will lose their homes because of debt and isolating them from neighbours are all tactics of coercive control. Perpetrators use such threats to prevent the person they control from leaving and increase compliance. Incommunities will endeavor to recognise these tactics and manage cases sensitively by actively offering victims confidential support and information. Where it is legally permissible to do so, Incommunities will seek to recover debts from perpetrators of abuse rather than the victim.

8 Writing-off debt

- 8.1 It is normal practice in any business to regularly review monies owed by debtors to determine the level of debt outstanding.
- 8.2 As part of this, from time to time, it will be necessary to consider writing-off former tenant rent arrears, for example if it is uneconomical to recover the debt or it is not possible to pursue because the former tenant has died or cannot be traced or due to ill health such as terminal illness.
- 8.3 It is important that every effort is made to collect debts. It is only after exhausting our procedures that a write-off is recommended. In the event of a debtor being found after a debt has been written off the facility exists for the debt to be re-activated for recovery.
- 8.4 The following are considered acceptable reasons for write-off.
- Tenant deceased - no funds in estate.
 - Tenant absconded - no forwarding address and tracing has proved fruitless 12 months after the last trace.
 - Where the debt is under £350 and there is no forwarding address and tracing has proved fruitless.
 - Where, regardless of the size of the debt, there is a forwarding address or the former tenant has otherwise been traced but where it is clear that they do not have assets to cover the value of the debt or the legal remedies required to secure recovery will be in excess of the debt.
 - Statute barred - debt over six years old and no legal action taken.
 - Debtor has been declared bankrupt, subject to a debt relief order or subject to other formal creditor payment agreement.
- 8.5 We will, where permissible, offset former tenant rent arrears as part of a wider agreement in settling claims brought against Incommunities.

- 8.6 The write-off of former tenant debt shall only be completed following appropriate Board approval or where delegated authority has been granted.
- 8.7 The write-off of debts where a tenant is subject to an insolvency protocol will be undertaken in line with the relevant order.

9 Use of Debt Collection Agency

- 9.1 Incommunities may use the services of one or more Debt Collection Agencies in order to pursue former tenant arrears balances where the former tenant failed to provide a genuine forwarding address, or has failed to respond to contact or correspondence, or has failed to repay the outstanding account or failed to agree to an affordable repayment agreement.

10 Repayment of credit balances

- 10.1 When a current tenant requests a refund, they will be encouraged to leave up to four weeks prepaid rent on their account.
- 10.2 In line with Former Tenant Debt procedures, for former tenants with a credit balance every reasonable effort will be made to contact the tenant, or their representatives, in order to refund the credit balance, after making a deduction for any rechargeable repair costs or any other amount owed to Incommunities, including reasonable costs incurred in tracing the former tenant and/or their representative/s.
- 10.3 We will maintain a record of credit balances for a period of 6 years from the termination date of the tenancy.
- 10.4 In the interim years, any request for a refund from a credit balance will be made only after appropriate checks on the validity of the claim.
- 10.5 If after 6 years from the end of the tenancy and having made every reasonable effort to contact the former tenant but been unable to do so, the credit balance will be moved into a Scheme Improvement fund.
- 10.6 This fund will be used for community schemes and allocated against set criteria used to aid Incommunities tenants in tackling fuel poverty, social, digital and financial exclusion.
- 10.7 As part of our commitment to tackle money laundering Incommunities will check all credit accounts more than £1,000 on a quarterly basis to ascertain the source of funds and refund or confirm the payment plan as acceptable. Appropriate steps will be taken to deal with such credits.

11 Monitoring and reporting

- 11.1 The following indicators will be reported as part of our performance reporting regime:

- Current rent arrears as % of rent debit
- FTA as a % of rent debit
- Income collected as a % of rent debit

12 Responsibilities associated with the policy

- 12.1 The Director, Income & Customer Services is responsible for the effective implementation of this policy.
- 12.2 The Service Head, Income & Financial Inclusion (Incommunities) and Housing Services Team Leader are responsible for the day-to-day implementation of the procedures arising from this policy and for ensuring that all colleagues involved in the collection and management of rent payments and rent accounts are adequately trained and supported.
- 12.3 All staff are responsible for ensuring that they are aware of, understand and comply with this policy and associated procedures.

13 Review

- 13.1 This policy will be reviewed if there is any change in relevant legislation or regulatory change which impacts on the income of our tenants or in legal processes in debt recovery. In any event, this policy will be reviewed at intervals of not greater than 3-years to develop good practice and to ensure that the policy achieves its objective of minimising arrears levels.