

## **CROYDON CHURCHES HOUSING ASSOCIATION**

### **INCOME RECOVERY POLICY**

#### **1.0 Introduction**

1.1 This policy sets out how we will prevent and reduce arrears and other debts. The policy will explain:

- The help offered to prevent and reduce arrears and debt
- What happens if residents get into arrears or owe us money
- Other consequences of being in arrears and in debt to us
- How and when we write-off debt

1.2 One of the main responsibilities residents have is to pay their rent in full, in advance and on time. They are also responsible for claiming and providing information for all welfare benefits. Residents must tell the benefits agency, and us if their circumstances change. This helps avoid under or overpayments. Examples of changes include:

- A new child
- Someone moving in or out of a home on a permanent basis
- A new job or the loss of a job

1.3 This policy includes garages and parking spaces.

1.4 For the purposes of this policy 'rent' means rent, service charges and any payments forming part of a tenancy agreement, licence, or lease (shared ownership and leaseholders). The terms 'residents' includes tenants, licensees and leaseholders.

Former resident arrears (FTAs) are rent and service charges unpaid at the end of a tenancy, licence or lease.

Sundry debts are other debts owed and include, but are not limited to:

- Legal costs
- Cost of repairs which are the residents' responsibility.

#### **2.0 The help offered to prevent and reduce arrears and debt**

2.1 We will take a firm but fair approach to handling arrears and any debt owed. We expect residents to pay rent and service charges on time, and pay any money owed in line with agreements made.

- 2.2 Residents should pay their rent on time and in accordance with their tenancy agreement or lease. Failure to do so will result in the accumulation of arrears. They may decide how to pay, but we will encourage payment by direct debit (it's convenient and reliable) where appropriate.
- 2.3 Prior to any offer of accommodation to a new applicant, a financial health check will be carried out to ensure that the property is affordable for them.
- 2.4 A minimum payment of one week's rent will be collected either prior to or at the point of sign-up. This will apply to all rented general needs and older persons tenancies and the offer of a tenancy may be refused if the full amount is not paid. For supported housing, a fixed amount, currently £65, will be requested in advance to cover the Personal Charge plus £5.00 towards the rent. If any resident cannot comply with this then, at the discretion of the Senior Income Officer or Operations Manager, an instalment arrangement may be agreed to get the account into advance. This is to be the exception to the rule and will be considered on a case by case basis depending on circumstance.
- 2.5 For London Living Rent residents and Shared Owners, one months' rent must be paid in advance.
- 2.6 We understand that many residents are in receipt of benefits which are paid in arrears and that our tenancy terms request rent in advance. Residents will be supported and encouraged to make additional payments to bring their account into credit.
- 2.7 If any advance payments are made using a credit or debit card not belonging to the incoming resident, then they must have obtained permission from the card holder. The card holder should be present when payment is made or have provided written consent.
- 2.8 We will give residents information about rent and services charges at the sign-up stage. Staff will explain if there is anything a resident does not understand and will ask how they can help.
- 2.9 A rent and service charge statement will be sent to a resident before any legal action is taken. Residents may ask for a statement at any time or access one via our online portal. As rent statements are freely available to residents online at any time, we will only send out quarterly rent and service charge statements to those residents who opt-in to receiving one.
- 2.10 We will offer help to prevent residents getting into arrears and will also make agreements to pay any money owed. This help is offered by our staff as well as other organisations we work with or signpost to, to provide specific welfare benefits and debt advice services. These services include:
  - Helping to review income and spending
  - Advice on household budgeting

- Information about other organisations who can also help with debt advice
- Help finding out about eligibility for welfare benefits
- Help filling out forms
- Talking with the benefits agency (with permission) about personal benefits
- Helping to decide which debts to pay first
- Offering a personal interview either at home or in the office

Our staff will work to ensure residents receive the support they need. For example, if a resident has mental health problems or are vulnerable, staff will liaise with their support worker or advocate, if they agree. If a resident does not have a support worker, a referral may be made to the local authority safeguarding team for support, if appropriate. Eligibility will be decided by the local commissioning body.

- 2.11 We will also offer residents advice on getting into work or training and can help with signposting to other agencies who can offer support. Please see our Community Investment Strategy for more information.
- 2.12 We will make contacting staff easy by advertising contact details for the relevant staff and partner agencies on the website, in newsletters and on letters sent to residents. Residents may pay by a variety of means, including:
- Direct debit or standing order
  - By phone
  - By text or App
  - Online
  - Swipe card - AllPay
  - Debit card
  - Benefit Direct
- 2.13 We can help residents understand the information provided by offering:
- Braille
  - Large print
  - Audiotape
  - Interpretation
  - Translation into another language
- 2.14 Residents can help avoid arrears, debt, and legal action by:
- Paying rent, service charges and debt repayments in advance, or on time

- Asking for help as soon as they think they may struggle to pay
- Completing online benefit claims quickly and accurately
- Informing the local authority (Council) or Universal Credit, as well as ourselves as soon as their circumstances change
- Renewing their benefit claim when needed
- Updating standing orders with their bank/building society as their rent changes
- Keeping to repayment agreements
- Ensuring attendance at DWP or Universal Credit appointments for benefits, avoiding sanctions to income

### **3.0 What happens if residents get in arrears, or owe us money?**

- 3.1 Residents should contact us as soon as they have problems paying rent or debts so we can offer to help.
- 3.2 For joint tenancies, both residents are liable for rent and arrears. This applies even if one resident has left the home. If a tenancy is transferred following a court or property order, we will allocate the arrears in line with the order.
- 3.3 If residents don't pay their rent, we will make contact by phone and letter to ask them to clear the arrears in full. If they are unable to, they must agree a repayment plan. If they don't pay the arrears or agree a repayment plan, then legal action will be taken and the resident will be at risk of losing their home.
- 3.4 We will not start possession proceedings where arrears are due to an outstanding benefit claim, for example if a resident:
- has provided all the correct information required
  - are paying any sums due, not covered by benefit
  - are likely to receive benefit
  - are paying an agreed amount towards potential arrears, even for full HB cases
  - have taken all reasonable steps to resolve their claim, and have engaged with us and accepted support
- 3.5 If a resident is a Shared Owner, we will contact their mortgage lender before taking legal action. Please see the Homeowner Arrears Policy for more information.
- 3.6 We will take legal action to repossess a resident's home where:

- they have failed to engage with us and no reply to contact requests has been made by the resident or no agreement has been made, *or*,
  - repayment agreements are broken repeatedly *or*,
  - there is a persistent failure to pay rent and service charges.

3.7 We use a range of legal options to recover rent and service charge arrears, and other debts. The approach we take will depend on:

- The type of debt
- The type of tenancy agreement, licence or lease

We may use more than one option at the same time. Options include:

	Current arrears, service charges, and other occupancy charges		Former Resident Arrears	Sundry Debt
	Tenancy or Licence	Leaseholder		
Possession action (tenant or leaseholder risks losing their home)	✓	✓		
Forfeiture (tenant or leaseholder risks losing their home)		✓		
Attachment of earnings	✓	✓	✓	✓
Small Claims Courts or MCOL (Money Claim Online)	✓	✓	✓	✓
Charging order		✓	✓	✓
Third party debt order	✓	✓	✓	✓
Debt tracing and collection agencies	✓	✓	✓	✓

Please refer to the glossary in Appendix 1 for more information on legal actions noted above.

- 3.8 We will normally seek possession under the Discretionary Grounds 10 and 11. However, Mandatory Ground 8 for possession may be used if a resident wilfully refuses to pay their arrears. The use of Ground 8 must be proportionate and approval from the Leadership Team must be obtained.
- 3.9 Eviction is taken as a last resort and the local authority will be informed of any plans for evictions. Evictions must be approved by the Director of Customers, or else another member of the Leadership Team using the required form, and will be reported to Board.
- 3.10 We will always work to current government legislation and any changes to this will supersede the above process, such as in the case of Covid-19 related legislation.
- 3.11 If a resident has more than one debt, we will prioritise payments as follows:
1. Current rent arrears, services charges and other occupancy charges (i.e. debts which can lead to loss of home)
  2. Debts for support services
  3. Current tenancy legal costs
  4. Former resident arrears (including legal costs)
  5. Rechargeable works costs
- 3.12 We will deduct any payments made (e.g. compensation excluding out of pocket expenses, payments for under occupation or home loss payments) from any arrears and debts.

#### **4.0 Other consequences of being in arrears or owing us money**

- 4.1 Residents will normally need to pay any arrears before permission is given to exchange (swap), or pass on (assign) a tenancy.

If a resident is living in temporary supported housing and in arrears, this may prevent them from being offered move-on accommodation.

If a resident passes their tenancy (assign) to another eligible person, they are responsible for paying the rent and service charges, and arrears. For more information a resident should do one or more of the following:

- Contact us
- View the Transfer and Mutual Exchange and Succession and Assignment procedures
- Check their tenancy, licence or lease agreement

- 4.2 We will not normally allow residents in arrears to move to another of our homes. If it is allowed, the arrears will be added to the new tenancy through an

addendum agreement and will not be written off. An agreement must be signed for a regular repayment plan. Legal action can be taken if these are not paid. Instances where moves will be allowed will only be in extreme circumstances, authorised by the Operations Manager, such as arrears accruing/need to downsize to avoid possession action, domestic abuse, highest level ASB cases.

- 4.3 If a resident has a fixed term tenancy, we will not normally offer another tenancy if they are in arrears. We may end the tenancy at the end of the fixed term for:
- Serious rent arrears (at least eight weeks rent arrears)
  - Persistent failure to pay rent on time
- 4.4 In cases of statutory succession, there is no new tenancy. The successor is not liable for arrears of the previous tenant and payment will be sought from the estate of the deceased.
- 4.5 In cases of survivorship, the remaining tenant is liable for arrears and any possession action will be continued with.
- 4.6 In cases of contractual or discretionary succession, it is expected that the successor will clear any arrears before we agree to the succession.
- 4.7 Residents must clear all arrears and debts owed to us before we offer a parking space or garage. If a resident gets into arrears for a garage or parking space, we will ask them to clear the arrears immediately. If they do not, we may end the agreement and take possession of the garage or parking space.
- 4.8 If a resident already has a garage and gets into arrears for their home, we may end the agreement and take possession of the garage.

## **5.0 Use and Occupation Charges**

- 5.1 Where a former tenant or another occupier remains in the property as a trespasser, or in some cases where it is agreed for a non-resident to stay in a property for a determined period of time, use and occupation may be charged.
- 5.2 A valid notice must have been served and expired before Use and Occupation can be charged.
- 5.3 The charges will usually be same as the previous rent level and will be added to a sundry account. This can only be for charges going forward not for previous arrears related to a tenancy.
- 5.4 Use and Occupation charges do not count as 'rent' and as such ccha is not creating a new tenancy by accepting such payments.
- 5.5 Non-payment of Use and Occupation charges could result in legal action being taken.

## **6.0 When are debts written off?**

We will pursue all debts where it is economical to do so. Examples of where we may write off former resident debt (but are not obliged to) include where:

- There are not enough funds in the estate to pay the debt in the event of death
- The resident cannot be found or traced
- The resident is insolvent or declared bankrupt
- A settlement payment is agreed

If a resident is subsequently found following the write off of their debt, the debt will be written back on. See the Former Resident Arrears Policy and Procedure for more information.

## **7.0 Summary**

7.1 We aim to maximise income received from rents, service charges and sundry debts. Where necessary, firm action (including legal action) to recover arrears and debt will be taken. We will intervene as soon as practicable if a resident gets into arrears and will progress actions in a robust and timely manner.

7.2 We appreciate that the vast majority of residents pay their rent and service charges in advance and on time, but sometimes residents struggle to pay rent for a variety of reasons. When this happens, we are happy to offer support and advice.

## **8.0 Confidentiality & Data Protection**

8.1 Under the Data Protection Act 2018 and the Human Rights Act 1998, all personal and sensitive organisational information, however received, is treated as confidential. This includes:

- anything of a personal nature that is not a matter of public record about a resident, client, applicant, staff or committee member, or;
- sensitive organisational information.

8.2 For the purposes of this policy and how we manage the information that we hold on individuals as part of our claim management processes, ccha will comply with its obligations under GDPR.

8.3 We are required to collect and hold certain types of data on residents and former residents, in order to carry out our business requirements and fulfil our service obligations.

## **9.0 Fair and Equal Treatment**

- 9.1 We will make sure everyone is treated fairly and without discrimination, regardless of their race, gender, sexual orientation, disability, religion or belief, gender re-assignment, pregnancy and maternity, marriage and civil partnership and age. We will promote inclusion, challenge discrimination and seek to make reasonable adjustments to ensure that everyone can access our services and that no one is excluded inappropriately from any services or activities provided by us.
- 9.2 An Equality Impact Assessment has been undertaken and has indicated that this policy would not discriminate against any specific groups.

## APPENDIX 1

### Glossary and useful terms

- **Attachment of earnings** – a court order to pay directly from wages or benefit. We can arrange for the Department of Work & Pensions to make payments direct to us out of Benefits tenants receive.
- **Charging order** – a court order placing a charge on a property which has to be paid off on the sale of the property.
- **Forfeiture** – possession proceedings for long leases (and shared ownership leases starting before 1989).
- **Notice of seeking possession (NOSP)** – the first step in taking legal action against a secure or assured tenant.
- **Section 21 Notice (Notice Requiring Possession)** – the first step in taking legal action against an assured shorthold tenant.
- **Possession proceedings** – legal action in court which could result in a tenant losing their home.
- **Third party debt order** (previously called a garnishee order) – where the court orders a bank or building society to freeze money in an account to cover a debt.
- **Survivorship** is when a joint tenant dies and the other joint tenant automatically takes over the tenancy.
- **Contractual succession** – means the tenancy agreement gives rights to succeed to members of the family.
- **Discretionary succession** – We may grant a tenancy even though it is not legally obliged to. See the Succession and Assignment Procedure for more details.
- **Ground 8** – this is a mandatory ground for possession. This means the judge **must** make a possession order if a tenant is more than 8 weeks or 2 months in arrears, at the time that notice of seeking possession is given, and the court hearing. The judge has no power to grant a suspended possession order.
- **Debt Respite Scheme** – this is also referred to as ‘breathing space’. It allows debtors legal protection from their creditors, such as a pause on any enforcement or recovery action. Only a debt advice provider who is authorised by the Financial Conduct Authority (FCA) to offer debt counselling, or a local authority (where they provide debt advice to residents) can start a period of debt respite.

<b>Version History</b>	
<b>Policy Name</b>	Income Recovery Policy
<b>Version Code</b>	2.1
<b>Lead Officer</b>	Director of Customers
<b>Equality Impact Assessment Completed</b>	August 2021
<b>Data Protection Impact Assessment Completed</b>	September 2021
<b>Resident Consultation Completed</b>	September 2021
<b>Colleague consultation</b>	August 2021
<b>Date of Issue</b>	June 2022
<b>Review Date</b>	October 2024
<b>Policies and procedures replaced</b>	Income Recovery Policy v2.0
<b>Version History</b>	<p><u>2.0 – October 2021</u></p> <ul style="list-style-type: none"> <li>• Removed reference to use of credit checks prior to tenancy sign up as this isn't carried out.</li> <li>• Point added in for Supported Housing, LLR and Shared Ownership advance rental payment.</li> <li>• Cash and cheque payment types removed.</li> <li>• Job titles and relevant policy names updated.</li> <li>• Addition of point on Covid and other government regulation superseding policy.</li> <li>• Addition of section on occupation and use charges.</li> <li>• Addition of Confidentiality and Data Protection section.</li> <li>• Addition of Fair and Equal Treatment section.</li> <li>• Reference to Debt Respite Scheme.</li> </ul> <p><u>2.1 – June 2022</u></p> <ul style="list-style-type: none"> <li>• Gave SIRO discretion to agree to instalments at sign up so residents can get rent payments into advance.</li> </ul>