CROYDON CHURCHES HOUSING ASSOCIATION

FORMER RESIDENT ARREARS POLICY

1.0 Introduction

1.1 As a social landlord, rental income is one of our main sources of revenue. We endeavour to maximise our rental income through the recovery of arrears. This is necessary to allow us to continually improve and develop our services and provide more quality homes for our community.

1.2 This policy reflects our need for clear lines of accountability in the recovery of former resident arrears, and the need to balance the cost of recovering debts against the amounts owed.

1.3 This policy must be considered in conjunction with our **Income Recovery Policy** and applies to all residents living in our homes including those who are renting, on licences, leaseholders, shared owners and London Living Rent residents.

1.4 As this policy relates to all former residents, including homeowners, it has been titled and referred to as such. However, in line with the industry recognised Former Tenant Arrears abbreviation of **FTAs**, it has been shorted to FTAs throughout this document for ease of use.

2.0 Definition

2.1 Former resident arrears (FTAs) arise where a debtor no longer rents or leases a property from us (this definition includes deceased residents). Residents may leave the property for a few reasons including moving home, abandonment, eviction or death.

2.2 Where possible, residents are advised that they must clear their account before ending their tenancy or moving home. Where this does not happen, any remaining debt on the account then falls into the category of former resident arrears.

2.3 For the purposes of this policy, FTAs may include any of the following types of debt:

- Rent
- Service charges (including leasehold contributions for major works)
- Sundry debts (e.g. court costs or repair re-charges)
- Ground rent (where charged)

2.4 To show the balance of arrears owing, each account should be checked for overpayments which must be repaid, including Housing Benefit and other outstanding payments.

3.0 Policy Statement

3.1 We are committed to ensuring a minimum level of former resident arrears by assessing the cost and likelihood of recovering the debt against the amount owed. We have introduced a robust and effective methodology to the FTA recovery process and its approach is based upon:

- a consistent, co-ordinated, measurable and effective approach to former resident arrears management
- ensuring residents are clear at the start and before the end of their tenancy/lease about the importance of paying their rent and/or service charge and engaging with us around any difficulties they may face;
- effective management of arrears and welfare and debt advice throughout the life of the tenancy/lease to minimise the build-up of arrears;
- having clear processes for staff to follow and a robust decision making model;
- ensuring all staff are clear in their roles and responsibilities;
- effective communication between all staff, agencies and organisations involved in the recovery process;
- delivering a sensitive approach to debt collection, and;
- using a reputable tracing and recovery agency with staff who are well trained in the legal framework of former resident arrears recovery.

3.2 The aim of this policy is to maximise our income received from former resident arrears. Where necessary, firm action (including legal action) to recover debt will be taken.

3.3 Please refer to our **Former Resident Arrears Procedure** for detail of how this policy is put into practice.

4.0 Policy Framework

4.1 We will make all reasonable attempts to recover a debt or refund a credit, before considering a write off or write on. However, there may be some circumstances where this is considered at an earlier stage. These are as follows:

4.1.1 <u>Deceased residents</u>

The debt may be written off if:

- it is less than £100;

- there is reason to believe there are no funds in the estate of the deceased resident;
- there is no response from the executor/next of kin and the debt is less than £1,000 (we will consider taking court action for debts of £1,000 or more), or;
- there is no executor/next of kin and the debt is less than £2,000 (we will apply for letters of administration for debts of £2,000 or more).

4.1.2 Living former residents

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

- the debt is less than £100 and there is no response from the former resident to a letter from us;
- there is no forwarding address and the debt is less than £500;
- there is no response from the former resident to a letter advising of case being passed to a debt collection agency, and the debt is less than £500;
- the debt is outstanding for more than six years and it has not been possible to obtain an acknowledgement to the debt;
- the former resident is insolvent or declared bankrupt;
- a settlement payment is agreed, or;
- a debt collection agency has been unable to trace the former resident.

4.2 We will not normally allow residents in arrears to move to another of our homes. This will only be allowed in extreme circumstances, e.g. arrears accruing/need to downsize to avoid possession action, domestic abuse, highest level ASB cases, and must be authorised by the Operations Manager. If 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 on a regular repayment plan and legal action can be taken if these are not paid.

4.3 As set out in the **Income Recovery Policy** and **Former Resident Arrears Procedure**, where necessary, we will use a range of legal options to recover FTAs to maximise the income we are able to recover.

4.4 Writing off debts

4.4.1 The authority levels for writing off former resident arrears are:

- Less than £100 - a member of the Middle Management Team (within their allocated budgets)
- Over £100 - a member of the Leadership Team (up to a 5% budget variation)

4.4.2 Write-offs that would result in a variation of more than 5% against budget must be approved by Board.

4.4.3 If a resident is later found following the write off of their debt, the debt will be written back on.

4.5 "Writing on" credits

4.5.1 On the occasions where a credit balance stays on a former resident's account, we may "write on" this credit if (a) or (b) below have been satisfied:

(a) There is a credit balance (pre-payment on the account) where:

- the credit is smaller than £100;
- the credit is £100 or more, if there is no forwarding address;
- the credit is £100 or more, if there is a forwarding address but there has been no response from a letter advising of the credit on the account, or;
- any credit balance older than 6 years that has not been "written on" previously.

(b) Confirmation has been received that there are no housing benefits overpayments or we have written to the relevant authority regarding housing benefit overpayments twice and no response has been received 21 days after the last letter. A record must be kept of all correspondence in relation to housing benefits overpayments.

4.5.2 Any former resident will be entitled to a repayment of a credit on their former account within 6 years of their tenancy ending/moving out of their home.

4.5.3 The authority levels for writing on are the same as the authority levels as set out for writing off former resident arrears above.

4.6 A budget for Bad Debt is provided for in the annual accounts, and this amount will be set each year based on historic recovery rates of former resident arrears.

4.7 FTAs will be monitored by members of staff responsible for reviewing arrears and income recovery as part of their patch monitoring. Annual submissions for any requested write offs or "write ons" should be made to the Finance Team.

4.8 The policy will be monitored against performance indicators overseen by the Leadership Team.

5.0 Confidentiality & Data Protection

5.1 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.

5.2 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.

5.3 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.

6.0 Fair and Equal Treatment

6.1 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.

6.2 An Equality Impact Assessment has been undertaken and has indicated that this policy would not discriminate against any specific groups.

Version History	
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