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# DEBT COLLECTION POLICY

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## Summary

This policy outlines the robust approach to collecting housing related debts, such as former tenant arrears, recharge costs, or court costs, that we wish to take across the Group. It confirms that we will actively pursue debts by tracing debtors where needed and taking court action if necessary. Where debts remain uncollectable, the circumstances in which we would consider write-off of debts is outlined.

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# PART TWO

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## Policy

### Intent

To set out the Group's approach to recovering housing related debt from tenants and former tenants, other than current tenant rent arrears which would be dealt with via the Income Management Policy.

To state the principles, we will work to and set the scene for our approach to recovering debt.

### Principles

It is essential that robust efforts are made to recover monies owed to the Group. By protecting our income stream, we will protect the future ability of the Group to provide homes and services to our customers.

We will take all reasonable steps to trace and pursue former tenants who have outstanding housing related debt.

Consideration will be given to whether continuing to pursue debt is economical or likely to be effective. If all reasonable attempts at recovery have failed, or it is considered that it is no longer economical to pursue the debt, then it may be referred for write off.

### Scope

This policy will apply across Longhurst Group. It applies to all forms of debt owed by current or former tenants, such as former tenant rent arrears, court costs, service charge debts and recharge debt. Outside of the scope of this policy is current tenant arrears, including current garage tenant arrears, and Lifeline Charges which are dealt with via the Income Management Policy.

## Policy Details

### Debt Management and Collection

We will actively pursue all debt and take all reasonable measures to collect outstanding debts. This will include debts arising from unpaid rent by former tenants, court costs, and recharged repair costs either from during the period of the tenancy or rechargeable void costs following tenancy termination.

Where there are debts owed to the Group by an existing tenant who also has current rent arrears, the rent arrears debt will be the first priority. Provided the current arrears are being managed to the satisfaction of the Income Recovery Team and in line with the tenancy agreement, other debt will be pursued where repayments would be affordable and not jeopardise arrears arrangements.

Avoiding or limiting former tenant debt is important to maximising income. In line with our Income Management Policy, we will provide support advice and assistance to tenants to minimise arrears during and at the end of a tenancy.

We will offer a range of payment methods to suit the debtor, although we recognise that Direct Debit is the preferred and cheapest form of payment for the Group.

We will operate effective debt management procedures ensuring we:

- Contact the debtor at the earliest possible point, including prior to tenancy termination where appropriate

- Use appropriate methods available to us, including those in the public domain (i.e. social media) to trace former tenants who have left without providing a forwarding address
- Where the debt cannot be cleared in full, we will negotiate payment by instalments
- Give advice or signpost to appropriate independent advice agencies when necessary
- Monitor accounts regularly and pursue the debtor if arrangements are not adhered to
- For existing tenants, refer to our Money Advice service

If debts are not cleared in full, or arrangements to pay are broken, then where appropriate we will commence legal action. Such action could include:

- A Money Claim leading to a County Court Judgement
- Attachment to Earnings Order
- Warrant of Execution – if granted allows the seizure of goods to sell to offset debt

Where a tenant has died, we will seek payment of debt through the representatives of the estate. We will make appropriate enquiries to establish if a will exists or if there is an estate.

Where a debtor reapplies to be housed by the Group, the debt, whether written off or not, must be cleared or addressed in line with our Lettings Policy before an allocation is made. This would be the case even where statutory limitations restrict the debt being pursued through the courts.

### Write-off of Uncollectable Debt

Where all attempts to collect debt have been unsuccessful, and further attempts would be uneconomical, it may be necessary to write off debt. We would recommend a case for write-off where:

- Despite all attempts no money has been collected
- A former tenant cannot be traced
- A former tenant's current income means legal action is unlikely to be worthwhile
- The debt is subject to a bankruptcy order or similar and therefore cannot be pursued
- It is deemed uneconomical to pursue the debt
- The former tenant has died, and no payments have been received from the estate
- Court action is no longer an option due to statutory limitations
- Other exceptional reasons mean it would not be reasonable or appropriate to pursue the debt, for example, fleeing domestic abuse.

Debts that have been written off can be reinstated where new information is received, or circumstances are known to have changed.

All write-offs up to £5k are signed and authorised by the Director of Housing. Any write-off over £5k is to be signed and authorised by the Chief Financial Officer.

### Roles and Responsibilities

This policy will be implemented by the Legal Enforcement and Housing Services Team.

### Monitoring, Evaluation and Review

Performance on Debt Recovery is monitored within the Housing Services Team, and Global Debt at Group Board level.

This policy will be reviewed in accordance with policy review timescales set out by the Governance and Performance Team.

## Equality and Diversity

The Group is committed to E,D&I and such will make reasonable adjustments to the policy to recognise, accommodate and support individual needs, where needed.

This Policy adheres to the Group's approach to Equality and Diversity.

Group members will take a proactive approach to ensure that no individual or group is discriminated against or treated differently as a direct or indirect result of this Policy.

# PART FIVE

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## Appendices

- A. Approval Control Document
- B. Policy Development Plan