



# Former Tenants Arrears Policy

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## **1. Introduction**

- 1.1 This policy will ensure that Solihull Community Housing (SCH) effectively manage the collection of former tenant arrears (FTA). SCH aims to maximise income through the recovery of FTA by taking a clear, consistent and cost effective approach to Income Collection.
- 1.2 This policy does not cover arrears owed by current customers. SCH's approach to dealing with the recovery of current rent arrears is set out in the Income Collection Policy.
- 1.3 The objectives of this policy are:
  - To ensure all customers are treated fairly and consistently.
  - To provide guidance for colleagues when speaking to customers regarding former arrears.
  - To maximise the collection of former arrears for the organisation.
  - To ensure all actions taken in connection with former arrears are recorded.
  - To assist customers with rehousing where they have former arrears.
  - To provide the criteria for writing off FTAs
- 1.4 A statement of housing account is sent to customers at vacation to ensure that they are aware of any outstanding balance. This will give the individual(s) an opportunity to discuss options and implement repayments.

## **2. Policy**

- 2.1 This policy affects any customer of SCH with former arrears, or any colleague dealing with a person who has been a former customer with arrears. As previously stated this policy does not cover arrears owed by current customers. SCH's approach to dealing with the recovery of current rent arrears is set out in the Income Collection Policy.
- 2.2 Performance is monitored by the Rent Control Team Leader, by performing quality checks on the work completed by the Former Tenant Arrears Officer and by monitoring Key Performance Indicators.
- 2.3 SCH will minimise the amount of arrears transferred to former tenant cases by taking early action to prevent current arrears accruing.
- 2.4 The Former Tenant Arrears Team are set cash collection targets each financial year which are monitored on a four weekly basis.
- 2.5 SCH seeks to obtain forwarding addresses and other contact details in respect of all tenancy terminations. Where an address is not provided

we will use our external debt collection agency to trace those customers. If a debt is written off and a forwarding address is obtained at a later date this debt can be written back on.

- 2.6 SCH will issue a statement of housing account promptly following the termination of a tenancy to all debtors, detailing any charges that they are responsible for.
- 2.7 At all stages of recovery, SCH will make available:
- Private interviews either at the Office or in their own home.
  - Information to signpost individuals to Independent debt advice from organisations such as the Money Advice Service or Citizens Advice Bureau.
  - A financial assessment of a customer's circumstances with a view to making a realistic arrangement to pay off outstanding arrears, via an independent debt advisor.
- 2.8 Where it is not possible to make an agreement, or payments are not made as promised, SCH will refer the debt to an external debt collection agency.
- 2.9 SCH does not use distraint to recover debts, but may pursue other legal remedies through the court. Examples as follows;
- Attachment of earnings
  - Money Judgements, CCJ's.

SCH may continue to regard the debt as relevant when making other decisions such as a future application for a tenancy. Details of which can be found in the Allocations Policy.

- 2.10 It is accepted that not all former tenant debts will be recoverable and that the cost of recovery action can become excessive. SCH will only pursue debts where it is practical and economical to do so. Where a decision is made to "write off" a debt it does not preclude arrangements for accepting payment at a later date. SCH will resurrect debts previously written off in appropriate circumstances.

## **2.12 Customers with special circumstances**

- 2.12.1 SCH will deal sensitively with former tenants who have arrears due to matters related to their support needs, such as ill health, learning difficulties, mental and physical disabilities and victims of domestic abuse.
- 2.12.2 SCH will ensure that in cases where we are aware there are customers who are vulnerable they are not referred to external collection agencies.

2.12.3 SCH will liaise with Social Services and other relevant agencies where applicable, when dealing with the arrears of former tenants who have support needs which make them less able to manage their own financial affairs.

2.12.4 SCH will use an interpreter if the customer has English as a second language and will translate letters if the customer cannot be contacted by telephone.

## **2.13 FTA Recovery**

2.13.1 To maximise the chances of arrears recovery, prompt action must take place upon notice of tenancy termination to inform the former tenant of the arrears outstanding. This will be followed by early referral to an external debt collection agency where payments or agreements are not made.

2.13.2 All records of contact will be maintained and recorded promptly and accurately and in accordance with GDPR on SCH's internal housing management system (Open Housing).

2.13.3 The Rent Control has the primary responsibility for the recovery of FTAs for SCH.

2.13.4 An effective write-off exercise carried out monthly ensures that resources can be focused on accounts where there is a good prospect of recovery

## **2.14 Implementation of the policy**

2.14.1 SCH will maintain a computerised accounting system which identifies former tenants with an arrears balance and suggests recovery actions based on a pre-determined escalation policy.

2.14.2 Where financial assistance is required. Former tenants will be advised of the Money Advice Service or signposted to the Citizens Advice Bureau. All Former tenants will be advised of the available payment methods.

2.14.3 The Former Tenants Arrears Policy will be produced and made freely available on the SCH website or in hard copy upon request.

2.14.4 SCH will ensure that customer confidentiality is maintained at all times and that all personal information will be handled in accordance with the requirements of the General Data Protection Regulation 2018

2.14.5 SCH will treat all joint customers as jointly and severally liable for former tenant arrears.

## **2.15 Rehousing customers with FTAs**

2.15.1 SCH recognises that there may be occasions when an applicant with arrears may need re-housing due to exceptional need. Including where the Local Authority owes a statutory duty. These situations will be resolved by use of management discretion and reviewed by SCH Managers and all such cases will be recorded. Examples of exceptional circumstances, which are non-exhaustive, are included in the Allocations Policy which is managed by the Home Options Team.

## **2.16 Writing-off FTAs**

2.16.1 Rent income forms the vast majority of income for SCH and high levels of rent arrears impact on the resources available to fund services to customers. It is essential, therefore, that early intervention on arrears cases is made, in order to minimise the incidence of Former Tenant Arrears, as these are more difficult to collect.

2.16.2 There will be instances where, despite all reasonable efforts or due to circumstances, it is not possible to pursue a debt further and the FTAs should be submitted for write-off to Solihull Metropolitan Borough Council (SMBC) Finance Director to authorise.

## **2.19 Write-On**

2.19.1 If, following write-off, a former tenant is subsequently traced (usually after submitting an application for accommodation) the debt in all cases, irrespective of the amount, will be resurrected and the recovery process re-instigated.

## **2.20 Bad Debt Provision**

2.20.1 Each year, SCH's Finance Team set the bad debt provision to cover the writing-off of FTAs. Currently the provision is set at 100% of the outstanding debt; write-offs are made against the provision during the course of the year.

## **2.21 Former Tenant Credits**

2.21.1 SCH will arrange for the prompt repayment of former tenant credits unless;

- There is a likelihood of a Housing Benefit reclaim.
- There is little chance of establishing the whereabouts of the former tenant is not cost effective to repay the credit.

- The tenant is deceased with no next of kin.
- The tenant has another outstanding account with First Choice Homes in which case any Former Tenancy Credit will be offset against this debt.

### **3. Monitoring and Review**

- 3.1 We will monitor performance and report performance and customer satisfaction to SCH Executive Management Team and Board via performance management reports
- 3.2 Detailed performance information is included in an internal performance Summary Report, which is produced on a calendar monthly basis and includes:
- :
- Percentage of former tenant debt collected in-house
  - Percentage of former tenant debt collected by external debt collection agency
  - Debt Collection Agency performance
  - Percentage of sundry debt collected
  - Amount of debt/credit written off
  - Credit refunds made
  - Regular communication with the Neighbourhood Services Managers and Tenancy Sustainment Manager, on procedures including pre & post tenancy
  - The number of former tenants in arrears
  - The total amount of former tenant arrears outstanding
  - Average debt owed by former tenants
  - Total amount of former tenant arrears collected
- 3.3 The Policy will be kept under review as changes take place linked to Welfare Reform as well as significant changes in legislation or there are found to be any deficiencies or learning points from a complaint, or findings from any independent organisation.
- 3.4 We aim to ensure that no person or group of persons will be treated less favourably than another person or group of persons on account of any diversity strand. We will also ensure our customers have fair access to our services.

### **4. Legislative or other Guidelines**

4.1 The following legislation is linked to this policy:

- General Data Protection Regulation 2018
- Housing Act 1985 (as amended by the Housing Act 1996) and Housing Act 2004
- Localism Act 2011
- Equality Act 2010
- Disability Discrimination Act 1995 & 2005
- The Limitation Act 1980
- Protection from Eviction Act 1977