



DEBT CONTROL AND RECOVERY POLICY

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1. INTRODUCTION

- 1.1 LJHA aims to maximise its income and reduce and control debt.
- 1.2 LJHA will adopt a fair but firm approach to debt control and recovery in line with housing legislation, best practice and with the expectations of the Homes England.
- 1.3 Within the context of this policy debt is referred to as current tenant debt, former tenant debt and recharges and any other sundry debts.

2. CURRENT TENANT DEBT

- 2.1 LJHA recognises that it is the tenant's responsibility to ensure that rent is paid on time.
- 2.2 LJHA aims to prevent tenant's falling into debt by early intervention and support and will train its staff to deliver an effective debt recovery service.
- 2.3 LJHA will use all effective means to recover the rent and will use possession proceedings for non-payment as a last resort but in accordance with its Escalation Procedure.
- 2.4 LJHA expects that rent will be paid by Direct Debit wherever possible and in advance to ensure the rent account is never in debt.
- 2.5 LJHA will promote early contact with current tenants who fall into debt and will maximise the use of personal contact over the telephone or face to face. We will however use other communication methods such as letters, emails and texting.
- 2.6 LJHA will provide accurate and up to date rent account information to tenants on request or with any correspondence sent out.
- 2.7 LJHA will focus on prevention and sees effective debt management starting at the point before a new tenancy is granted.
- 2.8 At the pre-tenancy interview, staff will undertake an affordability assessment to ensure any potential new tenant can meet their rent obligations under the tenancy agreement. Applicants will be required to make a payment of rent at sign-up stage or they will not be signed up unless permission is given by the Housing Manager.
- 2.9 Information on Housing Benefits will be discussed with the applicant and assistance will be given in completing the relevant paperwork.
- 2.10 The contract for housing benefit is between the tenant and the housing benefit department at the local authority. Whilst advice and assistance will be offered to help resolve any difficulties with claims, it remains the responsibility of the tenant to ensure information is provided to the housing benefit department and that delays in payments are resolved.

- 2.11 Where a debt has occurred on a rent account the tenant will be encouraged to pay off all of the debt in full. If circumstances do not allow this then an arrangement to clear the debt may be reached but this is a privilege and not a right.
- 2.12 LJHA will pursue current tenant debt in accordance with its "Escalation Procedure" and it will be an exception rather than the rule where this is varied.
- 2.13 The Welfare Reform Act 2013 has brought about changes affecting welfare benefits and LJHA recognises that these have brought in some challenges but will nevertheless pursue debt in accordance with the Escalation Procedure.
- 2.14 Tenants who are under-occupying their homes and have had their housing benefit reduced will be either expected to make up the shortfall in their rent or right-size to a smaller property.
- 2.15 Tenants who have had their housing benefit reduced as a result of any benefit caps will be expected to pay their shortfall in rent.
- 2.16 If the tenant falls into eight-week arrears of rent or more and is having their housing benefits paid directly to them then under "Regulation 95 of the Housing Rent & Regulation 2006" rule, we will apply directly for Housing Benefit to be paid directly to LJHA.
- 2.17 Tenants receiving Universal Credit will be expected to pay their rent in advance and by Direct Debit where possible. Where a tenant is classed as vulnerable, LJHA will expect to receive the rent element of Universal Credit directly from the DWP.
- 2.18 Where LJHA has to take legal action against a tenant via the Court then we will ask the Court to award any costs against the tenant for the Association having to bring about the claim.
- 2.19 LJHA will not write off current tenant debt unless it is approved by the Finance, Audit & Risk Sub Board.

3. FORMER TENANT DEBT

- 3.1 LJHA recognises that the collection of debt due from former tenants is more challenging than collection from current tenants, as remedies are more limited and contact harder to achieve or sustain.
- 3.2 LJHA will aim to reduce current tenant debts and therefore the amounts outstanding at termination.
- 3.2 When notice is received that a current tenant is intending to leave then a pre-tenancy termination inspection will be undertaken and a property inspection carried out. The tenant will be advised of the procedure for terminating their tenancy which includes clearing any outstanding debts.

- 3.3 LJHA will advise current tenants of their obligation to clear any outstanding debts before they terminate and will aim to have these cleared in full prior to the tenancy termination. Where this is not financially possible then the tenant will be asked to sign a written agreement to pay the debt off over an agreed period.
- 3.4 Where tenants move from one LJHA property to another they must clear their current rent account and other outstanding debts in full before the move is approved. Where this is not possible and an agreement is approved by the Director of Operations then the outstanding arrears will be added to the rent account for the new property and treated as current tenant arrears.
- 3.5 LJHA will provide former tenants with debt the opportunity to agree a repayment plan taking into account their personal circumstances wherever possible.
- 3.6 LJHA will use tracing and/or debt collection agencies on a “no win, no fee” basis and only those agencies that are members of the Credit Services Association.
- 3.7 LJHA will use legal remedies available for recovering former tenant debt including: Money Judgement Orders, Third Party/Garnishee Orders and Attachment of Earnings.
- 3.8 LJHA will only write off debts where they are deemed to be uneconomical to recover or deemed irrecoverable by ourselves or a Debt Recovery Agent.
- 3.9 LJHA will write back any debt that is subsequently deemed to be recoverable as a result of the debtor being traced and will continue to pursue it and will follow the principles under The Limitation Act 1980.
- 3.10 LJHA will use any credit balances on rent accounts to offset any sundry debts.
- 3.11 LJHA will pursue recovery of debts from deceased tenants if there are sufficient resources in the estate to recover the debt. Where there is no estate then we will not pursue the debt and will write it off.
- 3.12 LJHA will not accept an application for housing where there is a former debt unless the debt is settled in full or an acceptable repayment agreement in place and agreed with the Director of Operations.
- 3.13 LJHA will pursue former tenant debt in accordance with the Escalation Procedure.
- 3.14 The LJHA Director of Finance and Director of Operations have the authority to write off former tenant debt up to £200. The Chief Executive has the authority to write off former tenant debt up to £500. Any write off requests for former tenant debt over £500 will need the approval of the Finance, Audit and Risk Sub Board.

4. RECHARGE DEBT

- 4.1 There are three main categories of people who can be liable for recharges and these can be sought for any work done by the Association under the following circumstances:
 - (i) **Current tenants** who have had to have work carried out by the Association due to misuse, neglect, accidental damage or as a result of tenant

alterations. Charges may also be sought for repeated missed appointments where the contractor has charged a call-out to the Association.

- (ii) **Ex-tenants** where, following termination of their tenancy, works have had to be carried out to bring the property up to the re-let standard. As above, those works will be the result of misuse, neglect, accidental damage or as a result of tenant alterations.
- (iii) **Other/Non-tenants** – this refers to individuals who may be jointly responsible for the cost of works carried out by the Association, e.g. Owners of properties adjoining LJHA properties.

4.2 Rechargeable repairs are as described in the Tenant Handbook and in set out in the Repairs Booklet.

4.3 If a tenant reports a repair which may be deemed rechargeable then prior to arranging a repair contractor to visit, a member of staff will visit the tenant and determine the cause of the repair and in most cases will reach an agreement that:

Either:

- (i) The tenant where possible will make good the damage.
- (ii) The Association will arrange repair and recharge the tenant where deemed appropriate, giving them the opportunity to pay the recharge invoice in stages.
- (iii) The works are not considered to be rechargeable.

4.4 In emergencies where there is a detrimental effect on the property or a risk to Health & Safety, LJHA will reserve the right to arrange for the works to be carried out immediately and charged to the third party or recharged to the tenant.

4.5 At the time of reporting a repair it is not always possible to state whether or not the repair is rechargeable. This is particularly true in cases where the damage has been caused by neglect or wilfully by the tenant. In these cases the tenant will be advised that the repair may be rechargeable and asked whether they wish to proceed with the repair.

4.6 In some cases, particularly where a tenant has carried out alterations, it may not be evident that the repair is rechargeable until during the contractor's visit.

4.7 In both the above cases following the contractor's call-out the contractor will confirm to the Association whether it is rechargeable and this information will be relayed to the tenant.

4.8 Damage caused by others unknown, e.g. random acts of vandalism, may result in no recharge to the tenant and the Association may pay for the repair. Excessive

damage may result in an Insurance Claim. The above principle will be applied as long as a report has been made to the Police and the tenant has a crime reference number.

- 4.9 At the end of the tenancy and on receipt of a tenant's Notice of Termination, a Pre-Termination Inspection will be undertaken. Any likely rechargeable repair work will be pointed out to the tenant during the pre-termination inspection where they will be given the opportunity to undertake any necessary works prior to the tenancy termination date.
- 4.10 Should the tenant not have undertaken the work identified or further rechargeable work is noted following termination the Association will arrange for work to be carried out and the outgoing tenant will be recharged for the cost involved.
- 4.11 In the event of a mutual exchange the outgoing tenants may be asked to carry out or pay for any rechargeable work prior to the exchange being approved, or the incoming tenant may be asked to accept responsibility for any alterations or rechargeable work.
- 4.12 Where a recharge decision is disputed a written appeal should be made within 28 days of receiving the decision.
- 4.13 The Director of Operations will review the recharge and if it is upheld written reasons will be given. If there has been a procedural failure or factual error that justifies reversing the recharge decision, the appeal will be upheld.
- 4.14 If following an appeal the tenant is still dissatisfied recourse can be sought through LJHA's Complaints Handling Procedure.
- 4.15 The LJHA Director of Finance and Director of Operations have the authority to write off any recharge debt up to £200. The Chief Executive has the authority to write off any recharge debt up to £500. Any write off requests for recharge debt over £500 will need the approval of the Finance, Audit and Risk Sub Board.