

1. Background and objectives

- 1.1 This policy encompasses our approach to the collection of debt from all customers to whom we provide accommodation to or deliver a chargeable service such as care, extra care and support.
- 1.2 This policy covers the following affordable housing types we currently offer:
 - Social rent
 - Affordable rent
 - Market Rent
 - Shared Ownership
 - Leasehold
 - Supported housing
 - Older persons housing
 - Extra care housing and our care service
- 1.3 This policy outlines our commitment to the prevention and recovery of any debt owed to the organisation, whilst applying a reasonable, proportionate and cost-effective approach to recovery. This also links to the Debt Provision Policy which sets out how we will provide in our accounts for bad debt.
- 1.4 Managing debt brings a significant cost. Our approach seeks to minimise debt from accruing and ensuring that we balance the costs of recovery with the likelihood of success.
- 1.6 We will maintain the right balance between protection of our income streams and providing services that assist customers to maximise their income, ensuring their ability to pay their rent and effectively sustain their tenancy.
- 1.7 We adopt a fair and balanced approach to maximising income and promoting a payment culture. We take a tailored approach with customers, proactively assisting customers to prevent arrears occurring, ensuring early contact and appropriate interventions are in place.
- 1.9 This policy supports our wider strategic priorities of Plan A and our ambition to deliver a great customer experience against a backdrop of encouraging a payment culture from day 1 of every tenancy.
- 1.10 The key legislation and regulations regarding debt recovery as follows:

- Housing Act 1985/ 1989 as amended
- Protection from Eviction Act 1977
- Landlord and Tenant Act 1997
- Welfare Reform Act 2012
- Human Rights Act 1998
- Equalities Act 2010
- Coronavirus Act 2020
- Regulating the Standards, Regulator of Social Housing March 2020
- Commonhold and Leasehold Reform Act 2002

2. Policy detail

- 2.1 Our aim to collect all income and charges is to be achieved by delivering a service which is consistent, proactive and effective, building mutually beneficial relationships with our customers and tailoring support to the needs of the individual customer. To achieve this, we recognise that we need to help customers avoid getting into debt in the first instance and intervene in the early stages.
- 2.2 We understand that when debt arises this can be a stressful and anxious time for customers. We ensure that our tailored approach works with the customer to identify any deeper financial problems and ensure that we respond effectively. We will both refer and connect our customers with the most relevant support services, internal and external to best meet their needs.
- 2.3 Taking a tailored approach, we ensure that personal contact is attempted at each stage of the recovery process and that expectations of customers are managed. Customers will have a single point of contact within the customer income team, who is responsible for managing the debt with that customer.
- 2.4 For customers that need additional support around debt management we provide a specific range of support services from applying for benefits, managing debt and income maximisation, with licensed debt intermediaries available within our teams.
- 2.5 All call agents in our customer services team are trained to provide a basic level of advice and support in relation to a customer's account with us and can transfer calls to income officers when specialist advice is required.
- 2.6 We ensure that we provide accessible advice and assistance to customers through several channels. These include access over the telephone, email, text messaging, in person meetings and through our website and live chat function.
- 2.7 We provide a range of payment methods with Direct Debit as a preference but in order to meet the needs of all customers we offer an ability to pay over the telephone, at pay points in post offices and when available, through our online customer portal.

- 2.8 We will ensure that principles applied to reaching repayment agreement will always be realistic, affordable, proportionate in relation to the level of debt and will be in agreement with the customer.
- 2.9 Where a customer has a credit balance (excluding payment in advance credit) we may use this to offset any other debt that is owed to us. This relates to customers who rent accommodation from us and is outlined within the tenancy agreement.
- 2.10 With the customers agreement we may seek to use incentives to encourage the repayment of debt which may include the following:
- A reduction on the total sum owed if agreed regular payments are made for an agreed period.
 - Negotiating with customers around regular payment patterns to ensure that non-essential improvements are made to their homes such as new kitchens and bathrooms.
 - Defer an offer of accommodation, including mutual exchanges until a regular payment plan is in place over a period or arrears have been cleared.

3. Housing related debt

- 3.1 To ensure that we work in partnership with customers and provide them with a home and tenancy that is sustainable, we will undertake an affordability assessment with them at the point of being considered for accommodation.
- 3.2 We will use third party data such as Experian credit checks to assist in making this decision. Such usage would adhere to current General Data Protection regulations. (GDPR)
- 3.3 Rent in advance for a period of 2 weeks is required for all new tenancies, both new customers to us and customers transferring between our homes.
- 3.4 In working with customers and making agreements to repay debt accrued we will explore the use of direct deductions. This may be from earnings or an appropriate benefit.
- 3.5 For customers in receipt of Universal Credit we will explore the use of an Alternative Payment Arrangement (APA) and seek housing costs to be paid directly to us as the landlord depending on individual circumstances.
- 3.6 We will always try to seek consent from the customer for such arrangements and will review on a regular basis to ensure that this is still the right mode of recovery for the customer.
- 3.7 For joint tenancies we will apply the rule of 'equal and several liability' to recover any debt. An exception can be approved by the Head of Customer

Experience (Housing Services) in situations such as customers fleeing violence.

- 3.8 Our aim is to ensure that our tenancies are sustainable. Proceedings to end a customer's tenancy on the grounds of the non-payment of rent will always be undertaken as a last resort where payments are not made and where repeated attempts at engagement are not successful .

4. Legal action

- 4.1 In the recovery of current customer rent arrears, we will follow our rent arrears procedure. In the most serious cases this can include the legal action being taken to regain possession of the property.
- 4.2 The customer would be liable for rent debt alongside the associated costs of making such an application to the court and any fees accrued through the instruction of bailiffs.
- 4.3 When we need to serve a notice to begin the legal process to recover arrears, we will always attempt to advise the customer before the notice is served, explain the legal implications and advise they seek independent legal advice.
- 4.4 There are several notices that could be served to begin legal proceedings. This depends on how high the level of debt is and what period of the tenancy the debt has accrued in. We may choose to serve a notice on mandatory grounds, meaning that possession of the property would be granted if the process has been followed correctly. However, this will be in the most serious cases where there has been little or no engagement from the customer. We will normally apply discretionary grounds when making an application for the non-payment of rent.
- 4.5 If we decide to take legal action to seek to end a tenancy, we will advise the relevant local authority housing advice team of the possibility of homelessness occurring and ensure that advice and assistance is available to the customer.
- 4.6 We will also work with other statutory agencies around any concerns regarding safeguarding due legal action being taken.

5. Bankruptcy

- 5.1 We would normally receive notification from the court regarding a customer that has a bankruptcy order made against them. We would comply with the directions of any such order and work with the court appointed trustee regarding the debt owed to us at the date of the order.
- 5.2 If the bankrupt customer is a joint tenant, we would set aside the whole debt and stop any further recovery from the other tenant. Bankruptcy affects a whole household and we would ensure that we work with all parties to try and sustain the tenancy.

- 5.3 In all cases of bankruptcy, the rent payments must continue to be met by the customer after the date of the bankruptcy order.
- 5.4 If a customer's approaches us in relation to an Individual Voluntary Arrangement (IVA) we will not agree for any debt owed to be included in such an arrangement.

6. Leasehold and Shared Ownership related debt

- 6.1 If a residential or commercial leasehold customer accrues debt, they will receive the same advice, guidance and support as any other customer to ensure that we can prevent any further debt accruing and ensure appropriate and effective assistance is provided. Internal procedures for leasehold debt and shared ownership will be followed.
- 6.2 Regardless of the percentage of owned by the customer we will seek to liaise with the mortgage provider and customer to consent to an affordable repayment plan.
- 6.3 We will always give the mortgage provider reasonable notice of any arrears that have accrued and work with both parties to agree a repayment plan outside of legal proceedings.
- 6.4 In cases where we are unable to agree terms to repay the debt, we may take legal steps to address the debt recovery. We may make an application to the County Court for a money judgement order, known as a CCJ (County Court Judgement).
- 6.5 If this order is not kept to, we may apply for the debt to be recovered by other means such as an attachment to earnings, charging order or bailiff action.
- 6.6 In the most serious cases we may seek to make an application for forfeiture by serving a forfeiture notice and seeking for the lease to be forfeited due to a breach of the lease occurring.
- 6.7 Service charges that are applicable to leaseholders in residential and commercial units are payable in line with the terms of their lease.
- 6.8 All major works costings are invoiced to leaseholders separately and will go through the consultation process when necessary.
- 6.9 Any recovery of debt owed is also in accordance with the terms of the lease.

7. Extra care, Care and support related debt

- 7.1 Where a care or support customer has accrued arrears, we will follow an agreed procedure to recover the debt, applying our debt recovery principles.
- 7.2 Where we are delivering chargeable care and support services to customers, any debt accrued will be reviewed on a case by case basis.

- 7.3 Before any decision is made to withdraw services, the matter will be reviewed by the Head of Customer Experience, Housing Services and Head of Community Services. The relevant local authority will also be consulted during the review.
- 7.4 We will always ensure that we engage with support networks around customers such as the Court of Protection, next of kin or those with Power of Attorney.
- 7.5 In the most serious cases we may seek to apply for a money judgment order to recover the debt.

8. Employee Debt

- 8.1 For employees who are also customers who fall into arrears with the group, we may seek to deduct monies owed directly from their salary alongside other interventions to recover debt.
- 8.2 We will always attempt to apply such action with consent from the employee. This action is subject to approval by the Head of Customer Experience, Housing Services.

9. Former tenant debt

- 9.1 When customers leave our accommodation or stops receiving our services, we will take a proactive approach to agree payment plans to address any outstanding debt owed to the group.
- 9.2 If we are unable to reach a payment arrangement by mutual consent, then we may use several other options to seek recovery of the debt. These can include:
- Attachment to earnings
 - Money judgement orders
 - Distraint orders (when a money judgement order is breached)
- 9.3 We will take a balanced approach and only seek to instruct third party (debt collection and tracing agents) in cases where the arrears are over £250.00. There must be a clear audit trail of previous attempts at recovering the debt and the likely success of recovery should be high.
- 9.4 In such cases, the customer will become liable for the original debt plus any charges incurred by the third-party agency. However, we may seek to look at financial incentives as outlined in 2.10 to increase the rate of recovery.
- 9.5 When a customer is deceased, we will apply a two-week rule if the customer is the sole occupant. If the tenancy is ended and property returned in good condition within 2 weeks of the customer passing away, we will apply a 2-week rent adjustment to the account.

10. MONITORING, CONSULTATION AND REVIEW

- 10.1 We monitor our performance in delivering the objectives of this policy by reporting to our leadership teams a range of measures including:
- Current customer rent arrears data and trend analysis
 - Former tenant debt and trend analysis
 - Care, extra care and support debt data and analysis
 - Levels of other debt owed to Alliance Homes and the recovery rates.
 - Amount of write offs (bad debt) data and analysis in accordance with the Financial Regs.
- 10.2 Tenancy Sustainability Manager is responsible for the implementation and review of this policy.
- 10.3 Customers, colleagues and service users may be involved in giving feedback on this policy, leading to amendments where appropriate.
- 10.4 This policy will be reviewed within 2 years of its approval date.

11. EQUALITY AND DIVERSITY

- 11.1 This policy is subject to a periodic Equality Impact Assessment (EIA).
- 11.2 The purpose of such an assessment is to consider the effect of the policy with regard to the recognised protected characteristics of equality and ensure that it does not unfairly impact any individual or group. The protected characteristics are; age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership, pregnancy and maternity or other grounds set out in our Equality and Diversity Strategy and Single Equality Scheme. Remedial action will be undertaken if a detrimental effect is identified.
- 11.3 The EIA also requires the policy author to consider whether the policy is likely to negatively impact on a person's Human Rights.
- 11.4 This policy and any other related Alliance Homes publications can be provided in other formats for those with visual, literacy or language difficulties.

12 ASSOCIATED DOCUMENTS

- Alliance Homes Financial Regulations
- Rent and Service Charge Setting Policy
- Lettings Policy
- Rechargeable Repairs Policy
- Rent arrears Procedure
- Former Tenant and deceased Debt Recovery Procedure

- Lease agreement
- Tenancy agreement and customer handbook

13. Glossary of terms

- **Market rent** – Rent level for the property is set at the same level as the open market would charge.
- **Affordable rent** - Rent level for the property is set at 80% of the market rate.
- **Social rent**- Rent for the property is set below the level of affordable rent through the use of a government formula
- **GDPR**- General Data Protection Regulations that regulate the way in which organisations collect, store and use customer data.
- **Mandatory grounds for possession** – The Housing Act 1988 outlines the grounds in which Alliance Homes could apply for an order to re gain possession of a property. Ground 8 is a mandatory ground. Is this ground is used and the process has been followed the court has no discretion not to award the court order and an order will be awarded.
- A Section 21 notice can also be served when the tenancy is in the starter tenancy phase (Assured shorthold). If the process has been followed the court does not have any discretion not to award the order.
- **Discretionary grounds for possession** The Housing Act 1988 sets out discretionary grounds that can be used to seek to end a tenancy. The court has overall discretion in awarding any order and will decide based upon the evidence provided.
- **Distraint** – A court order than can be applied for when a money judgment order is breached. This means that goods can be taken to offset any debt owed.
- **Money Judgement Order** – Court order setting out terms to repay any debt owed to Alliance Homes. Also known as a County Court Judgement.
- **Alternative Payment Arrangement (APA)**- Customer who receive universal credit and fall into arrears can be put on an alternative payment arrangement where the housing award is paid directly to Alliance Homes, along with an amount calculated by the DWP to address the arrears on the account.
- **DWP**- Department of Work and Pensions.

VERSION CONTROL AND APPROVAL DATES

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| Approval stage | Date completed |
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