

1. Background and objectives

- 1.1. This policy outlines Alliance Homes' approach to the collection of debt from all customers that we provide accommodation or deliver chargeable services to.
- 1.2. This policy also covers how we will support customers to make regular and affordable payments. It explains how we balance our need to protect revenue streams with our commitment to being flexible around customers' circumstances and financial pressures.
- 1.3. The policy applies to all debt arising from property or service charges in the following areas:
 - Any form of directly managed housing (social/affordable/market rent, extra care, temporary accommodation)
 - Residential Leasehold
 - Commercial Leasehold
 - Shared Ownership
 - Chargeable Repairs
 - Rent to Buy
- 1.4. The policy does not apply to debt arising from garage assets, currently managed by a third-party business. This business manages the letting and account management of garages owned by Alliance Homes.

2. Debt Management Principles

- 2.1. We will use a tailored and flexible approach in working with customers to pay debt, ensuring that the debt is cleared in a reasonable amount of time whilst not causing hardship to the customer.
- 2.2. Payment arrangements will be made individually with a clear understanding of the customers income and expenditure, support needs and other factors that could impact their ability to pay.
- 2.3. We will ensure that throughout the recovery process a range of contact methods are attempted to engage with the customer on what is owed and why, with particular focus on personal contact and customer communication preferences.
- 2.4. We will offer a range of payment methods that suit all customer circumstances and use third party deductions from benefits or payroll as agreed with the customer, or where we are permitted by regulations to apply for this.
- 2.5. Where a customer has a credit balance (excluding any credit that forms their payment in advance) we reserve the right to use this balance to offset any other debt

owed by that customer before considering a refund. Any deposit held as part of the Right to Buy scheme is excluded from this as separate terms and conditions apply.

- 2.6. Customer debt will not cause a delay to any service or accommodation move that is urgent for reasons of health and safety or safeguarding.
- 2.7. Where a customer makes a personal payment to Alliance Homes, we reserve the right to credit this payment to any account in debt relating to that customer.
- 2.8. We will not actively encourage payments to be made by cash, however when there is no other alternative we will accept, and approve, cash payments in line with Section 30 of the Alliance Financial Regulations regarding Money Laundering.
- 2.9. We may use the following incentives to encourage repayment of debt:
 - A reduction on the total amount owing if arrangements are kept to consistently or an agreed lump sum amount is paid in regard of former tenancy debt, court costs incurred and raised because of legal action or rechargeable repairs.
 - Deferral of accommodation offers (including internal transfers and mutual exchanges) until debt is cleared or an acceptable payment plan adhered to.
 - Incentives will not be available for current ongoing rent accounts.

3. Supporting Customers

- 3.1. We will ensure a range of options for customers to manage their accounts and raise any queries, including the option to self-serve through the customer portal.
- 3.2. All call handling staff will be able to give basic advice on customer accounts with the option to transfer calls to specialist teams where necessary.
- 3.3. Our Money Advice Team will work on a referral basis with customers that are struggling financially. They can make sure that when entitled all benefits are claimed and provide help with budgeting and debts.
- 3.4. We will provide general money and benefit advice through our website and outbound communications that enables customers to better manage their financial commitments to Alliance Homes.
- 3.5. We will make reasonable efforts to resolve issues on a customer's behalf directly with benefit agencies where appropriate permissions are in place.

4. Housing Related Debt

- 4.1. To ensure a sustainable tenancy we will carry out a pre-tenancy assessment. This will check the affordability for new customers entering our properties and find out their income sources and payment method.

- 4.2. Rent in advance payment equal to 2 weeks must be made by all new and transferring customers at the time of signing up to their property. Any exceptions to this requirement must be approved by the Service Delivery Manager-customer income & lettings, prior to the tenancy commencing.
- 4.3. Where customers are in receipt of Universal Credit, we will request payment of the housing costs award directly to the landlord when appropriate. Where customers receive Housing Benefit towards their rent, we will ensure this is paid directly to Alliance Homes where arrears are equal to 8 weeks rent, irrespective of customer agreement.
- 4.4. If there is a housing costs award which is less than the full rent and service charges total, we will ensure the customer is aware of their liability and how to make payment. The shortfall may be due to the impact of welfare benefit changes (such as Benefit Cap or Under Occupancy charge).
- 4.5. We will treat joint tenants as jointly and severally liable for any debt arising during their tenancy. Any exception to this (for example in cases of Domestic Abuse) will be agreed by the Service Director-customer operations. In contract, joint and several liability arises when two or more persons jointly promise in the same contract to do the same thing, but also separately promise to do the same thing. This means our joint tenants are both responsible for payments and any arising debts.
- 4.6. Where a customer resides in a property pending a decision on their eligibility to occupy it as the tenant, we will accept Use and Occupation payments on a weekly basis in line with the property rent charge until a decision is made.

5. Shared Ownership Debt

- 5.1. If a shared ownership customer builds up debt, they will receive the same advice, guidance, and support as any other customer to ensure that we can prevent any further debt occurring and ensure appropriate and effective assistance if required.
- 5.2. In cases where arrears continue to increase and we are unable to agree terms to repay the debt we will serve a Notice of Seeking Possession along with a Section 166, Form of Rent Demand Notice. At this stage regardless of the percentage share being purchased by the customer we will seek to consult with the mortgage provider and customer together to agree an affordable repayment plan. In some instances, this will result in the mortgage provider settling the outstanding debt and adding it to the existing mortgage against the property.
- 5.3. If this fails and the debt remains, we may take further legal steps to recover the debt by applying to the Court to proceed with the process for gaining possession.

- 5.4. There is currently a review of the management of shared ownership arrears recovery and a stand-alone Shared Ownership Arrears Recovery Procedure will be developed and implemented.

6. Residential and Commercial Leasehold Debt

- 6.1. If a residential or commercial leasehold customer builds up debt, they will receive the same advice, guidance, and support as any other customer to ensure that we can prevent any further debt occurring and ensure appropriate and effective assistance is provided.
- 6.2. 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).
- 6.3. 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.
- 6.4. 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. Forfeiture is the action taken to end a legal right or interest. Enforcement of a forfeiture notice is subject to the same scrutiny as applications for eviction.
- 6.5. Service charges that are applicable to leaseholders in residential and commercial units are payable in line with the terms of their lease.
- 6.6. There is currently a review of the management of leasehold and service charge arrears recovery and a stand-alone Leasehold and Service Charge Arrears Recovery Procedure will be developed and implemented.
- 6.7. All major works costings are invoiced to leaseholders separately; works are carried out in accordance with the Section 20 Regulations when the anticipated cost triggers the amounts where prescribed consultation is applicable.
- 6.8. Leaseholders can spread the cost for paying major works invoices across one year from the date of invoice interest free. The business is currently applying to the Financial Conduct Authority to enable loans to be offered to leaseholders to help pay for major works costs. Details will be recorded in our internal procedures.

7. Chargeable costs and repairs

- 7.1. When carrying out responsive repairs, or repairing an empty property, some works may be found to be outside of Alliance Homes duties as a landlord and the cost

charged to the customer. Details of what may be charged can be found in the Chargeable Costs Policy.

- 7.2. A decision will be made on whether to recover the repair costs, considering the circumstances of the works and the vulnerability of the customer.
- 7.3. Where recovery is to be pursued it will be carried out in line with principles in Section 2.

8. Former Customer Debt

- 8.1. We will take proactive steps to ensure that customers that leave our accommodation do so with minimal debt and with a payment arrangement in place for any amounts outstanding.
- 8.2. Where we are unable to make payment arrangements directly, we may use third party tracing and/or debt recovery agencies to collect former customer debt.
- 8.3. On the death of a customer, we will direct requests for outstanding payments to their estate, adopting a sympathetic and responsible approach to the options of recovery.
- 8.4. Former customers with outstanding debt must have a payment plan in place before being re-housed by Alliance Homes. The plan must be maintained, without breach, for at least 12 months or a reduction of the debt by at least 50% before considering an offer of accommodation. An ongoing arrangement for the remainder of the debt will be agreed at the start of the tenancy.
- 8.5. If the payment plan for former tenancy debt is not maintained, we may take legal steps to address the debt recovery. For example, an application to the County Court for a money judgement order, known as a CCJ (County Court Judgement).
- 8.6. If the Local Authority make Alliance Homes aware of exceptional circumstances, we may overrule the requirement to settle some or all the former tenancy debt prior to an offer of accommodation. This will be approved by the Service Delivery manager-customer income & lettings.

9. Legal Action

- 9.1. The stages of enforcement action are laid out in the Current Tenant Arrears Procedure.
- 9.2. A Notice Seeking Possession will not be served unless we have exhausted all options to find a solution with the customer to manage the account and debt.

- 9.3. The Pre-Action Protocol will be followed prior to applying for court proceedings to ensure that the action taken is proportionate and legally compliant. Court applications will be approved by the Service Delivery Manager- customer income & lettings.
- 9.4. In cases of repeated default, we may request an Outright Possession Order. These applications will be approved by the Service Delivery Manager-customer income & lettings.
- 9.5. As a last resort we will apply for a warrant of eviction to forcibly end an agreement when a customer has breached the order set by the court and remains in a high level of debt. Approval of eviction warrant applications will be given by the Service Director- customer operations. A breach of the order would be when the terms of the order are not maintained, such as missed or late payments, or failure to vacate the property within the timescale set.
- 9.6. In cases where we have applied to court for the issue of an eviction warrant, we will inform the relevant Local Authority Homelessness team.
- 9.7. All costs incurred throughout the legal process will be added to the customer account and will form part of the total debt owed to Alliance Homes.

10. Insolvency

- 10.1. If a customer is subject to a Bankruptcy Order, we will comply with the terms communicated to us by the court appointed trustee relating to the debt at the date of the order.
- 10.2. If a customer is granted a Debt Relief Order (DRO) the amount of the debt at the time of the order will be ringfenced for a period of 12 months, after which the amount will be written off.
- 10.3. If a customer applies for an Individual Voluntary Arrangement (IVA) Alliance Homes will not agree to any debt being included.
- 10.4. Ongoing payments due following the date of any formal insolvency order remain payable and any debt accruing from missing such payments will remain in the scope of this policy.
- 10.5. Any insolvency order only relates to the monetary amount detailed as owed and does not prevent any continuation of existing legal action.

11. Debt Write Off

- 11.1. We may, in some cases, write off debt owed by customers, in line with Section 26 of the Alliance Homes Financial Regulations.
- 11.2. Debt will be written off in accordance with the Write Off Procedure which sets out the categories of write off and the circumstances in which they are appropriate.
- 11.3. The write off approval process is determined by value and the schedule of authority for each of the three tiers can be found in Section 26.2 of the Alliance Homes Financial Regulations.

12. Legislation and regulations

The following legislation and regulations are applicable to the operation of this Policy:

- Housing Act 1985 as amended by Housing Act 1996
- Housing Act 1988 as amended by Housing Act 1996
- Housing and Regeneration Act 2008 Schedule 11
- Protection from Eviction Act 1977
- Insolvency Act 1986
- Landlord and Tenant Act 1987 (as amended)
- Welfare Reform Act 2012
- Human Rights Act 1998
- Equalities Act 2010
- Regulating the Standards, Regulator of Social Housing March 2020
- Commonhold and Leasehold Reform Act 2002
- Ministry of Justice civil procedure rules and practice directions- Pre action conduct and protocols
- Social Housing Regulation ACT 2023
- Regulator of Social Housing Consumer Standards 2024

13. Monitoring, consultation, and review

- 13.1. We monitor our performance in delivering the objectives of this policy by reporting to our leadership teams a range of measures including:
- Monthly Current Arrears (via Business Health)
 - Monthly Former Arrears (via Business Health)
 - Quarterly Write Off Report (to OLT/SLT)
- 13.2. The Service Delivery Manager- customer income & lettings and Leasehold Services Manager are responsible for the implementation and review of this policy.
- 13.3. This policy will be reviewed within two years of its approval date.

14. Equality and diversity

- 14.1. This policy is subject to a periodic Equality Impact Assessment (EIA).
- 14.2. The purpose of such an assessment is to consider the effect of the policy regarding 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.
- 14.3. The EIA also requires the policy author to consider whether the policy is likely to negatively impact on a person's Human Rights.
- 14.4. This policy and any other related Alliance Homes publications can be provided in other formats for those with visual, literacy or language difficulties.
- 14.5. Alliance Homes has a Reasonable adjustments policy, this applies to Alliance Homes residents, leaseholders, licensees, shared owners, and customers receiving support services who may not be tenants. The policy explains how we will support customers, and it provides guidance for colleagues and contractors on how we define vulnerability. Some customers experience vulnerability and may, temporarily or permanently, need support or adjustments made to the way we deliver our services to them to enable them to have fair access to our services. We are committed to identifying these customers to make sure our working practices and services meet their needs.

15. Complaints

- 15.1 If you would like to raise a complaint in relation to this policy, you can do this by calling us on 03000 120 120 or emailing us at act@alliancehomes.org.uk
- 15.2 All complaints will be handled in line with the latest Alliance Homes Complaint Handling Policy.

16. Associated documents

- 16.1. The following documents should be referenced in conjunction with delivery of this Policy:
- Alliance Homes Financial Regulations
 - Rent and Service Charge Setting Policy
 - Lettings Policy
 - Chargeable Costs Policy
 - Current Tenant Arrears Procedure

- Former Tenant Procedure
- Write Off Procedure
- Reasonable Adjustments Policy

17. Version control and approval dates

Approval stage	Date completed
Equality Impact Assessment completed	31/01/2025
EIA reviewed by specialist colleague within HR	31/01/2025
SLT review / approval	29/07/2025
Next review date	29/07/2027

18. Appendices

Appendix 1

Equality Impact Assessment

An Equalities Impact Assessment must be conducted alongside the review of an existing policy or the creation of a new one.

1. **Name the Strategy, Policy, Procedure or Function (SPPF) being assessed and name of author.**

Debt Management Policy, Julie Lewis, Service Delivery Manager- Customer income & lettings

2. **Aims of the SPPF being assessed.**

The aim of this policy is to ensure that collection of debt owing to Alliance Homes is in a consistent and fair manner, that the business revenue stream is maximised whilst also providing appropriate support to customers in financial difficulty

3. **Who has been consulted in developing the SPPF?**

Cath Pullin – Service Director- Customer Operations

Michelle Harper – Service Delivery Manager- Neighbourhoods

Elaine Hargate - Service Delivery Manager – Home Ownership and Service Charges

HIVE consultation- customers

4. **Does the SPPF promote equality of opportunity?**

The policy promotes equal access to our services through the tailored approach that is taken, communication of debt, using preferred contact methods, and the ability to pause collection activity based on personal circumstances.

5. **Identify potential impact on each of the diversity “groups” by considering the following questions (the list is not exhaustive but an indication of the sort of questions assessors should think about):**

Protected Characteristic	No impact	Negative impact	Positive impact	Information source/s **	Comments/evidence
Race	X			StepChange Consumer Debt Statistics Yearbook 2024	Stepchange has been collecting data about the ethnicity of new clients for two full calendar years. The variation in population percentage and the number of clients is minimal. But there is research that highlights how people from minority ethnic groups can face greater exclusion and multiple barriers to accessing financial systems and services in the UK
Disability			X	StepChange Consumer Debt Statistics Yearbook 2024	In 2024 52% of clients disclosed that they have an additional vulnerability, beyond their financial situation.
Gender			X	StepChange Consumer Debt Statistics Yearbook 2024	In 2024 62% of people disclosing unmanageable levels of personal debt (including rent arrears) were female
Transgender	X				There is no relevant data to indicate that Transgender status is a factor in the accumulation of debt
Sexual orientation	X				There is no relevant data to indicate that sexual orientation is a factor in the accumulation of debt
Religion or belief	X				There is no relevant data to indicate that religious belief is a factor in the accumulation of debt
Age			X	StepChange	In 2024 61% of people disclosing unmanageable levels of personal

				Consumer Debt Statistics Yearbook 2024	debt (including rent arrears) were aged between 25-44 (compared to this age range making up 34% of the UK population) 24% of the population is aged over 65 whereas the client base of this age group with StepChange is only 3%.
Marriage & Civil Partnership	X				There is no relevant data to indicate that marriage or civil partnership is a factor in the accumulation of debt
Pregnancy and Maternity			X	StepChange Consumer Debt Statistics Yearbook 2024	In 2024 48% of people disclosing unmanageable levels of personal debt (including rent arrears) were from households including children (compared to such households making up 28% of the UK population)
Rural issue	X				There is no relevant data to indicate that rural living is a factor in the accumulation of debt
Social mobility			X	StepChange Consumer Debt Statistics Yearbook 2024	In 2024 63% of people disclosing unmanageable levels of personal debt (including rent arrears) were renting their property, either socially or privately

Was there a negative impact identified in question 5? If yes go to question 6. if not go to question 7.

6. If “negative impact” identified in table (4) above is it?

Legal -

What is the level of impact? -

YES	NO
HIGH	LOW

If it is not legal and/or high impact – (i.e.: if you have highlighted NO to legal and HIGH to impact, then the document should be referred to Head of HR)

7. If positive impact has been identified in table 4 above, how can it be improved upon or maximised, either in this SPPF or others?

Positive impacts can be maximised by ensuring that staff dealing with debt enquiries understand the differing personal circumstances of customers and that referrals to our Money Advice Service are representative of the groups referenced above

8. Full EIA (or if you decide full EIA is not necessary but some changes should be considered)

No

9. Does this proposal have any potential Human Rights implications?

If yes, please describe (if necessary, please refer to the Alliance Homes Group Human Rights Policy)

No