



## Corporate

# Resident Debt Policy

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<b>Scope:</b>	This policy applies to: Circle 33 Housing Trust, EPIC Trust, Invicta Telecare, Old Ford Housing Association, Mole Valley Housing Association, Roddons Housing Association, Russet Homes, South Anglia Housing, Wherry Housing Association.
<b>Effective Date:</b>	July 2008
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<b>Signed Off:</b>	Group Policy Forum, 4 July 2008
<b>Author:</b>	Zoe Buick, Policy Manager
<b>Policy Owned by:</b>	Policy and Planning
<b>KLOE:</b>	Housing Income Management
<b>QAF (Supported Housing):</b>	N/A
<b>Statute:</b>	N/A
<b>Regulatory Code:</b>	3.1

# Resident Debt

## 1 Scope

This policy applies to the general needs and supported housing residents and service users of the following group members:

- Circle 33 Housing Trust
- EPIC Trust
- Invicta Telecare
- Old Ford Housing Association
- Mole Valley Housing Association
- Roddons Housing Association
- Russet Homes
- South Anglia Housing
- Wherry Housing Association.

## 2 Policy Statement

2.1 This policy sets out Circle Anglia's philosophy on dealing with residents who owe us money and sets guidelines for pursuing, recovering and managing all resident debt.

2.2 Effective collection of arrears and debt prevention are organisational priorities and we are committed to ensuring that responsibility for each element of the recovery process is attributed clearly and that communication between relevant staff is robust.

2.3 Our Resident Debt policy demonstrates our organisational commitment to:

- managing recovery of priority and other debt
- provision of quality advice
- early action and preventative measures
- a firm but fair approach
- agreeing reasonable repayment plans
- ensuring vulnerable residents are not adversely affected by our actions
- staff training.

2.4 Where residents do not demonstrate willingness to clear debts, we will take firm action, using all available recovery options. However, we will use eviction only as a last resort

### **3 Types of debt**

3.1 The following debts are covered by this policy:

- housing rent arrears
- housing benefit overpayments
- court costs
- support charges
- service charges
- licence charges
- garage rent arrears
- recharges including recharged repairs
- former tenant arrears and other former tenant debts.

3.2 All debts will not be treated in the same way, as the consequences of non-payment for each differ widely, both for the resident and for Circle Anglia. This document outlines the overall purpose, aims and rights of individuals within each process.

3.3 As a group of registered social landlords, our emphasis is on recovering priority debt, namely current rent arrears. The procedures for recovering housing rent arrears are covered in detail in our rent arrears management policy.

3.4 Recovery and treatment of monies owed to us by other debtors, including staff and suppliers, are covered in our financial and human resources procedures.

### **4 Financial inclusion statement**

4.1 We recognise that some of our residents are financially excluded, denied access to decent bank accounts and mainstream financial services. This leaves our sector exposed to the impact of unscrupulous doorstep lenders.

4.2 While we cannot directly increase the incomes of residents, we can work with our residents to increase their economic wellbeing and we are committed to ensuring that our practices are sympathetic to their circumstances.

4.3 In order to support the financial inclusion of our residents we will:

- ensure rents are kept at affordable levels
- provide full information at sign-up to new residents on rent charges and rent payments so that residents are aware of their financial liability

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- assist residents to maximise their benefits uptake and provide help with form filling
- provide additional support and assistance to vulnerable residents
- enter into service level agreements with debt advice agencies to make budgeting and financial health checks available to residents
- enable residents to receive debt advice
- promote a culture of prompt action and personal contact at the initial stages of debt and the acceptance of reasonable repayment arrangements
- ensure that rent collection methods do not result in additional costs to residents at the point that payments are made
- work with other RSLs and community organisations to support and develop local financial inclusion schemes and products.

### Vulnerable residents

- 4.4 There is no standard definition of what is meant by the term *vulnerable* for social housing landlords.
- 4.5 However, we recognise that vulnerability requires extra work on our part in helping people to pay; in preventing and dealing with arrears. It does not mean disregarding continued failure to pay rent or repay arrears.
- 4.6 Some group members will deal with the arrears of vulnerable residents centrally, while others will divide the housing management and the care and support aspects between several teams or providers..

## 5 Payment methods

- 5.1 We offer a variety of rent and support charge payment options to suit residents' financial circumstances. These may depend on individual arrangements at local offices:
- ALLPAY payment card for use at Post Offices, payzone or PayPoint outlets
  - direct debit
  - debit or credit card
  - internet, texting, telephone
  - at our offices, where this is available.
- 5.2 A significant amount of our income is received from local authorities in the form of direct payment of housing benefit and supporting people payments. We have protocols and liaison mechanisms in place in the local authority areas where we work to ensure that processes run smoothly.

### Use of third party debt collection agencies

5.3 In deciding the most effective way to collect former tenant arrears we may use tracing agencies or sell the debt to a debt collection agency to recoup on our behalf. We will ensure that any third party operates within the appropriate code of conduct for these bodies and provides value for money. We will not pursue former tenant arrears where it is uneconomic to do so and will adhere to write-off procedures.

## 6 Multiple debts

### Residents with multiple debts

6.1 . We prioritise debt in the following ways:

Type of debt	Consequences of non-payment
Current housing rent arrears, including housing benefit overpayments	County court action, possible eviction and loss of home
Court costs	County court action, possible money judgement or eviction
Personal support charges	Small claims court
Garage rent arrears	Loss of garage
Repairs recharges	Possible involvement of debt collection agency
Former tenant debt: <ul style="list-style-type: none"> <li>• rent arrears</li> <li>• court costs</li> <li>• personal support charges</li> <li>• garage arrears</li> <li>• repairs recharges</li> </ul>	Possible bailiff action and involvement of debt collection agencies

6.2 Residents may owe us multiple debts and we will give the highest priority to repayment of current housing rent arrears, as non-payment may put the resident’s home at risk and result in eviction.

6.3 We will encourage residents to be realistic about their level of debt and to understand both the priority of debt repayments and the consequences of not paying.

6.4 When negotiating repayment of non-priority debts such as garage rentals or recharged repairs, we will take into account that vulnerable residents or residents with children may owe money to priority debts such as gas and electricity suppliers, or to council tax, which could result in imprisonment.

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- 6.5 It is likely that residents who owe money to us also owe money to other organisations and officers recouping debt should be aware of the pressures that these agencies can bring to bear. Residents will be signposted to debt advice agencies for assistance. At the same time, officers should underline that paying rent is the most important financial commitment a resident can make.
- 6.6 In all cases, residents should be made aware that priority debts are those that have the strongest legal recourse to making people pay. More information is contained in the Circle Anglia leaflet, How to Manage your Debts and in the appendix.

### **Bookkeeping**

- 6.7 Our current computer systems and databases cannot be automated to check for multiple debts. Therefore these can for the most part only be checked manually, account by account through the different systems.

### **Income management**

- 6.8 Rent accounts are managed throughout the group on a patch basis by Income Officers, Neighbourhood Officers and Managers, Supported Housing Officers, Customer Services Managers and Scheme Managers.
- 6.9 Where contact centre staff are in place, they are trained to deal with rent arrears before the Notice of Seeking Possession (NOSP) stage. This will allow other officers to concentrate on supporting vulnerable residents or pursuing interventions at a later stage of the arrears recovery process.
- 6.10 The structures for collecting the various types of resident debt differ throughout Circle Anglia. Some group members have a dedicated Former Tenant Arrears Officer, whose sole responsibility is to achieve collection targets for the recovery of specific debts.

## **7 Service standards**

### **Contact with the resident**

We will:

- 7.1 Advise debtors at the earliest opportunity in a clear and understandable way of any monies due. See the [Rent Arrears Management Policy](#).
- 7.2 Consult with residents and service users about increases in service and support charges.

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- 7.3 Promote communication that is plain English and jargon free.
- 7.4 Send out all rent and support charge notifications, bills and reminder notices promptly.
- 7.5 Send out a quarterly rent statement as a minimum standard, with statements available on demand.
- 7.6 Enable residents to view their rent or support charges accounts on-line.
- 7.7 Maintain accurate and up to date records of rent accounts and any sub-accounts.
- 7.8 Encourage residents or their advocate or representative to contact us as soon as they encounter a debt problem.
- 7.9 Provide advice and assistance in relation to benefit entitlement.
- 7.10 Give debt and money management advice to residents where we hold a licence to do so. In all other cases, we will signpost residents to local advice agencies, where we will in many cases have a service level agreement in place.
- 7.11 Treat residents as individuals, taking into account their known personal circumstances.
- 7.12 Keep the debtor informed of the action being taken at each stage of recovery.
- 7.13 Regularly review our collection policies, letters and leaflets and consult with residents to ensure that our material is customer friendly and effective.
- 7.14 We will provide leaflets and other customer publications in a different language where requested.
- 7.15 Deal with residents' complaints according to the Circle Anglia complaints policy.

### **Collection and recovery**

We will:

- 7.16 Ensure that there is a clear set of procedures for dealing with the collection and recovery of the various kinds of debts that residents can owe.
- 7.17 Promote a culture of early interventions and make personal contact with the resident to try to negotiate realistic repayment arrangements.

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- 7.18 Provide residents with support to maintain payment arrangements by confirmation letters, visits, or phone calls to remind them of overdue payments and by providing a named contact point to discuss any problems that may arise.
- 7.19 Honour any agreement we have with the resident to repay the arrears before escalating recovery action.
- 7.20 Support vulnerable residents to sustain their tenancies in a way that is accessible and that links to support agencies where appropriate.
- 7.21 Make plain that a persistent unwillingness to respond to contact from us or make any effort to repay arrears will result in us taking recovery action through the courts as a last resort.

### **Maximising residents' income**

We will:

- 7.22 Encourage residents to take up all welfare benefits available to them. Staff will be trained to give appropriate advice. This will reduce debts payable and ensure residents have the opportunity to access available help.
- 7.23 Provide assistance in completing benefit application forms.
- 7.24 Provide assistance in completing income and expenditure sheets so that residents can budget their available income.

### **Customer care**

We will:

- 7.25 Deal with debtors in a professional manner at all times, displaying courtesy, empathy and respect.
- 7.26 Take account of the individual personal circumstances and/or vulnerabilities of a resident when managing an arrears case.
- 7.27 Provide wherever possible, facilities to enable residents to discuss their debts in a confidential environment.

## **8 Equality and Diversity**

- 8.1 Circle Anglia recognises that residents of all races, ages, religions, gender, sexual orientation, literacy levels and disability should be treated equally and fairly and we will not discriminate in implementing these policies and procedures.

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- 8.2 We will be sensitive to residents' individual needs and will tailor our services and approach accordingly.
- 8.3 We will take steps to identify any language or communication requirements and ensure that we provide information in the appropriate format.
- 8.4 All customers will have access to this document upon request or from our website [www.circleanglia.org/customers](http://www.circleanglia.org/customers) where appropriate.
- 8.5 This document can be translated or provided upon request in alternative formats, such as, Braille, large print and audio.
- 8.6 Equality and Diversity training is mandatory for all staff.

## 9 Publicising the Policy

- 9.1 Circle Anglia publicises its policy on Resident Debt to residents and staff in a number of ways:
  - Resident Handbook
  - Leaflets
  - Resident Newsletter
  - Resident Website
  - CIRANO
  - Policy Briefings and Training

## Appendix

### **Citizens Advice Bureau advice on priority debt**

- 9.2 Priority debts are debts owed to creditors who can take the strongest legal actions if debtors do not pay. It is not the size of the debt that makes it a priority, but what the creditors can do to recover their money. Priority debts must be dealt with before any offers of repayment on non-priority debts.
- 9.3 Non-priority debts will not result in imprisonment, loss of home, or cutting off of fuel supplies. However, if no offers for repayment are made, creditors can proceed to court. If payments are still not made after a court order, the creditors can take further action, such as getting another court order allowing them to send bailiffs in.

### **Priority debt**

- 9.4 Priority debts are:
- mortgage arrears
  - rent arrears
  - income tax and VAT
  - fines
  - maintenance and child support
  - council tax
  - utilities bills
  - hire purchase for essential goods e.g. a car needed for work

### **Non-priority debt**

- 9.5 Non-priority debts include:
- credit and store card arrears
  - catalogue arrears
  - bank overdrafts and loans
  - hire purchase for non-essential goods, e.g. a television
  - money borrowed from family and friends.

# Related Documents

Document	Link
Connected Policies:	<a href="#">Rent Arrears Management policy</a>
Forms and Letters:	
Leaflets:	How to Handle your Debts How your Rent is Set Rent Arrears Ways to Pay your Rent
Other:	

## Version history

<b>Version no.</b>	1	<b>Date effective:</b>	May 2007
<b>Full / partial review?</b>	New group policy		
<b>Brief summary of changes:</b>	N/A		
<b>Staff consultation (teams):</b>	Income teams Neighbourhood teams Supported Housing EPIC Trust Finance Income Management Benchmarking Group Senior Managers Policy Review Group (SMPRG)		
<b>Resident consultation:</b>	Old Ford Housing Services Old Ford Tredegar, Monteith, Lefevre		
<b>Signed off by:</b>	Group Policy Forum, 23 October 2006		
<b>Author:</b>	Zoe Buick		

<b>Version no.</b>	2	<b>Date effective:</b>	July 2008
<b>Full / partial review?</b>	Reviewed across all group partners		
<b>Brief summary of changes:</b>	Editorial changes only, to make the policy relevant to new group members.		
<b>Staff consultation (teams):</b>	Income and Neighbourhood Teams – all RSLs Supported Housing Rent Finance EPIC Trust Invicta Telecare Heads of Continuous Improvement Head of Sustainable Communities		
<b>Resident consultation:</b>	Mole Valley Operations Working Group Russet Residents' Forum		
<b>Legal consultation</b>	N/A		
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<b>Author:</b>	Zoe Buick		

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<b>Author:</b>			