



Group Policy: Sundry Debt/Former Tenants Arrears Recovery Policy

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Approval Body	Audit & Risk Committee
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This policy is available, on request, in different languages and in other formats such as large print, audio format and braille as required.

1. Scope

This is a Group policy and therefore applies to Staff, Board and Committee members of The RCH Group of companies. As at February 2022, The RCH Group consists of River Clyde Homes and its subsidiary, Home Fix Scotland Ltd.

2. Introduction

The purpose of this policy is to set out River Clyde Homes Group (RCHG) debt recovery policy for both sundry debts (factoring and non-housing services) and former tenant arrears (where there is no current tenancy). This will ensure that RCHG minimises the level of debt by adopting early intervention and applying clear and systematic procedures when default occurs to ensure that a payment culture is widely promoted. This policy will maximise debt recovery rates with minimal costs to the organisation.

Compliance with Scottish Housing Charters Outcomes and Standards

This policy takes account of a number of the Scottish Social Housing Charter's outcomes and standards:

- Equalities - every tenant and other customer has their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services.
- Communication - tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides.
- Value for money - tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

This policy also aligns with the Home Fact Statement of Service and Factoring Policy.

3. Former Tenants Arrears Recovery

When a tenant leaves a property RCHG will take action to recover any unpaid debt. The action taken will be determined by the circumstances of the tenant leaving the property, there are 3 scenarios.

1. The tenant has moved to a new property and RCHG has a forwarding address.
 - a. A first letter shall be issued to the tenant sent out 2 weeks after the former tenant vacates the property to ensure any housing benefit amendments are taken account of.
 - b. If no contact is made to RCHG within a week, a second reminder shall be sent and a third and final reminder shall be issued one week later again.
 - c. If there has been no contact following the third letter. The case will be reviewed for legal recovery or write-off.
2. The tenant is deceased.
 - a. The Housing Officer to confirm if any arrangements/agreements have been put in place.
 - b. RCHG will issue a first letter to the next of kin once the keys to the property have been returned by the person (s) dealing with the affairs of the deceased tenant. This letter includes a pro-forma to the next of kin requesting confirmation that there is indeed an estate, that they are the correct contact or if they are not, requesting details of the appropriate person to contact.
 - c. If the response is that there is no estate, no further action is required, and the account should be flagged for write off.
 - d. If confirmation is received that there is an estate then request should be made for payment
 - e. If there is no response within 14 days, then a second letter will be issued to the next of kin requesting payment.
 - f. If no contact is made with RCHG, then the account should be flagged for write-off

3. The tenant is in a nursing home.
 - a. The Housing Officer to confirm status of debt.
 - b. A letter will be sent to the tenant. If they do not have the capacity to deal with the matter then a first letter will be issued to the tenant's responsible person.
 - c. If contact is made, payment should be taken or a payment arrangement agreed and documented.
 - d. If no contact is made within 14 days a second letter will be sent to the tenant. If they do not have the capacity to deal with the matter, then a second letter should be issued to the responsible person.
 - e. If no contact is made the debt will be put forward for write-off.

All write offs to be reviewed and authorised by the Area Team Leader who will liaise with Finance regarding the processing of write offs.

4. Sundry Debt Recovery (Non Factoring)

If any customers have an invoice which remains outstanding past its due date, an automatic reminder will be sent to the customer.

If the customer fails to contact RCHG, to either clear the debt or make an acceptable payment arrangement, a second, final reminder shall be issued to the customer from 7 days after the first reminder.

RCHG retain the right to charge administration fees for any reminders sent due to non-payment.

If a customer is unable to pay their account in full then RCHG may allow customers to make repayments over 12 months with no additional charges. Additional timescales can be requested but interest at 8% may be added. This will be agreed between RCHG and the customer before any instalment is set up on their account.

If an acceptable arrangement is made between RCHG and the customer, to which the customer defaults on the arrangement leading to cancellation, then an administration charge of £10 plus VAT may be added.

If no contact is made to RCHG, to either clear the debt or make an acceptable arrangement, RCHG will take appropriate recovery action. This may include one or more of the following:

1. The customer's details may be passed to a debt collection agency for recovery. An administration fee of £10 plus VAT may be charged per overdue invoice.
2. The customer may receive a letter from RCHG stating that if payment is not made within 7 days, legal action will be taken and where appropriate, they will be terminated from the service e.g. garages. This letter will normally be sent by recorded delivery.
3. If legal action is taken against the customer, an administration fee of £25 plus

VAT may be charged. RCHG will also pass on all fees to the customer as awarded by the Court.

If RCHG are awarded a decree for payment by the court, then they will adhere to all instructions as set out by the Sheriff and carry out any further diligence as required to recover sums awarded on the decree.

If the debt is not financially viable to pursue due to the size of the debt being less than the cost of recovery, a proposal will be sent to the Head of Finance and ICT to write this debt off.

If the debt collection agency is not successful in either recovering the full payment or making an acceptable arrangement, then this debt will be passed back to RCHG. RCHG will then decide if they wish to take legal action to recover debt; to hold debt as outstanding or send a proposal to the Head of Finance and ICT to write this debt off.

If at any time during this process it is discovered that the customer no longer lives at the address held in RCHG's records and RCHG have tried all reasonable means available to them to trace the new address, such debts may be passed to a debt collection agency to carry out their trace and collect service. The cost incurred for this will be added to the customer's account.

5. Debt Recovery - Factoring

If any customers have an invoice which remains outstanding past its due date, an automatic reminder will be sent to the customer.

If the customer fails to contact RCHG, to either clear the debt or make an acceptable payment arrangement, a second, final reminder shall be issued to the customer from 7 days after the first reminder.

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If no contact is made to RCHG, to either clear the debt or make an acceptable arrangement, RCHG will take appropriate recovery action. This may include one or more of the following:

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2. The customer may receive a letter from RCHG stating that if payment is not made within 7 days, legal action will be taken and where appropriate, they will be terminated from the service e.g. garages. This letter will normally be sent by recorded delivery.
3. If legal action is taken against the customer, an administration fee plus VAT may be charged. RCHG will also pass on all fees to the customer as awarded by the Court. If RCHG are required to register a Notice of Potential Liability against the property, the cost will be passed onto the customer.

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If at any time during this process it is discovered that the customer no longer lives at the address held in RCHG's records and RCHG have tried all reasonable means available to them to trace the new address, such debts may be passed to a debt collection agency to carry out their trace and collect service. The cost incurred for this will be added to the customer's account.

If an acceptable arrangement is made between RCHG and the customer, to which the customer defaults on the arrangement leading to cancellation, then an administration charge plus VAT may be added.

Administration fees are set out in the Factoring Policy and are referenced in the Written Statement of Service which has been provided to all customers.

6. Additional Measures Applying to Factoring Debts

Factoring invoices may be issued annually or quarterly for the management fees, insurance and service charges. Some accounts may also include charges for routine repairs. A separate invoice may be issued for routine repairs where these are not included with the quarterly/annual invoice.

Payment for investment/major repairs works will be requested in advance of works commencing. Depending on the works required, there may be an option to agree a payment plan with our Factoring team.

If a customer contacts RCHG to advise they are unable to make payment of their account in full for works or services already complete then RCHG may consider one of the following payment options:

- Debts of under £250 shall be repayable within 12 months of the due date but shall bear no interest.
- Debts of over £250 and up to £500 shall be repayable within 12 months of the due date but shall bear no interest. RCHG may register a Notice of Potential Liability against the property, with the cost being passed onto the customer;
- Debts of over £500 and up to £5,000 shall be repayable within 24 months and shall bear interest at the rate of 8% or the rate applicable. RCHG may register a Notice of Potential Liability against the property, with the cost being passed onto customer
- Debts of over £5,000 shall be repayable within 36 months and shall bear interest at the rate of 8% or the rate applicable. RCHG may register a Notice of Potential Liability against the property, with the cost being passed onto customer

The above only applies if the repayment arrangement for regular payments is maintained throughout the repayment period. If the customer defaults on the agreement, they may be charged an administration fee plus VAT.

The interest rate of 8% is the rate as applied by the Greenock Sheriff Court.

RCHG may be able to offer an extension to payment terms depending on customers individual circumstances however this may incur additional charges. If RCHG is unable to accept a proposed instalment arrangement, the officer shall give a clear explanation of those reasons to the customer.

All customers have the option to seek free and impartial debt advice, support and information on debt solutions from not-for-profit debt advice bodies. Customers should advise River Clyde Homes if they instruct an agency to act on their behalf and provide details of their contact.

7. Disputed Debt

All invoices that are disputed shall be flagged as not requiring further action at this time on the appropriate debtor system to ensure recovery processes are not followed.

If an invoice is flagged as being in dispute, then:

- a) a clear reason for the dispute shall be recorded.
- b) every reasonable effort to resolve the dispute shall be made at the earliest opportunity.
- c) any obstacles to partial or full payment shall be explored and noted.

RCHG shall aim to resolve disputes within 5 business days. Where this is not possible, close monitoring should follow with the objective of resolving within 20 business days.

Any disputed debt relating to RCHG's factoring service which is accepted for investigation by The Housing and Property Chamber (First Tier Tribunal) shall not have any interest or late payment charges applied in respect of the disputed item during the period that the Tribunal is considering the case

8. Equality Impact Assessment

No equalities issues arising from this policy and the EIA is attached to this policy.

9. Review

This policy will be reviewed in its entirety every 3 years, unless an earlier review is required due to changes in legal, regulatory or best practice requirements, or because monitoring and reporting reveals that a change in policy is required sooner.