



Group Policy:


Sundry Debt/Former Tenants
Arrears Recovery Policy

2025-2028

Policy Owner	Group Services Director
Policy Manager	Finance Manager
Approval Body	Audit & Risk Committee
Approval Date	22 nd April 2025

Contents

1. Scope	3
2. Introduction	3
3. Former Tenants Arrears Recovery	4
4. Sundry Debt Recovery (Non-Factoring).....	6
5. Debt Recovery - Factoring.....	8
6. Additional Measures for Repairs & Investment Works - Factoring	11
7. Disputed Debt.....	12
8. Equality Impact Assessment.....	13
9. Review	13

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 of February 2025, 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 (RCH Group) debt recovery policy for both sundry debts (factoring, tenants chargeable repairs and non-housing services), and former tenant arrears (where there is no current tenancy). This will ensure that RCH Group 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.

3. Former Tenants Arrears Recovery

When a tenant leaves a property RCH Group 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 RCH Group has a forwarding address.
 - a. A first letter shall be issued to the tenant 4 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 RCH Group 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. If the outstanding debt is not economical to recover, then it should be automatically written off.
2. The tenant is deceased.
 - a. The Housing Officer to confirm if any arrangements/agreements have been put in place.
 - b. RCH Group 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 will include a pro-forma to the next of kin requesting confirmation of who is the executor of the estate, whether they are the correct contact and if they are not, requesting details of the appropriate person to contact. Once that information has been obtained a formal notification of the outstanding debt should be served upon the executor.
 - c. If the response is that the estate is insolvent, then, no further action is required, and the account should be flagged for write off.

- d. If confirmation is received that the estate is solvent, 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 RCH Group, then the account should be flagged for either legal recovery or write-off

3. The tenant is in a nursing home.

- a. The Housing Officer will check if the tenant has any arrears.
- b. A letter will be sent to the tenant. If the Housing Officer suspects or is informed that the tenant does not possess mental capacity, then a first letter will be issued to the tenant's responsible person.
- c. If contact is made with the Tenant and they have mental capacity, then a request for payment should be made and 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 it is known or suspected that the tenant does not have mental capacity, then a second letter should be issued to the responsible person requesting a copy of the Power of Attorney.
- e. If no POA exists, Housing Officer should establish if Guardianship Order has been requested and liaise with the financial guardian.
- f. If no contact is made the debt will be put forward for either legal recovery or write-off.

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

If a tenant returns to RCH Group and RCH Group records show that they had debts written off in the past, this may be written back on to their account.

4. Sundry Debt Recovery (Non-Factoring)

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

If the customer fails to contact RCH Group, 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. RCH Group 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 RCH Group may allow customers to make repayments over 12 months in equal instalments with no additional charges. This will be agreed between RCH Group and the customer before any instalment is set up on their account. RCH Group are not registered with the Financial Conduct Authority to offer credit facilities and therefore, are not permitted to offer repayment terms of more than 12 payments in a 1-year period.

If an acceptable arrangement is made between RCH Group and the customer, to which the customer defaults on the arrangement leading to cancellation, then an administration charge of £20 plus VAT may be added per payment arrangement. If a customer defaults on the same arrangement on more than 2 occasions, they will not be permitted to set up the arrangement for a 3rd time and further action may be taken.

If no contact is made to RCH Group, to either clear the debt or make an acceptable arrangement, RCH Group 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 £20 plus VAT may be charged per overdue invoice/instalment.
2. The customer may receive a letter from RCH Group by first class post 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. If there is still no response or payment after the 7 days then a termination notice will be sent for the lease of garages, ground sites etc.

3. If legal action is taken against the customer, an administration fee of £50 plus VAT may be charged. RCH Group will also pass on all fees to the customer as awarded by the Court. RCH Group will seek to recover any legal expenses incurred and ask the court to award 8% interest on the principal sum.

If RCH Group 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 has been sent to a debt collection agency and they are not successful in either recovering the full payment or making an acceptable arrangement, then this debt will be passed back to RCH Group. RCH Group 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 RCH Group records and RCH Group have tried all reasonable means available to them to trace the new address, such debts may be passed to a debt collection agency or other external agency to carry out their trace and/or collect service. RCH Group will charge an administration fee of £40 plus VAT if they are required to instruct this service.

If RCH Group are not provided with the appropriate documents to update an account and are required to purchase the documents from an external agency, the cost of these documents will be added to the customer's account.

5. Debt Recovery - Factoring

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

If the customer fails to contact RCH Group, 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. RCH Group retain the right to charge administration fees for any reminders sent due to non-payment.

If a customer contacts RCH Group to advise they are unable to make payment of their account in full then, RCH Group may consider one of the following payment options:

- Debts of under £300 shall be repayable within 12 months of the due date but shall bear no interest.
- Debts of over £300 will be repayable within 12 months of the due date and shall bear no interest, however, it is within the discretion of RCH Group to register a Notice of Potential Liability against the property. Any costs relating to the registration of the Notice of Potential Liability will be passed onto the customer. It is the responsibility of the customer to arrange and pay for the discharge of the notice with an external solicitor. RCH Group will agree to sign any paperwork in relation to the discharge if there are no arrears on the customers' account.

This will be agreed between RCH Group and the customer before any instalment is set up on their account. RCH Group are not registered with the Financial Conduct Authority to offer credit facilities and therefore, are not permitted to offer repayment terms of more than 12 payments in a 1-year period.

If an acceptable arrangement is made between RCH Group and the customer, to which the customer defaults on the arrangement leading to cancellation, then an administration charge of £20 plus VAT may be added per payment arrangement. If

a customer defaults on the same arrangement on more than 2 occasions, they will not be permitted to set up the arrangement for a 3rd time and further action may be taken.

If no contact is made to RCH Group, to either clear the debt or make an acceptable arrangement, RCH Group 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 £20 plus VAT may be charged per overdue invoice/instalment.
2. The customer may receive a letter from RCH Group by first class post 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. If there is still no response or payment after the 7 days then a termination notice will be sent for the lease of garages, ground sites etc.
3. If legal action is taken against the customer, an administration fee of £50 plus VAT may be charged. RCH Group will also pass on all fees to the customer as awarded by the Court. If RCH Group are required to register a Notice of Potential Liability against the property, the cost will be passed onto the customer. It is the responsibility of the customer to arrange and pay for the discharge of the NOPL with an external solicitor. RCH Group will agree to sign any paperwork in relation to the discharge if there are no arrears on the customers' account.

If RCH Group 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 RCH Group. RCH Group 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 RCH Group records and RCH Group have tried all reasonable means available to them to trace the new address, such debts may be passed to a debt collection agency or other external agency to carry out their trace and/or collect service. RCH Group will charge an administration fee of £40 plus VAT if they are required to instruct this service.

If RCH Group are not provided with the appropriate documents to update an account and are required to purchase the documents from an external agency, the cost of these documents will be added to the customer's account.

6. Additional Measures for Repairs & Investment Works - Factoring

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 some investment/repair/maintenance works will be due at the commencement of the works. Depending on the works required, and the value of the works, there may be an option to agree a payment plan with our Factoring team.

If a customer contacts RCH Group to advise they are unable to make payment of their account where repair/maintenance works have commenced or are already complete, then RCH Group may consider one of the following payment options:

- Debts of under £300 shall be repayable within 12 months of the due date but shall bear no interest.
- Debts of over £300 will be repayable within 12 months of the due date and shall bear no interest, however, it is within the discretion of RCH Group to register a Notice of Potential Liability against the property. Any costs relating to the registration of the Notice of Potential Liability will be passed onto the customer. It is the responsibility of the customer to arrange and pay for the discharge of the notice with an external solicitor. RCH Group will agree to sign any paperwork in relation to the discharge if there are no arrears on the customers' account.
- For customers who are unable to repay debts within the 12 months, there may be an option for the customer to set up a repayment plan through registering a repayment charge against their title. This will require to be approved by the Group Services Director and will be subject to the rules set out in ***“The Registered Social Landlords (Repayment Charges) (Scotland) Regulations 2018”***. The customer will be liable to pay all costs in relation to registering and discharging the charge as well as any administration fees.

If a customer contacts RCH Group to advise they are unable to make payment of their account where **Investment works** have commenced or are already complete, then RCH Group may consider one of the following payment options:

- Debts of under £300 shall be repayable within 12 months of the due date but shall bear no interest.
- Debts of over £300 will be repayable within 12 months of the due date and shall bear no interest, however, it is within the discretion of RCH Group to register a Notice of Potential Liability against the property. Any costs relating to the registration of the Notice of Potential Liability will be passed onto the customer. It is the responsibility of the customer to arrange and pay for the discharge of the notice with an external solicitor. RCH Group will agree to sign any paperwork in relation to the discharge if there are no arrears on the customers' account.

The above will only apply if the agreed repayment arrangement is maintained throughout the repayment period. If the customer defaults on the agreement, they may be charged an administration fee £20 plus VAT and further action will then be taken to recover the sums due.

If a customer has a variety of charges and fees on their account, then the total balance due will be used to determine whether RCH Group will require to register a Notice of Potential Liability.

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

Where invoices are disputed reasonable endeavours shall be made to resolve the dispute within a reasonable time frame.

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.

If a dispute cannot be resolved, then normal recovery processes will resume.

Any disputed debt relating to RCH Group 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 equality 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.