

Sundry Debt/Former Tenants Arrears Recovery Policy 2018-21

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Introduction

Purpose of this policy

The purpose of this policy is to set out River Clyde Homes (RCH) 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 RCH 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 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.

Former Tenants Arrears Recovery

If financially viable to pursue, RCH will utilise the services of a local Sheriff Officer and a debt collection agency once it has exhausted all avenues available to it.

RCH will identify if there is a forwarding address for the former tenant. If RCH has a forwarding address, a first reminder shall be sent out 2 weeks after the former tenant vacates the property to ensure any housing benefit amendments are taken account of. If no contact is made to RCH, a second reminder shall be sent one month after the first reminder and a third and final reminder shall be issued one month later again. Phone calls shall also be made throughout this process if such contact details are available to RCH.

If 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 Legal Services to write this debt off.

If the debt is financially viable to pursue, the debt may be passed to either a debt collection agency or RCH's legal team on a quarterly basis.

If the debt collector or RCH's legal team are not successful in either recovering the full payment or making an arrangement then a proposal will be sent to the Head of Finance and Legal Services to write this debt off.

If there is no forwarding address, and RCH has tried all reasonable means available to it to trace the new address, a proposal will be sent to the Head of Finance and Legal Services to write this debt off.

Sundry Debts Recovery

If any of our customers have an invoice that remains outstanding 14 calendar days after the due date, an automatic reminder will be sent.

If the customer fails to contact RCH, to clear the debt or make a payment arrangement, a second and final reminder shall be issued to the customer 7 days after the first reminder.

If no contact is made to RCH, to clear the debt or make a payment arrangement:

- If the total debt is under £250, the customer's details may be passed to a debt collection agency. An administration fee of £10 plus VAT may be charged.
- If the total debt is over £250, the customer may receive a letter from RCH stating that if payment is not made within 7 days, legal action will be taken. Where appropriate, they will be terminated from the service e.g. garages. This letter will normally be sent by recorded delivery.
- If legal action is taken against the customer, an administration fee of £25 plus VAT may be charged. RCH will also pass on all fees to the customer as awarded by the Court. If RCH are required to register a Notice of Potential Liability against the property, this cost will be passed onto the customer.

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 Legal Services to write this debt off.

If the debt collection agency is not successful in either recovering the full payment or making a payment arrangement then this debt will be passed back to RCH. RCH will then decide if to take legal action to recover debt; to hold debt as outstanding e.g. chargeable repairs for current tenant; send a proposal to the Head of Finance and Legal Services to write this debt off.

If at anytime during this process it is discovered that the customer no longer lives at the address held in RCH's records and RCH have tried all reasonable means available to it to trace the new address, a proposal will be sent to the Head of Finance and Legal Services to write this debt off.

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

Disputed Debts

All invoices that are disputed shall be flagged as not requiring further action at this time on the 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.

RCH shall aim to resolve disputes within 10 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 RCH'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 committee is considering the case.

Additional Measures Applying to Factoring Debts

Factoring invoices will be issued annually for the management fees and service charges. A separate invoice will be issued for other works following financial completion of the works.

Due to the larger sums involved, factoring customers may request payment arrangements by instalments. RCH will fully consider each such request including such factors as the instalment amount offered, frequency of proposed payments and the likelihood of a customer meeting the arrangement and shall in each case ensure that the debtor enters into a repayment agreement provided by RCH.

Any repayment agreement shall be in accordance with the following criteria:

- Debts of £500 and under shall be repayable within 12 months of the due date but shall bear no interest;
- 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. RCH 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. RCH may register a Notice of Potential Liability against the property, with the cost being passed onto customer

The above options 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 of £10 plus VAT

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

If RCH is unable to accept a proposed instalment arrangement, the officer shall give a clear explanation of those reasons to the customer.

In circumstances where the factoring customer anticipates or encounters difficulties in paying any invoice, RCH may provide the costs of the relevant works to the homeowners by way of an interest bearing loan subject to the homeowner(s)

entering into a legal agreement with RCH (on RCH's prescribed terms) and the homeowner(s) providing RCH with a valid standard security over their property with such standard security being repayable in the event of a Repayment Event as defined in the legal agreement relating to the loan. Any administration costs incurred by RCH to set-up the standard security will be paid for by the customer. Any standard security proposal's will be sent to Executive Director of Group Services for consideration.