

	<b>Title</b>	NCHA Debt Recovery Policy		
	<b>Reference</b>	N/A	<b>Owner</b>	Assistant Director of H&W
	<b>Approved by</b>	Holly Dagnall	<b>Approval date</b>	18/10/2023
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## **1. Purpose and scope**

- 1.1** The purpose of this policy is to ensure that NCHA's approach to debt recovery maximises rental and service charge income and maintenance recharges in line with housing legislation, best practice and within the expectations of the Regulator for Social Housing.
- 1.2** This policy sets out the framework for how we will work to prevent customers failing into arrears and where arrears exist, to use all effective means to work with customers to recover debt in line with our Homes for Cathy commitments with legal action as a last resort.

## **2. Responsibilities and risk**

- 2.1** Your Money Matters Team  
Homes and Wellbeing colleagues  
NCHAs colleagues or external providers will provide customers with welfare benefit advice, debt advice and customer support in order to prevent homelessness.
- 2.2** The risks of ineffective debt recovery will undermine our business plan and create a risk for the delivery of income targets. Failure to pay in accordance with the customers' contract will place the customer at risk of losing their home.

## **3. Policy details and guidance**

- 3.1** We recognise that it is the customers' responsibility to ensure that their account is not in arrears in line with their contractual agreement with NCHA. Whilst direct debit is our preferred method of payment, we offer alternate methods such as online payments, an automated phone line and payment cards.
- 3.1.2** Support and guidance throughout any arrears case across all tenures is a priority and the expectation is where we cannot provide this ourselves we will always signpost internally or externally. We will also work with customers to maximise any benefits they may be entitled to and support them to apply for any funds that might help reduce the arrears such as Discretionary Housing Payments. We will tailor communication and support to meet the customer's needs and will always work with the support services and advocates where these are available.
- 3.1.3** We will ensure all colleagues are trained and up to date on the latest welfare benefits, income recovery and relevant legislation to enable them to effectively support customers to prevent and manage arrears using a firm, fair and consistent approach as set out in this policy.
- 3.2** **Communication**
- 3.2.1** We provide rent and service charge statements which are sent to customers bi-annually.
- 3.2.2** Customers who pay a variable service charge will receive notification of any under or overspend 6 months after the financial year end.
- 3.2.3** All customer contact is recorded on our housing management system and will be confirmed by email or letter where required.
- 3.2.4** All written communication will be in line with our organisational tone and style to ensure it is accessible for customers to understand.

### 3.3 Arrears recovery

- 3.3.1 Our tenancy agreements require that customers should not be in arrears at any point in a payment cycle. We will check reducing credit account and advise customers where there is concern of accruing arrears. We will also monitor accruing credit and offer refunds and/or reduced payments.
- 3.3.2 We will manage rent arrears recovery in line with pre-action court protocol and our Tenancy Management Procedure.
- 3.3.3 Rent accounts will be monitored by the Your Money Matters team and customers will be notified should arrears be accruing on the rent account or payment plans are not being maintained. We will write, phone and visit the customer where contact is needed and arrears are accruing or debt is not reducing in line with an agreed payment plan or court order.
- 3.3.4 Customers will be offered advice regarding benefit entitlement when discussing debt and signposted to the relevant internal or external support provision according to the customer's individual needs. We will work with customers that are engaging meaningfully to establish an agreed payment plan should the debt not be able to be cleared in full.
- 3.3.5 If the customer is not engaging with us and the debt is increasing we will follow our internal procedures for arrears recovery. Thresholds are set for stages of arrears recovery to ensure consistency and in line with best practice. Action outside of procedural thresholds will be approved by the Your Money Matters management team. We will continue to seek engagement from the customer, give guidance and offer support during recovery action.
- 3.3.6 If following the service of a Notice of Seeking Possession or similar, the payment plan is not maintained or there has been no engagement, the case will be considered for court action. Any recommendation for this action will be approved by the Your Money Matters management team, and will include an Equality Act proportionality assessment.
- 3.3.7 Possession proceedings will result in one of the following outcomes:
- A possession order is granted by the Court but suspended on terms. This means a possession order is granted but the order will outline what the customer has to pay. The order cannot be enforced by NCHA if the customer complies with the terms of the order. Should payments not be made in line with the order, the court order will be in breach and we may apply for a warrant to evict the customer.
  - Possession is given by the Court with a timeline for when the customer must vacate the tenancy address. This means the customer has to leave by a stated date. If they do not vacate the property we may apply for a warrant to evict the customer.
  - The case is adjourned to allow further support from either legal services or other support services to assist the customer with benefits or debts etc. This will mean a new court hearing will be listed for a future date where the case will be heard again by the Court with one of the above outcomes.
- 3.3.8 We will in most cases ask for costs arising from making a possession claim application to the Court and these will be added to the rent account as court costs. These will need to be repaid once the rent arrears have been cleared.

3.3.9 If the customer is evicted the arrears and costs will remain and NCHA will chase these as a former tenancy debt.

3.3.10 Eviction is an option and can be an outcome but we will treat this as a last resort. We will always notify the relevant agencies when this happens to ensure the customer receives support following the eviction.

3.3.11 The above applies to all tenures except Leasehold and Shared Ownership tenures. Arrears recovery from legal action onwards will be managed by the Home Ownership Team. Action and support will be dependent on the type of lease and specific conditions within the lease.

### 3.6 **Former tenancy debt**

3.6.1 We will seek to recover all former tenancy debt which will include but is not limited to:

- Rent debt
- Service charge debt
- Maintenance recharges
- Injunction and other legal costs
- Court and eviction costs

3.6.2 We will contact the former customer and outline the debt that is still outstanding and provide a breakdown of this debt on request. We will write, call and text message the former customer to seek engagement and full clearance of the debt. Where this is not possible we will arrange to make an agreed payment plan to recover the debt.

3.6.3 If we do not have the forwarding address for the former customer we will take steps to trace the customer and within this process may use external agencies such as Experian or a debt collection agency. With a successful trace we will seek engagement and full clearance of the debt. Where this is not possible we will arrange to make an agreed payment plan to recover the debt.

3.6.4 When the above options have been exhausted we will pass the debt to a debt collection agency for further action.

3.6.5 We will always consider the reasonableness and costs incurred in chasing former tenancy debts. Where it is considered unreasonable or the administration and costs are not viable we will consider writing off the debt.

3.6.6 Where the debt has been written off but there is engagement at a later date we will consider writing the debt 'back on' unless the debt is statute barred.

### 3.7 **Arrears recovery - Care and Support services and Independent Living for Older Persons schemes**

3.7.1 We will seek payment for all rent, arrears and resident charges for customers in our Care and Support services and Independent Living for Older Persons schemes. We will tailor our communication in line with customer needs and personal circumstances. This can include working with an allocated internal or external support worker, social services, support agencies etc.

3.7.2 We will also guide and support customers to maximise any benefits they may be entitled to and support them to apply for any funds that might help reduce the arrears

3.7.3 For customers in arrears we will look to secure an agreed payment plan to cover the rent and reduce the arrears.

3.7.4 We do not require the customer to be fully clear of debt in a payment cycle but should be clear of debt at the point housing benefit is paid.

#### **4. Supporting documentation and key legislation**

4.1 Forms  
None

4.2 Guidance  
None

4.3 Legislation  
[Pre-action Protocol for Possession Claims by Social Landlords](#)

4.4 Related Policies  
None

**5. Monitoring and reporting**  
N/A

**6. Definitions**  
N/A

#### **7. Equality and diversity**

7.1 This policy has been written in line with NCHAs Equality, Diversity and Inclusion Policy and Equality Statement.

#### **8. Appendices**

8.1 Arrears Recovery Procedure

#### **9. Policy Approval**

9.1 This policy has been approved prior to issue by the Director of Homes and Wellbeing or if applicable by NCHAs Board or Care Committee.