



## PRS Debt Management & Recovery Policy

<b>Responsible Manager</b>	Managing Director/Finance Director
<b>Approved by:</b>	CDL Board
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## **1. Purpose of the Policy**

The purpose of this policy is to set out CDL's approach to recovering housing related debt from its current and former tenants.

## **2. Introduction**

- 2.1 CDL recognises that the maximisation of tenant rental income and other debt through the operation of appropriate and cost effective management is fundamental to the success of service delivery and customer satisfaction.
- 2.2 It is essential that robust efforts are made to recover monies owed to CDL.
- 2.3 CDL will take all reasonable steps to trace and pursue current and former tenants who have outstanding housing related debt.
- 2.4 Consideration will be given to whether continuing to pursue former tenant debt is economical, or likely to be effective if all reasonable attempts at recovery have failed, or it is considered that it is no longer economical to pursue the debt.

## **3. Aims and Objectives**

- 3.1 The aim of this policy is to ensure CDL:
  - Collect rent and other income promptly and efficiently.
  - Emphasise that efficient rent collection protects the provision of services by working to prevent debt of rent and other charges.
  - Promptly identify where debts are likely to occur and takes a firm but fair approach both before and during the lifetime of the tenancy by:
    - Conducting Right to Rent checks on tenants prior to sign up.
    - Contacting tenants promptly at early signs of difficulty in paying.
    - Giving support and guidance to tenants to help them manage their rental accounts and other debts.
    - Identifying vulnerable tenants and signposting them to relevant support agencies, whilst continuing to help the tenant manage the debt.

## **4. Debt Management and Collection**

- 4.1 CDL will actively pursue all debt and take all reasonable measures to collect outstanding debts. This will include debts arising from unpaid rent by former tenants, court costs, and recharged repair costs, either from during the period of the tenancy, or rechargeable void costs following tenancy termination.
- 4.2 Where there are debts owed to CDL by an existing tenant who also has current rent arrears, the rent arrears debt will be the first priority. Provided that the current arrears are being

managed to the satisfaction of the Assistant Director of Development and Finance Director and in line with the Tenancy Agreement, other debt will be pursued where repayments would be affordable and not jeopardise arrears arrangements.

4.3 Avoiding or limiting former tenant debt is important to maximising income. CDL will therefore provide support advice and assistance to tenants to minimise arrears during and at the end of a tenancy.

4.4 CDL will offer a range of payment methods to suit the debtor.

4.5 CDL will operate effective debt management procedures by ensuring they:

- Contact the debtor at the earliest possible point, including prior to tenancy termination where appropriate
- Use appropriate methods available, including those in the public domain (i.e. social media) to trace former tenants who have left without providing a forwarding address
- Where the debt cannot be cleared in full, CDL will negotiate payment by instalments
- Provide advice or signpost to appropriate independent advice agencies when necessary
- Monitor accounts regularly and pursue the debtor if arrangements are not adhered to

4.6 If debts are not cleared in full, or arrangements to pay are broken, then where appropriate CDL will commence legal action. Such action could include:

- Instructing a Debt Recovery Agency
- A Money Claim leading to a County Court Judgement
- Attachment to Earnings Order
- Warrant of Execution – if granted, allows the seizure of goods to sell to offset debt

4.7 Interest will be charged for any rent arrears at 3% above the Bank of England base rate.

4.8 Where a tenant has died, we will seek payment of debt through the representatives of the estate. We will make appropriate enquiries to establish if a Will exists, or if there is an estate.

4.9 Where a debtor reapplies to be housed by CDL, the debt, whether written off or not, must be cleared or addressed in line with our Lettings Policy before an allocation is made. This would be the case even where statutory limitations restrict the debt being pursued through the courts.

## **5. Debt Recovery Procedure**

5.1 The following actions will be initiated where rent is outstanding and a repayment arrangement is not being maintained:

5.2 Current Tenants

- 5.2.1 CDL will contact the tenant by letter, telephone, or e-mail informing the tenant of the outstanding rent due. A Statement of Accounts will be issued to the tenant and the tenant will be informed that they are in breach of their Tenancy Agreement.
- 5.2.2 If the debt remains unpaid 5 working days after the Statement of Account has been issued, a reminder letter will be sent advising that the debt remains outstanding.
- 5.2.3 If there is no response to the above after 21 days from the date the tenant was made aware of the outstanding rent due, a further reminder letter will be sent advising that there has been no response received regarding previous correspondence and the outstanding debt is due for immediate payment.
- 5.2.4 Every effort will be made to contact the debtor directly to discuss the outstanding debt in order to retrieve the debt and avoid further costs.
- 5.2.5 If there continues to be no response regarding the outstanding debt, either by full payment or an arrangement, a final letter will be sent at 42 days notifying that the debt will be referred to a Debt Collection Agency.
- 5.2.6 If no response is received at 56 days, the debt will be referred to a Debt Recovery Agency for recovery of the debt, which may incur additional costs. Alternatively, CDL can commence other legal action against the tenant through the Courts, i.e. a Money Claim or Attachment to Earnings Order.
- 5.2.7 If during any of the above stages the debtor agrees to a satisfactory payment arrangement and makes continuous payments to clear the outstanding debt, no further action will be taken against the debtor.
- 5.2.8 Whilst a payment arrangement is in place, the debtors account will be closely monitored to ensure the arrangement is being upheld. Any default in the payment arrangement will result in the Debt Recovery Process continuing from the last stage of action that was reached when the tenant's account originally went into arrears. .

### 5.3 Forwarding Address Unknown

- 5.3.1 Where debt relates to a former tenant and the forwarding address is unknown, intelligence to trace the former tenant will be undertaken to obtain the latest known address for the former tenant using a credit check agency.
- 5.3.2 This process should not be carried out until a minimum of 8 weeks has elapsed in order for the former tenant to relocate and the information becomes available as to their whereabouts.
- 5.3.3 On receipt of an alternative correspondence address, every effort will be made to secure repayment in accordance with this Policy.

- 5.3.4 CDL will contact the tenant by letter, telephone, or e-mail informing the tenant of the outstanding rent due. A Statement of Accounts will be issued to the tenant and the tenant will be informed that they are in breach of their Tenancy Agreement.
- 5.3.5 If the debt remains unpaid 5 working days after the Statement of Account has been issued, a reminder letter will be sent advising that the debt remains outstanding.
- 5.3.6 If there is no response to the above after 21 days from the date the tenant was made aware of the outstanding rent due, a further reminder letter will be sent advising that there has been no response received regarding previous correspondence and the outstanding debt is due for immediate payment.
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- 5.3.8 If there continues to be no response regarding the outstanding debt, either by full payment or an arrangement, a final letter will be sent at 42 days notifying that the debt will be referred to a debt collection agency.
- 5.3.9 If no response is received at 56 days, the debt will be referred to a debt collection agency for recovery of the debt, which may incur additional costs. Alternatively, CDL can commence other legal action against the tenant through the Courts, i.e. a Money Claim or Attachment to Earnings Order.
- 5.3.10 If during any of the above stages the debtor agrees to a satisfactory payment arrangement and makes continuous payments to clear the outstanding debt, no further action will be taken against the debtor.
- 5.3.11 Whilst a payment arrangement is in place, the debtors account will be closely monitored to ensure the arrangement is being upheld. Any default in the payment arrangement will result in the Debt Recovery Process continuing from the last stage of action that was reached when the tenant's account originally went into arrears.

#### 5.4 Death of a Tenant

- 5.4.1 Outstanding arrears can be recovered from the Estate (where possible) following the death of a tenant and CDL will endeavour to liaise with legal representatives of the deceased to enquire if an estate is available to cover any outstanding balance.
- 5.4.2 A letter will be sent to the Next of Kin or the legal representative within 28 days of us being notified of the tenant's death, stating that CDL have been advised that they are handling the financial affairs of the former tenant and asks them to forward payment.

- 5.4.3 If the Representative of the deceased contact CDL stating that there are no funds in the Estate, the latest bank statement of the deceased will need to be provided within 4 weeks of the date of death as evidence that there are no funds in the Estate to cover the outstanding debt. If this is proven, CDL will consider writing off the debt.
- 5.4.4 If it is proven that there are funds in the estate but not enough to clear the debt, CDL will decide whether to request a proportion of the Estate towards clearing the debt. In these cases, CDL will look at the case individually to determine an acceptable payment towards clearing the debt.
- 5.4.5 If there is no response from the Representative within 14 days, a reminder notice will be sent.
- 5.4.6 If there is no response after a period of 7 days of the reminder letter being sent, a final letter will be sent.
- 5.4.7 If there is still no response after 7 days of the final letter being sent, the representative will be sent notification that the case has been referred to the Debt Recovery Agency for collection of the debt, or that legal action has commenced.

## 5.5 Debt recovery process when a Tenant moves into a Care Home

- 5.5.1 Tenants who move to a Care Home to receive care are still liable for any outstanding arrears on the rent account.
- 5.5.2 In the first instance, a letter will be sent to the resident at the Care Home to establish if they have the capacity to deal with their affairs, or if a representative has been appointed. It may be that the care home has taken on responsibility on behalf of the tenant, or alternatively we will need to be provided with the details of the tenant's Power of Attorney, appointeeship or deputyship.
- 5.5.3 Once we have received confirmation of who is dealing with the tenant's affairs, we will provide them a Statement of Account detailing any outstanding rents due and requesting that payment is made to clear the debt within 14 days.
- 5.5.4 If there is no response from either the Tenant, Tenant Representative, or Power of Attorney within 28 days, a reminder notice will be sent.
- 5.5.5 If there is no response after a period of 14 days of the reminder letter being sent, a final letter will be sent.
- 5.5.6 If there is still no response after 7 days of the final letter being sent, the Tenant will be sent notification that the case has been referred to the Debt Recovery Agency for collection of the outstanding debt, or that legal action has commenced.

## 5.6 Debt Recovery Agency

- 5.6.1 When all attempts by CDL to recover the outstanding debt have been exhausted, the debt will be referred to CDL's chosen Debt Recovery Agency, unless CDL decides to take alternative legal action through the Courts.
- 5.6.2 CDL will securely send all known details of the debtor to the Debt Recovery Agency. On behalf of CDL the Debt Recovery Agency will make contact with the debtor and additional attempts to recover the debt in full or make a realistic arrangement with the debtor to recover the debt. The Debt Recovery Agency may add additional costs to the debt of which CDL has no control.
- 5.6.3 Once the debt has been passed to the Debt Recovery Agency to recover the outstanding debt, the debtor will need to contact the Debt Recovery Agency directly to make a payment, request any form of payment arrangement or to make any enquiries, as at this point CDL, cannot intervene with the recovery of the debt directly from the debtor.
- 5.6.4 The Debt Recovery Agency will forward monies collected from the debtor to CDL.

## **6. Write-off of Uncollectable Debt**

- 6.1 Where all attempts to collect debt have been unsuccessful, and further attempts would be uneconomical, it may be necessary to write off the debt. We would recommend a case for write-off where:
- Despite all attempts no money has been collected
  - A former tenant cannot be traced
  - A former tenant's current income means legal action is unlikely to be worthwhile
  - The debt is subject to a bankruptcy order or similar and therefore cannot be pursued
  - It is deemed uneconomical to pursue the debt
  - The former tenant has died, and no payments have been received from the estate
  - Court action is no longer an option due to statutory limitations
  - A tenant has gone to prison for an extensive period of time
  - Other exceptional reasons mean it would not be reasonable or appropriate to pursue the debt, for example, fleeing domestic violence, tenant is vulnerable or experiencing hardship
- 6.2 Debts that have been written off can be reinstated where new information is received, or circumstances are known to have changed.
- 6.3 All write-offs up to £2k are signed and authorised by the Managing Director/Finance Director. Any write-off over £2k is to be signed and authorised by CDL Board.

## **7. Confidentiality**

- 7.1 To maintain confidentiality, former tenant rent arrears will be not be discussed with third parties, except:

- With the written permission of the tenant
- A Representative of a Deceased tenant
- To the tenant's solicitor
- To CDL's solicitor
- To a Debt Recovery Agency

## **8. Equality & Diversity**

- 8.1 CDL is committed to Equality & Diversity and such will make reasonable adjustments to the policy to recognise, accommodate and support individual needs, where needed.
- 8.2 This Policy adheres to the Group's approach to Equality and Diversity.
- 8.3 Group members will take a proactive approach to ensure that no individual or group is discriminated against or treated differently as a direct or indirect result of this Policy.

## **9. Policy Review**

This policy will be reviewed every 3 years from the approval date, or in-line with impacting corporate, legislative, or regulatory change requirements.