

**ISHA
FORMER TENANT ARREARS
POLICY & PROCEDURE**

CONSULTATION DRAFT

Table of Contents

1. Policy
2. Procedure
3. Performance Management
4. Diversity
5. Appeals & Complaints

Appendices:

- Appendix 1 – FTA Letter 1
- Appendix 2 – FTA Letter 2
- Appendix 3 – FTA Letter 3
- Appendix 4 – FTA Payment Plan
- Appendix 5 – Form T5 – Trace & Recover
- Appendix 6 – HSSC Write Off Pro-Forma

1. POLICY

The aim of the Former Tenant Arrears (FTA) policy & procedure is to:

- Maximise the recovery of arrears outstanding when a tenant or ISHA terminates a tenancy.
- Ensure that the recovery process is cost effective.g. recover arrears where the cost involved in recovery is less than the amount to be recovered
- Ensure that bad or unrecoverable rent debts are written off according to good accounting practice.

2. PROCEDURE

- 2.1 Basic recovery work on former tenant debt is the responsibility of the Revenue Officers (RO) and overseen by the Revenue Allocations & Performance Director (RAPD).
- 2.2 Once a tenant gives notice to terminate their tenancy, the Tenancy Services Manager (TSM) notifies the RO and a letter is sent out informing the tenant of the amount they need to pay to ensure that their rent account is clear at the termination date. In addition to the weekly rent, the sum due includes any outstanding arrears, housing benefit overpayments and court costs. If the

tenant is unable to clear the account before the end of the tenancy, the RO will establish a payment plan with the tenant to clear the arrears.

- 2.3 Once a tenancy ends, the RO should check for outstanding court costs and liaise with the relevant housing benefits office to ensure that no further payments or overpayment recovery is pending. If there is a housing benefit overpayment then the RO will investigate and if appropriate a refund should be made immediately to Housing Benefit Office.
- 2.4 If there is any outstanding debt or credit balance, the RO should make every attempt to contact the former tenants where their address or other contact details are known. This should be by standard letter, telephone, text messaging or by e-mail. Former tenants should be given the opportunity to clear off all the arrears or to make a mutually acceptable and affordable arrangement to clear the arrears. The minimum payment would be in line with DWP which is currently £3.30 per week.
- 2.5 All actions to monitor and recover the former tenant arrears should be recorded on Universal Housing by the RO.
- 2.6 Where a former tenant leaves with a **credit balance**, checks should be made to ensure that there are no other debts to the Association outstanding. Where there are other debts, the tenant will be sent a letter explaining that the credit will be used to offset the debt. If checks reveal that there is a credit outstanding, the tenant is informed in writing and invited to formally request a refund.
- 2.7 Where a forwarding **address is known**, the following actions should be taken **within 4 weeks** of the tenancy termination:
 - **Debts below £100** - a letter is sent to the tenant. If no payments are received, or if the debt is disputed, it is written-off as uneconomical to pursue.
 - **Debts between £100 - £250** – The RO should contact the former tenant to clear the arrears. If there is no response then further action, such as small claims court (to which a money judgment order may be granted), obtaining an attachment of earnings order or a decision to write-off the debt should be considered with the RAPD who will agree the most appropriate and cost-effective course of action.
 - **Debts over £250**– Should be actively pursued and the debt referred to a debt recovery agency by the RO using form T5 – Trace & Recover.
- 2.8 Where the forwarding **address is not known**, the following action should be taken **within 4 weeks** of the tenancy termination:
 - **Debts below £100** – referred to the RAPD to be written off.

- **Debts over £100** – referred to a debt collection agency – as in 2.7 on form T5 – Trace & Recover.

- 2.9 **Where the tenant has died** - The Tenancy Services Manager (TSM) will write to the next of kin or executor, or if there is evidence that the tenant died intestate, the TSM will follow the policy regarding tenants dying intestate.
- 2.10 **Use of debt collection agencies**- All referrals should be made to the current debt collection agency on a standard pro-forma (T5) giving details of the debtor and the debt. When the referral is made entries should be made on Universal Housing. The same is applicable when the response is received from the tracing agency if there is a successful or unsuccessful trace. Quarterly reports should be received from the debt collection agency stating the number of successful or unsuccessful traces and amounts recovered so far.
- 2.11 **Writing-off Unrecoverable debts**–Irrecoverable debts include those where:
- The tenant died intestate
 - The tenant abandoned the property and there is no forwarding address
 - The debt is under £100 or uneconomical to pursue
 - Known forwarding address, but recovery action has been ineffective
 - Case returned by debt collection agency – unable to trace/collect
- 2.12 **Procedure for write offs** - The RO will prepare a list of cases which should include:
- a) The agreement number
 - b) The amount to be written off
 - c) The reason for write off.
 - d) Diversity data
 - e) Borough
- 2.13 Any relevant documentation (such as no trace records from the debt collection agency etc.) should be attached to the write off form and forwarded by the RO to the RAPD for approval.
- 2.14 **Authorisation** - Write offs under £5,000, or where the total being written off does not exceed £5,000 in any quarter, may be written off by the RAPD under Delegated Authority. The RAPD will report the amounts and the anonymous details to the next Housing Services Sub-Committee for ratification.
- 2.15 Individual write offs over £5,000, or where the total in any quarter exceeds £5,000 must be approved by Housing Services Sub-Committee and the RAPD will produce a report recommending the write off at the next committee meeting.

3. PERFORMANCE MANAGEMENT

- 3.1 All records should be archived and retained for six years. Where the debt has been written-off and the debtor subsequently traced, the debt can be reinstated with approval of the RAPD
- 3.2 The amount of FTA outstanding for GN tenants, as a percentage of the rent roll, is monitored on the SMT KPI each month. The current target for 2011/12 is 0.35%.

4. DIVERSITY

- 4.1 The Association will act within the scope of the Diversity Policy and Equal Opportunities Statement when dealing with former tenants under this policy and procedure
- 4.2 Diversity data has been included in the standard write off pro-forma used to report FTA write-offs to the Housing Services sub-Committee.

5. APPEALS & COMPLAINTS

- 5.1 An appeal against any aspect of this policy or procedure will be dealt with as if it were a complaint and will be dealt with in accordance with the Association's Complaints Policy & Procedure.

Appendix 1

FTA letter 1

Name
Address

Dear,

HOUSEHOLD REF: REF FORMER TENANT ARREARS AS AT

It is noted that since your rent account was terminated that the above arrears is outstanding.

Please make arrangements to clear these arrears by the

Please contact me if you wish to discuss this situation

Yours sincerely

Revenue Officer

Appendix 2

FTA letter 2

Name

Address

Dear

HOUSEHOLD REF: FORMER TENANT ARREARS AS AT

It is noted that despite my previous letter you have not made any payments on your account.

If I do not receive payment by the _____ then consideration will be made to refer your account to the small claims court.

If you have any problems making payment please do not hesitate to contact me.

Yours sincerely

Revenue Officer

Appendix 3

FTA letter 3

Name

Address

Dear,

HOUSEHOLD REF: FORMER TENANT ARREARS AS AT

Despite my two previous letters and numerous contacts you have failed to pay or come to any arrangements to clear the arrears on your account.

The Association has decided to take small claims action at the county court in order to recover the outstanding sum.

Please note that as a result of this action you would be liable for the costs which would be added on to the amount you owe.

Also the court would grant a county court judgment against you, which might prevent you obtaining credit in the near future.

It would be in your best interest to contact me immediately to resolve the situation.

Yours Sincerely

Revenue Officer

Appendix 5

Form T5 – Trace & Recover

EMPRESS CREDIT SOLUTIONS Ltd

T5

SUITE 9, FALS GRAVE COMMUNITY RESOURCE CENTRE, SEAMER ROAD,
SCARBOROUGH, NORTH YORKSHIRE, YO12 4DJ

SERVICE REQUIRED: TRACE AND RECOVERY

BOXES MARKED X MUST BE COMPLETED TO COMPLY WITH D.P.A

FULL NAME:		PARTNERS NAME: -	
D.O.B:			
LAST KNOWN ADDRESS:	WHAT DATE DEBTOR LEFT DEBT ADDRESS:	ORIGINAL DEBT VALUE:	
	X	ORIGINAL DATE:-	
DEBT ADDRESS:		NAME AND ADDRESS OF NEAREST RELATIVE:-	
ABSCONDERS EMPLOYMENT DETAILS:		PARTNERS EMPLOYMENT DETAILS:	
ADDITIONAL INFORMATION: Mobile no		HAS THIS CASE BEEN SUBJECT TO TRACE ACTION BEFORE:	
PREVIOUS ACTION TAKEN: -	DEBT OWED NOW:		X
	DATE LAST PAID:		
DATE OF LAST CONTACT: -	DESCRIPTION OF DEBT: Rent Arrears		
CLIENT REFERENCE NO:-	EMPRESS CLIENT CODE: YIS01		
CLIENTS NAME AND ADDRESS: Islington & Shoreditch Housing Association 102 Blackstock Road London N4 2DR sent			

TEL: 01723 368 040 FAX: 01723 361 295

EMAIL: enquiries@empresscreditsolutions.com

Appendix 6

Housing Services Sub-Committee Write of Pro-Forma

REQUEST FOR WRITE OFF UNDER £5,000

Date of Request

Requested By

Approved –
Revenue, Allocations & Performance Director

Date Approved:

Tenant ref:	Date Void	Arrears	Comment	Gender M/F	Borough	Ethnic Origin
Total		£				