

# Estuary Housing Association Ltd.

## Debt Recovery Policy

### **Policy Statement**

Estuary adopts the approach that residents and service users must have a responsibility to pay charges levied by the organisation whilst operating a fair, accountable and flexible but firm approach to debt recovery. Furthermore debt recovery procedures must be efficient and effective to the benefit of all residents, service users and the organisation.

We will work with residents and other community groups and specialist agencies to provide specialist debt counselling and advice services, for example Citizens Advice Bureau, the Benefits Agency, local authority Housing Benefit departments and community support (particularly for BME groups and vulnerable residents) to ensure that debt recovery is managed.

We will use normal recovery procedures where attempts to recover debt (particularly making repayment agreements) have failed. Where individual circumstances change and agreements to repay debt are no longer achievable the Association will renegotiate payments. Where agreements are not in place or agreements are not made the Association will make efficient steps to recover the debt.

Where appropriate Estuary may require residents or service users to agree a payment plan in advance of work completion in order to avoid debt, this is likely to be requested for rechargeable repairs that do not leave a home insecure or vulnerable. Estuary will recharge residents or service users accordingly where we incur costs for storage of belongings or furniture (unless storage has arisen from the Association undertaking major or structural work on an existing home or as a result of temporary or permanent decanting).

We will have consistent and fair procedures for arrears recovery (including current and former rent arrears, service charge and ground rent arrears).

Estuary recognises that efficient debt recovery arrangements are central to managing the Association's income. We will publicise our Debt Recovery Policy and provide specific information regarding our service standards for recovery of rent arrears.

### **Debt Priority**

Where residents or service users have multiple debts with Estuary the following debt priority will be applied when payments are received:

1. Current rent
2. Current service charge or ground rent (where applicable)
3. Arrears of rent (and court costs where applicable)
4. Arrears of service charge or ground rent
5. Overpayment of housing benefit debt
6. Rechargeable repair debt
7. Garage or parking space charges
8. Garage or parking space charge arrears
9. Other debt

The order of priority is determined to maximise resident security of their tenancy or lease.

The Association will use specialist debt recovery agents to trace and/or collect former resident debt, as it believes to be appropriate and will review the performance of any agent annually.

The Association will not use distraint to recover any form of resident or service user debt.

### **Writing off debt**

Debts will be written off where the debt is too small or uneconomical to pursue (where the cost of pursuit makes it financially unviable to recover) or where we are unable to trace the whereabouts of the debtor (in the case of former resident/service user debt). The Association will decide not to pursue recovery where the debt is not proved. This decision will only be made following legal advice.

Where debts are older than six years, the Association cannot commence recovery action (recovery action may be ongoing when the debt reaches six years old and in these circumstances the debt will not be written off).

Debts will also be written off where an order of bankruptcy is issued. This applies to both current and former residents and service users.

The Association's standing orders set out levels of authority for debt write off.

Debts may be written back if the Association subsequently traces the whereabouts of a debtor.

### **Policy Objectives**

To ensure that action is taken in accordance with the requirements of legislation, appropriate codes of practice and the Association's procedures.

Taking effective and appropriate action against non-payers, using repayment agreements and legal remedies to maximise income.

Working in partnership with other agencies and developing appropriate communication and service level agreements (where appropriate) through multi agency workings to ensure that a flexible but firm approach is applied and taking particular account of vulnerable and hard to reach resident and service users.

Raising awareness of our approach to debt recovery and opportunities for debt reduction, for example benefit campaigns.

Provide training for staff and residents on identifying and dealing with debt.

Monitoring debt and action taken to prevent and reduce debt as well as performance of debt recovery.

**Approved by the Board of Management on 9 May 2005**