



POLICY DOCUMENT

Former Tenant Arrears.



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1. INTRODUCTION

When a resident vacates a property leaving a debt on their rent account, the debt they owe Nottingham City Council becomes Former Tenant Arrears (FTAs) and this policy sets out the purpose, scope and procedure for dealing with these debts. It is Nottingham City Homes (NCH's) intention to minimise FTAs through good handling of current arrears; however, a certain amount of FTAs will inevitably accumulate and NCH will investigate the reason for the arrears and where possible take necessary action to recover the debt. It is important to be seen by residents to be pursuing FTAs, as this sends out a clear message that NCH takes a firm line with all types of debt.

2. PURPOSE

The purpose of this policy is to give clear policy and procedural guidance on how FTAs will be dealt with, and to ensure consistency of approach across the organisation.

3. SCOPE

This policy applies to all former residents of NCH managed properties who leave owing rent arrears or other related debts to the Council. It does not apply to leaseholders as there should never be arrears of service charges on a leaseholder property, as all debt should be collected via the completion statement.

4. RESPONSIBILITIES

All residents have a responsibility to pay their rent due, in full, during their tenancy. All staff of NCH have a responsibility to maximise income and minimise debts.

5. POLICY

5.1 General

- 5.1.1. NCH takes rent arrears very seriously and is committed through its current arrears policy and procedure to minimising such debts. Once a current arrear becomes an FTA, NCH will continue to pursue this debt with equal vigour. In particular, when a resident gives notice or hands keys in, a forwarding address will be requested to enable us to pursue debt beyond the end of the tenancy. We will also use tracing agents to track down former residents who owe arrears. FTAs are the responsibility of the Central Rents Team; however, for operational reasons this responsibility may be delegated to regional office or administrative staff, to ensure best use of available staffing resources. As long as the procedure set out below is carefully followed, a consistent approach should be possible regardless of who is carrying out the FTA work.
- 5.1.2. NCH wishes to send a very clear message to customers that arrears will not be tolerated, whether they are current or former resident debts, and it is therefore important that this is communicated to residents at sign-up, and the end of a tenancy and throughout the tenancy via personal contact, newsletters and other appropriate forms of communication. The collection of any former tenant arrears includes all tenancy related debt owed to the Council, including Supporting People charges, rechargeable repairs or any other debt incurred during the course of a tenancy.
- 5.1.3. NCH will use all the tools available to us to pursue FTAs, including Small Claims Court and associated enforcement, Department of Work and Pensions arrears direct payments, tracing agencies, enforcing money judgements already made and recovering all associated costs.

It is the policy of NCH to accept a minimum weekly payment of the sum that could be collected via direct payments from the Department of Work and Pensions, currently £2.85 (£12.35 monthly) as a fair means of repaying debt via instalments.

It is our policy to pursue FTAs in-house through our own staff team, as this has proved most cost effective in the past. However, if all internal methods of collection and/ or tracing have failed, the debt will be passed to our external partners for collection on a 'no win, no fee' basis.

If a resident has credits on other accounts, they will be transferred to help to clear the arrears, irrespective of the arrear type.

5.2 Procedure

5.2.1. Forwarding address known

- a) If the debt is under £20 and the former resident has not been re-housed in a new NCH managed property, the debt will be submitted for write off after first checking that there are no other tenancy accounts that are in credit. Debts owed by former residents that have been re-housed in NCH managed property will not be written off.
- b) If the debt is between £20 and £100, two standard letters will be sent over a period of one month. If there is no response and the former resident has not been re-housed in a new NCH managed property, the account will be submitted to the approved external collection partner to collect prior to considering write-off. Debts owed by former residents that have been re-housed in NCH managed property will not be written off.
- c) If the debt is over £100, the Rent Officer will write to the former resident at that address in pursuance of the debt as in (b) above. If there is still no payment or contact, the debt will be submitted to the Central Rents Team Leader who will consider whether further action is warranted. This may be a personal visit from a member of staff (depending on the location of the former resident), legal action

through the Small Claims Court or submission to the approved external collection partner to collect on a 'no win, no fee' basis.

5.2.2. Forwarding address not known

- a) If the debt is below £75 the debt is submitted for write-off.
- b) If the debt is over £75, the Rent Officer will use all available methods to trace the former resident. Once a forwarding address is obtained, the procedure at (5.2.1) above will be followed.
- c) If the former resident cannot be traced internally, the debt will be submitted to the approved external collection partner to trace the former resident and collect the debt (where possible) on a 'no win, no fee' basis.
- d) If the account is returned from the external collection partner and the resident has not been traced or sums recovered, the debt will be submitted for write-off.

5.3. Former Tenant Credits

From time to time residents will end their tenancy with NCH and leave a credit on their rent account. As above, the Central Rents Team will do their utmost to return the money to the former resident where known.

5.4. Write-offs

- 5.4.1 Team Leader, Central rents Team has delegated authority to write-off debts up to £100. The Rents Manager has delegated authority to write-off debts up to £5,000. Debts over £5,000 must be authorised by the Director of Housing Operations.
- 5.4.2 The Rents Manager is responsible for submitting details of FTAs that have been write-off to the Board twice a year.

5.4.3 Write-offs of arrears will normally be approved in the following circumstances:

- former resident is deceased and there is no estate or surviving spouse
- former resident cannot be traced internally and owes less than £75
- former resident cannot be traced internally, nor by the approved external collection partner and owes more than £75
- both internal and external attempts to recover the debt have been exhausted
- former resident is made bankrupt

6. MONITORING & REVIEW

FTAs will be monitored internally by the Central Rents Team on a monthly basis. A performance report will be made to Board in line with details of debts written off, on a six monthly basis.

7. FEEDBACK

We welcome suggestions and complaints from people who use or provide our services. We believe that this can provide some important lessons to help us ensure that the service is improved for everyone.

If you have something to say about NCH's policies and procedures or the information that is provided about them, then please let us know. Please refer any comments to the author of this document as shown below.