

INCOME COLLECTION PROCEDURES



MONITORING INFORMATION:

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Income Collection Procedures

Contents Page

Overview	4
1.0 Current Tenant arrears	5
1.1 Introduction	5
1.2 Process – General Principles	5
1.3 Pre-Court Arrears Letter Process	6
1.4 Considerations Prior to Court	6
1.5 Court Action – General Principles	6
1.6 Court Action – Letter process	7
2.0 Shared Ownership arrears	8
2.1 Introduction	8
2.2 Process – General Principles	8
2.3 Process- Arrears Letter	8
2.4 Further Action	9
3.0 Alarm arrears for Current Tenant	10
3.1 Introduction	10
3.2 Process – General Principles	10
3.3 Process- Arrears Letter	10
4.0 Recharge and Responsive Repairs for Current Tenant	12
4.1 Introduction	12
4.2 Process – General Principles	12
4.3 Process – Arrears Letters	12
5.0 Freeholder Charges	13
5.1 Introduction	13
5.2 Process – General Principles	13
5.3 Process – Letters	13
6.0 Leaseholder Service Charges	14
6.1 Introduction	14
7.0 Former Tenant Debt	16
7.1 Introduction	16
7.2 Process	16
8.0 Court Cost Arrears	19
8.1 Introduction	19
8.2 Process – General Principles	19
8.3 Process – Arrears Letters	19
8.4 Further Action	19
9.0 Use and Occupation Charge	20

9.1 Introduction	20
9.2 Process – General Principles	20
9.3 Process – Arrears Letters	20
9.4 Process – Once a Notice to Quit has been issued	21
10.0 Licensees (Allotment, Rent of Gardens, Parking Spaces etc) & Commercial Properties. 21	
11.0 Other Debtors (third party ad hoc invoices)	22
12.0 Write Off's	22
Links to and monitoring and performance standards	22

Overview

This procedure covers all areas of income collection, the Income Team are responsible for the following :

- Current tenant arrears
- Shared ownership arrears
- Alarm arrears
- Former tenant debt
- Court Cost debt
- Use & Occupation / Licence charges
- Freeholder debt
- Leaseholder– Ground Rent and Service Charge debt
- Leaseholder – Major Works (Planned Maintenance)
- Rechargeable repairs debt

The following areas of collection are collected by the Finance Team:

- Licensees (excluding Haldon Ridge site)
- Commercial customer
- Other debtors

All debts collected by the Income Team are recorded and monitored within Civica CX.

We will follow Teign Housing's Financial Regulations in relation to writing off any debt.

Where possible we will also aim to have debts cleared in full, where this is not possible suitable repayment plans will be made to clear the debt as soon as possible, and direct debit will always be encouraged, as it is the cheapest method of payment for Teign Housing.

1.0 Current Tenant arrears

1.1 Introduction

This procedure ensures that we follow guidance set out in the Ministry of Justice pre action protocol, and gives all relevant help and support to our tenants

1.2 Process – General Principles

There are general principles that apply throughout the whole procedure, and these are:

- We will commence the procedure when there is 1 week's net rent owed.
- We will allow at least 9 calendar days between each arrear's letter being sent.
- A phone call will be made before any arrear's letters are sent.
- Where possible if no contact by phone we will also send a text and / or email to tenant asking them to make contact.
- If the tenant is unable to make payment of the debt in full, we will agree a suitable payment plan with them.
- Payment plans will be monitored and if payments are not received as agreed we will continue from where we left off in the arrear's procedure. If the payment plan has been maintained for 2 + months, we may decide to re-send the previous letter in the procedure.
- At all points of contact with a tenant we will explore the reason for the debt and offer help and support to the tenant to resolve their issues. This support could be a referral to a debt management company, a referral to our internal Head Start team, referrals to specialist agencies who may be able to assist with a particular issue, discussions around possible grants and other financial assistance, food parcels or fuel vouchers.
- Where there is a joint tenancy, the first reminder, pre notice, Notice of Seeking Possession and final warning court letters will be sent separately to each tenant.
- Where we can apply for rent and/or arrears to be paid directly to a landlord, we will do this prior to commencing legal action, preventing the need to take legal action.

1.3 Pre-Court Arrears Letter Process

- **Arrears First Contact**
- **Arrears Second Contact**
- **Pre-Notice Letter** – if no contact with the tenant at this point an out of hours phone call will be made or a home visit requested to attempt to gain engagement. We will also consider whether a Head Start referral is required.
- **Notice of Seeking Possession** – there are different legal grounds for notices dependant on tenancy agreement. A case review with the Income & Lettings Manager will be completed to ensure all processes have been followed prior to Notice being issued.
- **Post Notice Reminder**
- **Final Warning Court**

1.4 Considerations Prior to Court

There is a pre court checklist that will be completed, which will ensure all correct processes have been followed, and that we are satisfied we have done everything possible to prevent the need for court action.

<https://teighousingcounk.sharepoint.com/sites/Teign/Housing/IncomeTeam/Shared%20Documents/Procedures/Checklist%20before%20Court%20Application.docx>

1.5 Court Action – General Principles

- We will only apply to court where every other option has been explored and arrears remain static or continue to increase.
- We will always write to the tenant advising them of the date of any court hearing.
- When a court order is breached, we will attempt contact with the tenant to discuss the reasons why the order has been breached and where reasonable set up a payment plan to make up missed payments.
- Where we are going to apply to court and are asking for an Outright Possession Order or where we are returning to court to request a Warrant for Eviction, we will ensure that our colleagues at the relevant Housing Options team at the local authority are aware of our intentions with a view to them attempting contact with the tenant to help the situation be resolved.

- When the initial court application has already been applied for, if a tenant subsequently makes a suitable repayment plan and maintained payments, we will agree to a Suspended Possession Order.
- We will encourage tenants to attend the Court Hearing.

1.6 Court Action – Letter process

- **Confirmation to tenant of court hearing date.**
- **Letter confirming outcome of initial court hearing.**
- **Authority for warrant letter** – at the same time (or potentially slightly earlier) as sending this letter, permission will be requested by the Income Team to the Chair of Teign Housing's Board to apply for a Warrant to Evict.
- **Confirmation to tenant of the eviction date.**

The Income Team will inform colleagues across the business of any up-and-coming evictions. The Community Housing Office or Independence and Well Being Advisor for the patch, along with a locksmith will be asked to meet the bailiff at the property for the eviction.

2.0 Shared Ownership arrears

2.1 Introduction

This procedure will give instruction on how to collect current tenant shared ownership arrears.

2.2 Process – General Principles

There are general principles that apply throughout the whole procedure, and these are:

- We will commence the procedure when there is any level of rent owed.
- We will allow at least 9 calendar days between each arrear's letter being sent.
- A phone call will be made before any arrear's letters are sent.
- Where possible if no contact by phone we will also send a text and/or email to tenant asking them to make contact.
- If the tenant is not able to make payment of the debt in full, we will agree a suitable payment plan with them.
- Payment plans will be monitored and if payments are not received as agreed we will continue from where we left off in the arrear's procedure. If the payment plan has been maintained for 2 + months, we may decide to re-send the previous letter in the procedure.
- At all points of contact with a tenant we will explore the reason for the debt and offer help and support to the tenant to resolve their issues. This support could be a referral to a debt management company, a referral to our internal Head Start team, referrals to specialist agencies who may be able to assist with a particular issue, discussions around possible grants and other financial assistance, food parcels or fuel vouchers.

2.3 Process- Arrears Letter

- **Arrears First Contact.**
- **Arrears Second Contact.**
- **Contact Lender** – A letter will be sent to the mortgage company advising them of the issue with the arrears under the tenancy agreement.
- **Contact Lender 2** – if no response has been received to the initial letter a further letter will be sent (approximately 30 days after the first letter to lender).

- **Notice of Seeking Possession** – there are different grounds for legal notices dependant on tenancy agreement. A case review with the Income & Lettings Manager will be completed to ensure all processes have been followed prior to Notice being issued. A copy of the notice will be forwarded to the lender.

2.4 Further Action

Should the arrears not be resolved following service of the Notice being issued, Teign Housing will work with the mortgage lender to determine further action required to recover the debt.

This may result in possession of the property being initiated by the lender, once the property is sold all debts will be repaid if there is sufficient equity in the property. Should there not be sufficient equity in the property Teign Housing will consider making a claim to the County Court for a money judgement to recover money owed.

3.0 Alarm arrears for Current Tenant

3.1 Introduction

This procedure will give instruction on how to collect alarm arrears from current tenants of Teign Housing.

Any debt on a tenant's current rent account will take priority over alarm arrears and therefore we will not proactively use this procedure if the tenant is over 2 weeks in debt on their current tenancy. The tenant will be asked to make payment of their ongoing alarm charge alongside and current rent repayments.

To ensure value for money we will only commence chasing alarm arrears once they are over 1 month in debt. Anything less than 1 month of alarm debt is not cost effective to chase.

3.2 Process – General Principles

There are some general principles that apply for all processes, and these are:

- We will allow at least 9 calendar days between each arrear's letter being sent.
- Before sending letters, we will attempt contact by phone to discuss the situation.
- If the tenant is unable to make payment of the debt in full, we will agree a suitable payment plan with them.
- If the tenant is in financial difficulties, we will ensure that we offer help and support with their finances.
- Payment plans will be monitored and if a payment is not made as agreed we will contact the tenant and discuss reasons for this and make a new payment plan. If this is not possible, we will continue with the arrears process.

3.3 Process- Arrears Letter

- First Contact
- Second Contact
- Third Contact

There are 3 letters in the process for collection of alarm arrears. After we send the 2nd and 3rd reminder letters if there is no contact, we will ask for a home visit by a member of the Independence and Wellbeing Team to attempt to resolve the situation.

We are not going to take possession of a tenant's home due to outstanding alarm arrears, therefore if no response to the final letter their account will be reviewed by the Independence and Wellbeing Manager and Income and Lettings Manager and if necessary, we will pursue a claim in the County Court to obtain a County Court Judgement for the debt.

4.0 Recharge and Responsive Repairs for Current Tenant

4.1 Introduction

This procedure will give instruction on how to collect recharge and responsive repairs from current tenants of Teign Housing.

Any debt on a tenant's current rent account or alarm accounts will take priority over these types of debt, and therefore we will not proactively use this procedure if the tenant is over 2 weeks in debt on their current tenancy or alarm account.

4.2 Process – General Principles

There are some general principles that apply for all processes, and these are:

- We will allow at least 14 calendar days between each letter being sent.
- If the tenant is unable to make payment of the debt in full, we will agree a suitable payment plan with them.
- If the tenant is in financial difficulties, we will ensure that we offer help and support with their finances.
- Payment plans will be monitored and if a payment is not made as agreed we will contact the former tenant and discuss reasons for this and make a new payment plan, if this is not possible, we will continue with the arrears process.

4.3 Process – Arrears Letters

- First Contact
- Second Contact
- Third Contact

There are 3 letters in the process. After we send the 2nd and 3rd reminder letters if there is no contact, we will ask for a home visit by a member of the Independence and Wellbeing Team to attempt to resolve the situation.

If there is no response to the final letter their account will be reviewed by the relevant Housing Manager and Income and Lettings Manager and if necessary we will pursue a claim in the County Court to obtain a County Court Judgement for the debt.

5.0 Freeholder Charges

5.1 Introduction

Freeholders are expected to pay their invoices within 30 days of them being raised by the Finance Team.

Most charges raised for freeholder charges are less than £100.00

5.2 Process – General Principles

Should the invoice remain unpaid after 30 days we will send a reminder letter to the customer to prompt payment.

We will allow at least 9 calendar days between each arrears letter being sent.

If we do not receive replies to the letters, we will attempt telephone contact.

If customers are in financial difficulties, we will ensure that we offer help and support with their finances.

Any repayment plans need to be made so that the debt is cleared within 12 months of the date of the invoice and so it does not allow for the repayment of interest.

5.3 Process – Letters

- Letter 1
- Letter 2

If no payments are received nor a suitable arrangement can be made, we will refer the matter to our solicitors for further advice on a case by case basis.

6.0 Leaseholder Service Charges

6.1 Introduction

Invoices are payable within 30 days.

We will use Cx to carry out the credit control function and all actions and communications will be recorded against the customer.

Following the due date of the invoice, we will give 5 days' grace to allow for any payment to clear into our bank.

If a payment is not received, we will send a letter to remind the customer that a payment is due and allow 9 days for a response.

If a response is received, we will seek to obtain payment in full and if this is not possible, if the customer is in occupation at the address we will negotiate an affordable repayment plan with the customer. Agreement plans should aim to clear arrears within 12 months and if this is not possible, we will seek legal advice on a case-by-case basis. If the customer is not occupying the property, there is no option for a repayment plan and if they are unable to pay within the 30-day terms we will pursue the debt through the courts.

If no response is received, we will make a phone call and follow up with a second letter and allow 9 days for a response.

If no response is received, we will follow the Pre-Action Protocol for Debt Claims (known as the Civil Procedure Rules' Practice Direction on Pre-Action Conduct) to obtain a County Court Judgement.

The pre-action steps are:

- Write to the debtor setting out concise details of the claim, the basis of any claim (lease terms) and how the debt is calculated.
- Allow the debtor 14 days to formally respond before proceeding to Court.
- Consider any proposals to resolve the matter proposed by the debtor (Alternative Dispute Resolution).

Where a judgment is entered in favour of Teign Housing, we will seek payment from the mortgage lender where possible and, if no mortgage exists, we will seek to enforce the County Court Judgment by whichever enforcement action is appropriate at the time, however it is likely to be by way of an Attachment of Earnings order or Charging Order placed against the property.

If enforcement action is not likely to recover the money, as a last resort and subject to the approval of the Board we will seek to forfeit the lease to recover the property. Legal advice should be sought on this step.

When we are collecting Planned Maintenance / Major works invoices, due to the value, we recognise that they may cause financial hardship for some leaseholders and we will offer the following payment options:

- Payment in full within 30 days of invoice.

Payment can be made by cheque, bank transfer or card payment over the telephone within 30 days of the invoice date.

- Up to 12 months' interest-free loan.

Leaseholders who are not able to pay in full within 30 days can request to pay in monthly instalments by Direct Debit, over a period not exceeding 12 months. A form F50 will need to be completed.

7.0 Former Tenant Debt

7.1 Introduction

This procedure will give instruction on how to collect former tenant debt of over £50.00. Any former tenant debt under £50.00 will be written off as uneconomical to pursue. This includes former tenant arrears, alarm charge and court costs. Rechargeable repairs are not raised for charges that would be under £100 as per the recharge policy and procedure.

We will use Civica CX to monitor and record all communication relating to the collection of former tenant debt.

7.2 Process

There are 3 different processes for collecting former tenant debt:

- Former tenant debt where we have a forwarding address.
- Former tenant debt where we do not have a forwarding address.
- Former tenant debt where the tenant passed away.

There are general principles that apply for all processes, and these are:

- We will allow at least 14 calendar days between each letter being sent.
- When speaking to a tenant we will request that they make payment of the debt in full.
- If they are unable to make payment of the debt in full, we will agree a suitable payment plan with them and where possible set up a direct debit.
- If the former tenant is in financial difficulties, we will ensure that we offer help and support with their finances.
- Payment plans will be monitored and if a payment is not made as agreed we will contact the former tenant and discuss reasons for this and make a new payment plan, if this is not possible, we will continue with the arrears process.

Former tenant debt where we have a forwarding address.

We will send a first reminder, second reminder and a third reminder. Depending on the value of the debt the third reminder will offer a reduced full and final settlement offer to clear the debt. The following will be offered:

- Debt between £250 and £500 – 15% reduction.
- Debt between £500 and £1000.00- 25% reduction.
- Debt over £1000.00 – 50% reduction.

Should there be no payment plan in place after the third reminder letter is sent, the debt will be sent to a debt collection agency. Should the debt collection agency be unsuccessful in collecting the debt, if the debt is under £1000.00, we will request that the debt is written off. If the debt is over £1000.00, we will leave the account for 6 months to commence the process again. Should the process be unsuccessful the second time we will request the debt is written off.

Former tenant debt where we do not have a forwarding address.

If the debt is less than £100.00 due to the cost of tracing a new address, we will request the debt is written off.

If the debt is over £100.00, we will leave the account for a minimum of 3 months and then send the account to a tracing company who will attempt to obtain a new address.

Once a new address is obtained, we will follow the above process (Former tenant debt where we have a forwarding address). If a forwarding address is not obtained, we will leave the account for a further 12 months and send to the tracing company again. If this second attempt for a forwarding address is unsuccessful, we will request that the debt is written off.

Former tenant debt where the tenant passed away.

Where we have an address for an executor, we will send an initial letter explaining that there is a debt due from the estate and request payment in full from the estate or alternatively a completed Asset & Liability form to confirm that there are no funds in the estate.

If we get confirmation of no funds in the estate, we will request the debt is written off.

If we do not get a response from the executor a further chasing letter will be sent. If we do not get a response from the chaser letter, we will request the debt is written off, as there is nothing further we are able to do.

Where there are no details of an executor, we will request to have the debt is written off.

Exceptional Circumstances

In exceptional circumstances and with the authority of the Chief Executive a business decision may be made not to chase a former tenant debt, as it could cause reputational damage or will not provide value for money given the circumstances of the tenant or the way in which the tenancy ended. We will request the debt is written off.

8.0 Court Cost Arrears

8.1 Introduction

Taking court action against tenants for non-payment of rent is a cost to Teign Housing. The courts charge us for submitting court applications. During the court hearing we request that the Judge awards our costs as part of the court order, for the tenant to repay us.

The priority has to be the tenant repaying their rent arrears, once the rent arrears are cleared, we will pursue them for the court costs.

8.2 Process – General Principles

There are general principles that apply throughout the whole procedure, and these are:

- We will allow at least 14 calendar days between each letter being sent.
- When speaking to a tenant we will request that they make payment of the debt in full.
- If they are unable to make payment of the debt in full, we will agree a suitable payment plan with them and where possible set up a direct debit.
- Payment plans will be monitored and if payments are not received as agreed we will continue from where we left off in the arrear's procedure. If the payment plan has been maintained for 2 + months, we may decide to re-send the previous letter in the procedure.

8.3 Process – Arrears Letters

- **Letter 1**
- **Letter 2**
- **Letter 3** – if after this letter no contact has been made with the tenant, we will request a home visit be made to the property.

8.4 Further Action

Should the arrears procedure above be unsuccessful we will review the case and determine whether to refer the matter back to court or pursue the debt as breach of the court order, refer to a debt collection agency or apply to take enforcement action against the County Court judgement.

9.0 Use and Occupation Charge

9.1 Introduction

This procedure will give instruction on how to collect Use & Occupation charges from people residing in our properties that do not hold a tenancy agreement but have been issued with a licence agreement.

9.2 Process – General Principles

There are general principles that apply throughout the whole procedure and these are:

- We will commence the procedure when there is 1 weeks charge outstanding.
- We will allow at least 9 calendar days between each letter being sent.
- A phone call will be made before any arrear's letters are sent.
- Where possible if no contact by phone we will also send a text or email to the licence holder asking them to make contact.
- When speaking with the licence holder we will request that they make payment of the debt in full.
- If they are unable to make payment of the debt in full, we will agree a suitable payment plan with them and where possible set up a direct debit.
- Payment plans will be monitored and if payments are not received as agreed we will continue from where we left off in the arrear's procedure. If the payment plan has been maintained for 2 + months, we may decide to re-send the previous letter in the procedure.

9.3 Process – Arrears Letters

- **Arrears First Contact**
- **Arrears Second Contact**
- **Notice to Quit – this will be issued by either the Neighbourhood Service Advisor or Independence & Wellbeing advisor for that area.**

When a decision is made to serve the Notice to Quite the Community Housing Officer / Independence and Wellbeing Advisor will ensure that the action taken is both reasonable and proportionate. They will also liaise with the Local Authority in relation to these cases.

9.4 Process – Once a Notice to Quit has been issued

Once a legal Notice to Quit has been issued in line with the Licence agreement, the licence holder should leave the property.

If the licence holder does not leave the property in the required timescales we will refer the matter to the courts and request vacant possession of the property.

10.0 Licensees (Allotment, Rent of Gardens, Parking Spaces etc) & Commercial Properties.

- Invoices are payable on 30 days terms.
- Following the due date of the invoice, we will give 5 days grace to allow for any payment to clear into our bank.
- If no payment is received, we will make telephone contact with the customer to take payment of the invoice over the phone.
- If we are not able to make contact over the phone, we will send a letter to remind the customer that a payment is due and allow 14 days for a response.
- If no response is received, we will make a phone call to follow up with a second letter and allow 7 days for a response.
- If we receive no response or payment, we will pass this to the legal team to end the licence and we will take appropriate legal action to recover the uncollected debt.

11.0 Other Debtors (third party ad hoc invoices)

- This relates to ad hoc invoices raised to third party customers who are unlikely to be invoiced regularly i.e Local Authority, Commercial Cleaning for Housing Associations, Invoices for legal fee's payable by third parties.
- Once the invoice falls due, we will allow 5 days grace for any payment to clear into our bank.
- If no payment has been received, we will call the debtor and aim to take payment in full over the phone. Where payment in full is not possible, we will seek to agree a repayment plan over a period less than 6 months and by Direct Debit.
- If we are not able to make contact over the phone, we will send a letter to remind the debtor that a payment is due and allow 14 days for a response.
- If no response is received, we will make a phone call and follow up with a second letter and allow 7 days for a response.
- If no response is received, we will follow the Pre-Action Protocol for Debt Claims to obtain a County Court judgement which we will then enforce should this be required.

12.0 Write Off's

The Income team will review debts on a quarterly basis and debts deemed irrecoverable will be presented for write off to the Chief Executive or the Board of Directors in line with the limits detailed in the Financial Regulations.

The Finance Team will request write off of any irrecoverable debts ad hoc as required.

Links to and monitoring and performance standards

- Financial Regulations
- Income and Debt Management Policy
- Equality Impact Assessment – Credit Control

It will be monitored by the monthly scorecards.