



# Bad Debt Policy

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## 1. Policy Statement

1.1 This policy sets out Rosebery's approach to collection and treatment of bad debt, the vast majority of which is former tenant arrears (FTAs). The aims of this policy are to ensure that:

- Rosebery's income is maximised through swift and effective collection of monies owed
- All former resident debt is checked and where appropriate referred to Rosebery's debt collection agency
- Debt deemed uneconomical to pursue is written off following the appropriate procedure

1.2 This policy covers all our properties. For the purposes of this policy, the term 'former tenant' relates to any former residents, and the term 'rent' relates to rent and service charges.

## 2. Relevant Legal and Regulatory Information

2.1 Housing Act 1985 Schedule 2. This part of the Housing Act 1985 sets out the grounds for possession for secure residents.

2.2 Housing Act 1988 Schedule 2. This part of the Housing Act 1988 sets out the grounds for possession for assured residents.

2.3 Tenancy Agreements. Rosebery's tenancy agreements set out a resident's obligation for paying rent and any other reasonable costs incurred by Rosebery pursuant to its fundamental duties.

## 3. Key Definitions

3.1 This Policy covers the pursuit or write off of:

- The amounts of rent, service charges, and other sundry debt that remains unpaid and owed to a landlord when a resident vacates a property. Sundry debts include rechargeable repairs, court costs, recharges to third parties, and any other sundry amounts that have been invoiced through the finance system.

- Current tenant rent arrears in exceptional circumstances

#### **4. Policy**

4.1 Rosebery will actively attempt to recover former tenant arrears providing it is economical to do so.

4.2 The following circumstances may result in a request for a debt to be written off:

- There is no forwarding address or trace of the debtor and no payments have been received
- The debtor has died and there are no funds in the estate to settle the debt
- The debt is less than £100 and is therefore considered uneconomical to pursue
- The tenant is vulnerable and/or action to recover the debt would be inappropriate due to the tenant's poor health, e.g. the debtor is resident in a nursing or care home. This will be considered on a case by case basis
- The debt is statute barred or is of such an age that action for recovery is unlikely to succeed

4.3 The following actions should be taken in an attempt to recover any former tenant arrears:

- Writing to the resident at their forwarding address
- Contacting the resident via all means possible
- Contacting the next of kin
- Speaking to neighbours or known family or friends
- Contacting the resident's employer Searching the land registry
- Contacting local authority council tax and benefit departments
- Speaking to all partner agencies with whom we have information sharing agreements, for example the Police
- Using social media sites such as Facebook

4.4 Rosebery may outsource the collection of former tenant arrears to a third party collection agency.

4.5 We will attempt to recover any debts as part of the sale of a shared ownership, leasehold or freehold property. Where that is not possible we will treat the debt in the same way as any other bad debt, using all legal remedies available to us. This includes the recovery of debt directly from the mortgage lender.

#### **5. Dealing with Credits**

5.1 Any remaining credit on an account when a tenancy ends will be dealt with in the following ways:

- When an existing tenant moves to another Rosebery property Rosebery will be entitled to use all credit on the former rent account to clear any recharges for the previous property

- Rosebery are entitled to use any credit built up on a former rent account to cover the rent on a current rent account
- In normal circumstances, Rosebery will expect any tenant to clear their existing rent account before a transfer or exchange of homes can take place
- Any credit left on the rent account may be paid towards the oldest debt first, provided that Rosebery has informed the tenant beforehand
- If a credit is left on an account and the creditor cannot be traced, the credit will be written off

## **6. Write Off of Debts under £100**

- 6.1 Where we have a forwarding address we will write to the debtor requesting that they settle the account.
- 6.2 If no payment or response is received we will send a further letter, advising the debtor that we will refer the debt to our debt collection agency.
- 6.2 Write offs under £100 must be approved by the Head of Housing and Customer Experience.

## **7. Write Off of Debts under £2,500**

- 7.1 Write offs under £2,500 must be approved by the Executive Team.

## **8. Write Off of Debts over £2,500**

- 8.1 Write offs over £2,500 have to be submitted to Rosebery's Executive Team to recommend to the Audit Committee.

## **9. Other information**

### **9.1 Transfers**

- 9.1.1 All rent accounts must be checked prior to an offer of accommodation being made.
- 9.1.2 Offers of accommodation will not be made where a resident owes us money. However, exceptions may be made in the following circumstances:
- Where an applicant is subject to harassment and therefore requires decanting
  - Where an urgent medical transfer is required
- 9.1.3 In these circumstances, an agreement to clear the debt must be made before any move is completed.
- 9.1.4 Tenants' accounts will be checked prior to an offer being made to ensure that agreements are being adhered to.

### **9.2 Mutual Exchange**

9.2.1 Rosebery cannot withhold consent to a mutual exchange because a resident has rent arrears unless:

- The resident or proposed incoming resident has a possession order outstanding against them, whether or not it has already come into force; or
- The resident or proposed incoming resident has outstanding possession proceedings against them or a NOSP is still in force

9.2.2 Whilst we would not withhold consent for a mutual exchange if the resident was in rent arrears, we would ensure that any outstanding monies are paid before the mutual exchange takes place.

### **9.3 Planned Improvements**

9.3.1 Rosebery may decide to suspend any planned improvement works, including new kitchen and bathrooms, until any monies owed to us are paid.

### **9.4 Resident Requests for Alterations and Improvements**

9.4.1 Rosebery may refuse a resident's request to make alterations or improvements to their property if they owe us money.

## **10 Monitoring Performance**

10.1 The Income Team Leader will monitor levels and collection rates of former tenant arrears.

10.2 Former tenant arrears performance indicators are reported monthly and quarterly.