



Rent arrears and debt recovery policy

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1. **Policy Statement**

TorVista Homes objective is to prevent rent arrears and maximise our income collection whilst enabling residents to sustain their tenancies and remain in their homes. We also aim to minimise former resident debt which is more difficult to recover.

This policy covers the ways in which we aim to prevent rent arrears and our approach to arrears recovery for current residents, including legal action. It also details our approach to recovery of former resident debts. The policy is supported by detailed procedures in the appendices.

2. **Scope**

The collection of rent and service charges is a key priority for TorVista Homes and this Policy seeks to:

- Promote a payment culture of rent in advance to prevent households from falling into arrears.
- Ensure early intervention and contact when arrears occur.
- Building a culture of residents contacting us if they have concerns maintaining their rent payments.
- Recover rent arrears as efficiently as possible whilst maintaining the aim of eviction being an action of last resort.
- Sustain tenancies in as many cases as possible.
- Ensure that TorVista Homes is compliant with the pre-action protocol for rent arrears possession claims.

3. **Policy Aims**

We understand that in the current economic climate the challenges for some of our residents around finances can be challenging and stressful.

The aim is the prevention of debts owed to TorVista Homes by balancing the support offered to residents with protecting the income into the business. This is achieved by having keys elements:

- Early intervention
- Working with residents by informing and engaging with them as well as offering support and encouraging two-way communication.
- To regularly monitor all debts owed to the business.
- Provide a signposting service to the relevant agency or partner depending on the individual issues
- To create a payment and support plan for each individual resident who experiences difficulty in meeting their rent payment obligations.

4. Positive Payment Culture

TorVista Homes promotes a positive rent payment culture to support the minimisation of arrears. Payment is expected in full on the date it is due, or in advance, and always in line with the tenancy agreement. Any payments beyond this date will place the account into arrears.

The rent payment requirements are made clear throughout the letting process and a payment in advance is required prior to letting. Non-payment of the rent in advance may result in the refusal or withdrawal of an offer.

Rent activity is discussed at the New Resident Visit within the first six weeks of the commencement of their tenancy. Any issues can be identified and resolved as quickly as possible, underlining the payment culture that rent is a priority.

By using Starter Tenancies we can explain to a new resident that rent arrears are a ground for extending the tenancy or ending it.

To support the requirement of regular and timely payments by Direct Debit is the preferred payment option. For those residents who find Direct Debit a difficult option efficient and simple payment options are available ensuring that all residents have an opportunity to manage their rent account effectively.

A payment and support plan will be provided to any customer who falls into difficulty in paying their rent. This plan will provide the customer with information on when and how payments should be paid as well as any support TorVista Homes or another agency can offer.

5. Prevention and Early Intervention

Prevention is the key factor in minimising the accrual of arrears. Whilst it is acknowledged that ultimately payment is the responsibility of the resident, TorVista Homes seeks to support prevention of arrears for residents in the following ways:

- i. Prior to letting a financial assessment is carried out
- ii. At the point of the financial assessment any opportunity to maximise the resident's income through welfare benefits or other means will be identified to the resident.
- iii. If a refusal of housing or withdrawal of offer is to be made a resident may be signposted to other agencies for support to improve their financial situation.
- iv. Arrears are identified at the earliest opportunity and communicated to the resident so that together we can manage the issue as soon as possible.
- v. If a resident is receiving or applying for Universal Credit and they meet the DWP tier 1 or tier 2 factors, an Alternative Payment Arrangement (APA) and/or direct deductions may be applied for.
- vi. TorVista Homes' officers will work with our residents who are transitioning onto Universal Credit to support them during and immediately after the application process. However, those residents who fall under the Next Steps Allocation Programme (NSAP) will receive support from their assigned Meaningful Occupational Co-ordinators.

This is to ensure that the resident is fully advised of their responsibilities during the transition and that their account can be monitored effectively and only appropriate action taken. It also allows for the opportunity to further signpost residents if needed for additional support.

- vii. Supporting residents to be digitally included so that they can access benefits and job searches online.
- viii. Helping residents with their benefit claims including Housing Benefit and Universal Credit to ensure they get payments for housing costs, where applicable.
- ix. Notifying residents promptly where Housing Benefit is paid direct to us and there has been an over-payment.
- x. Promoting good financial health through articles in the Resident Newsletter, on the website and in social media.

If arrears do arise, we will engage with the resident to identify and tackle the causes. We are aware that one missed payment, no matter how small, could place low-income residents in a financial position that it is difficult to recover from.

6. Recovery

Once an account falls into arrears TorVista Homes follows its arrears

collection procedure. This ensures consistency across all accounts. Whilst legal action and eviction action are the last resort they are necessary tools to ensure that arrears are recovered where appropriate. Legal action will only be taken where numerous and timely attempts to come to an agreement have not been successful.

We will follow the Ministry of Justice [Pre-Action Protocol for Possession claims by Social Landlords](#). The Protocol aims to encourage more contact between us and our residents, to avoid legal action if possible and make more effective use of Court time.

Our process is:-

- i. Preventative work at pre-tenancy sign up. E.g., Verification around their income, their support/dependency needs, their family and friend support network, and the key procedures which they need to be aware of.
- ii. If an account goes into arrears, the resident is made aware of this. By being clear with residents about their accounts, our expectations and their options.
- iii. Depending on the reason for arrears and or support needs, a more robust stance may be taken. Accounts will be checked weekly.
- iv. Early action in each case is the key to ensure the resident does not fall further into arrears.
- v. Providing residents with support by signposting them for money advice and providing information.
- vi. Requesting residents to make reasonable and affordable re-payment arrangements.
- vii. Making personal contact, including the use of texts and telephone calls, home visits, and office interviews.
- viii. Taking action regularly through phone calls, texts and standard letters
- ix. Taking legal action where appropriate; the aim being to recover the arrears, not to evict the resident, which is a last resort. However, we may need to seek outright possession in certain circumstances.
- x. Keeping accurate records of communication with residents and other parties, actions taken, and documents associated with the case.

TorVista Homes considers joint residents to be jointly and severally liable for any rent arrears accrued and will pursue both joint residents for all rent arrears accruing under the tenancy. TorVista Homes is also mindful that residents experiencing domestic abuse are more likely to have arrears and may be subject

to economic abuse. All decisions made on future enforcement action will consider reports received of domestic abuse and where economic abuse is identified we will work with the residents affected to find a positive way forward.

Attempts will be made to identify any resident vulnerabilities at the pre tenancy stage or at any contact stage, in order to ensure that communication is appropriate and relevant referrals for support can be made at the earliest possible stage.

TorVista Homes will utilise the most appropriate grounds for possession when applying for a case to go to court. This includes Grounds 8, 10, 11 and 12. All requests for court action and in particular outright possession will require the approval of the Head of Housing.

During a starter tenancy TorVista Homes will consider if an extension to the starter tenancy period is appropriate for arrears or if a Section 21 may be served. Please refer to the Starter Tenancy Policy for full details.

If all attempts to recover the arrears are unsuccessful and legal action e.g. a court hearing is necessary the relevant local authority will be notified that there is a possibility of a person becoming homeless. We will tell the resident that the local authority may consider them to be intentionally homeless and they may not be entitled to help with future housing

We will continue to try and contact tenants up to the Court hearing date to reach a re-payment agreement with them. If an agreement is reached at this stage a Suspended Possession Order or Adjournment will be sought on the terms of the agreement.

Repayment terms will be agreed based on a reasonable repayment timetable, usually no more than two years but never more than six years and taking into account affordability and sustainability for the tenant.

If the tenant fails to comply with the terms of the Court Order, a Warrant for Possession can be sought, and the tenant evicted. This action will only be taken as a last resort, where other attempts to recover the arrears have been unsuccessful. A review of the individual circumstances of the case will be completed and the Head of Housing's approval will be required.

If an eviction is the next step an officer will prepare an eviction request report detailing the current position of the account, what action has been taken to recover the arrears and why eviction is the only appropriate option left. This report needs to be approved by the Head of Housing, before any application for eviction is made. All evictions are reported to the board annually.

TorVista Homes believes that repossession of a property should only be carried out as a last resort but will not hesitate to take this action in appropriate cases. Costs incurred in taking possession action will be added to the outstanding debt and the tenant will be required to repay these once the arrears have been repaid.

Court hearings will not be cancelled unless the tenant has paid all the arrears and the court issue fee. However, where arrears have been significantly reduced an adjournment with costs may be requested by the tenant and considered. Money judgements will be sought that can be enforced by an attachment of earnings order.

See Appendix 1 for the full rent arrears recovery procedure.

7. Former Resident Debt

Former resident debt includes rent arrears, court costs and other sundry debts such as rechargeable repairs.

We will pursue all former tenant debts where doing so represents value for money and the cost of pursuing the debt does not outweigh the debt itself. We will write-off debts where the tenant has died and the executor or family representatives can evidence that there is no money in the estate to settle the debt.

The Housing Manager may agree not to pursue a debt where there is genuine financial hardship or where there are other exceptional circumstances.

TorVista Homes seeks to minimise the loss of income from residents who move on. This is done through the implementation of the Former Resident Arrears Recovery Process.

Where a debt is identified a resident will be notified as soon as possible and the implications of leaving with a debt will be made clear, including the potential impact on being re-housed in the social housing sector.

Third parties may be used to trace former tenants in order to pursue the debt and legal action may be taken via the Small Claims Court to recover monies owed.

Please see detailed procedure at Appendix 3.

8. Write Offs

Former resident arrears or sundry debts will only be written off if:

- i. They are considered uneconomical to pursue
- ii. The debtor cannot be traced
- iii. Recovery procedures have been exhausted

Should circumstances change and the debt becomes possible to recover in future, further recovery action will be taken.

9. Small Claims Court

Debtors who fail to make re-payment arrangements can be referred to the small claims court should it be considered appropriate.

10. Debt Relief Orders and Individual Voluntary Arrangement's

If at any stage a customer should seek to enter into a debt relief arrangement or insolvency such as a Debt Relief Order (DRO) or Individual Voluntary Arrangement, (IVA), TorVista Homes will follow the legal required steps related to the debt.

For a DRO TorVista Homes will freeze the debt until it can be written off, (usually after 12 months). However if there is a Suspended Possession Order in place before the DRO is complete then TorVista Homes will consider if eviction action may be required. Any eviction action will require approval from the Head of Housing through an eviction request report.

For an IVA TorVista Homes will consider all application to include the rent but these are likely to be refused as it would put the tenancy at risk.

11. Compliance and Confidentially

TorVista Homes treats all information taken during the management of arrears cases as confidential. The information is handled under the Data Protection Act 1998 and the General Data Protection Regulation 2018

12. Equality and Diversity

We will ensure that this policy is applied fairly to residents and applicants. We will not directly or indirectly discriminate against any person or group of people because of their race, religion, gender, marital status, sexual orientation, disability or other grounds set out in our Equality Policy.

When applying this policy we will act sensitively towards the diverse needs of individuals and to reduce discrimination and harassment by:

- i. Ensuring communication relating to rent arrears is sent in the most appropriate format for the recipient.
- ii. Ensuring that all residents are given the same opportunities regardless of any protected characteristic they may have.

13. Approval Dates

Version/Date	Consultation & Approval Process			Review
	<i>Residents</i>	<i>Management Team</i>	<i>Board</i>	
V1.3 Feb 2021				
V2 September 2022				September 2025

14. Appendices

Appendix 1 – Rent arrears recovery procedure

Appendix 2 – Former tenant debt recovery and write-off procedure

Appendix 3 – Benefit overpayment procedure

APPENDIX 1 – RENT ARREARS RECOVERY PROCEDURE

Stage	Action	Time frame (working days)
1) Early Intervention	1a) Informal missed payment contact (text message, telephone call, email or letter 1)	Within 5 days of tenant going into arrears
	1b) Tenant to clear arrears within 5 working days – Letter 1a	Within 10 days of going into arrears
	1c) Warning before Court action – Letter 1b	Within 6 days of Letter 1a
2) Pre-Court Resolution	2a) Arrears Interview & warning before NOSP – Letter 2	Within 5 days of Letter 1b
	2b) Outcome of Arrears interview – Letter 3	Within 3 days of arrears interview
	2c) If no payment received serve NOSP – Letter 4	Within 10 days of Letter 3
	2d) Review rent account by Housing Manager	Within 5 days of Letter 4
	2e) Review before Court with arrears interview – Letter 4a	Within 3 days of review
	2f) Final warning before Court – Letter 5	Within 5 days of Letter 4a
3) Court Resolution	3a) Review with Housing Manager	Upon expiry of NOSP
	3b) Application Court	Within 1 day of review
	3c) Court application made – letter 6	Within 1 day of application
	3d) Attend Court – Letter 7	At least 14 days prior to Court hearing
	3e) Contact with resident re: attending court by telephone or home visit	7 days prior to Court hearing
	3f) Attend Court	Day of hearing
	3g) Outcome of Court <ul style="list-style-type: none"> • Suspended Order – Letter 8 • Outright Order – Letter 9 	Within 3 days of hearing
4) Pre-eviction resolution	4a) Breach of Court Order – Letter 10	Within 5 days of breach
	4b) Review with Housing Manager	Within 5 days of Letter 10
	4c) Contact with tenant by telephone or home visit	Within 1 days of review
5) Eviction	5a) Apply to court for warrant of possession – Letter 11	Within 1 day of attempting contact
	5b) Eviction date – Letter 12	Within 1 day of notification
	5c) Eviction suspended, where applicable – Letter 13	Up to eviction date

Stage	Action	Time frame (working days)
	5d) Pre--Eviction contact, telephone call or home visit	Within 5 days of eviction
	5e Eviction	On date given

Some key points:

- At any stage of the arrears process the resident can be referred for money advice, this can include benefit advice and debt management. Resolving these issues early can prevent further arrears later on. Appropriate consent to pass on information must be sought from the resident.
- A rent statement must be sent to the resident with all formal letters.
- Where we refer to 'satisfactory response' from the resident, this can mean payment of the arrears, contact from the resident to the Housing Manager with an appropriate offer of a repayment plan.
- Repayment plans need to be reasonable and affordable for the resident so a budget planner may be used to assess this.
- When the resident is at risk of homelessness we will ask for the resident's consent to refer them to the Local Authority under the Commitment to Refer.
- Eviction is a last resort.

Grounds for Serving a Notice Seeking Possession

A NOSP can be served on all grounds within the Housing Act 1985 and the Housing Act 1988 (as amended) detailed below, except for Ground 8. Ground 8 is a mandatory ground whereas the others discretionary for the Court, using Ground 8 requires Housing Manager authorisation.

Ground	Detail
Ground 8	Both at the date of the service of the notice and at the date of the hearing, rent is two months unpaid
Ground 10	Some rent from the resident is unpaid on the date on which the proceedings for possession are begun and the resident was in arrears at the date of the service of the notice.
Ground 11	Whether or not any rent is in arrears on the date on which proceedings for possession are begun, the resident has persistently delayed paying rent.

There are different types of notices and notice periods before Court proceedings will commence for different tenancy types. The original tenancy agreement must be checked, the correct notice form must be used and the details entered accurately.

The latest information on forms for assured tenancies can be found here - <https://www.gov.uk/guidance/assured-tenancy-forms>

Tenancy Type	Notice Period	Form to be used
Assured	Minimum 14 calendar days or longer if the tenancy agreement states it. Some older agreements (pre 1998) state 28 days.	Housing Act 1988 Schedule 2 - Form 3
Fixed term	Minimum 14 calendar days or longer if the tenancy agreement states it.	Housing Act 1988 Schedule 2 - Form 3
Starter tenancy*	Minimum 14 calendar days or longer if the tenancy agreement states it.	Housing Act 1988 Section 21 - Form 6a if tenancy older than four months or Form 3 as above, if less.
Assured shorthold	Minimum 14 calendar days or longer if the tenancy agreement states it.	Housing Act 1988 Section 21 - Form 6a if tenancy older than four months or Form 3 as above, if less.

*For Starter Tenancies please also refer to the Starter Tenancy Policy & Procedure

APPENDIX 2 – FORMER RESIDENT DEBT RECOVERY AND WRITE-OFF PROCEDURE

For clarity, former tenant debt includes rent arrears, court costs and other sundry debts, such as rechargeable repairs. Former tenants who leave behind debt are known as 'debtors'.

Stage 1 – Prevention

1a) Contact when end of tenancy is expected

If we are made aware that a tenant is planning to move e.g. via an application for housing, we will write to them explaining their rent liability until the end of the tenancy. We will also explain that other landlords may request a reference, and, with their consent, we will provide information about their tenancy so it is important to keep their rent account up to date. We will arrange for a property inspection to identify, well in advance of their move, if there is work they will need to do to avoid rechargeable repairs.

1b) End of tenancy statement

Whilst acknowledging the notice in writing to the tenant we will prepare and enclose a statement showing the projected amount of rent due until the end of the tenancy.

1c) Home visit

A representative from the housing team and FM team will visit the outgoing tenant as soon as possible upon receipt of the notice. The purpose of the visit is to:

- Obtain a forwarding address for the tenant, where possible
- Reinforce the requirement to clear debt and pay rent up until the end of the tenancy
- Inspect the property and highlight work the tenant needs to do before leaving to avoid rechargeable repair debt (see also the Void Management Policy and Procedure)
- Clarify details of the executor, representatives and/or next of kin where the tenant is deceased.

Stage 2 – Early intervention

2a) Letter 1- Initial contact

If, after the tenancy ends the debt is unpaid, we will send a letter to the debtor asking for payment within a specified period, they will be advised that further action will follow if no payment is forthcoming. They will be offered the opportunity to enter into a repayment arrangement.

Where the location of the debtor is unknown, the case will be referred to the Housing Manager to see if a forwarding address can be obtained from other means, e.g. friends, family or neighbours of the debtor or from third parties such as the local authority housing department. If a forwarding address cannot be obtained, the case may be referred to a tracing agency. If an address can be found, we will start at Letter 1. If the debtor cannot be traced we will proceed to stage 3a.

Where the tenant is deceased, we will send Letter 1 to the executor, representatives and/or next of kin asking for payment from the debtor's estate.

Where there is no executor, representatives or next of kin the Housing Manager will serve a Notice to Quit on the Public Trustee, further information can be found [here](#). A Notice will be served on the property under the Torts (Interference with Goods) Act 1977. Upon expiry of the notice, any possessions of the deceased tenant will be held for a period and then, if of any value, will be sold and any proceeds will be used to pay the debts.

2b) Letter 2 – Further contact

If the debt remains unpaid or there is no satisfactory response from the tenant we will write further to request payment immediately. They will again be offered the opportunity to enter into a repayment arrangement. They will be advised that their debt may be referred to a third party debt recovery agency.

If we receive a response from the deceased debtor's executor, representatives and/or next of kin stating there is insufficient money in the estate, we will write to them asking them to provide evidence from the debtor's bank statements to this effect.

2c) Letter 3 – Referral to debt collection

If the debt remains unpaid or there is no satisfactory response from the tenant we will write further to inform them that their debt is being considered for referral to a third party debt recovery agency.

Stage 3 – Review

3a) Review by Housing Manager

If there is no satisfactory response to Letter 2 and 3 the Housing Manager will review the case and make recommendations to the Head of Housing. The following will be considered:

- The total value of the debt
- If the debtor has the ability to pay the debt in part or full, where known
- If the debt is economical to pursue
- If the debtor can be traced
- If we have received satisfactory evidence of no money in the estate (where deceased)

If the debtor gets in contact and makes an offer of repayment in full and final settlement of the debt, the offer will be referred to the Housing Manager for consideration. An offer may be agreed where there is evidenced financial hardship or where it is felt the offer is reasonable based on the value of the original debt and the circumstances of the debtor. The Housing Manager has authority to agree offers up to £500 lower than the original debt.

Cases without a satisfactory response from the tenant will be referred for write-off.

Stage 4 – Write-off

The Housing Manager will draft a write-off report quarterly detailing the cases proposed for write-off. This will include the address, the type of debt, the amounts owed, actions already undertaken and grounds for write-off. The Housing Manager will present this to Head of Finance and Head of Housing for review.

The Head of Finance and Head of Housing have authority to write-off former and current debts of more than £500 within the budget limit. If the proposed overall write-off percentage is over the budget limit it will be referred to the Board for approval.

We will retain a record of written-off debts so that should the debtor be later located or come up for re-housing the debt can be reinstated, and payment requested accordingly.

Stage 5 – Third-party debt recovery

Where a debt has been written-off, but it is considered worth pursuing, it will be referred to a third-party debt recovery agency. Cases can also be pursued at the Small Claims Court, where it is economical to do so.

APPENDIX 3 – BENEFIT OVERPAYMENT PROCEDURE

This procedure refers to both Housing Benefit and Universal Credit (housing costs element), where TorVista Homes has accepted a direct payment on behalf of a resident from either the Local Authority or the DWP.

Overpayments are where the resident received more benefit than they are entitled to. This can occur where there are changes in a resident's circumstances that affect the amount they are entitled to, but payment has continued direct to us at the previous amount.

To prevent overpayments we will inform residents that they need to update the Local Authority or DWP if we are aware of any information that may affect their entitlement. We will also notify the Local Authority and DWP in accordance with our Privacy Policy.

Where there is an overpayment the Local Authority and DWP are able to demand a refund from any benefit paid direct to us or they can deduct the amount from the resident's on-going benefit. This can include a Housing Benefit overpayment being deducted from their Universal Credit if the resident moves onto it.

If the Local Authority or DWP demand the refund from us we will consider the following:

- The reasons for the overpayment and if the claimant has actually been overpaid
- If the overpayment amount is correct and hasn't been reduced by underlying entitlement.
- Whether the overpayment is recoverable and not an 'official error', see below.
- If we have received the correct notification, including all the correct information (An invoice should be preceded by a full notification, giving sufficient time to appeal the overpayment).
- Whether the overpayment should be challenged, see below.
- If there is an indication that we caused the overpayment, see below.

If the correct notice has been received and it is a true overpayment we should firstly contact the Local Authority to discuss it. If it is not resolved at first contact we will send an official letter to request a review of the notice and request that they recover the money from the resident, either by ongoing deductions or invoice.

If this is not successful, we will take the following action:

- Pay the invoice within one month.
- Inform the resident of the overpayment.
- Add the amount refunded to their rent account.
- Request that the resident pays any arrears.
- Commence the arrears procedure if the resident doesn't pay.

Verifying if an overpayment is an 'official error'

For most benefits, the basic rule is that an overpayment is recoverable if it was caused by misrepresentation or failure to disclose a relevant fact (s71 Social Security Administration Act 1992). Although official error is not referred to, it follows that an overpayment that was caused solely by official error is not recoverable under that rule.

There are two main exceptions. Currently, the most important one regards housing benefit (HB). There, the basic rule is that all overpayments are recoverable (i.e. however caused), except those that were caused by 'official error' (a term defined in the rules) where the claimant could not reasonably have been expected to have realised that an overpayment was occurring.

The other exception concerns universal credit (UC) and, where the claimant comes under the UC system rules, here, the basic rule is that all overpayments are recoverable, (i.e., however caused), and the claimant is reliant on the Secretary of State to reduce or wipe out the overpayment where it was caused by official error.

Challenging an overpayment decision

Housing Benefit regulations (101) give landlords the right of appeal on the decision about who they can deem liable for the recovery of the overpayment. Where they have decided to recover directly from us it may be worth challenging in the following scenarios:

- Where the claimant has caused the overpayment and we had no idea that they were being overpaid.
- Where the overpayment was caused by an official error but it is the claimant who could have reasonably known they were being overpaid and not us.
- Where Housing Benefit has been paid past the claimant's death and we were unaware that the claimant had died. DWP guidance suggests that in such cases the overpayment would be recoverable from the claimant's estate and not us.
- Where recovery is being sought from us and we believe the amount of the overpayment has been incorrectly assessed.

Indication that we caused the overpayment

In this situation we will need to explain why we did not cause it. Local Authorities may suggest that we should know when a claimant, for whom we get benefit paid direct, has a change in circumstances. They therefore may consider that we have caused the overpayment by failing to disclose this change to them.