1.0 Introduction

1.1 This policy will ensure that Radius will effectively manage the collection of former tenant arrears. Radius aims to maximise income through the recovery of former tenant arrears by taking a clear, consistent, and cost-effective approach to income collection. To be fair to people who pay their rents and other charges, Radius is committed to strong action to recover debts from those who do not.

1.2 This policy does not cover arrears owed by current customers. Radius' approach to dealing with the recovery of current rent arrears is set out in the Income Collection Policy.

1.3 The objectives of this policy are to:

- maximise the collection of former tenant arrears for the organisation
- provide guidance for staff when speaking to customers regarding former arrears
- ensure all actions taken in connection with former arrears are recorded
- provide the criteria for writing off former tenant arrears
- ensure all customers are treated fairly and consistently

2.0 Definitions

2.0 For the purposes of this policy, former tenant arrears are defined as debts of unpaid rent or other charges remaining on a rent account when a tenancy or licence to occupy has terminated.

2.1 A former tenant credit is an amount of surplus remaining on a rent account when a tenancy has terminated (after all potential overpayments have been recovered).

3.0 Former Tenant Arrears Recovery

3.0 Arrears prevention is a key objective of Radius staff who are involved with income collection. We will minimise the amount of arrears transferred to former tenant accounts by taking early action to prevent current arrears accruing. The current

arrears policy is predicated on arrears prevention. However, where an arrear occurs, the policy also sets out guidance on how this debt should be managed and be reduced or cleared to prevent a past tenant debt when the tenancy is terminated.

3.1 Prevention and early interventions will be central to procedures supporting this policy. All staff dealing with tenancy terminations will advise customers of any debt outstanding and seek to recover the debt in full before the termination date or make an agreement for them to repay the debt in reasonable instalments.

3.2 At tenancy termination when a debt is outstanding, Radius will seek to collect ongoing contact details and a forwarding address for the debtor.

3.3 In accordance with the Housing Selection Scheme, Radius will seek to disqualify former tenants from reapplying for social housing with an arrears balance greater than 4 weeks.

3.4 In cases where the tenant has been rehoused by Radius any arrears on their former tenancy will be transferred to their current tenancy (see 9.0). At this stage the tenant will be notified of the account adjustments.

3.5 At all stages of recovery, Radius will make available:

- Private interviews either at the office or in their own home
- Signposting to independent debt advice, relevant agencies or referral to the Financial Inclusion Team, if deemed appropriate.
- A financial assessment of a customer's circumstances with a view to making a realistic arrangement to pay off outstanding arrears.
- Advice on follow up action should the former tenant default on an agreement.

3.6 Radius will use a range of contact methods including telephone, email, SMS, rich text messages, letters, and home visits to engage with former tenants. Actions will progress through an escalation process which may include court action. Former tenants should also be advised that failure to repay debts may affect their credit rating.

3.7 Former tenant arrears will be managed using Radius' primary housing management system. Accurate and timely records of actions and outcomes will be recorded on the system, with relevant supporting documentation uploaded.

3.8 The cost of pursuing former tenant arrears will be balanced against the likelihood of recovery, and the level of debt involved. Where it is considered that recovery action is unlikely, or not cost effective, it will be written off. This will allow staff to focus on cases where there are greater prospects of recovery. Where a decision is made to write off a debt it does not preclude arrangements for accepting payment later. Radius will resurrect debts previously written off in appropriate circumstances.

3.9 Where the arrears are in respect of a deceased tenant, action will be limited to contacting the next of kin or executor to register a claim against the estate.

3.10 We will work with third parties in the recovery of former tenant arrears, including next of kin and/or solicitors in relation to deceased tenants, or any other appropriately appointed third party.

3.11 Radius may engage the services of external suppliers to assist in the recovery of former tenant arrears as follows:

- Tracing services
- Legal services
- Debt collection services

3.12 Radius will deal sensitively with former tenants who have arrears due to matters related to their support needs, such as ill health, learning difficulties, mental and physical disabilities and victims of domestic abuse. Consideration will be given to the most appropriate means of communication and collection in these instances.

3.13 When required, Radius may use an interpreter if the customer has English as a second language and will translate letters if the customer cannot be contacted by telephone.

4.0 Former Tenant Credits and Refunds

4.0 Radius will strive to make a prompt refund to a former tenant, pending checks, where a credit is on the account at tenancy termination.

4.1 In all cases checks will be made with relevant agencies to ascertain if any overpayments are outstanding and to be recovered from Radius. Where there is a pending overpayment or outstanding information required to determine whether an overpayment exists, Radius will retain any credit balance on the revenue account until the overpayment query has been fully investigated and resolved.

4.2 No refund of a credit account will be issued to a former tenant where there are other debts outstanding to Radius. Account credits will be used to reduce or clear other debts outstanding to Radius such as recharges, legal costs etc.

4.3 In cases where the former tenant moves to another property within Radius (internal transfer) Radius will use any credit accrued on the former account to cover any outstanding rent on the new home.

4.4 In cases where the tenant transfers to live in a property not owned by Radius any credit on the account will be used by Radius to offset any other debts owed to Radius e.g. court costs or recoverable repair charges.

4.5 Where the former tenant is deceased, Radius will only consider a refund once a death certificate and evidence to support the applicant's identity has been provided and applying the following:

- The applicant must sign an indemnity form (HF58).

- In cases where there is more than one remaining relative or next of kin, all parties must sign to say they agree to refund the money to a named individual.
- Where the former tenant, the estate or next of kin of a deceased tenant cannot be located Radius will write off the credit amount in line with the policies detailed in section 5.

5.0 Write offs

5.0 The process of the writing off former tenant arrears and/or credit balances is an accounting treatment to recognise the likelihood of recovery or repayment. The process does not mean that the tenant's liability is extinguished, and if a former tenant returns to Radius, or if Radius staff become aware of the current whereabouts of a former tenant, recovery will be pursued.

5.1 Likewise, should a former tenant make a claim for repayment of credit balances, Radius will be required to reimburse that former tenant. As such, Radius will maintain suitable records in respect of all items written off to enable any potential future recovery or reimbursement.

5.2 Income Officers should demonstrate that every reasonable and cost-effective attempt has been made to repay a credit or recover a debt (which also includes legal costs and court fees). The Income Manager must be satisfied of this before recommending write off.

5.3 A debt write off must be considered if:

1. All reasonable attempts at recovery and repayment have failed, and/or
2. There is low prospect of receiving further payments, and/or
3. The debt meets at least one of the approved write off rules set out below:
    - Debt <£400 economically disadvantageous to pursue
    - Tenant is deceased
    - Debt is more than 3 years old and recovery action has been exhausted
    - Debtor has no means

- Could not be proven
- Whereabouts are Unknown

5.4 A credit write off should be considered if:

- Credit less than £50
- Past tenant's whereabouts unknown
- Tenant is deceased and there are no details of their estate or next of kin
- Credit is more than 3 years old
- An outstanding balance was owed for recoverable charges
- An outstanding balance was owed for recoverable charges following abandonment of a property
- Third party overpayment unrecovered.

5.5 Income Officers are responsible for identifying past tenant accounts (this includes sub accounts for court and legal costs) which meet any of the approved write off standards set out above. These cases will be identified through the regular monitoring of every tenant's account. Income Officers must check each account, prior to write off, to ensure the write off recommendation is appropriate.

5.6 Area Housing Managers/Income Manager are responsible for ensuring all accounts identified for write off are checked to ensure they meet the policy criteria for the selected write off category before submission of the case to Customer Experience Committee for approval. Responsibility for these checks may be delegated to the Senior Housing Officer.

6.0 Submission for Board Approval

6.0 The Director of Communities will submit accounts for write-off endorsed at Committee level for Board approval. If approved at this stage, the Finance Directorate are responsible for updating each write off (debits and credits) onto the housing management system.

7.0 Court Action/Legal Costs Write Off

7.0 The Income Manager must be satisfied that every reasonable and cost-effective attempt has been made to recover the debt, using available recovery methods, before recommending write off to Committee.

7.1 Write off should be considered if:

- Reasonable attempts at recovery have failed, and
- There is no prospect of receiving further payments, and
- The debt meets at least one of the write off rules

8.0 Reinstating of Balances

8.0 Legally, recovery action in respect of arrears can be initiated for up to 6 years after a debt is written off. This period can also be extended, if, during those 6 years, the debt is acknowledged, in writing, by the debtor, or a payment is received. Written off accounts should be reinstated where a credit or debit adjustment has been keyed. These accounts should either be re-identified for write off or become subject to the appropriate form of arrears and or debt recovery action.

8.1 Written off accounts can also be re-instated where a former tenant wishes to make an agreement to pay off arrears that were previously written off.

9.0 Statute Barred Debts

9.0 Radius is prohibited from using legal proceedings to recover debts which are statute barred. A debt is deemed to be statute barred if it is more than 6 years old. This six-year period may be extended if the debtor makes a payment or acknowledges the debt, in writing, within those 6 years.

10.0 Review of Policy

10.0 Radius will review this Policy every three years or sooner if required by statutory, regulatory or best practice requirements or the need to update following reviews of other organisation wide policies.

Associated Policies & Procedures:
HPR0041 Former Tenant Arrears & Credits Procedure

Associated Forms:
HF58 Indemnity Form