# SP27 Former Tenant Arrears Policy

## Scope of policy

Soha seeks to maximise income through the recovery of Former Tenants' Arrears (FTA) by taking a clear, consistent, and cost-effective approach to income collection.

This policy does not cover arrears owed by current tenants. Soha's approach to dealing with the recovery of current rent arrears is set out in the SP04 Rental Income Policy.

The objectives of this policy are:

a. To ensure Soha treats all tenants fairly and consistently.
b. To provide guidance for colleagues when speaking to tenants regarding FTA.
c. To maximise the collection of FTA for the organisation.
d. To ensure Soha records all actions taken in connection with FTA.
e. To assist customers with rehousing where they have FTA.
f. To provide the criteria for writing off FTA.

## Aim

Soha will obtain forwarding addresses and other contact details in respect of all tenancy terminations. Where an address is not provided, we reserve the right to use Tracing Agencies to trace those former tenants. If a debt is written off, and a forwarding address is obtained later, this debt can be written back on and pursued.

Soha will issue statements promptly following the termination of a tenancy to all debtors, detailing any charges that they are responsible for.

At all stages of recovery, Soha will make available:

1. Private interviews either at the office or in their own home.
2. Referral to debt advice such as from Citizens Advice.
3. A financial assessment of a tenant's circumstances with a view to making a realistic arrangement to pay off outstanding arrears. We will consider settlements that clear the FTA, where the entire balance is not paid. This is in line with updated county court guidance.
4. In cases where FTA of £500 or more are in respect of a deceased customer, action will be limited to contacting the next of kin or executor to claim against the estate. If this action proves unsuccessful, the arrears will then be written off.
5. FTA under £500 will be notified to the executor at termination but not further pursued.

Where an agreement is not reached, or payments are not made as promised, Soha reserves the right to use an external debt collection agency. Soha may pursue other legal remedies such as county court money judgements. Court action will not be pursued where the debt is over six years old. However, Soha may continue to regard the debt as relevant when making other decisions such as a future application for a tenancy.

Soha will not normally rehouse people with FTA (owed to another social landlord or Soha) unless they are reduced to below £1,000 and subject to a payment plan that has been maintained for at least 6 months. If an applicant will only reduce the outstanding debt by borrowing money, then Soha will consider agreements on a case-by-case basis. Where an applicant is being considered for supported, or Housing Led housing, then the need to clear previous FTA will again be considered on a case-by-case basis.

It is accepted that not all FTA will be recoverable and that the cost of recovery action can become excessive. Soha will only pursue debts where it is practical and economical to do so. Where a decision is made to write off a debt, it does not preclude arrangements for accepting payment later. Soha will resurrect (write on) debts previously written off in appropriate circumstances.

## Policy Statement

Early pursuit of FTA provides the best chance of successful collection. When advising customers on the termination of their tenancy or other agreement, Soha will advise customers of any debt or credit outstanding. Where an outgoing tenant has FTAs without an arrangement, and has a Direct Debit in place, the Direct Debit will be amended to collect £20 per month until the arrears are cleared. The outgoing tenant will be notified of this in writing.

The costs of pursing FTA will be balanced against the likelihood of recovery and the level of debt involved. The cost effectiveness of pursuit and collection will be fully considered at all stages. Where it is considered that recovery of a debt is unlikely, or not cost effective, it will be written off.

Where a former tenant is considered at risk (e.g. subject to safeguarding or escaping domestic abuse), then consideration is given to the most appropriate means of communication and collection, which will include recommending the debt for write off. This will be judged on a case-by-case basis and in accordance with our Safeguarding Policy SP19. We will work with third parties who are assisting former tenants with their affairs.

Soha will have clear and transparent processes for writing off FTA. The financial level of FTA will dictate the management level that can authorise the write off of FTA.

## Implementation

Soha will maintain a computerised accounting system, which identifies former tenants with an arrears balance and suggests recovery actions based on a predetermined escalation policy.

Former tenants will be advised of Citizens Advice or other support agencies where it is felt assistance may be needed. All former tenants will be advised of the available payment methods.

Soha will ensure that customer confidentiality is maintained at all times and that all personal information of third parties will be handled in accordance with the requirements of the Data Protection Act 2018.

## Resident Involvement

Soha has consulted the Customer Services portfolio holders in respect of this policy.

## Appeals

Any appeals or complaints received relating to former tenant arrears will be dealt with in line with Soha's complaints policy (SP07 Complaints Policy).

## Responsibility

The Director of Housing & Communities is responsible for the effective implementation of this policy.

## Monitoring and review

We will monitor this policy to ensure it meets best practice and current legislation and will review it within three years.

## Context

SP06 Data Protection Policy
SP01 Equality, Diversity & Inclusion Policy
SP07 Complaints Policy
SP19 Safeguarding Policy
SP04 Rental Income Policy
SP03 Lettings Policy

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