

# Income Collection Policy

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## 1.0 SCOPE

### Purpose

- 1.1. This document sets out whg's policy towards income collection, ensuring that income into the business is maximised and where possible tenancies are sustained. It applies to the collection of rent and/or service charges and debts arising under tenancy agreements, leases and licenses.

### Legal and regulatory framework

- 1.2. The key legislation in relation to tenancies is the Housing Act 1988 as amended by the Housing Act 1996, which contains the Grounds for Possession.
- 1.3. When taking possession action against tenants the Pre Action Protocol for Possession Claims by Social Landlords must be adhered to.
- 1.4. The Landlord and Tenant Act 1985 defines a service charge and sets out the requirements for reasonableness and for prior consultation of leaseholders. The item or service must be included in the lease in order to be chargeable and therefore recoverable.
- 1.5. The County Court Act 1984 and the Civil Procedure Rules and Directions allow for and give directions as to how debts can be recovered in the county court.
- 1.6. The RSH's Tenant Involvement and Empowerment Standard requires Registered Providers should understand and respond to the diverse needs of tenants, treat tenants with fairness and respect and understand the different needs of tenants including in relation to the equality strands and tenants with additional support needs. This Policy ensures that whg does not take action against customers without considering their needs. Tenancy sustainability is a key element to this Policy and requires colleagues to work with customers to offer support before taking any action.

## 2.0 POLICY STATEMENT

### Arrears action

- 2.1. whg aim to ensure that tenants have successful tenancies and are provided or signposted to the most appropriate support in order to achieve this. We will make sure that the customers' responsibility to maintain their contractual payments are clear and in the eventuality there is a risk to payments being made, the tenant is clear who to contact. Where a customer does not

proactively contact whg when one or more payments are missed, whg may use multiple communication channels to engage with the customer to obtain engagement.

- 2.2. Although whg understand that approaching a landlord to discuss financial matters can be difficult, whg expects the customer to proactively get in contact as soon as there is a potential there may be shortfall in payment. This early indication of financial issues enables whg to support the customer as soon as possible and attempt to minimise the debt or financial issues.
- 2.3. New tenants will be required to pay in advance from the start of their tenancy to ensure that at no point during their payment cycle their rent account is in arrears and therefore in breach of their contractual terms. This is the case for all customers inclusive of those who may be claiming benefits. Payments in advance will be determined by the frequency of payments, for example; monthly payers will need to pay a month in advance, fortnightly payers a fortnight and weekly payers a week. Where it can be evidenced a lump sum payment to bring the account in to advance will leave the customer in financial hardship, whg aim to work with the customer and provide options to bring the account into credit over an agreed period. Failure to cooperate with whg during the application and offer stage may result in an offer of a home being withdrawn as explained in our Allocations Policy.
- 2.4. whg aim to consider the personal circumstances of customers when making agreements and when determining the appropriate method of arrears recovery. The circumstances of the customer and the levels of engagement may determine the course of action whg take to recover the debt. Colleagues are empowered to utilise their skills in determining what process is most appropriate taking in to account each unique set of circumstances a customer may have. This may or may not involve legal action depending on the levels of positive engagement from the customer which is explained in section 2.7.
- 2.5. An agreement is a mutually agreed payment that has been discussed with the customer. This is where an account has fallen into arrears and is required to be paid. Colleagues at whg will review a customer's financial circumstances and work with the customer to set an agreement that is manageable. This may vary from customer to customer depending on the circumstances and their household income and expenditure.
- 2.6. When negotiating arrears agreements with leaseholders, they will be asked to clear service charge arrears by the end of the financial year. Agreements to pay large amounts for improvement recharges may be negotiated over a longer period, but the starting point will always be to request payment in full as per the lease arrangements. Where the customer will not pay or is unable to negotiate a suitable agreement, the mortgage company (where there is a mortgage) will be asked to clear the debt.

2.7. whg continue to see eviction as the last option and will attempt to work with the customer to avoid this from happening. whg aim to engage with the customers through multiple channels to ensure that the customer is given many opportunities to work with whg to sustain their tenancy. If a customer is engaging positively with whg and adhering to commitments established with whg either in the form of a monetary agreement or actively working with whg's services to improve their overall circumstance such as the Employment and Training Team or Money Advice, whg will not proceed to eviction on the grounds of rent arrears. Examples that whg deem to be positive engagement are;

- Responding to communication from whg regarding rent or service charges.
- Updating whg colleagues with any change of circumstance which may impact ability to pay.
- Informing whg when a payment commitment cannot be made with a genuine reason as to why.
- Attending appointments with services deemed appropriate to improve the customers financial position. These services could be internal such as whg's Money Advice Team or external partners such as Citizens Advice or the Local Authority.
- Taking advice to contact the Local Authority or DWP to ensure their housing entitlement and/or benefits are maximised and processed.

2.8. If in the eventuality a customer does not positively engage as outlined in section 2.7. whg may commence legal proceedings which will result in a recharge of court costs being applied to the customers rent account to be paid and the customer may lose their home.

2.9. Customers with leases or freehold covenants to pay service charges or estate charges will only be offered money advice if they fall into arrears. Where customers have arrears that continue to escalate and/or the customer fails to engage with support provided, an escalating arrears recovery action will always be taken which will result in legal action if the arrears position does not improve.

### **Legal Action**

2.10. Where all reasonable action has been taken but arrears continue to accrue and there is no or inconsistent positive engagement as explained in section 2.7. legal action may be taken to secure the debt or to bring the account to an end. Throughout the legal process, attempts will be made to communicate with the customer and to make an agreement to pay to avoid the process being escalated.

2.11. whg will use the appropriate Grounds to enforce a tenancy if legal action is required which allows courts to decide the most appropriate order to serve. Ground 8 however is a mandatory Ground for Possession, which means that

the Court does not have any discretion to adjourn or suspend the case and can only make an outright order for possession if the Ground is proven. For this reason, before issuing a notice using Ground 8, approval from the Director of Housing is required.

- 2.12. As whg have a commitment to only utilise the eviction process where all other methods of engagement have failed, the Income Collection team require approval prior to any eviction taking place. The approval must be from the Director of Housing prior to bailiffs attending the property.
- 2.13. Where legal action is taken against leaseholders a money judgment will usually be sought to secure the debt. Forfeiture of the lease will usually only be sought where there are serious breaches of the lease in addition to rent arrears and only where the lease allows for it. If the leaseholder disputes or whg wishes to prove the reasonableness of the service charge or improvement charge the case will first be heard by the First Tier Tribunal. The tribunal only has the power to determine reasonableness; a money judgment can only be made by the County Court.
- 2.14. Once an order for possession or a money judgment has been obtained whg will use the most appropriate form of enforcement action from the following list, depending on the customer's circumstances and the type of occupancy agreement.
  - Warrant of possession (eviction – tenants only)
  - Warrant of control (collect money or goods)
  - Attachment of earnings (payments direct from the customer's wage/salary)
  - Third party debt order (against a bank or other third party to pay money owed by the customer from their bank account or other)
  - • Charging order (against the property - leaseholders or other homeowners only)

#### **Methods of Payment**

- 2.15. whg will offer a range of payment methods that allow for customer preferences and requirements. Where appropriate whg encourage customers to either self-serve through the mywhg portal or via an automated and regular payment method such as direct debit or standing order.
- 2.16. Although direct debit is our preferred payment option, and a contractual obligation in all new tenancy agreements, whg recognises this method of payment is not always appropriate. If it is established that direct debit is not the most appropriate option for the customer, we will discuss an alternative.
- 2.17. If a customer is in receipt of Universal Credit (UC), we may work with the customer to obtain an Alternative Payment Arrangement (APA) where the customers housing entitlement is paid directly to whg from the DWP. We will only request this if the circumstances align to the criteria set by the DWP. After

assessing the customer's circumstances and if the customer is in arrears, we may also request a managed payment/arrears deduction from the DWP to contribute to the arrears from the customer's full UC entitlement. We will only apply for this if the customer fails to positively engage or we fail to establish an agreement from the customer.

### **Priority of debt repayments**

- 2.18. When payment is received from a customer with multiple debts, payment will generally be offset against the debts held by the customer in the following order, unless the customer specifically states that the payment should go towards another debt:
- Current main account
  - Current account court costs
  - Rechargeable repairs attached to current accounts
  - Former account
  - Former account court costs
  - Rechargeable repairs attached to former accounts
- 2.19. Leaseholders however will be expected to make payments to their current main account and their recharge account concurrently.
- 2.20. If a customer becomes eligible for compensation or other payment from whg, the payment will be made to any accounts they have in arrears before being paid to the customer.

### **Write Off**

- 2.21. Where it is determined that a debt is unrecoverable or uneconomical to pursue, it may be written off, for example in the following circumstances:
- Bankruptcy or Debt Relief Orders – debts included in these orders must be written off as they are generally not recoverable
  - Credit balances – where a credit is due to a customer who cannot be located it will be written off
  - Long standing static debts where it is uneconomical to pursue the debt – this will usually only apply to former customers
  - Former debts where recovery has been unsuccessful, or it is uneconomical to pursue
  - Following the death of a customer where there is no estate to clear the debt
- 2.22. Write offs require approval by the relevant colleague depending on the level of the debt to be written off:
- Up to £3,000 – Assistant Manager or Service Manager

- £3,000 - £5,000 – Senior Housing Manager (reports into Director of Housing)
- • Over £5,000 – Director of Housing

2.23. Debts will be reinstated where the circumstances of the customer changes so that it is economical to pursue the debt or if the customer wishes to register with whg for re-housing.

### **3.0 PERFORMANCE MEASURES**

3.1. Levels of debt and trends will be monitored by the Income Collection Team. Current and former tenant arrears performance will be reported to the Group Executive, Customer Experience Committee and the whg Board.

3.2. Annual targets will be set each year for all types of arrears cases.

### **4.0 EQUALITY AND DIVERSITY**

4.1 whg will only act or decide what the most appropriate action should be based on a customer's financial circumstances and levels of engagement. There will be instances where some customers will be eligible for financial support from the Government or Council t, these rules are governed by their own Policy and eligibility. whg aim for every customer who requires support be given the right guidance based on their individual circumstance which may vary person to person.

### **5.0 TRAINING AND DISSEMINATION**

5.1. The new Policy will be distributed across all teams that interact with customers throughout their journey with whg. The Policy will also be made available to customers.

### **6.0 MONITOR AND REVIEW**

6.1. If a Ground 8 is served, an annual report will be presented to Customer Services Committee and the whg Board advising of the number of cases where Ground 8 for Possession has been used and in what circumstances.

6.2. This Policy will be monitored by the Director of Housing and reviewed every three years by the Policy Group or earlier due to changes in legislation.

### **7.0 ASSOCIATED DOCUMENTS, POLICIES AND PROCEDURES**

7.1 Documents, policies and procedures associated with this policy are:  
• Money Advice Policy

- Pre Action Protocol for Possession Claims by Social Landlords
- Allocations Policy
- Restricted Access Policy
- Tenancy Policy
- Lodgers, Subletting and Tenancy Fraud Policy
- Mutual Exchange Policy
- Rent and Service Charge Policy
- RSH Rent Standard

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| <b>Legal advice</b>        | None required  |
| <b>Consultation</b>        | Customers consultation, Income and Housing colleagues  |
| <b>Approved by</b>         | GEXEC May 2021   |
| <b>Review Date</b>         | May 2024   |
| <b>Corporate Plan aim</b>  | <ul style="list-style-type: none"> <li>• Deliver high quality homes and services for our customers</li> <li>• Promote health and prosperity where we can make a difference</li> <li>• Deliver a strong business, fit for today and prepared for tomorrow</li> </ul>  |
| <b>Equality Assessment</b> | Completed 14 April 2021  |
| <b>Key changes made</b>    | <ul style="list-style-type: none"> <li>• Remove restrictive procedures to ensure multiple services can action rent accounts with ease.</li> <li>• Give flexibility in decision making considering personal circumstances for each customer.</li> <li>• Reinforce not evicting into homelessness.</li> <li>• Emphasis on customer responsibility to contact us as soon as they are at risk of paying rent.</li> </ul> |