

Approved By	Assistant Director of Customer Services	Version	2
Date Approved	05/06/2020	Implementation Date	June 2020
Author	Business Partner (Tenancy)	Approval Level	Assistant Director
Reviewer		Review Date	April 2023

1. Purpose

- 1.1 This policy sets out mhs homes approach to the collection of any income due to us, effective collection enables us to provide high quality housing services to our customers.
- 1.2 We recognise that debt prevention is more effective than debt recovery. We aim to provide help, support and guidance to support our customers in paying their charges in advance as per the contractual agreement.
- 1.3 We will adopt a supportive approach when dealing with customer who are unable to meet their payment obligations.
- 1.4 mhs homes are committed to taking effective action and using the powers available to us, where we consider they can provide effective remedy.

2. Who does this affect?

- 2.1 This policy applies to customers of all tenures living in a home owned or managed by mhs homes, including: general needs, sheltered housing and market rent. It also applies to customers in leasehold and shared ownership properties. If necessary, we may take legal action under the terms of the lease and other relevant legislation available to us.
- 2.2 The term 'we' and 'our' relates to all concerned unless otherwise stated.
- 2.3 Properties managed by mhs homes on behalf of Clarion Housing Association and Heart of Medway Housing Association.

3. Legislation and Regulation

- 3.1 The legislation that address different aspects of this policy are;
 - Housing Acts 1985, 1988 and 1996 – provides grounds for possession and seeking injunctions
 - Landlord and Tenant Act 1985
 - Landlord and Tenant Act 1985(As amended) section 18-22

4. Policy Statement

To ensure effective collection of our income we will;

- 4.1 Ensure that our staff are trained and have the knowledge and confidence to effectively deal with customer queries.
- 4.2 Promptly advise customer of their arrears, using a range of contact methods, to prevent debt escalating.
- 4.3 Deal sensitively with cases involving the death, long term or permanent hospitalisation, or imprisonment of a customer.
- 4.4 Proactively refund credit balances where the credit exceeds the amount required by the contract between us, unless the customer expressly requests a higher balance be retained.
- 4.5 Encourage payment by Direct Debit as this provides the most cost-effective collection process, but to offer a flexible range of alternative payment methods for situations where Direct Debit is not suitable for a customer.
- 4.6 Offer advice and guidance in maximising income to enable customers to meet their financial commitments, if appropriate to do so.
- 4.7 Offer budgeting support and guidance to enable the customer to meet their financial commitments, if appropriate to do so
- 4.8 Signpost to suitable external agency for debt, welfare, housing and legal advice.
- 4.9 Follow a staged recovery process and record all communication in a clear accountable manner.
 - a) General Needs – once in arrears (net of expected HB) customers will be regularly contacted. Where we are satisfied of a customers inability to make full payments due to a pending benefit claim, we may suspend arrears actions for a maximum of 4 weeks.
 - b) Home Owners - once in arrears customers will be contacted at least monthly. If the property is subject to a mortgage, we may approach the bank to make missing payments on the customers behalf.
 - c) Garage – once in arrears customers will be contacted regularly, if arrears exceed 4 weeks, the licence will be terminated.
- 4.10 Use Alternative Payment Arrangement's to collect Universal Credit payments for housing costs direct from the DWP, where customers are in arrears. We will do this after notifying our customers and regularly review these arrangements to ensure they remain appropriate.
- 4.11 To ensure that eviction/lease forfeiture or termination of tenure only takes place as a last resort, when all appropriate preventative methods have failed.
- 4.12 Other than in exceptional circumstances we will not re-house, transfer or allow to mutually exchange (subject to legislative requirements) customers with rent arrears

unless half their debt is paid and an arrangement to pay has been maintained for a minimum of six months.

5. Arrangements

- 5.1 When entering into a payment plan, we will ensure that the terms of the agreement are affordable.
- 5.2 With the agreement of customers, we will complete income and expenditures to ensure affordability.
- 5.3 long term arrangements
 - a) General Needs – we will not enter into arrangements which will take longer than 6 years to recover, unless directed by a court order.
 - b) Homeowners – repayment terms will be limited to 12 months (we reserve the right to charge interest as outlined in the lease)
 - c) Market Rent – repayment terms will be limited to 12 months
 - d) Garages – terms for repayment of debt will be limited to 2 months

6. Former Tenants

- 6.1 We may use trace agents to locate former customers where it is cost effective to do so, to enable us to either refund credits due or pursue collection of outstanding debt.
- 6.2 We will take legal action to recover former tenant debt where it is cost effective to do so. Where the cost of recovery is likely to exceed the outstanding debt, the debt will be written off.
- 6.3 Legal action taken may have an adverse effect on a customer's credit score.
- 6.4 Where a former customer approaches us to repay an outstanding debt, we may take a view on accepting a % (usually no less than 65%) in full and final settlement in preference to a long-term arrangement which will take longer than 6 years to recover.
- 6.5 Where we have written off or written back an account, if approached by the customer we may cancel that transaction and either refund or collect the amount outstanding.

7. Compliance

- 7.1 This policy aims to satisfy the requirements of the Rent Standard 2020.
- 7.2 We will only share information that meets the requirements of the Data Protection Act 1998. Confidentiality and impartiality will always be exercised by mhs homes.

8. Equality Statement

This policy applies to customers of all tenures living in a home owned or managed by mhs homes. mhs homes wants to make sure that no person receives less favourable treatment from the organisation on the grounds of age, disability, gender reassignment, marriage, civil partnership, pregnancy, religion or belief, race, sex or sexual orientation.

This policy will be reviewed in three years' time or earlier if required by legislation, new significant guidance or in response to specific incidents.