

# ► POLICY:

## ARREARS POLICY

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### 1.0 Policy Statement

- 1.1 This policy covers the framework for collecting charges for the prevention of arrears and for action taken against customers who fall into arrears.
- 1.2 Our policy expects all customers to pay their charges or to ensure that payments are made on their behalf in accordance with their tenancy agreement or lease.
- 1.3 Rent is payable a week in advance, where the customer chooses to pay at intervals other than weekly; their advance payment are expected to reflect their payment pattern.

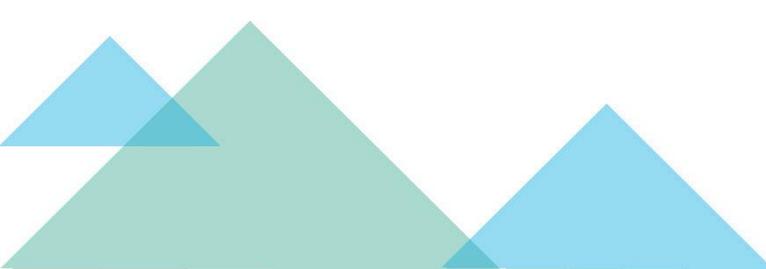
### 2.0 Background Legislation

- 2.1 We comply with the **Housing Act 1988** and all associated legislation and guidance including the revised **Pre-action Protocol 2015**.
- 2.2 This policy acknowledges that many of the equity loan agreements are regulated credit agreements for the purposes of the **Consumer Credit Act 1974**.
- 2.3 We comply with that Act and all associated legislation and guidance, including the **Financial Conduct Authority's (FCA) Consumer Credit Sourcebook (CONC)**. Particular attention will be given to the requirements of chapter 7.3 of CONC, which relates to treatment of customers in default or arrears.

### 3.0 Definitions

- 3.1 'Charges' refer to rent and/or interest, and service charges as set out in the customer's legal agreement.
- 3.2 'Arrears' money owed by current or former customers to the Association
- 3.3 'Debt Relief Order' (DRO) provides debit relief subject to some restrictions. They are suitable for people who do not own their own home, have little surplus income or assets and less than £15,000 of debt. An order lasts for 12 months. In that time creditors named on the order cannot take any action to recover their money without permission from the court.
- 3.4 'Individual Voluntary Arrangement' (IVA) is an alternative to bankruptcy. They are arrangements between a debtor and their creditors for formal repayment of their debts, and are overseen by an Insolvency Practitioner.

### 4.0 Objectives

- 4.1 Ensure our customers have information and support they need to maximise their income and sustain their tenancies/leases.
  - 4.2 Keep levels of rent, service charges and interest charges arrears to a minimum
  - 4.3 Make it easier for customers to pay charges by having a variety of payment methods
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4.4 Offer customers realistic and affordable payment plans to enable them to pay any arrears in addition to their current charges over a period of time.

## 5.0 Debt Prevention

5.1 We acknowledge that difficulty paying charges may be a symptom of wider financial problems for the customer. Factors that should be considered include:

- (i) The reason for the arrears
- (ii) The customers payment history
- (iii) Personal financial circumstance including debt issues

5.2 We will attempt to contact the customer as soon possible using a range of communications including email, text, telephone, post and in person. We will consider what is preferred or suitable for the customer.

5.3 If we are aware that a customer has difficulty reading or understanding written information, we will take every reasonable step to ensure that the information is communicated in the best way possible.

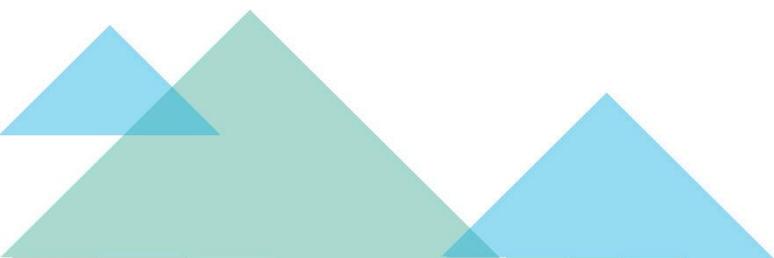
5.4 There are different ways we can offer support. This includes advice on benefits, employment and training

5.5 To help customers manage their accounts, customers can view and make payments on their account at any time through MyTVH, our online platform. We can also have statements sent at any time upon request.

## 6.0 Debit Relief Order, Individual Voluntary Arrangement and Bankruptcy

6.1 The main feature of a DRO is a ban (called a moratorium) which prevents creditors pursuing debts for a period of 12 months. Customers with a DRO are still liable to pay rent, and arrears incurred after the DRO has been made are not covered by the moratorium. We will deal with repayment of these arrears in the standard manner.

6.2 In respect of rent arrears where a customer has been declared bankrupt or entered into an IVA and stays in occupation, the customer will still be liable for charges. Any arrears will be treated in the standard manner.



## 7.0 Proportionality

- 7.1 We will only take proportionate action against a customer in arrears or default of interest charges. We will not submit a bankruptcy petition, without first having fully explored all proportionate options.
- 7.2 We will not make undue, excessive or otherwise unfair use of statutory demands (within the meaning of section 268 of the Insolvency Act 1986) when seeking to recover a debt from a customer.

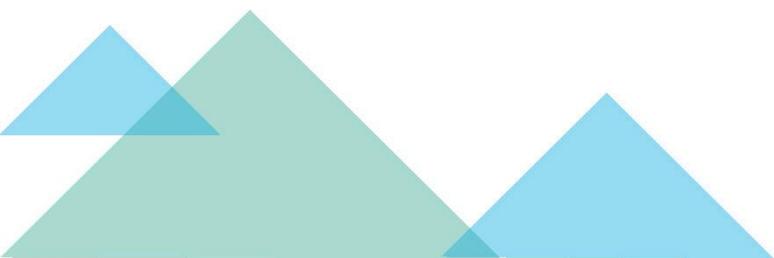
## 8.0 Benefits

- 8.1 TVHA recognises that many of its customers are dependant upon housing benefit or the housing cost element of Universal Credit to pay their rent or service charges. Housing Benefit/Universal Credit remains the responsibility of the customer and we expect customers to liaise with Housing Benefit or the Department of Works and Pension (DWP) and ensure charges are paid to the Association.
- 8.2 We will offer to assist the customer in any claim the customer may have for housing benefit, discretionary housing benefit or Universal Credit. We will make every effort to establish ongoing liaison with the DWP and Housing Benefit departments and with the customer's consent, contact these departments before taking enforcement action.
- 8.3 Where a customer has applied for Universal Credit we will contact the customer to ensure the housing costs have been applied for.
- 8.4 Where there are 8 weeks arrears or vulnerability is identified at the time of verification and no agreement is in place we may apply for an Alternative Payment Arrangement.
- 8.5 We may not start court proceedings due to arrears because of an outstanding benefit claim. This is only where a customer can evidence they have a genuine chance of getting benefits and has provided all information required.

## 9.0 Vulnerable Customers

There is no standard definition of what is meant by the term 'vulnerable'. Sometimes customers can be vulnerable over the long term or a short term.

- 9.1 We will work with customers, voluntary organisations and other support providers to offer extra support and guidance. We can signpost to agencies that offer support that is tailored to our customers' circumstances.
- 9.2 While we accept that vulnerable customers may need additional support, we will expect arrears to be paid on time.
- 9.3 When dealing with customers in default or in arrears we will pay due regard to their circumstances and ensure action taken is proportionate and fair.



9.4 The Revenues team work in a multi-agency framework when managing accounts drawing up all resources available, whilst conforming with Confidentiality and Right to Information Policy and current Data Protection legislation and guidance.

## 10.0 Methods of Payments

10.1 We provide full information on how and when to pay charges when the tenancy agreement or lease is signed. We also explain the consequences of not paying charges and what financial services are offered internally or externally.

10.2 TVHA currently provide different ways of paying charges. These include:

- (i) MyTVH on line services
- (ii) Direct Debit
- (iii) Standing Orders
- (iv) In person using swipe card at a post office, Allpay and Pay Point outlets

## 11.0 Performance Monitoring

11.1 The Corporate Plan includes a target to reduce the current debt. This target is cascaded from the Board, to the Chief Executive, to directors and departmental managers through to patch officers whose performance is reported on a monthly basis. Headline performance is reported to the Board and the Executive team on a quarterly basis. Performance is also review through departmental management teams to the Senior Housing Management Team monthly.

11.2 All members of staff have access to data held on the Business Intelligence System and can view information and a variety of reports in real time. Benchmarking groups operate for managers to compare performance with other Registered Social Landlord's to develop further best practice.

## 12.0 Related policy

12.1 MCHB Interest Charge Arrears Policy

## 13.0 Equality Impact Assessment

## 14.0 Policy Information

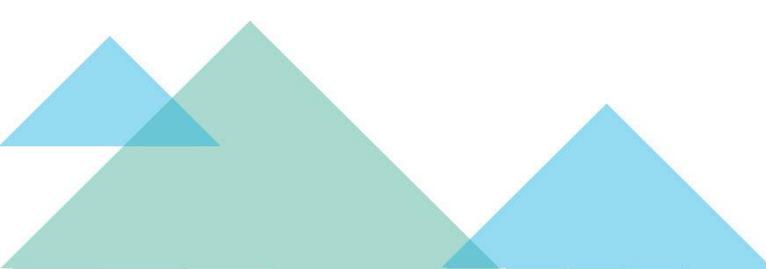
**Policy owner:** Sonia Smith

**Approved by:** Howard Dawson

**Last review date:** November 2016

**Next review date:** November 2019

**Equality assessment:** January 2017



Customer consultation completed: N/A

