

Appendix 2 - Debt Recovery Policy (Reserved Policy)

Introduction

Oxford City Housing Limited (OCHL) has a responsibility to safeguard its financial viability and is required to ensure that the payment of rent, service charges and other rechargeable debts are made promptly in line with the tenants' obligations under the Tenancy Agreement.

Being in debt can be a major issue for tenants. OCHL aims to prevent tenants from accumulating rent and other arrears that may trap them between a cycle of poverty or lead to their eviction.

OCHL will take prompt, appropriate and effective action to prevent and minimise rent arrears.

Policy Statement

This policy determines sets out the approach OCHL will take to prevent rent arrears and what action will be taken to recover rent arrears or other OCHL debts.

OCHL will ensure that all reasonable steps have been exhausted before considering legal proceedings. If a tenant fails to co-operate in reducing arrears OCHL will commence legal action to recover the debt.

Objectives

- To promote a payment culture
- To prevent rent arrears, where eviction is seen as a last resort
- To ensure tenants are treated fairly and in accordance with the Equality, Diversity & Customer Care Policy.
- To provide clarity regarding the debt recovery process
- To prevent homelessness and sustain tenancies.

Support and Customers with Vulnerabilities

OCHL acknowledges that the promotion of a payment culture from the outset is key to preventing rent arrears. Appropriate support or sign-posting will be provided to each customer dependant on their individual needs.

Causes of vulnerability can include age, chronic illness, learning difficulties, physical disabilities, mental health and addiction. Any of these vulnerabilities can cause or contribute to financial difficulties. OCHL will help vulnerable tenants and where appropriate, their representatives, to be fully aware of their obligation to pay rent and other charges when due so that the tenancy can be maintained.

OCHL provides a Tenancy Sustainment Service that can support vulnerable tenants to maintain their tenancy.

We will consider individual circumstances and support needs when considering legal action and work with any support agencies as necessary.

Grounds for Possession

OCHL will use grounds for possession 8, 10 and 11 under Section 8 of the Housing Act 1988 as necessary during the course of an Assured (Non-Shorthold) Tenancy. At the point of reviewing starter tenancies and at the end of the fixed term, OCHL may use a Section 21 Notice (under the Housing Act 1988) (to activate the landlord's break clause) to enable possession proceedings. Where a Section 21 Notice has been served on a Starter Tenancies or at the end of the fixed term, OCHL will ensure that there is an appeals process and that the Appeals Panel will decide the merits of the case and determine whether possession should be sought.

Starter Tenancies

If the applicant has not previously been a Council or Housing Association tenant then they will be granted an Assured Shorthold Tenancy (starter tenancy) for the first 12 months. Where applicants have been a tenant of a Council or housing association tenancy for one year, immediately prior to the OCHL tenancy, the starter period of the tenancy will not apply.

Nine months into the Assured Shorthold Tenancy (Starter Tenancy), a review of the tenant's conduct will be carried out, to determine whether an Assured (Non-Shorthold) Tenancy should be offered at the end of 12 months or whether the tenancy should be ended at the end of 12 months through the service of a Section 21 Notice. The rent payment history and the behaviour of the tenant will be considered as part of the review.

OCHL will ensure that there is an appeals process and that the Appeals Panel will decide the merits of the case and determine whether possession should be sought or whether an Assured (Non-Shorthold) Tenancy should be granted.

Assured (Non-Shorthold) Tenancies

Rent is payable monthly in advance, and payments by Direct Debit are encouraged, although alternative payment methods may be available.

Recovery processes will be explained to new tenants during pre-tenancy work and subsequently at the tenant's sign-up interview.

Tenants will be advised of any arrears or an unacceptable payment pattern promptly after these arise. OCHL will make every effort to reach an agreement with the tenant to clear the arrears.

If the tenant fails to comply with an arrangement to clear the arrears or is persistently in arrears, OCHL will consider possession proceedings using any appropriate ground(s) for possession. OCHL will always seek Court Costs for any claim.

OCHL will fully comply with the Pre-Action Protocol for Possession Claims by Private Landlords.

Refunds

In accordance with the tenancy agreement rent is payable in advance and the Company will not refund credit on an account where this will result in arrears building up before the next payment is expected.

Write-offs

OCHL will not generally write-off rent on current tenancies unless the property is uninhabitable through no fault of the tenant.

OCHL will not generally write-off any debt owed by a current tenant.

Where current rent is required to be written-off under the terms of bankruptcy, an administration order, a debt relief order or any equivalent scheme, OCHL will seek possession of the property.

Any debt that has been written-off, can be "written-on" if the circumstances regarding the debtor changes.

OCHL will make provision for bad debts. All write-offs by OCHL will be classified as bad debt.

OCHL will pursue former tenant arrears providing it is economical to do so until the criteria and thresholds for write-offs are met as set out in this policy. This may include the use of external enforcement agencies.

Former tenant write-off criteria

Approval for former tenant write-offs will be automatically requested when any of the following criteria are met:

- Where the debt is under £20
- Where the total debt is under £50, where no payment has been received within six months of sending the final demand for payment.
- Where an external enforcement agency advises they are unable to collect the debt and all options are exhausted.
- Where the debtor has absconded and cannot be traced
- Where the debtor has been made bankruptcy or is subject to a similar order
- Where the debtor is deceased and there are insufficient funds in the Estate to clear the outstanding charge

For arrears over £50, in order to identify which debts should be written off, OCHL has a schedule which refers to the amount of the debt, the age of the debt, action taken to recover the debt and the seniority of the person/body authorised to write-off the debt. The schedule is:

Amount	Age of Debt	Action taken	Write-off approval
£50 - £100	Over 6 months	Three letters requesting payment therefore uneconomical to pursue	Income Team Leader
£100 - £500	Over 6 months	Three letters requesting payment and returned from External Enforcement Agency therefore uneconomical to pursue	Income Manager/Service Manager Revenues and Benefits
£500 - £1,500	Over 6 months	Three letters requesting payment and returned from External Enforcement Agency therefore uneconomical to pursue	Head of Finance
Over £1,500	Over a year old	Three letters requesting payment and returned from External Enforcement Agency therefore uneconomical to pursue	OCHL Board

Monitoring

This policy will be monitored through the regular policy review programme.

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