



Income Team

Former Customer Debt & Credit Policy

Regulation and Legislation	This Policy links to: Housing Act 1985, 1988, 1996, 2004 & 2016, Civil Procedure Rules 1998, Social Landlord Possession Pre-Action Protocol, Equality Act 2010, Coronavirus Act 2020, Prevention from Eviction Act 1977, Welfare Reform Act 2012, Homeless Reduction Act 2018 & RSH Standards Procedure & Guidance 2018 and Breathing Space Legislation 2021.
Approved by	Katherine Buxton – February 2022
Supporting documents	Debt Service Charge and other Arrears Policy, Debt Collection and Recovery Procedure, Allocations and Lettings Policy, Former Customer Debts and Credit Procedure, Group Standing Orders
Scope	This policy outlines the key principles in managing former customer debts and credits left on the account when a customer leaves a property or service. It sets behavior expectations across the organization and communicates key principles and policy roles and responsibilities.
Reference to “Orbit” means Orbit Group which consists of Orbit Group Limited, Orbit Housing Association Limited, Orbit Homes (2020) Limited, Orbit Treasury Limited and Orbit Capital Limited.	

1. Introduction

- 1.1 Orbit relies on its income to achieve its ambition of building thriving communities. The primary source of income comes from our customers in terms of rent, service charges and other charges for services. This policy sets out the main principles to maximise income by being proactive in arrears recovery.
- 1.2 As a Registered provider, Orbit is accountable to its lenders and to Homes England. We are measured on our performance in collecting our income and on the amount of debt that is written off each year. The aim of this policy is to maximise former customer debts recovery, and to clarify when writing off the debt is the most practical option.

2. Definition

- 2.1 A former tenant arrear is defined for the purposes of this policy as a debt of unpaid rent or charges, remaining on a rent account (including home owner accounts), garage accounts, court costs and/or sub account(s), when a tenancy (or similar agreement) has been terminated.
- 2.2 A former customer credit is defined as an amount of surplus remaining on a rent account, or any sundry accounts when a tenancy has been terminated.

3. Policy Statement

- 3.1 The approach an organisation adopts towards recovering former customers debt sends out a strong message to current customers about the importance of paying rent and other charges.
- 3.2 Vigorous and early pursuit of former customer debt provides the best chance of successful collection and should be central to procedures supporting this policy.
- 3.3 All staff advising customers on the termination of their tenancy or other agreement will advise customers of any debt or credit outstanding
- 3.4 The costs of pursuing former customer debt 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 according to Group Standing Orders.
- 3.5 We will work with third parties who are assisting former tenants with their affairs.
- 3.6 Where a former tenant is vulnerable then consideration is given to the most appropriate means of communication and collection, which will include consideration of recommending the debt for write-off. This will be judged on a case by case basis and in accordance with our Group Standing Orders.
- 3.7 Any credit on the account will be refunded on request, subject to the clearance of any outstanding debts and, where applicable, obtaining confirmation from the Housing Benefit or Universal Credit administering authorities, that they do not intend to recover any monies from us in respect of overpayments.
- 3.8 In keeping in line with our current Debt Service Charge and other arrears recovery policy we expect our customers to take responsibility for fulfilling the terms of their tenancy agreement, which includes managing their payments to meet their payment obligations. We will not incur expenditure to proactively pursue customers to remind them that their account is in credit where there is a small credit on their account. Where we do pursue customers to advise them of a credit, contacts will be limited and not repetitive, considering the cost to the organisation. We will not incur tracing costs to refund a customer.
- 3.9 Where a debt has been written off as unrecoverable, we may subsequently pass the debt to a further collection agency at any time to make further attempts to trace the debtor and recover the debt, subject to the statute of limitations. Any collections on this basis will go to offset our bad debt provision.
- 3.10 Where appropriate, and where this will improve efficiency, Orbit will employ specialist tracing and collection agents.
- 3.11 Orbit will consider the use of distraint as a tool for collecting former customer arrears and will be taken on a case by case basis.

All requests to use distraint will be the exception and will be first escalated for approval to the Head of Service and then the Director of Customer service.

- 3.12 If a former customer debt has been written off as uncollectable, and the customer concerned subsequently re-applies for housing and declares a previous tenancy or agreement the debt will be re-instated if it is considered that there is a reasonable expectation of recovery. Similarly, if any other circumstances change which would make a previously written off debt recoverable, the debt will be re-instated and pursued, except where collection is already being pursued by an agent working on our behalf.
- 3.13 A recommendation to write off a former customer debts or credit will be made according to the current procedures and Group Standing Orders.
- 3.14 If a customer with debt on the account is transferred to a new Orbit property on management grounds, for example, serious anti-social behaviour or domestic violence, due to the issue of a new tenancy or in accordance with our move with arrears policy then terms to clear the former debt created by the move should be agreed and confirmed in writing before the transfer occurs.

4. Performance Controls and Business Risk

- 4.1 Compliance with this policy will be monitored by Performance in the delivery of the service will be assessed by the Head of Collections and Recovery and Director of Customer Services.
- 4.2 Performance in the delivery of the service will be reported quarterly to and scrutinised by the Executive Team and the Customer and Communities Board
- 4.3 Performance will be shared through monthly KPI reporting to CCB, SMT, ET along with CSD HOS and direct Income Collection & Recovery Teams
- 4.4 Orbit will carry out a fundamental review of this policy every three years or sooner subject to legal, regulatory changes or if internal changes require it.

5. Essential information

- 5.1 All Orbit policies and procedures are developed in line with our approach to the following, Data Protection statement, Equality Diversity and Inclusion approach, Complaints Policy and our regulatory and legal obligations to ensure we deliver services in a lawful manner and treat people equally and fairly. Details of these are found on the declaration document for Strategy Policy and Procedure summary and have been an integral part of the formulation of this document. Orbit's privacy policy can be accessed on our website. www.orbit.org.uk/privacy-policy/.

EA	Equality Analysis was reviewed in February 2022 and is available to view.
DPIA	A DPIA was approved on 10.12.2021 and is available to view.
Consultation	Internal: People Development, Income Department, Property Investment, CSC, Finance, GIS, Corporate Planning, Tenancy Sustainment External: <i>Customers - Service Improvement Group,</i>
Applies to	Independent Living, Income Collection & Recovery Tenancy Sustainment Teams, Orbit Homes, Finance, Home Ownership Services, Service Charge Team, CSC

Document control

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Directorate

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Last review		Date	Feb 2022
Next Review (or sooner if changed)			Quarter 1 2025

Revision History

Version Number	Date	Comments / Reason for revision
V1.1	23/11/2020	Moved to current template
V2	07.02.2022	Reviewed and moved to current template with no changes
V2.1	May 2023	Minor changes made to align with other changes within Income Team suite of documents