

Debt and Credit Management Policy

Version Number	2
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Department	Customer Services
Author	Head of Housing
Reason for Policy Creation/Revision	Regular three yearly review
Data Protection	This policy conforms to Hanover's Data Protection policy and procedure
Equalities	An Equalities Impact Assessment has been completed
Sustainability	No impact
Proof Read By	Director of Customer Services
Date Approved	29 February 2024
Approved By	SMT
Next Review Due	28 February 2027
Audience – Training and Awareness Approach	All employees with Customer Services and Telecare who manage customer debt and credits
Effective Date	5 March 2024
Internal References – Policies & Procedures (Located on The Hub)	<p>Allocations Policy</p> <p>Scottish Secure Tenancy Agreement</p> <p>Short Scottish Secure Tenancy Agreement</p> <p>Telecare Agreement</p> <p>Debt and Credits Procedure</p> <p>Recharges Procedure</p> <p>Written Statement of Services (for factored customers)</p>
External References	<p>Housing (Scotland) Act 2001, 2010, 2014</p> <p>Property Factors (Scotland) Act 2011</p>

1. Policy Purpose

- 1.1 This policy sets how Hanover maximises the collection of rent, service charges, factoring charges, Telecare charges and other income in an efficient and cost-effective manner. Maximising income collection and effective debt management is essential to ensure the best outcome for our customer and Hanover as we operate in an increasingly challenging financial environment.

2. Policy Scope, Explanations or Requirements

- 2.1 Hanover will adopt a firm, fair and consistent approach to arrears and other debt recovery offering all our customers clear, practical repayment plans. Our approach to income collection and debt management is underpinned by recognition of best practice and legislative requirement.
- 2.2 Hanover will always seek to maintain and sustain our customers' tenancies along with other services such as Telecare and Factoring and will only seek eviction or withdrawal of service as a last resort.
- 2.3 Emphasis will be given to preventing arrears arising through promoting a payment culture, encouraging our customers to engage with our welfare rights service as well as maintaining and developing links with financial inclusion support agencies. We comprehensively promote the availability of these services with our customers, and through early intervention focus on preventing arrears occurring in the first instance.
- 2.4 Arrears and credits can occur through the following and applies to current and former customers:
- Rents;
 - Service charges;
 - Occupancy charges;
 - Telecare charges;
 - Factoring charges
 - Recharges

3. Responsibilities

- 3.1 The Director of Customer Service has the lead responsibility for the debt and credit management policy and for maintaining clear and consistent procedures to support the policy.
- 3.2 The housing and care teams have the responsibility for implementing the policy, performance monitoring and review, relating to rental property income and debt.
- 3.3 The Telecare team have the responsibility for implementing the policy relating to Telecare income and debt.
- 3.4 The Factoring team have the responsibility for implementing the policy relating to factored properties.

4. Proactive, Preventative Approach to Income and Debt Management

- 4.1 Hanover's approach to income collection and debt management will place emphasis on proactive, preventative approaches rather than being focused mainly on reactive enforcement measures.
- 4.2 Hanover seeks to create a good payment culture, which encourages customers and local authorities to be responsible for actively managing payments and other charges. Support will be provided to maximise customer income by offering advice on financial inclusion and assistance. We will ensure that our customers are supported to make their rent and service charge and other payments to Hanover their priority, ensuring that our payment culture is actively and promptly promoted.
- 4.3 Debts will be tackled promptly and consistently, with emphasis placed on early contact and intervention and preventing debts increasing.
- 4.4 Hanover's aim for all customers is to prevent homelessness or the withdrawal of services and enable them to sustain and enjoy their homes.

5. Property income and debt management

- 5.1 Hanover is dedicated to helping all our customers to avoid rent, service charge and factoring arrears by enabling and promoting a payment culture. This approach not only benefits our customers by helping them avoid the risks of accumulating debt, but it also benefits Hanover by maximising our income and reduces the costs associated with pursuing arrears.
- 5.2 Customers are due to pay their rent, service and factoring charges on or before the first of the month, as detailed in the tenancy and written statement of services for factored homeowners. There will be active management of rent and factoring accounts as part of the housing management service. This will support our aim of prevention and early intervention of arrears and help to prevent individual arrears from building up.
- 5.3 Early intervention is essential for effective arrears management if a customer finds themselves in difficulties with paying their rent or other charges. Customers will be identified who need support and assistance from financial inclusion agencies and other partners to access money advice and assistance with housing and housing related debts and to maximise their incomes.
- 5.4 Only when all other pre-action requirements and debt recovery procedures have been exhausted can legal action begin. This could result in our tenant customers losing their home. Factored owners will be pursued for the debt owed in line with their Title Deeds.

6. Recharges

- 6.1 Occasions arise where our customers must be charged for items that are not covered by the rent. Customers are advised at the time of the charge arising that this will be a recharge to them, and that repayment will be expected. Such charges

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include rechargeable repairs, court costs, estate costs and bank charges. All charges should be outline in the Written Statement of Services for factored customers.

- 6.2 Identification of a recharge and early notification to the customer is essential. The recharge procedure will identify which employee is responsible for this, depending on the type of recharge.
- 6.3 Any debt identified as a recharge cannot be pursued through the debt and credit management procedure and different actions are required for pursuing this type of debt.
- 6.4 Debt collection agencies and solicitors will be used for debts over £150 and when all other means of recovery are exhausted. Escalation procedures are found in the recharge procedures document.

7. Telecare charges

- 7.1 Telecare customers' charges will be managed in the same way as in section 5.
- 7.2 As a last resort, customers will be advised that their service will be withdrawn following a notice period of one calendar month. In addition, we will duly advise necessary external agencies when terminating a connection.
- 7.3 Debt collection agencies and solicitors will be used for debts over £150 and when all other means of recovery are exhausted.

8. Factoring charges

- 8.1 Factoring customers' charges will be managed in the same way as in section 5.
- 8.2 Arrangements for factored customers to pay their arrears should not exceed 12 months.
- 8.3 Authorisation to proceed with legal action should be sought from the Director of Customer Service and considered in conjunction with legal advice from Hanover's legal representatives.

9. Former tenant customer debts

- 9.1 Two types of debt can arise at the end of a tenancy, arrears of rent and service charges and for recharges for work to the property.
- 9.2 In the event of the tenancy ending because of the death of the customer and a debt is owing once the tenancy has terminated, the next of kin, or executor will be informed of the amount outstanding, and arrangements made to clear the debt.
- 9.3 Debt collection agencies or solicitors will only be used when all other means of contacting and making a repayment plan with the former customer have failed.
- 9.4 Any write off of irrecoverable debt will follow the guidance set out in the Financial Standing Orders and be approved as set out in the scheme of delegation.

10. Telecare and Factored Former Customer Debts

- 10.1 Debt arising from either Telecare or Factored customers will be held on the respective former customer file. Former factored customers may be homeowners who have sold their property at a currently factored development or where Hanover ceases to be the appointed property factor at a development. Every effort will be made to contact the former customer to arrange to clear their debt. Former customers' debts will be monitored in the same way as current customers' debts, but the action taken to recover the debt is restricted to passing the debt to a debt collection agency or solicitor.
- 10.2 If a customer dies and a debt is owing at the time of death, the next of kin, or executor will be informed of the amount outstanding, and arrangements made to clear the debt.
- 10.3 Debt collection agencies or solicitors will only be used when all other means of contacting and making a repayment plan with the former customer have failed.
- 10.4 Any write off of irrecoverable debt will follow the guidance set out in the Financial Standing Orders and be approved as set out in the scheme of delegation.

11. Overpayments and credits

- 11.1 From time-to-time customers' rent accounts are in credit by more than a month's rent. On a quarterly basis these accounts will be considered for a refund provided there is no overpayment of housing benefit and there are no sundry accounts outstanding and no rechargeable repairs.
- 11.2 Our factored customers may also be in credit at the time they sell their property. The factoring team will contact the factored owner to arrange payment of the credit which is due at the date of sale.

12. Data Protection

- 12.1 All data obtained and held regarding any customer, will be in accordance with Hanover's Data Protection Policy and Procedure.

13. Monitoring & Evaluation

- 13.1 The monitoring of this policy is by the Heads of Housing and Care

14. Reporting Requirements

- 14.1 The Senior Management Team will receive monthly reports on arrears performance as part of the regular reporting on Key Performance Indicators and Charter Reporting.

15. Review

- 15.1 This policy will be reviewed every 3 years or earlier if required.