



**NEW CHARTER HOUSING TRUST GROUP**

**CORPORATE DEBT POLICY**

**AND**

**CODE OF CONDUCT**

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## SECTION 1

### **CORPORATE DEBT RECOVERY STATEMENT**

For the purposes of this statement and code of practice, a 'debt' is any monies owed to New Charter Housing Trust Group (The Group) which has not been paid by the due date.

The Group will pursue all monies owed to it in the most effective manner and will take swift action against willful non-payers, which may include the seizure of goods for non-current rent debts.

This policy and procedure has been written with particular regard to equality and diversity to ensure there is no discrimination against anyone because of their race, religious beliefs, gender, age, sexual orientation or disability

#### **New Charter Housing Trust Group:**

1. Consider that people have a responsibility to pay any monies due and that the highest priority should be given to those debts which will maintain a person's home and protect their livelihood.
2. Will encourage people who may have any difficulty in meeting payments to make contact at an early stage to discuss the matter before the debts become too difficult to manage. This will be assisted by the implementation of preventative arrears measures.
3. Acknowledges the need to provide a service that promptly communicates debt situations to clients, but at the same time takes account of the needs and circumstances of the customer and will, wherever possible, advise of any entitlement to assistance that may be available e.g. Housing Benefit, Council Tax Benefit as well as general welfare benefit advice.
4. Acknowledges and respects the customer's obligations to his/her close dependents.
5. Will aim to achieve a fair balance between the claims for competing creditors and try to ensure that the customer is able to maintain the family home.
6. Will be concerned about the ability to pay. Where it is considered that a person can afford to pay the debts due to The Group, they should be paid, otherwise firm enforcement and recovery action will be taken which may ultimately result in the loss of their home. Enforcement actions may include



- Eviction from the home for rent arrears
- Attachment of earnings (to deduct money from customers income)
- Obtaining a Garnishee Order (to seize the contents of the customers bank account)
- Serve a Bankruptcy Notice and Bankruptcy Petition (whereby assets are turned into cash and distributed to creditors)
- Obtain an Administration Order (where the Court administers the customers affairs, sorting out their debts)
- Apply for a Charging Order (to register the debt against any owned property)
- Apply for an Oral Examination (a hearing to establish assets and earnings. Refusal to attend can result in imprisonment)
- Warrant of Execution (removal of goods – *this is not distress for rent*)

*(Authority contained in Rent & Service Charge Policy)*

7. Will aim to be both proactive and reactive in its attempt to prevent and minimize debts and provide opportunities for people to maximize their income and develop money management skills. The Money Information Network Tameside (MiNT), is a group which aims to develop financial inclusion strategies. Information is available on the public on the website [www.mintameside.org.uk](http://www.mintameside.org.uk)
8. Recognises the importance of New Charter Housing Trust Group's staff working together (in accordance with codes of practice) with advice agencies to reflect New Charter Housing Trust Group's approach to debt recovery. MiNT offers the opportunity to actively develop partnership working together for the benefit of tenants and residents of the Borough.



## **SECTION 2**

### **CODE OF PRACTICE FOR COLLECTING DEBTS**

#### **1. Contact with the customer**

##### **1.1 New Charter Housing Trust Group will:**

- Advise customers in a clear and understandable manner, at the earliest opportunity, of any monies due and will provide advice and assistance relating to potential benefit entitlement.
- Respond to any enquiry from a customer within five working days.
- Encourage people or their representative to contact the appropriate section within The Group immediately when they are likely to encounter a debt problem.
- Keep the customer informed of the action being taken at each stage of recovery.
- Provide assistance and translation services to people who do not have English as their first language or who have other communication issues.
- Provide information and advice in a clear format at appropriate outlets throughout the area.
- Work closely with any advice agency or authorized person acting on behalf of the customer.
- Try and ensure that any communication is written in plain English and is free of jargon and unnecessary technical terms.
- Strive to overcome any unnecessary barriers to communication within The Group
- Share information amongst sections of The Group to produce a holistic approach to debt recovery.
- Refer Customers to the appropriate benefit or advice agency through recognised referral processes (Welfare Rights, CAB, Pension Service).



## 2. Collection and Recovery

### 2.1 New Charter Housing Trust Group will:

- Ensure that each recovery officer has a clear set of procedures for dealing with the collection and recovery of monies within the guidelines of this code of practice.
- Provide choice through as wide a variety of payment methods as practicable which are convenient and accessible.
- Endeavor to apply all payments, officially receipted, to relevant accounts within 48 hours of payment (unless technical difficulties arise).
- Actively encourage early contact by the customer in the enforcement process before debts become too difficult to manage.
- Provide and make widely available clear and concise information about statutory sanctions which are used in any recovery process.
- Adhere to the time limits set in recovery procedures.

### 2.2 Repayments

#### New Charter Housing Trust Group will:

- Where possible negotiate a lump sum payment to reduce arrears.
- Endeavour to negotiate realistic payment arrangements with the customer for the remainder of the debt.
- Confirm any payment arrangements in writing.
- Honour any reasonable agreement made to discharge debts before escalating any recovery action.
- Endeavour to negotiate a single repayment to cover all indebtedness to The Group where people owe multiple debts.
- Where the customer is being uncooperative, Court action may be taken for recovery of sums owed.



- Assist with applications to the Group's Hardship Fund

### 2.3 Collection Agencies

- Any third party engaged by New Charter Housing Trust to collect monies due will operate within the guidelines of the code of practice.
- Where New Charter Housing Trust has referred a case to collections agents, then officers will not intervene with regard to the collection of the debt unless there are exceptional circumstances, or such intervention is provided for in the code of practice.

### 2.4 Housing Benefit

New Charter Housing Trust will:

- Endeavour to maximize Housing Benefit entitlement and will ensure that adequate publicity and information is available in all appropriate offices.
- Liaise on a regular basis with the Housing Benefit administrators to discuss any issues of concern and develop best practice.
- Participate in the Housing Benefit Verification process offering a Housing Benefit verification service to tenants where possible.
- Share experience and best practice with other similar organisations.
- Provide access to the Group's Welfare Benefit Adviser

## 3. Customer Care

New Charter Housing Trust Group will:

- Collect any monies due in an efficient way, taking account of personal circumstances.
- Deal with customers in a professional manner at all times with courtesy and respect and in accordance with The Group's statement of customer care
- Provide facilities to enable people to discuss their debts in a confidential setting and will listen and endeavour to offer assistance wherever possible.



### SECTION 3

#### REPAYMENT ARRANGEMENTS

The rate at which a customer repays amounts owing will depend on the ability to pay.

The following guidelines are the minimum payment that should be considered when determining the repayment rate. This will be subject (where possible) to a full examination of the customer's income and expenditure.

Repayments are calculated on the basis of 20p for every £1.00 of disposable income, with a minimum repayment amount of £3.00 per week for those in employment.

Disposable Income	Guideline Rate of Repayment (per week payable over 52 weeks per annum)	
	Lower level	Higher Level
Tenant on Income Support - £14.00	£ 3.00	£ 3.00
£15.00 - £25.00	£ 3.50	£ 5.00
£26.00 - £50.00	£ 5.20	£10.00
£51.00 - £75.00	£10.20	£15.00
£76.00 - £100.00	£15.20	£20.00
Over £100.00	£20.20	-

The above are **MINIMUM** expected repayment amounts. The customer is at liberty to pay over the guideline limit should they wish. **It must be made clear that any offer of repayment must be sustainable and must therefore be realistic.**

The above repayment arrangements have no regard to the sum outstanding but are based on the customer's ability to pay. Repayment arrangements will be reassessed when the customer has a change of circumstance



## **SECTION 4**

### **DEBT PRIORITISATION AND ALLOCATION OF REPAYMENTS**

#### **Customers with multiple debts owed to The Group**

##### **A) Debt Prioritisation**

Where customers owe multiple debts to The Group, it is recognized that it is in the interest of all parties to allocate repayment on a basis of the priority of the debt.

Debts owed to The Group are prioritized as follows:

1. Current Tenant Rent Arrears
2. Any debt assigned to the current tenancy (where it is a condition of the tenancy to repay an additional debt as detailed in the individual tenancy agreement)
3. Any non-current rent debt subject to a Court Order
4. Current Tenant Housing Benefit Overpayment
5. Current Garage Arrears
6. Rechargeable Repair
7. Former Tenant Arrears
8. Former Tenant Housing Benefit Overpayment
9. Court Costs
10. Other miscellaneous debts



## B) Allocation of repayment arrangements

It is recognized that once a customer's disposable income is established, and the guideline repayment amount calculated, appropriate payments should be made to accounts in order of priority where multiple debts exist.

Repayment amounts will be allocated as follows:

**Table 1 – Customers in employment**

<b>In Employment</b>	<b>Amount</b>
<b>Debt Type</b>	
Current Rent	Repayment amount less £3.00 for other debts
Other debt	£3.00 per week
<b>Example:</b> Disposable income £47.00 Repayment rate £9.40 (20% of disposable income)	Rent Account                      £6.40
	Rechargeable Repair              £3.00

**Table 2 – Customers claiming Welfare Benefits**

<b>In Receipt of Income Support</b>	<b>Amount</b>
<b>Debt Type</b>	
Current Rent	£3.00
Other debt	£1.00 monthly nominal payment
<b>Example:</b> Disposable income £0 Repayment rate £3.00 (people in receipt of IS are expected to pay the minimum repayment amount )	Rent Account                      £3.00
	Rechargeable Repair              £1.00 pm



## NOTE

Where the repayment amount is £3.00 for people in employment as detailed in Section 3, this will all be allocated to the current rent account. The customer will be asked to make a nominal payment of £1.00 per month to acknowledge any other debts.

Once the rent account is clear, the customer will be advised to switch payment to other debts.

Customers will be sent a 'Multiple Debt Letter' explaining the individual case and the expectations.

Multiple debts will be linked where possible to the current rent account.