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Sponsor	Louise Palese
Author	Joanne Day



ORBIT

FORMER CUSTOMERS DEBTS AND CREDITS POLICY

Executive Summary	<p>This document outlines Orbit’s Former Customer Debts and Credits Policy. This policy relates to the recovery of arrears owed by customers who leave Orbit properties or services. It also sets out our approach to dealing with credits left on former customer accounts. This policy links to the following policies and procedures: Rent Service Charge and Other Arrears Policy, Data Protection Policy, Equality and Diversity Policy, Vulnerability Policy, Current tenant Arrears Recovery Policy and Procedures. It provides a consistent framework within which all former customers’ arrears and credits are managed.</p>
Approved by	CSMT – January 2019
EA completed	<p>EA completed on 4 July 2018</p> <p>A full Equality Analysis was conducted due to the medium risk. There are no obvious barriers in terms of this policy as it follows a process of statute (legal remedies for recovering debt), with enhanced services available to all. However, some groups with protected characteristics are more likely to be in arrears than others.</p> <p>The actions required are: Appropriate sign posting to advice services; Review of existing support contracts to determine if targeted support can be offered to those potentially disproportionately more likely to be in arrears; Use arrears data to constantly monitor those more likely to be in arrears to target support in future external community investment contracts. Ensure debt collection agent Policies and Procedures A-line with Orbits Vulnerability and Equality and Diversity Policy and Procedures.</p>
Explain how customers have been involved.	The customer insight panel has been consulted and has provided feedback on the proposal. This feedback has informed changes to the wording in the policy and points of clarity.
Consultation	<i>Customers, Service Improvement Group,</i>
Applies to	Orbit Independent Living, Orbit, Income Services Team, Tenancy Sustainment Teams, Orbit Homes, Finance, Home Ownership Services, Service Charge Team.

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 behaviour expectations across the organisation and communicates key principles and policy roles and responsibilities. This policy links to the following policies and procedures: Debt Service Charge and other arrears Policy, Debt collection and recovery procedure, Allocations and Lettings Policy, Current Tenant Arrears Recovery Policy and Procedures. It provides a consistent framework within which all former customers' arrears and credits are managed.

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, taking into account 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. EQUALITY AND DIVERSITY

- 4.1 Orbit policies are developed in line with our **Equality, Diversity and Inclusion policy** approach. An Equality Analysis has been conducted and the details can be accessed via myPolicy. If you do not have access to myPolicy please contact the Policy and Standards team who will be able to provide you with a copy.

5. COMPLAINTS

- 5.1 Anyone is able to make a complaint about the service they have received and this is managed under our **Complaints Policy**.

6. PRIVACY STATEMENT

- 6.1 Orbit are collecting information ('personal data') so that we can manage and support our relationship with our customers, comply with legal obligations, improve our services and achieve our legitimate business aims. We are committed to complying with data protection legislation when handling customers' data. Customers have rights around their data, including the right to access their data, and to object to the way it is processed. For more information on how and why we process customers' data, and how customers can exercise their rights, please see our full Privacy Policy on our website at www.orbit.org.uk/privacy-policy/.

7. MONITORING AND ACCOUNTABILITY

- 7.1 Compliance with this policy will be monitored by the Head of Collections and Recovery and Director of Customer Services.
- 7.2 Arrears performance will be reported to and scrutinised by the Executive team and Orbit Living Board

8. REVIEW

- 8.1 We will carry out a fundamental review of this policy every three years or sooner subject to legal, regulatory changes or if internal changes require..