

# Policy

**Title:**

Bad Debt and Customer Credit Write-off Policy

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Finance & Assurance and Neighbourhoods

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## 1. Introduction

- 1.1 Halton Housing aims to minimise and subsequently collect all debt owed by existing and former customers. However, there are occasions when it is appropriate to write off debts which are irrecoverable or uneconomic to pursue, as per good accountancy practice.
- 1.2 The aim of this policy is to maximise the efficient and effective recovery of Halton Housing's income by focussing on a manageable and well-maintained ledger of collectable arrears.
- 1.3 This Policy covers the write from:
  - Former customer rent arrears
  - Former customer rent credits
  - Leaseholder arrears
  - Sundry Debts (including rechargeable repairs, court costs, recharges to third parties and any other sundry amounts that have been invoiced through the housing management system or the finance system)
  - Current customer rent arrears in exceptional circumstances

## 2. Policy Statement

- 2.1 Halton Housing has a robust process for managing and collecting current customer debt. If a customer tenancy ends with outstanding debt, then action will be taken to recover the debt including:
  - Contacting former customers via electronic communication, telephone, letter, and where appropriate a home visit, agreeing a payment plan to clear the debt
  - Consider action to recover the debt via money judgements through the County Court
  - Halton Housing may use external third-party contractors to collect the debt due

### Preparing Debts for Write-Off

- 2.2 In certain circumstances it is necessary to prepare debts for write-off. The criteria to be applied to individual debts presented for write-off will include the following:
  - There is no forwarding address of the debtor and no payments have been received
  - The debtor has died and there is no estate

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- The debt is less than £200 and is uneconomical to pursue (former customer arrears only)
  - The customer is vulnerable and/or action to recover the debt would be inappropriate due to the customer's poor health e.g. the debtor is resident in a nursing home. These debts will be considered on a case-by-case basis
  - The debt is statute barred or is of such an age that action for recovery via the courts is unlikely to succeed
  - There is no evidence to support the debt

### **Former Arrears**

2.3 Former arrears arise through the relinquishment, eviction, or abandonment of a tenancy by a previous Halton Housing customer. In line with the scope of the policy, once initial efforts have been made to recover the debt additional criteria for write-off is set out below:

- The customer's details will be sent for tracing to a third-party agency to ascertain or to confirm Halton Housing contact details
- If a customer fails to engage, the tracing agency will be requested to provide details of the likelihood to recover the debt and using their criteria any information that indicates that there is low collectability will be identified for write-off
- Those with a higher propensity to pay will be pursued through the final trace stages which includes consideration of court action
- Any files where no new information is received following a trace enquiry are prepared for write off. However, they will be held on file for a further period of at least three months and then traced again to see if any new data has been found
- Halton Housing may sometimes use external third-party contractors to collect the debt due

2.4 For a former customer with arrears, where a debt has been written-off because Halton Housing originally had no forwarding address, or because it is unlikely that the debt will be paid, if details of the former customer are traced later or there is a change in circumstances, the debt will be written back to the ledger and will be pursued as if the debt had never been written off.

### **Discounts on Former Customer Arrears**

2.5 If a former tenant offers to pay an acceptable sum towards an outstanding debt, then the remainder of the debt may be written-off. This is described as a 'discount'.

2.6 If a customer subsequently agrees to repay some or part of a debt that has been previously written-off then that debt will be brought back onto the ledger and

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the discount criteria will then be applied at the discretion of the Debt Recovery Assistant.

- The Debt Recovery Assistant may authorise a discount on FCA debt up to £500 with a maximum reduction of 30% off the debt.
- The Debt Recovery Manager may authorise a discount on an FCA debt between £500 and £2,000 with a maximum reduction of 50% off the debt.
- The Head of Operations (finance) may authorise a discount on an FCA debt between £2,000 and £5,000 with a maximum reduction of 50% off the debt.

## Sundry Debts

2.7 Sundry debts are generally low in value and will not be considered for write-off unless they are less than £200 and it fulfils at least one other criterion as detailed above in the policy statement for individual debts.

2.8 For a former customer who has a sundry debt, where a debt has been written-off because Halton Housing originally had no forwarding address, and details of the former customer become known later; the debt will be written back to the ledger and will be pursued as if the debt had never been written-off.

## Dealing with Credits

2.9 Where these occur at the end of a tenancy, they will be dealt with in the following ways.

2.10 When an existing customer moves to another Halton Housing property:

- Halton Housing will be entitled to use all rent payments made on the new home to pay off any arrears on the old home
- Halton Housing will be entitled to use any credit accrued on the old home to cover the rent of the new home
- In normal circumstances, Halton Housing will expect all customers to clear their existing rent account before a transfer or exchange of homes can take place
- When a customer leaves a Halton Housing property having more than one outstanding charge e.g. a charge for damage caused to their property, as well as for rent arrears; any credit left on the rent account may be paid towards the oldest debt first, if Halton Housing has informed the customer beforehand

2.11 If a credit is left on an account and the creditor cannot be traced:

- The amount of the credit may be written-off with the approval of the Director of Finance and Assurance.

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- 2.12 The Director of Finance and Assurance will be responsible for producing a detailed set of procedures to ensure the effective implementation of this Policy.
- 2.13 The Director of Finance and Assurance will be responsible for ensuring that all employees involved in this process are fully trained in the procedures to ensure consistency of implementation.

### **Authorising the Write-Off of Bad Debts**

- Individual debts up to £200 that have met the write-off criteria will be reviewed and authorised for write-off by the Director of Finance and Assurance.
  - Individual debts that are less than £2,000 in value but more than £200 and have met the write-off criteria will be reviewed and authorised for write-off by the Deputy Chief Executive.
  - Individual debts that are over £2,000 in value and have met the write-off criteria will be reviewed and authorised for write-off by the Group Chief Executive
- 2.14 Current arrears may be recommended for write-off in exceptional circumstances and will be authorised in the same way detailed above.
- 2.15 Reports recommending write-offs will contain information to explain the steps that have been taken to attempt to recover the debt and the reason the debt cannot be recovered.

## **3. Regulatory and/or Legal Compliance**

- 3.1 The Regulator of Social Housing does not appear to have specific expectations relating to former debt collection. However effective management of former debts will meet part of the 2015 Governance and Financial Viability Standard which states that:

*1.2 Financial viability. Registered providers shall manage their resources effectively to ensure their viability is maintained while ensuring that social housing assets are not put at undue risk*

- 3.2 Halton Housing must also ensure that it complies with the Companies Act and Financial Reporting Standards in the identification and management of any bad debts or credits in its Financial Statements and reporting.
- 3.3 As this Policy relates to an essentially internal financial process, Halton Housing has not deemed it necessary to consult with customers in the revision of this policy.

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3.4 However, in reviewing the Policy, Halton Housing will ensure that it takes account of good practice elsewhere.

3.5 The following legislation must be considered when implementing this policy;

- Housing Act 1988 (as amended by the Housing Act 1996)
- Disability Discrimination Act 1995
- Equality Act 2010
- Pre-action Protocols Civil Procedure Rules

## 4. Diversity Considerations

4.1 A screening has taken place and a checklist completed in January 2025 and confirmed that a full Equality Impact Assessment does not need to be carried out in respect of the policy, as it concluded that:

- The Policy is not directly or indirectly discriminatory
- The Policy increases equality of opportunity by permitting or requiring positive action or action to redress disadvantages
- There are no additional measures that can be adopted which would further enhance the equality of opportunity in the context of this policy

## 5. Links to Strategies, Policies and Associated Documents

- Rent Setting & Service Charge Policies
- Rent Collection Payments and Debt Recovery Policy
- Debt Recovery Procedure
- Former Customer Arrears Procedure



Translations are available on request, by calling 0303 333 0101.

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