

Committee: Housing Management and Almshouses Sub-Committee	Date: 23/03/2020
Subject: Former Tenant Arrears – Proposal to Write Off Unrecoverable Debts	Public
Report of: Director of Community and Children’s Services	For Decision
Report author: Hassan Choudhury, Rents Officer	

Summary

This report seeks approval to write off the rent arrears incurred by a former tenant, as this debt is considered uneconomic to pursue.

A provision is included in the Housing Revenue Account for bad and doubtful debts. If Members agree to the proposed write off, the total debt will be charged against this provision.

Recommendation

Members are asked to:

- Agree to write off a debt totalling £8,817.55

Main Report

Background

1. Former tenant arrears become the responsibility of the Rents Section when a tenancy terminates with rent outstanding. The termination of the tenancy may be for reasons such as eviction, the tenant dying, abandonment of the property or when the tenant moves to accommodation not provided by the City of London Corporation.
2. Rent arrears accrued by current tenants are dealt with by the Income Recovery Officers (IRO) who follow a staged recovery procedure. When a tenancy is terminated, any arrears are passed to the Rents Section, which follows comprehensive procedures to attempt to recover the money owed.
3. A provision of £120,472.95 is included in the Housing Revenue Account budget for bad and doubtful debts. If Members agree to the proposed write off the debts will be charged against this provision.

Case Details

4. The former tenant's tenancy began on 29 October 2012 and they were in receipt of partial Housing Benefit up to and including 18th May 2015.
5. Their Housing Benefit claim was suspended on 25th May 2015 as a fraud investigation was being carried out.
6. The Income Recovery Officer carried out the arrears procedures in accordance with the City's policies.
7. Legal action commenced in respect of rent arrears and the tenant was also prosecuted for possession of false identity documents with improper intention (contrary to the Identity Documents Act 2010) and making false representations to obtain Council Housing and Housing Benefits, contrary to the Fraud Act 2006. The tenant was convicted of all offences and sentenced on the 15th July 2016 to 15 months' imprisonment. During the criminal trial it transpired that the tenant had no legal right to remain in the UK and the judge ordered that the tenant be deported on the completion of the prison sentence.
8. The possession hearing was originally listed for 17th February 2016 but was stayed pending the outcome of the criminal proceedings. It was re-listed for 4th November 2016 when a possession order was granted, and the eviction took place on 29th January 2017. The arrears are approximately twice what they should have been at the time of the eviction due to the delay in securing a possession order caused by the stay and other matters beyond our control.
9. The City of London Corporation repossessed the property and the tenancy legally ended on 29th January 2017. The final balance on the account was £8,817.55.
10. The former tenant is liable for repayment of the debt.

Current Position

11. The total debt is £8,817.55. Attempts have been made to trace the former tenant following their release from prison, without success. It is believed that the tenant may have been deported pursuant to the order made by the Crown Court during their sentencing for the fraud offences.
12. The usual checks via tracing agencies and the National Anti-Fraud Network (NAFN) without success.
13. Due to the circumstances any attempts by the Rents Team to recover this debt would involve more expenditure with no guarantee of tracing the debtor and subsequent recovery of the debt. It is considered highly unlikely that this debt could be recovered.

Proposals

14. It is proposed that:

- The total debt of £8,817.55 is written off

Conclusion

15. This report has presented one former tenant arrears case which we believe is uneconomic to pursue. In view of the actions taken to recover the debt and the absence of the debtor, it is recommended that the arrears are written off.

Appendices

- None

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