



MANCHESTER  
CITY COUNCIL

Housing Benefit Overpayments  
Revenues and Benefits Unit

Write off Policy Document 2019/20

## **1. Purpose of document**

Most Housing Benefit overpayment debt is considered recoverable. The Council will make all necessary efforts to recover what is owed. However, there will be some circumstances when it is appropriate to consider the write-off of monies owed to the Council. Some of this is covered by statute and other areas are considered by local management in accordance with agreed policy.

This document outlines the Council's policy and approach to writing off Housing Benefit overpayments.

The policy will ensure that the Council's approach to these processes is consistent and complies with relevant legislation.

This document will cover the Council's policy and approach in the following areas:

- Non-recoverable write offs; and
- Discretionary write offs.

## **2. Non-recoverable write-offs**

### **2.1. Local authority (LA) error**

As part of the claim assessment process, overpayments that are caused by LA error are identified.

Those overpayments classified as 'caused by LA error' are examined. The decision as to whether they are recoverable or not, is made using guidance contained in the HB Regulations. This considers whether the claimant could not, at the time of the payment or notification of payment, reasonably be expected to realise they had been overpaid. If they could not, the overpayment is not legally recoverable and will be classed as non-recoverable.

### **2.2. DWP error**

Overpayments will be classified as DWP error as part of the claim assessment process, if the DWP have confirmed that they are responsible for the overpayment. Overpayments caused by migration to Universal Credit may be treated as DWP error and may not be recoverable.

## **3. Discretionary write-offs**

### **3.1. Bankruptcies/Insolvency**

Recovery will not proceed once a claimant or landlord has been discharged from a bankruptcy or debt relief order unless the overpayment has been caused by fraudulent action. In these cases, recovery will be suspended during the period of bankruptcy but can be continued after the order has been discharged.

Non-fraud overpayments will be subsequently written off if the insolvency practitioners report that there are no assets out of which the creditors can be paid.

In the majority of bankruptcy/insolvency cases where the Council has not instigated the action, there is little or no dividend payable to the Council.

Write-offs will also be processed where companies have been dissolved and no assets have been identified.

### 3.2. Death of claimant/landlord

In the majority of cases the overpayment remains recoverable from the estate of the deceased claimant or landlord. However, in most circumstances recovery is not possible and the overpayment will be written off, mainly where there are no assets, where a debtor dies intestate or where we cannot trace who the legal executors are.

### 3.3. Absconders who cannot be traced

It is inevitable that some debtors abscond leaving debts. In all cases concerted efforts will be made to trace the debtor. These include:

- An internal check using the Council's internal and external systems and other tracing tools; and
- passing the debt to an enforcement agency company to see if they are able to trace the debtor through their internal processes.

If these actions are unsuccessful there is no alternative but to write off the debt.

If a debtor comes back into Manchester or is subsequently traced, the debt will be reactivated and recovery action will continue.

### 3.4. Small balance/amount uneconomical to collect

It is not considered cost effective to pursue recovery of overpayments of less than £5, unless by deduction from ongoing Housing Benefit. Generally debts of less than £50 are written off if the various recovery processes are unsuccessful.

### 3.5. Miscellaneous reasons

The Council will encounter debts from time to time that are simply not cost effective to pursue and will be written off. These will be exceptional in nature and approved by the City Treasurer, with full details held on file.

### 3.6. Hardship

The Council has a discretionary power to write off overpayments on the grounds of financial hardship. These write-offs will be rare as the Council will always seek to arrange a suitable repayment agreement. Full details of any write offs in this category will be held in the Council's systems.

### 3.7. Aged debts

In cases where an overpayment was raised more than four years ago and all recovery options have been exhausted these debts are written off. If a recovery option becomes available at a later date, the debt can be reactivated and recovery will be continued.

### 3.8. Severe ill health

The Council has a discretionary power to write off overpayments on the grounds of severe ill health. Decisions to write off in these circumstances will only be made where

severe ill health or terminal illness has been identified. Full details of any write-offs in this category will be held in the Council's systems.

#### **4. Write-off process/Management checks**

Write-off requests will normally be made by Overpayments or Appeals Officers. The Overpayments Manager will consider and sign off all requests, seeking further information and guidance where appropriate.

If a write-off is deemed appropriate full details of the decision will be recorded in the Councils systems.

All write offs in excess of £1,000 are checked and counter-signed by the Business Rates and Overpayments Manager.

A monthly schedule of all write offs is sent to the City Treasurer for authorisation.

#### **5. Policy review**

This procedure will be reviewed on an annual basis in order to ensure it remains valid, effective and relevant.