

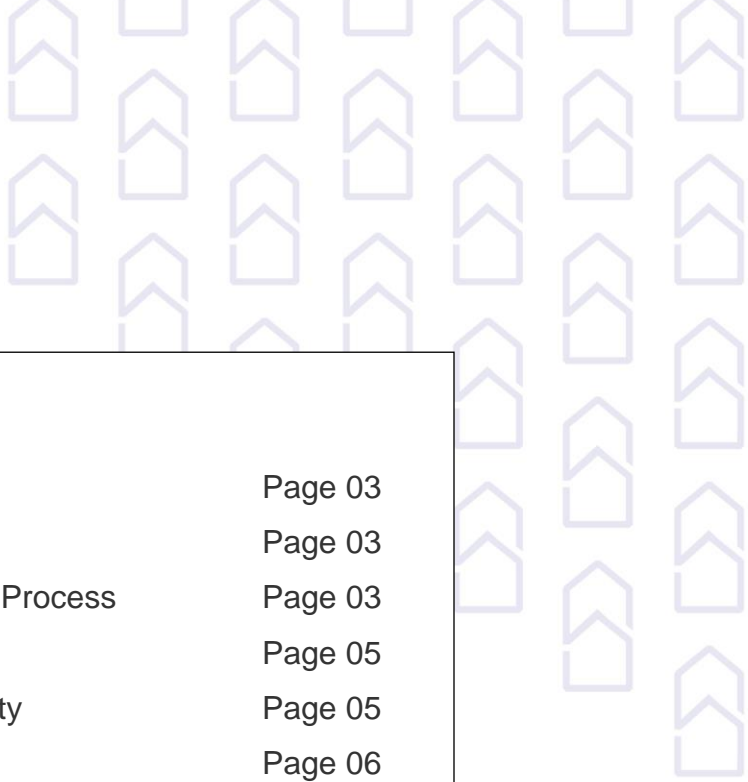


SHA Former Tenant Arrears Write-Off Policy

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1. INTRODUCTION

- 1.1 This policy sets out Southside Housing Association's (SHA) position with respect to maximisation of former tenant (FT) arrear debt recovery, and to clarify the process when writing off the debt is the most practical and prudent option.
- 1.2 SHA and its wholly owned subsidiary Southside Factoring and Related Services (SFARS) are committed to recovering all financial monies due from tenants and other customers, whether current or former tenants or customers.
- 1.3 While maximisation of rental income is a key objective and priority of SHA, this policy aims to set out SHA's position in relation to write-off of FT arrears and to clarify when write-off of tenant debt is the most practical and effective option.
- 1.4 As a Scottish Registered Social Landlord (RSL) SHA are regulated by the Scottish Housing Regulator (SHR). SHA's performance in relation to FT arrears written-off is reported annually to the SHR via the Annual Return on the Scottish Social Housing Charter (ARC).

2. DEFINITIONS

- 2.1 When a termination of tenancy is notified to the Association all tenants are advised that the rent account and any other debts must be clear prior to the termination of tenancy. FT arrears arise when tenants do not adhere to this requirement.
- 2.2 An FT arrear is defined as a debt of unpaid rent or other charges, remaining on a rent account, including property tenancy, rechargeable repairs, 'lock-up' accounts, service charges, court costs and/or other related costs, when a tenancy has been terminated.
- 2.3 An FT credit is less common than a former tenant arrear but is defined as an amount of over payment remaining on a rent account, or any sundry accounts when a tenancy has been terminated.
- 2.4 Each year the Association has to consider what debts have been left behind by tenants or sharing owners when they have vacated their properties and decide which of these are still recoverable and which should be considered as "bad debts" and therefore "written off" i.e. no longer actively pursued.

3. FORMER TENANT WRITE-OFF PROCESS

- 3.1 SHA annually will to consider what debts have been left behind by tenants or sharing owners when they have terminated their tenancies, and vacated their properties. SHA must decide which of these tenant or sharing owner debts

are still recoverable and which should be considered as “bad debts” and therefore “written off” i.e. no longer actively pursued.

- 3.2 SHA’s Income Maximisation Team analyse the FT rent arrears accounts on a quarterly basis, in an effort to establish whether or not the FT arrears can be recovered from the FT account, if we have a forwarding address.
- 3.3 No FT arrears are written off until all avenues for recovery have been exhausted.
- 3.4 The costs incurred in pursuing FT arrears however, will be balanced against the likelihood of recovery if the debt and the magnitude of the debt involved, so that efficiency and cost-effectiveness is prioritised at all stages of the process. Where a debt is not recoverable, or it will prove inefficient and not cost-effective to recover, then it will be proposed to be written-off.
- 3.5 In the event of any individual who has had a FT arrear written-off previously, re-appears or presents again in the future to SHA, then they will be pursued for the full repayment of arrears, even though it is written off at this time. The arrears that were previously written off in these circumstances will always be re-instated by the Income Maximisation Team and the FT will be pursued for the monies outstanding.
- 3.6 Debts which may be considered as a FT arrears write-off may emanate from the following eight distinct categories of FT rent arrears:
 - **Bad debts of value under £100.00** – These debts will be written off, unless the FT has transferred internally to another SHA property, when the arrears will be paid by the FT or a repayment arrangement put in place.
 - **Death of a former tenant** - Any debt remaining following the death of a FT will be written off, unless there is an estate or the family are willing to settle the debt.
 - **Abandonment of a property** – If a property has been abandoned by a FT in line with the provisions of section 18, any arrears balance on the FT rent account will be written off unless SHA staff are able to trace the FT and pursue the debt
 - **Eviction** – Where a tenancy ends by enforcement of a court decree for eviction, FT rent arrears on the rent account are written off unless SHA staff are able to trace the FT and pursue the debt.
 - **Former tenants with no forwarding address** – Where there is no forwarding or contact address for a FT with rent arrears on the rent account, these are written off unless SHA staff are able to subsequently trace the FT and pursue the debt.
 - **Former tenants with a forwarding address but mail returned as ‘no longer living at this address’** – This category of former tenant arrears are written off unless SHA staff are able to subsequently trace the former tenant and pursue the debt.

- **Former tenants who have entered into a trust deed arrangement or bankruptcy** - This category of former tenant arrears are written off.
 - **Reputational risk for SHA** – e.g. where a FT is now resident in a care home as a result of dementia or a terminal illness and who have no family support, and any income they have goes towards payment for their care support. This category of FT rent arrears will be written off.
- 3.7 Every effort will be made by SHA staff where a forwarding address is known to pursue the debt and encourage payment, even by instalments. However, there comes a point when it is not cost effective to take further action. This is when the arrear may be considered for write off if it meets one of the eight categories set out above at Section 3.6.
- 3.8 Following the death of a tenant often the lawyer or the family of the deceased will settle any outstanding balances. If there is an estate SHA will contact the family or lawyer providing details and a FT statement of all monies outstanding and due to SHA.
- 3.9 Where a former tenant is considered to be vulnerable (see section 3.6 Reputational Risk for SHA) then consideration is to be given to the most appropriate means of communication and collection, including provision to write off the debt. The final decision on this shall be taken by Management Committee.
- 3.10 Former tenant's must settle any outstanding debt (including any re-chargeable repairs or heating accounts) or make an arrangement to clear the debts by instalments. This arrangement must be kept up to date for at least twelve weeks before being re-admitted on to the Association's housing list.
- 3.11 In terms of accounting for former tenant arrears, a 100% bad debt provision shall be included within the accounts. This assumes that none of the debts outstanding shall be recoverable. Any income taken from FT arrears e.g. through arrangement made when presenting to SHA for another tenancy will therefore represent a bonus.

MANAGEMENT COMMITTEE ROLE IN FORMER TENANT ARREARS WRITE-OFF

- 3.12 SHA's Management Committee has responsibility for approval of financial commitments that are not specifically delegated to sub-committees or to officers within the Scheme of Delegated Authority.
- 3.13 The Income Maximisation Team Leader will liaise annually with the Finance Manager to discuss the potential write-offs with a view to writing off the debts in March each year before the year end. The Senior Management Team member with the responsibility for Housing Services will then prepare an FT Write-Off Report on an annual basis which is presented to Management

Committee for its consideration and approval for the FT arrears to be written off.

- 3.14 SHA will comply with all legal obligations and financial requirements, including assisting local authorities in seeking prosecutions and where appropriate to recover debt.

4. DATA PROTECTION AND CONFIDENTIALITY

- 4.1 Any personal data handled by SHA in relation to the FT Arrears write-off process will be handled in the strictest confidence. SHA will ensure we comply with all our obligations under the Data Protection Act 2018 and the UKGDPR.
- 4.2 Sharing of personal data with third parties e.g. arrears collection agencies may occur at an earlier stage of the arrears recovery process than the FT write-off stage. How we may share information and the security steps the Association put in place to ensure that personal data is handled and stored securely, are set out in the SHA Fair Processing Notice and the SHA Privacy Policy which can be accessed at <https://southside-ha.org/>

5. EQUALITIES AND HUMAN RIGHTS

- 5.1 In applying the Former Tenant Write-Off Policy, SHA will ensure it complies with the Equality Act 2010. The Act makes it unlawful to discriminate against, harass or victimise a person because they have one or more of the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation.
- 5.2 An Equality Impact Assessment (EqIA) (Appendix 2) has been carried out in relation to this policy to assess the positive and negative Equality Impacts of this Policy

6. POLICY REVIEW

- 6.1 This Policy will be reviewed by March 2025 or earlier should the need arise, for example, changes to the legislation etc.



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