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# FORMER TENANT ARREARS POLICY

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**1) AIM OF POLICY**

The aim of the Policy is to enable Milnbank Housing Association (MHA) to limit, manage and recover all former tenant arrears, where economically viable, and set an example to existing and former tenants that rent arrears and recharged accounts will be pursued irrespective of tenancies being terminated. It is essential that whenever debts are recovered, MHA can demonstrate that Value for Money is achieved. The procedure for recovery is detailed in the former tenants arrears recovery procedure note.

**2) FORMER TENANT DEBTS**

Current tenant rent arrears are managed by the Housing function. Once a tenancy is terminated this falls into the remit of Finance function to pursue recovery or activate any write-offs in terms of the policy. It is essential that the current rent recovery processes are actively followed to limit the level of arrears that ultimately pass onto any former tenant procedures where the probability of recovery is greatly reduced. By limiting the level of current arrears the impact of former tenant arrears and potential bad debt write-off is improved.

When a rent arrear status is changed from current to former tenant and appears on the Former Tenant Arrears Account. The Finance Manager will lead on working with the Housing Services, Finance and the Management Team to consider the most appropriate action. Any action will be based on an assessment of the likelihood of recovery and the economic viability of pursuing the debt. A balance has to be drawn between the cost of recovery and the level of recovery to ensure that that it is economically viable to recover the costs. The following limits are proposed for this policy.

- (a) Deceased & Moved to Care Tenants - Arrears balances of deceased tenants and those moved to care will automatically be written off. In the case of owner occupiers the debt will be added to their estate.
- (b) Balances under £50 – Balances to the value of up to £50 which have been outstanding, and the finance function can demonstrate that all reasonable steps to recover the debt has been exhausted, will be written off by the Finance Manager under delegated authority
- (c) Balances between £51 to £600 – Balances to the value of between £51 up to £600, and the finance function can demonstrate that all reasonable steps to recover the debt has

been exhausted, will be written off with joint approval of any two officers from the Director, Depute Director and Finance Manager.

- (d) Balances above £600 – Balances that are greater than £600 and the finance function can demonstrate that all reasonable steps to recover the debt has been exhausted, will be presented to the Audit & Risk Sub-Committee for authorisation to be written off. Details of MHA actively trying to recover these debts will be provided to the Sub-Committee
- (e) Legal Action - Where legal action has been taken by Housing Services and decree granted this will be followed through for recovery purposes. Housing Services will ensure through the current arrears collection processes that a Charge for Payment is served in each action to protect the debt and avoid the need for costly Simple Procedure actions in such cases. Should any such cases prove irrecoverable they will be submitted to Audit & Risk Sub-Committee for write-off approval as above.

All balances written-off under delegated authority will be advised to Audit and Risk Sub-Committee at appropriate times.

Where former tenants have vacated a property leaving a credit balance on the rent account, and the Association can demonstrate that this money is non-returnable; the credit balance totals will be off-set against debts written-off or allocated to increase the Bad Debt Provision.

### **3. REPORTING**

The Finance Manager will present a report on the former tenant's arrears cases on a monthly basis to the Management Team. A Report will be subsequently submitted to the Audit & Risk Sub-Committee on a quarterly basis.

### **4. REVIEW**

The Former Tenants Arrears Policy shall be reviewed on an annual basis, or as otherwise deemed necessary by the Audit & Risk Sub-Committee.

### **5. DATA PROTECTION**

MHA controls the personal information that we collect, this means that we are legally responsible for how we collect, hold and use personal information. It also means that we are required to comply with the General Data Protection Regulations (GDPR) when collecting, holding and using personal information.