



REIDVALE HOUSING ASSOCIATION

Recovery of Former Tenant Arrears Policy

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Author	Housing Manager

POLICY SUMMARY

Purpose:	The purpose of this policy is to set out Reidvale Housing Association's approach in relation to the recovery of former tenant arrears.
Legislation / Guidance:	The Association is a company under the Co-operative and Community Benefit Societies Act 2014, and a company regulated by the Financial Conduct Authority (FCA). Statutory Guidance The Scottish Social Housing Charter Requirements of the Scottish Housing Regulator
Regulatory Compliance	Standard 1: The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users. Standard 2: The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities. Standard 3: The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay. Standard 4: The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose. Standard 5: The RSL conducts its affairs with honesty and integrity
Linked Policies	Allocation Policy Succession of Tenancy Policy Assignment of Tenancy Policy Mutual Exchange Policy Rechargeable Repair Policy Privacy Policy Complaints Policy Tenant Participation Policy Equality & Diversity Policy Arrears Recovery Policy
Financial Impact	Low
Risk Assessment	Low
Equalities Impact Assessment	Yes
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1. INTRODUCTION

- 1.1 Reidvale Housing Association is a community based housing association operating in the South Dennistoun area of the east end of Glasgow with the aim of providing good quality, affordable, rented accommodation for those in housing need whilst promoting a balanced community.

2. AIMS AND OBJECTIVES

- 2.1 The purpose of this policy is to outline how the Association will recover former tenant arrears.
- 2.2 The Association recognises the importance of keeping arrears to a minimum and will take all reasonable action to ensure that former tenant arrears are kept to a minimum.
- 2.3 Former tenant arrears are historically difficult to recover. It is therefore important to initiate preventative action before the tenancy has terminated or commence contact and recovery procedures promptly after the termination date.
- 2.4 The objectives of the Association will be to:
- Emphasise prevention of former tenant arrears
 - Minimise the loss of income to the Association
 - Be both fair and firm
 - Be prompt and effective in relation to arrears recovery
 - Maximise use of an efficient computer system to monitor, pursue, record and report on former tenant debt.

3. LEGAL REQUIREMENTS AND REGULATORY FRAMEWORK

- 3.1 This policy has been developed within a framework that ensures proper compliance with all relevant legislation, regulatory standards and good practice guidance.
- 3.2 Reidvale Housing Association Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014, a registered social landlord and regulated by the Financial Conduct Authority (FCA).
- 3.3 We are regulated by the Scottish Housing Regulator (SHR). Their Regulatory Framework sets out seven Standards of Governance and Financial Management. Relevant to this Policy are particular elements under Standards:

Standard 1: The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.

Standard 2: The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.

Standard 3: The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.

Standard 4: The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.

Standard 5: The RSL conducts its affairs with honesty and integrity

3.4 The Scottish Social Housing Charter was introduced by the Scottish Government in 2012. The Charter sets out the standards and outcomes for all social landlords when performing their wide range of activities. The Scottish Housing Regulator monitors associations' performance against the Charter through their regulatory assessments. The Association will comply with the following Scottish Social Housing Charter requirements most relevant to this policy:

Outcome 1: Equalities – every tenant and other customer has their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services.

Outcome 2: Communication – tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides.

Outcome 3: Participation – tenants and other customers find it easy to participate in and influence their landlord's decisions.

Outcome 13: Value for Money – tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

3.5 The legal framework in relation to rent management is set out in the Housing (Scotland) Act 2001 and the Housing (Scotland) Act 2010. However, in implementing our approach the Association is also mindful of our rights and responsibilities contained within other legislation. Examples of relevant legislation are detailed below:

- Data Protection Act 2018 – outlines the Association's responsibilities for gathering and sharing information.
- Equality act 2010 – ensures that everyone is treated fairly and that this is done equally across all groups, protected or otherwise.
- Debtors Scotland Act 1987 – enables the Association to seek wage arrestment from a debtor.
- Bankruptcy and Diligence etc. (Scotland) Act 2007 – outlines the legislation in terms of tenants who declare themselves bankrupt.

- Human Rights Act 1998 – outlines responsibilities in terms of safeguarding human rights.

3.6 This policy has also taken full cognisance of good practice guidance in relation to the prevention and management of rent arrears from the Chartered Institute of Housing and the Scottish Federation of Housing Associations.

4. RECOVERY OF FORMER TENANT ARREARS POLICY

4.1 Preventative measures

4.1.1 When dealing with current tenants in arrears, especially when pursuing legal action, the Association will ensure that records and information regarding the tenant are kept up to date to assist in taking action should the tenant become a former tenant.

4.1.2 Upon receipt of a tenant's termination notice, the Association will wherever possible make personal contact with the tenant and will ensure that the following steps are taken:

- Ensure pre-termination of tenancy procedures are carried out.
- Advise the tenant of the amount of rent due to be paid up to the termination date and the amount of any other debt owed to the Association such as rechargeable repairs or court expenses.
- Agree a suitable repayment plan with the outgoing tenant and confirm this in writing within the following two days.
- Ensure tenants are aware of local advice agencies where they can obtain free, independent and confidential welfare benefit/income maximisation advice.
- Explain fully the future implications of leaving a former tenant arrears e.g. future tenancy reference, future credit difficulties.

4.2 Abandoned Tenancies

4.2.1 Where a tenancy is suspected of having been ended or abandoned without prior notification of a forwarding address, the Association will endeavour to establish contact with the tenant, in accordance with the Association's Procedure Note on Recovering Possession of Abandoned Houses, in an attempt to agree a repayment arrangement.

4.3 Tracing Services

4.3.1 Where it is cost effective to do so the services of a Tracing Agent may be employed in an attempt to establish the whereabouts of a former tenant who has not provided a forwarding address.

4.4 Recovery Proceedings

4.4.1 The Association will attempt to minimise former tenant arrears by:

- Maintaining accurate information and closely monitoring the progress of individual former tenant accounts and payments.
- Responding to non-payment of former tenant arrears by issuing former tenant arrears letters and carrying out home visits to the former tenant's new address, where practical.
- Arranging for a letter from the Association's solicitors warning of potential legal action for the recovery of the debt.

4.5 Use of debt collection agency

4.5.1 The Association will consider using the services of a Debt Collection Agency for the pursuit of former tenant arrears balances where the former tenant has failed to respond to our correspondence, has failed to repay the outstanding amount or has failed to agree to or adhere to an affordable repayment arrangement.

4.6 Legal action

4.6.1 The Association will consider raising an action in Glasgow Sheriff Court using the "Simple Procedure" (formerly Small Claims Action) where the debt is below £5000.

4.6.2 A cost/benefit analysis will be carried out to make a decision in terms of whether to proceed with this course of action.

4.7 Write Offs

4.7.1 Where it is not cost-effective to pursue or where it is not possible to pursue the former tenant (e.g. the person is deceased or cannot be traced) any former tenant arrears accrued will be written off in accordance with the Association's policy on Writing Off Former Tenant Arrears/Credit Balances.

4.8 Former Tenant Register

- 4.8.1 All former tenant balances will remain on record, in accordance with data protection legislation. Balances which have received the authorisation of the Management Committee to be written off will remain on protected records.
- 4.8.2 Any written off debt may be reactivated and recovery action recommenced if the former tenant's whereabouts become known or information is provided which indicates a significant change in their circumstances.
- 4.8.3 Former tenants applying for rehousing or a mutual exchange with a Reidvale Housing Association tenant who owe rent arrears will not normally be considered for housing unless the following criteria applies:
- The amount outstanding must not be more than one month's rent.
 - There is a repayment agreement in place.
 - Payments have been made in accordance with the agreement for the past three months.
 - The former tenant is continuing to make payments.

4.9 Reporting Procedures

- 4.9.1 Statistical reports on Former Tenant Arrears will be provided to the Management Committee on a quarterly basis. These reports will provide the basis for effective monitoring of the level of former tenant arrears and performance in recovery of the outstanding debt.
- 4.9.2 Performance Targets will be established and reviewed on an annual basis. The targets will be in line with the requirements of the Annual Return on the Charter (ARC).

5. STAFF TRAINING

- 5.1 Reidvale Housing Association will ensure that all staff who are required to undertake work in the recovery of former tenant arrears receive appropriate and regular training.

Clear procedures and guidelines will be maintained to ensure consistent and equitable treatment of former tenants when seeking recovery of former tenant arrears.

6. EQUALITY AND DIVERSITY

- 6.1 Reidvale Housing Association is an equal opportunities organisation. We are committed to providing an environment of respect, understanding, encouraging diversity and eliminating discrimination. No person or group of persons applying for housing and housing services will be treated less favourably than any other persons or groups of persons because of their age, disability, gender reassignment, marriage and civil partnership, pregnancy or maternity, race, religion or belief, sex, or sexual orientation.

7. COMPLAINTS

- 7.1 Although we are committed to providing high levels of service, we accept that there may be occasions where a service user may not be satisfied with the service received from the Association. We value all complaints and use this information to help us improve our service. Any service user, complying with the procedure, but remaining dissatisfied with any aspect of the service they have received have the right to submit a complaint to the Association in accordance with the Complaints Handling Procedure.

8. GDPR

- 8.1 Reidvale Housing Association will treat your personal data in line with our obligations under the current General Data Protection Regulation and our Privacy Policy. Information regarding how your data will be used and the basis for processing your data is provided in our Fair Processing Notice.

9. POLICY REVISION

- 9.1 The Association undertakes to carry out a comprehensive review of all aspects of this policy at least every three years. The review will take account of legislative changes, new policy guidance, best practice advice and the views of service users.