

# **HJALTLAND HOUSING ASSOCIATION LTD**

## **Arrears policy: Last Reviewed February 2015**

### **Introduction**

- 1.1 This policy sets out the way in which the Association will manage and recover debts owed by tenants and former tenants.
- 1.2 The Association expects all tenants to pay their charges in accordance with their tenancy agreement or lease.
- 1.3 The Association recognises that for a variety of reasons, tenants do sometimes fall into debt. The Association will act in a firm yet fair way to help tenants pay their charges. Support will be offered to provide budgeting support either through the Association's outreach worker or other debt advice agencies.
- 1.4 The Association will meet the legal requirements of the pre-action requirements as established by the Housing (Scotland) Act 2010 and a set of procedures have been developed.

### **Debt Prevention**

- 2.1 The Association recognises that the key to debt management is prevention. To assist with this the following approaches will be adopted;
  1. The Association will ensure that tenants are aware of the Association's rent arrears policy, the need to pay rent on time and the action the Association will take following failure to pay rent. This will be emphasised at the start of a tenancy and during the course of a tenancy where tenants find themselves in arrears.
  2. When a tenant signs their new tenancy agreement they will be expected to pay for the rent for the part month that is outstanding at the time that they sign their tenancy. This will mean that a tenant does not automatically go into arrears. In the case of those who will be entitled to housing benefit they will be required to attend the Housing Benefit section to submit an application for their new tenancy as part of the signing up process. Depending upon their financial circumstances, the Association will expect those applying for housing benefit to make small weekly payments towards their rent until such time as their benefit claim is processed.
  3. Tenants will be required to put in place arrangements to make regular rental payments. To assist them to do so a range of payment options will be made available;

- Direct debit payments that can be taken either weekly or monthly
  - Standing Order payments via their bank
  - Cash or cheque payments at the office.
  - Cash payments made to Housing Officers and Outreach workers during home visits – a receipt to be provided to the tenant on receipt of the money.
  - Debit card payments over the phone or at the office.
  - In exceptional circumstances credit card payments will be accepted as one-off payments but as this may suggest the tenant is financially struggling contact will be made by the Outreach Worker to provide advice about budgeting.
4. Tenants will be signposted to debt counselling agencies such as the Citizens Advice Bureau for income maximisation checks and money advice. Tenants can also access the inhouse Outreach Worker who can assist them with budgeting and setting acceptable payment plans towards their rent and arrears payments.
  5. Additionally, the support of other agencies such as the SIC Outreach service and Social Work etc will be sought where appropriate

### **Debt Recovery Action**

- 3.1 Arrears recovery will be undertaken promptly as soon as a tenant goes into arrears and where arrangements to pay have been broken and/or where benefits have ceased
- 3.2 The Association will commence legal action for recovery of possession and/or arrestment of wages as a last resort where the tenant arrears exceed the value of two months rent and/or the tenant is failing to co-operate to reduce their debt.
- 3.3 Authorisation must be sought from
  - The Housing Services Manager to issue a Notice of Proceedings (NOP). The Housing Services Manager will report to Committee (Operations) advising them of NOPs that have been issued.
  - The Management Committee to seek agreement to enforce the Decree of Eviction where the tenant has resident children in full time education.
- 3.4 Suspending court action or an eviction will only take place where the debt has been cleared or there has been a significant reduction in the debt and a payment plan has been agreed for the remaining rent and debt payments. Any suspension of eviction must be authorised by the Housing Services Manager.
- 3.5 The Association will, when taking court action, seek recovery of the outstanding debt and its legal costs, court fees etc.

## **Former Tenants Arrears**

- 4.1 All tenants when terminating their tenancy are required to pay any outstanding debt to the Association prior to vacating their tenancy. Where they are unable to pay the amount off in full they will be required to enter into an affordable and sustainable payment plan. The tenant will be made aware that the Association will continue to pursue this debt and the implications of not maintaining the payment plan.
- 4.2 The action the Association will consider in pursuing this debt shall include the following
- Employing the services of an external debt collector where the Association has been unsuccessful in securing payment from the ex-tenant
  - Legal action against the ex-tenant for the recovery of the debt including the arrestment of wages or bank account funds where appropriate
- 4.3 Where the arrears are in respect of a deceased tenant, action will be limited to contacting the next of kin or executor to claim against the estate. The Association will be sensitive in these cases, only pursuing this action where the tenant's financial circumstances warrant this. The decision to pursue this course must be authorised by the Housing Services Manager.
- 4.4 Where a debt is uneconomic to pursue, or attempts to recover arrears have failed, or the former tenants whereabouts are unknown, or there is no prospect of recovery, the debt will be written off in line with the Association's Bad Debt policy.
- 4.5 Any written debt may be re-activated and recovery action commenced if the former tenant's whereabouts become known or the Association becomes aware of a change in their financial circumstances.

## **Credit Balances**

- 5.1 Credit balances can occur on the rent accounts of both existing and former tenants. These balances will be managed through regular monitoring with refunds being made to current tenants where requested and former tenants where possible. However, where there are outstanding arrears or recharges any credit balance will be off-set against this before a refund is made. Where there is no prospect of returning the credit balances these will be dealt with a credit balance write off.

## **Equality**

- 6.1 This policy is applied in accordance with the Association's Equality Policy.

## Complaints and Appeals

- 7.1 Anyone who feels that the Association has not complied with this policy can use the Associations Complaints procedure which is available by either contacting the office or accessing our website

## Monitoring and Reporting

- 8.1 Reporting on arrears will be provided to the Management Committee every two months at the operations meeting.
- 8.2 The Association will set an arrears targets within its Business plan and will monitor performance against this target.

This policy will be kept under review and will be reviewed every 3 years.  
Reviewed 2015  
Review due 2018