



## Write Off Policy

**Status: Approved**

<b>Policy Lead :</b>	Director of Customer and Communities
<b>Owned By :</b>	Neighbourhood Services Lead
<b>Date Approved:</b>	May 2025
<b>Approved By :</b>	BHA Board
<b>Review Date:</b>	May 2028
<b>Regulatory / Legislative Considerations/ References</b>	<ul style="list-style-type: none"><li>• Scottish Social Housing Charter</li><li>• Data Protection Act 2018</li><li>• The Prescription and Limitation (Scotland) Act 1973</li><li>• Scottish Debt Arrangement Scheme</li></ul>
<b>Other Documents to be read in conjunction with this policy:</b>	<ul style="list-style-type: none"><li>• Complaints policy</li><li>• Rent Arrears Current and Former Policy</li><li>• Data Protection Act 2018</li></ul>

<b>Policy Title:</b>	<b>Write Off Policy</b>
<b>Purpose / Aim of policy:</b>	<p>This policy defines BHA's approach to recover former tenant debts and sets out the principals and guidance for customers who have a contractual agreement with BHA where monies are due.</p> <p>Former tenant arrears can occur through a variety of circumstances, most notably when a tenant; abandons their home; is evicted; deceased; or simply terminates the tenancy without providing a forwarding address or paying the full amount of rent due.</p>
<b>Scope of Policy:</b>	<ul style="list-style-type: none"> <li>• Management of former tenant debts</li> <li>• Escalation</li> <li>• Tracing</li> <li>• Reporting and Monitoring</li> </ul>
<b>Approval Source:</b>	BHA Board
<b>Equality Impact Assessment:</b>	The EIA assessment in relation to the write off of former tenant arrears or other debts due to BHA ensures that by adhering to the principles outlined in this policy, we affirm our commitment to collecting monies in a fair, supportive and ethical way. Whilst a customer may have left BHA with debt owing, this will still be collected in the most ethical way possible, allowing arrangements to be made where the customer is willing to do so.
<b>Sustainability Assessment:</b>	The collection of all possible income by BHA is paramount for the success of the business. The biggest income to the business is from rents and service charges, therefore the efficient and persistent pursuit of all debt is essential for the sustainability of the business.
<b>Partnership Assessment:</b>	BHA will continue to work with Scottish Borders Council (SBC) to ensure anyone who requires rehousing but has a former debt with BHA, is supported positively to come to a mutual agreement on clearing the debt and being accepted on to the housing register.
<b>Definitions:</b>	<p><b>Write off:</b> The removal of an uncollectable debt from BHA's accountancy recording system</p> <p><b>Sequestration:</b> A legal process by which an individual is declared bankrupt, it is the term used for someone entering bankruptcy.</p> <p><b>Trust Deed:</b> A voluntary agreement between someone and the people/businesses that they owe money to</p>

<b>Risk Implications:</b>	<p>The risk implications of not adhering to or delivering against the principles outlined in this policy include:</p> <p><b>Legal and regulatory consequences:</b> The way in which BHA recovers debts is crucial to the overall success of the business. Failure to comply with legal and regulatory requirements in the recovery of debts would bring unwanted scrutiny or sanctions to BHA and the Board.</p> <p><b>Damage to Reputation:</b> Failure to adhere to the policy will damage confidence with stakeholders if complaints were raised.</p> <p><b>Financial Implications:</b> The income generated through rent, service charges and other charges is the only guaranteed stable and reliable income BHA receive, therefore the efficient collection of that income is paramount to the financial planning for BHA. This income is what allows for investment in homes and services. Any threat to this income is a risk to the business. The implementation of this policy will reduce the risk.</p>
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## **1. INTRODUCTION**

- 1.1 Former tenant debt can accrue for a number of reasons, the purpose of this policy is to define BHA's approach to writing off those debts that become a 'bad debt' and as such require written off.
- 1.2 Former tenant arrears can occur through a variety of circumstance, most notably when a tenant; abandons their home, is evicted, deceased, or simply terminates the tenancy without providing a forwarding address or paying rental due.
- 1.3 Former tenant debt will not be written off until all attempts at full recovery have been exhausted. In addition, should a former tenant re-present to BHA having left with a former tenant debt, this will always be pursued. This includes debts which have been written off. These will be resurrected and reinstated with an affordable payment arrangement pursued.

## **2.0 ESCALATION**

- 2.1 Write off will be recommended when the following circumstances arise:
  - The tenant has died and left no estate;
  - The tenant has abandoned the property and cannot be traced;
  - There is no forwarding address and negative response in tracing former tenant;
  - The former tenant has debts that are uneconomic to recover;
  - Recovery processes have all been exhausted in securing repayment;
  - Exceptional circumstance e.g. former tenant is admitted to care home with onset dementia, with no family support or means to facilitate repayment;
  - Sequestration has been granted on the tenant (unless joint, then both tenants need to be granted sequestration).
  - A Trust Deed has been accepted and is in place
- 2.2 The debts are still kept on file and will be pursued whenever the opportunity arises, although in the case where the tenant has died or gone into care this opportunity is unlikely to arise.
- 2.3 Sequestration/Bankruptcy: A creditor is legally unable to pursue a debtor once they have been declared bankrupt. When BHA receive notification, any debt due prior to the date bankruptcy was awarded is required to be written off.
- 2.4 Trust Deeds: BHA will not normally enter into a Trust Deed agreement with a tenant via a specialised company due to the extremely low recovery costs. If we did make an exception, we are legally not allowed to pursue the tenant who holds the Trust Deed for outstanding monies.

- 2.5 In the event of cases being written off, action will still be taken if possible to collect debt at a later date. In the case of evictions being granted, the law allows creditors up to 20 years to collect debts.

2.6 In the cases where BHA has already been to court, an arrestment of earnings will be requested with the court where the debtor is in employment and details are known.

2.7 In the event of a tenant death, BHA will make efforts to contact the next of kin and or solicitor/executor of the estate with a view to settlement of all outstanding balances. BHA will provide a former tenant statement of all outstanding debts, rent account reference and bank details to facilitate the transfer of funds.

### **3.0 TRACING**

- 3.1 Cases with no forwarding address are referred to a commercial tracing agency and the recovery process commences when the debtor is found. Whenever a re-housing application is registered the applicant details are checked against our records to see if they have an outstanding debt. Even when a debt is written off, it will be resurrected and pursued.

### **4.0 REPORTING AND MONITORING**

- 4.1 BHA will report bad debts written off for; rent arrears, rechargeable repairs or legal expenses on a quarterly basis via report to the Board. BHA will actively review and write off bad debts monthly throughout the year.
- 4.2 BHA will report three year trend analysis on approved write off of bad debts. This will include a running forecast to the business planning debt provision.
- 4.3 This policy will be reviewed every 3 years or in line with any regulatory or legislative changes.