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<b>Policy Name</b>	<b>Bad Debt Provision and Write Off Policy</b>
<b>Policy Author</b>	<b>Head of Housing Services</b>
<b>Approved by Sub Committee</b>	<b>N/A</b>
<b>Approved by Management Committee</b>	<b>Dec 2024</b>
<b>Latest date of Next Review</b>	<b>Dec 2027</b>

West Whitlawburn Housing Co-operative will provide this policy on request at no cost, in larger print, in Braille, in audio or other non-written format, and in a variety of languages. Please contact the office.

**Registered with the Scottish Housing Regulator No. 203**  
**Registered Charity No. SCO38737, VAT Registration No. 180223636**  
**Registered society under the Co-operative and Community Benefit Societies Act 2014**



## **1. Introduction**

- 1.1 This Policy sets out West Whitlawburn Housing Co-operative's (WWHC) approach to setting out and the write off, of irrecoverable debt. It allows us to determine the amount of potential bad debt and to make provision for these debts.
- 1.2 The Policy covers all debts due to WWHC where the recovery process has been exhausted. Procedures and parameters for pursuing debts are contained within the Rent Arrears Policy and the Rechargeable Repairs Policy.
- 1.3 Despite a debt having been written off, WWHC will continue to take steps to pursue the outstanding sums due

## **2. Policy Objectives**

- 2.1 To ensure that all of WWHC's financial and contractual obligations can be met, WWHC will attempt to collect all income due.
- 2.2 To safeguard the assets of WWHC through prompt collection of all sums due.
- 2.3 To adopt a proportionate and risk based approach to the pursuit of bad debts.
- 2.4 WWHC provides a range of services to tenants and there is potential for bad debts to accrue through non-payment of rent, rechargeable repairs and other debts such as legal costs.

## **3. Equalities**

- 3.1 We are committed to ensuring equal opportunities and fair treatment for all people in our work. In implementing this Policy, we will provide a fair and equal service to all people, irrespective of factors such as gender, race, disability, age, sexual orientation, language or social origin, or other personal attributes.

## **4. Regulatory Standards**

- 4.1 Regulatory Standards and Scottish Social Housing Charter Outcomes relevant to this policy are:

Regulatory 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.

Charter Outcome 13: Value for money

Social landlords manage all aspects of their businesses so that:

- tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

## 5. Provision for Bad Debts

5.1 A bad debt is a sum of money owed to WWHC that has not been paid, despite repeated efforts to collect the debt.

5.2 This policy applies to:

- rent arrears
- non rental debts of current tenants e.g. legal costs
- former tenant rent arrears
- non rental debts of former tenants e.g. legal costs
- current and former tenant rechargeable repairs

5.3 WWHC must make provision in our financial and management accounts for those debts which have been identified as irrecoverable. This is a provision for accounting purposes as the debt will continue to be pursued.

### 5.4 Current Tenant Arrears Provision

	Sum of all current tenant arrears cases over £1,000
Plus	Sum of current tenant arrears below £1,000 where the tenant has been declared bankrupt or has entered a similar formal legal arrangement, which has the effect of making the debt irrecoverable, including lock up arrears
Plus	Sum of high risk balances where there is no commitment to repay as determined by the Head of Housing Services

No provision for technical rent arrears.

### 5.5 Former Tenant Arrears Provision

	Sum of all former tenant arrears including lockups
Less	Arrears where a payment arrangement is being maintained.
Less	Arrears where the tenant is still a current tenant of WWHC.

No provision for technical rent arrears.

### 5.6 Rechargeable Repairs

	Sum of all former tenant rechargeable repair costs
Less	Rechargeable costs where the former tenant is still a current tenant of WWHC.
Plus	Sum of current tenant rechargeable repair costs where the tenant has been declared bankrupt or has entered a similar

	formal legal arrangement, which has the effect of making the debt irrecoverable
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- 5.7 The provision for bad debts may be increased or decreased on the advice of the Financial Auditor.

## **6. Bad Debt Write Off**

### **6.1 Criteria for writing off debts:**

- A tenant is deceased and there are no details of the executor known or the deceased does not have an estate to pursue the debt.
- Where the tenant has been declared bankrupt or has entered a similar formal legal arrangement, and the debt cannot be pursued.
- Former tenant arrears are over 12 months and at least three attempts to contact the former tenant have been made, with no response from former tenant
- No forwarding address is known for the former tenant and the debt is 12 months or over.
- Rechargeable repairs will be written off if:
  - The cost is £150 or less (including VAT), not economic to pursue and will not be raised as such unless there are repeated costs or combined repairs exceeding this amount.
  - Attempts to recover the debt have failed as a former tenant's whereabouts are unknown and there is no prospect of recovery
- Non-rent debts from current tenants after 5 years (or such other time limit as current credit legislation allows) if WWHC has not taken legal action to recover the debt.

## **7. Credit Write Off**

- 7.1 There will be instances where an account is closed and a credit balance remains on a rent account. If it has not been possible to refund the credit balance (e.g. forwarding address unknown) the credit will be included in the annual credit write off report presented to the Management Committee for approval in March of each year.

## **8. Communications**

- 8.1 WWHC aims to be clear in all our dealings with bad debts that the information on debts owed is accurate and when amounts are due.
- 8.2 We will always adopt a reasonable approach and consider an individual's circumstances.
- 8.3 We will ensure that our practice is informed by relevant legislation and good practice.

- 8.4 We will offer advice and assistance including signposting tenants to debt- counselling, advice, and money advice services.

## **9. Authorisation and Reporting**

- 9.1 The Head of Housing Services and Property Manager may refer rent or repair debts for recovery through a Collection Agency or for legal action. They will only do so if the chances of recovery are good and the costs are likely to be recovered.
- 9.2 Re-calculation of bad debt provision will take place annually and a report will be submitted to the Management Committee in March each year to ensure that by the financial year end for the purposes of the Annual Financial Statements, a prudent bad debt provision is in place.
- 9.3 The write-off of all tenancy related debt must be authorised annually by the Management Committee in March each year.
- 9.4 The bad debt and credit write off will be processed by the Head of Housing Services on HomeMaster (WWHC's Housing Management Software).

## **10. Policy Review**

- 10.1 This policy shall be reviewed on a 3 year basis unless there is a requirement to review out with this cycle.