KNOWES HOUSING ASSOCIATION LTD	
Policy Name	Arrears Policy
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Links to other Policies	Legal Action (HM22), Allocations (HM04) and Former Tenants (HM15), Tenancy Sustainment Policy (HM27)
Consultation	Internal

1. AIMS & OBJECTIVES

Rent is the Association's main source of income and it is therefore essential that arrears are kept to a minimum and rental income maximised. The purpose of this policy is to outline the key areas of operation for arrears management within the Association.

It is the aim of Knowes Housing Association to take appropriate action to prevent tenants building up arrears on their rent accounts, this includes lock up arrears. We will recover any arrears fairly and effectively in accordance with this Policy.

The object of the Association's policy is to minimise loss of rental income by prompt, effective management, recovery and control of arrears and to provide a service to tenants whereby they are given advice and assistance to maximise their income and minimise their debt.

The Association along with 2 partner Housing Associations in the wider Clydebank area provide a tenancy sustainment service through the employment of the Community Support Officer. Our approach is to be proactive in identifying and supporting tenants who struggle to manage their tenancies whether this is through personal issues or because of money and debt issues that then manifest into non-payment of rent and the accumulation of rent arrears. Tenancies which fail, impact on KHA's resources and can have negative impacts on Tenants who may end up as homeless and have difficulties securing alternative accommodation. As such, over a period of time, tenancy sustainability has been a key part of KHA's commitment to work in partnership to support Tenants and create sustainable communities. (**Our Tenancy Sustainment Policy provides more detail on our sustainment work**)

2. RISK MANAGEMENT

By having a written detailed Policy on Arrears Management, the Association is able to ensure that a uniform and professional approach is adopted throughout the organisation and the service delivered is compliant with law, best practice and internal policy.

Without an Arrears Management Policy, the Association is at risk of allowing arrears to escalate and in turn, reduce the flow of income to the Association. As the Associations primary source of income is the rent paid by tenants, a high level of rent arrears will reduce the Association's ability to provide management services and meet its revenue and loan requirements.

The Association acknowledge that high rent arrears are a contributory factor in debt, tenancy sustainment, homelessness, and in turn, social exclusion and as a result this Arrears Management Policy is necessary to prevent where possible and minimise the level of rent arrears among the Associations tenants.

3. LEGAL & REGULATORY CONTEXT

The current legal context for the recovery of possession (as a result of rent arrears) is contained within the Housing (Scotland) Act 2001 and grounds are detailed within the Scottish Secure Tenancy Agreement. However in implementing our approach the Association is also mindful of our rights and responsibilities contained within other legislation. An example of relevant Acts are detailed below:-

- General Data Protection Regulations 2018– responsibilities for gathering and sharing information – staff should refer to appropriate Policy and subsequent guidance;
- Equality Act 2010 – ensures that everyone is treated fairly and given fair chances, and this is done equally across all groups, protected or otherwise.
- Children Scotland Act 1995 – Consider implications and options prior to taking recovery action
- Debtors Scotland Act 1987 – Enables the Association to seek wage arrestment from a debtor
- Human Rights Act 1998 – responsibilities in terms of safeguarding human rights etc.
- Homelessness etc. (Scotland) Act 2003
- Bankruptcy and Diligence etc. (Scotland) Act 2007
- Housing (Scotland) Act 2010
- Statutory Instrument 2012 No 127 Pre Action Requirements Order 2012
- United Nations Convention on the Rights of the Child (UNCRC)

In preparing this Policy the relevant self – assessment standard contained within the original Scottish Housing Regulator's website was referred to and recognised – Activity Standard 1.8. In addition, the SFHA Raising Standards in Housing document was referred to, "Rent Arrears Prevention, Management and Recovery" (2002), as was the Quality & Efficiencies Forum "Good Practice note on Rent Management (2009).

The Association in developing this policy made reference to the relevant indicators contained within the Scottish Government's Scottish Social Housing Charter:

• **1: Equalities**
Social landlords perform all aspects of their housing services so that:
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.

• **3: Participation**
Social landlords manage their businesses so that:
Tenants and other customers find it easy to participate in and influence their landlord's decisions at a level they feel comfortable with.

• **11: Tenancy sustainment**
Social landlords make sure that:
Tenants get the information they need on how to obtain support to remain in their home and ensure suitable support is available, including services provided directly by the landlord and by other organisations. (See our tenancy sustainment Policy)

• **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.

• **14 & 15: Rents and service charges**
Social landlords set rents and service charges in consultation with their tenants and other customers so that a balance is struck between the level of services provided, the cost of the service, and how far current and prospective tenants and other customers can afford them.

4. RESPONSIBILITY

Operational responsibility for arrears management is delegated to the Housing Management Team within Housing Services. Individual Housing Officers have responsibility for all rent arrears in their "own patch" and the Head of Housing retains overall control and responsibility for decision making.

The Housing Services Sub-Committee has the authority to uphold or reject a recommendation by the Head of Housing in respect of an Eviction Report, following a Decree being granted. In addition the Housing Services Sub Committee are responsible for monitoring monthly arrears reports and commenting or acting as required.

5. PREVENTING RENT ARREARS

The Association will attempt to prevent arrears from arising by ensuring that, at all times we:

- Set rents that are affordable to tenants in low paid employment
- Give the required period of notice and detailed information to tenants where changes in their rent charges are proposed
- Credit payments made by tenants to their rent accounts within one working day, or as soon as possible depending on payment date.
- Send a payment history to each tenant on request
- Notify tenants as soon as possible when their rent goes into arrears
- Agree a suitable repayment arrangement of any arrear accrued.
- Assist tenants who are entitled to help with their rent through Housing Benefit or Discretionary Housing Payments, by helping them apply for this assistance and where necessary signpost them to our external agencies for Welfare Rights and Benefits advice.

Pre-tenancy Work

Even before a tenancy starts the Association will use the application stage to carry out pre-tenancy work to ensure that future tenants are aware of the importance in paying their rent.

During all pre-tenancy work the Association will inform applicants that if they are offered a tenancy then it would be expected that they would pay one month`s rent in advance, as outlined in the Scottish Secure Tenancy Agreement, when they sign up for their property. Providing this information in advance should provide enough opportunity for a prospective tenant to prepare to cover the first month`s rent.

There will be exceptions to this where it is established that there are real affordability issues in a new tenant`s ability to pay their rent in advance. Cases like these will normally involve tenants who are on state benefits and who are relying on Housing Benefit or Universal Credit to cover their rent. We would also look at the ability of a tenant who is transferring and who is in receipt of Housing Benefit or Universal Credit, being in a position to pay. However in both cases we would still ask the question about their ability to cover all or some of the rent.

Under no circumstances would the Association withdraw an offer of tenancy due to an applicant's ability to pay a month`s rent in advance.

Start of Tenancy

At the start of a tenancy, the new tenant meets with the Allocations Officer, or in their absence the Housing Officer or Housing Assistant, to complete the relevant documentation and receive a Tenants' Handbook which provides information and advice on their tenancy, rights and responsibilities. As part of this process the following is covered:-

- 1 month's rent will be due to be paid in advance, on the date the tenancy is signed.

New Tenants must pay their rent (full or part) in advance at the point of signing for their tenancy. When a new tenant is on Benefits and claims for Housing Benefit or UC when their tenancy starts it would be impractical to expect payment and the Association would not demand rent in advance from someone in this position.

If a tenant is signing for their tenancy on or after the 22nd of the month, they will be asked to pay 1 month plus the part period from the date of signing. Any tenant signing before the 22nd of the month will be expected to pay one month's rent in advance, thereafter the Allocations Officer will fully explain all rent implications therein.

On occasion a tenant will be allowed to pay their rent within the first week of signing, if there are legitimate reasons for doing so – wage patterns etc. This will always be at the Head of Housing's discretion. In addition we will;

- Confirm that rent is due regularly e.g. weekly/monthly, and amount of rent due
- Agree payment methods e.g. housing benefit, UC, cash, standing order, cheque, debit card etc.
- how to claim housing and other welfare benefits(if possible complete form in office)
- provide advice about support via our Tenancy Sustainment Officer and other organisations to assist with early referrals, where appropriate e.g. welfare rights, social work, money advice, etc. - We currently have a partnership working agreement with the Citizens Advice Bureau , who offer a specialised welfare rights and income maximisation service which is fully accessible to our tenants via an over the phone or office surgery.
- Gather information about tenants' personal circumstances, which will assist the Association to provide appropriate support and advice.

Rent obligations will be made clear at the sign up date. The monthly rent and the full amount due for the period should be made clear to the tenant. The tenant should also be aware that they should contact their Housing Officer at the early stages of non-payment if this should arise.

A Housing Benefit form should be filled in with the tenant where it looks like the tenant will qualify for housing benefit. It should be made clear that HB will only be payable from the date a tenant moves in to the property. The tenant should be advised that they need to respond to any requests for information from either WDC or ourselves regarding rent or housing benefit. Proof of income must be supplied or forwarded as soon as possible for all in the household.

In cases where it is clear that a tenant will not qualify for full housing benefit but may qualify for partial benefit, a provisional assessment will be carried out as soon as possible after the tenancy starts by making an appointment with the CAB who will assist in making a claim and advising on the potential HB entitlement. The tenant will be advised that this is simply a provisional amount until their claim has been fully assessed, and they will be encouraged to pursue their HB claim as quickly as possible.

If the new tenant is currently a tenant of another property and in receipt of housing benefit, they should sign a request for overlap of housing benefit to be paid from their date of entry. A maximum of 4 weeks overlap will be allowed by the Council and this is discretionary.

Where the incoming tenant is in receipt of Universal Credit, payment responsibilities will be outlined as well as the option of getting payment paid directly to the Association. The tenant will be required to request this payment option via their on-line journal. In addition, the tenant will also have to update the journal with rent and service charge amounts to ensure correct payment amounts are made by the DWP.

Within 8 weeks of the start of tenancy, the Housing Officer will carry out a New Tenant Visit. This is mainly a settling in visit, however issues such as rent and

Benefits plus any other matter that is creating an issue for the new tenant settling into their new home, will be covered during the discussion, and appropriate advice given.

6. CONTROL & RECOVERY

The Association will monitor all rent accounts at least fortnightly and make contact with tenants in arrears as per the arrears management procedure. The Association will use a variety of methods to contact tenants in arrears and record all contact whether by letter, visit, interview, email, text or telephone call on its Housing Management IT system.

The Arrears recovery procedure will be followed so that if there is a need to start legal action, the pre-action requirements have been completed that permits staff to issue a Notice of Proceedings

Interviews should always be attempted when an arrear is accruing to assess the tenant's need for support, referral to other agencies and to be clear on the tenant's circumstances. Tenants should be clear that if they continue non-payment or partial payment they are at risk of losing their home.

Realistic repayment arrangements should be made taking into account all factors of the tenant's circumstances which could affect the tenant's ability to repay the debt within a given time. Too high an arrangement is likely to lead to arrears continuing or worsening; too low an arrangement gives the tenant the wrong impression that arrears are acceptable to the Association.

Payment arrangements should generally tie in with the tenant's wage or salary cycle until their account is clear. At this stage the tenant should be given the option of paying monthly in advance or fitting in with their wage cycle, as long as they are a minimum of one month in advance.

If a tenant is on Universal Credit or other benefit payments, they should be advised that Direct Payments may be requested which allows weekly deductions from their state benefit, if they fall into arrears, (UC direct payment will only be agreed based on the amount owed). Where a tenant requests this not to happen, an arrangement should be put in place and the tenant advised that if the arrangement is broken, we will apply directly to the DWP for direct payments to be forwarded to us. The tenant should also be encouraged to make weekly payments where possible, to reduce the debt, especially where the debt is likely to take a considerable time to clear. Entering into "direct payment" will not always preclude the Association for continuing to pursue legal action, should the debt be at a high level. It should be noted that there is a criteria for granting Direct Payments, in terms of benefit eligibility and arrear amount.

For tenants in receipt of Universal Credit, (UC), staff should encourage recipients to agree to an Alternative Payment Arrangements, or APA`s with the DWP, that allows the rent element of their benefit paid directly to the Association. This can only be done from the second payment onwards of UC.

Where a UC claimant gets the rent element paid directly to them and then fails to pay their rent to the Association, an application to have Direct Payments made to the Association should be made as soon as possible. This is generally after 2 payments have been missed. If there is an arrear on a UC recipients account the Association can ask for additional payments to be made directly to the Association to recover the debt.

Accurate records must be logged on the Associations Housing Management IT system of all action taken to manage a tenant's rent account. The IT system supports staff in the management of rent accounts by providing an automated escalation process that will be used to manage rent accounts.

Joint tenants should be made aware that they have joint responsibility for rent arrears repayment. They should also be clear that the Association will recover from either tenant if one is not complying with payment.

7. PAYMENT OPTIONS

The Association normally expects rent payments to be made on the 1st of each month or monthly in advance and this is stipulated in the tenancy agreement that tenants have with the Association, however, individual arrangements will be considered with tenants, depending on their individual financial situation. It is expected that the rent will be paid before the end of each month. Tenants will be advised in relation to their initial and future payments when signing the Tenancy Agreement for their property. The use of Standing Orders should generally be encouraged where a tenant is working and has a bank account. It is expected that BSO payments leave accounts within 3 working days of the debit and the latest they would expect to be received is by the 6th of a month (allowing for weekends and Bank Holidays etc.).

If payments are not made by the end of the month then this should be considered as an arrear. However in some circumstances payments made at the start of a following month will be considered as a late payment/technical arrear, as per the guidance from the Scottish Housing Regulator;

- ***the value of overpayments of housing costs (housing benefit/universal credit) debited to tenants' rent accounts;***
- ***the value of any outstanding payments from people who have an agreement to pay their rent slightly later than the landlord's normal monthly rent cycle i.e. agreements to make payments in the next rental cycle; and***
- ***the value of any outstanding housing benefit payments due for the reporting year but not received until after the start of the new reporting year.***

Housing Management Staff will endeavour to make a payment arrangement which is as flexible as possible for the tenant, to avoid arrears accruing - e.g. a tenant who is paid weekly should be allowed to make weekly rent payments if this is more convenient.

The Association would prefer to have the rent paid at the start of each month, however this is not always possible due to tenant's wages or benefits cycle, so we have a flexible approach and would accept rental payments as long as these are paid before the end of any given month.

8. TECHNICAL ARREARS

It is recognised that not all arrears in a tenants account are "actual arrears" and there is a distinction between "Technical" and "Non-Technical" Arrears. In general, Technical Arrears account for the rent from Housing Benefit and it has either still to be processed or due to the payment cycles has not as yet been received. We also consider UC payment cycles that are paid in arrears as a technical arrear. We will also consider late payments as being a technical arrear where an arrangement is in place where a tenant has agreed to pay their rent late due to their salary cycle.

When calculating arrears at the end of each month, Housing staff have to take into account the Technical Arrear, a balance on the rent account that is due to Housing Benefit cycle, (Housing Benefit is paid every 4 weeks, and Association's charge a monthly rate, HB will over the course of the year pay a 13th payment that will make up this shortfall), Universal Credit managed payments and any DHP payments for UC recipients that cover the rental period but haven't been paid into our bank until the following month, and late payments.

The Head of Housing will report to the Housing Subcommittee, Gross arrears, technical arrears and net arrears each month. Furthermore when reporting the end of year ARC information to the Scottish Housing Regulator, the net arrears figure is used when submitting the end of year arrears figures.

9. CO-OPERATION WITH OTHER AGENCIES

Knowes will co-operate with external agencies that may assist the tenant in managing their financial circumstances and reducing their debts, particularly their rent arrears. Mandates where required will be completed. With regards to dealing with the DWP and Universal Credit cases there may be a requirement to get consent from the tenants prior to asking for information or requesting a Managed Payment arrangement.

It is a recognised aspect of arrears control that in many cases there is a need for close liaison between Housing Officers and Welfare Agencies from whom help can be enlisted. Housing Officers will develop an awareness of other sources of help for tenants with arrears problems and endeavour to refer them to: e.g. Social Work, Citizens Advice Bureaux, and Money Advice Centre. A Guidance Note on Sequestration has been prepared for internal use (Appendix 1), however further information and advice can be retrieved from financial assistance leaflets and the Trading Standards Agency etc.

Knowes Housing Association's Housing Officers and other staff have developed a close working relationship with West Dunbartonshire Council's Housing Benefit

section. Staff have been trained in the Verification Framework and are “qualified” in this regard. This allows them to verify tenants’ information and expedites the time taken to process benefit claims.

Housing Officers will monitor housing benefit monthly payments and identify any slippage in timing of payments or any operational problem which may affect the Association’s housing benefit payments. Where issue arise these should be raised with the Head of Housing who will deal with this situation in these circumstances.

Housing Officers will also contact West Dunbartonshire Councils homeless team when we are considering legal action against a tenant. This will usually be done when we issue a NOP and give the Council an opportunity to try and engage with the tenant to make them aware of the outcome if they don’t pay. There is also the legal requirement of sending a Section 11 to the local authority. Section 11 of the Homelessness Etc (Scotland) Act 2003 places a duty on landlords and creditors to notify the local authority when they raise proceedings for possession. We will also pass details of cases that are facing action to the Community Support Officer who will attempt to engage with the tenant and identify whether there is any underlying issue that has resulted in the accumulation of arrears and what support can be provided to assist in managing this and to prevent legal action becoming eviction action.

10. LEGAL ACTION

The Housing Management Section of Knowes Housing Association will adhere to this Policy framework and an internal procedure to control, minimise and recover rent arrears. However where the tenant either fails to co-operate in reducing the arrears or continuously breaks a repayment arrangement, the Association will consider taking legal action. For more details of this process, reference should be made to the Legal Action and Eviction Policy (HM22).

Legal action is not a course which will be embarked on lightly, and there are sufficient areas in the procedure where the tenant can recover the situation. Should the tenant make a suitable repayment arrangement even once the case has been booked at court then the Association will consider all options including Sisting the case (postponing to monitor).

The Housing Officer has authority to prepare and send the relevant paperwork to the Associations solicitor to commence legal action. The Head of Housing has the delegated responsibility to authorise a case to go to court for the appropriate action and the Committee will only become involved in cases once they have reached the final stage, i.e. award of decree.

The Association’s procedure on arrears recovery will be followed, but where this fails to address an individual arrear accruing, then the legal action process should be initiated. In the event of a tenant failing to co-operate with staff and/or not adhering to an arrangement, the Pre-Action Requirement process should be adhered to which is fully explained in the procedure, thereafter a Notice of

Proceedings should be issued. In accordance with section 14(2) of the Housing (Scotland) Act 2001 the landlord must have: -

- served on the tenant and any qualifying occupier a prescribed notice (the notice to be served on the qualifying occupier is exactly the same as that to be served on the tenant);
- ensure the proceedings are raised on or after the date specified in the notice; and
- the notice is in force at the time when the proceedings are raised.

Where there are joint tenants, a landlord should serve an individual notice on all of the joint tenants.

Subsection 14(3) requires that before serving the notice, the landlord must make all reasonable enquiries to establish whether there are any qualifying occupiers of the house and, if so, their identities. Such reasonable enquiries would generally be by letter to the tenant and/or visits to the tenant's home. Landlords should, in any event, make sure that they have an audit trail, which clearly establishes attempts made to identify and notify any qualifying occupiers. Knowes' Housing Officers will check details of last HB application and other tenancy information.

Failure by the tenant to respond to the Notice of Proceedings, or to make a satisfactory agreement towards the arrears will result in the Association's Solicitor being instructed to book the case into court.

Effective liaison with the Associations legal representative is required, as the reasonableness of the Associations actions will require to be justified before a Sheriff will grant any order to evict (if appropriate). If the tenant has made no contact by this stage or failed to make a satisfactory agreement the Association will seek a conjoined action for re-possession of the property and recovery of the debt plus legal expenses.

This Arrears Policy operates in alignment with the organisation's **separate United Nations Convention on the Rights of the Child (UNCRC) Policy**. In all cases where households include children or young people, we will have due regard to their rights, ensuring that their best interests are a primary consideration (Article 3), and that their right to an adequate standard of living and housing is respected (Article 27). We will take a preventative and supportive approach to arrears management, balancing recovery actions with appropriate support to minimise any negative impact on children's wellbeing, stability, and development.

Before progressing to enforcement action, including possession proceedings, a full assessment of the potential impact on children will be undertaken, with appropriate mitigation and safeguarding measures applied. Staff should refer to the stand-alone UNCRC Policy for full guidance.

10.1 Decree/Sist/Continuation

If the tenant appears at court and makes an offer to pay, the case will usually be continued by the court for a period to give the tenant the opportunity to reduce the arrears. The Association can determine the length of time the continuation should

be for. If the payment arrangement is adhered to and the arrears are cleared in full, the case can be closed, with legal fees added to the debt. If the arrangement is broken, the Association's solicitor will return to court and ask for a decree for repossession of the property and recovery of the debt plus expenses. The tenant should be kept informed at every stage.

Eviction is the last resort and every other option should be explored to avoid this.

If a Decree is awarded then the tenant will be expected to clear the total outstanding arrears and any appropriate court expenses to prevent the decree from being enforced. At no time will an eviction decree be enforced without the prior consent of the Housing Services Sub-Committee. Following the award of a decree the Head of Housing will prepare a report for the Housing Services Sub Committee to enable a decision to be taken with regard to ultimate eviction of the tenant. Any arrangement offered to clear a majority of the money owed by the tenant should be passed for consideration by the Housing Services Sub Committee and must be accompanied with an agreement to clear the remaining arrears and court expenses outstanding within a reasonably short timescale, (each case will of course be considered individually). After award of any decree the Finance Section should be notified immediately to ensure that any payments received are regarded as "violent profits" and placed in an "unallocated payment" account. This should be closely monitored by the relevant staff to ensure that any payments received are not treated as payments towards on-going rent (to prevent a new tenancy being created).

If a Decree is enforced the Association will liaise with West Dunbartonshire Councils Social Work Department and Homelessness Section to ensure that any transitional preparations can be made to assist with the evicted households next step towards obtaining emergency accommodation.

11. SEQUESTRATION & TRUST DEED

A growing number of tenants in arrears, especially where they have multiple debts, are becoming sequestrated (bankrupt) or enter into a Trust Deed with a Solicitor. Once we are notified of the sequestration or Trust Deed date the Association will not be able to pursue arrears accrued prior to this date; although arrears accrued after the sequestration can legitimately be pursued (refer to Appendix 1).

Once a debtor is sequestrated, the Association will contact any trustees for the partial or full repayment of any debt; the trustee must approve what the tenant or owner pays to the Association towards the sequestrated debt.

The Association will write-off sequestrated arrears or the debt owed at that date the Trust Deed is agreed, in accordance with the financial procedures of the Association once confirmation from the Accountant in Bankruptcy (AIB) is received.

13. CONFIDENTIALITY

The Association stresses that the tenant's privacy must be safeguarded. As detailed earlier, the Association has various legal responsibilities, which must be adhered to in this respect.

All information regarding arrears is to remain confidential to the Staff and tenant unless the tenant installs a 3rd party to negotiate with the Association on their behalf. A signed mandate must be provided before staff will enter into discussions regarding an individual case.

Reporting of arrears cases to the Housing Services Sub Committee will be by number code only. No tenant's name or address is to be revealed at any time.

14. COMMITTEE MEMBERS IN ARREARS

Anonymity will be preserved at all times from Committee Members in terms of considering individual cases. As Committee Members may also be tenants of the Association, those tenants should not accrue arrears. The Head of Housing will monitor all Committee Members (tenants) rent accounts quarterly. Any Committee Member continuing in arrears for 3 months or more (with the exception of technical arrears) should be referred to the Management Committee to discuss termination of individual committee membership or to invite a resignation.

15. PERFORMANCE MONITORING AND THE ROLE OF THE COMMITTEE

At each Housing Services Sub Committee (normally monthly), a Performance Report will be tabled outlining the current Arrears performance.

This report will include the following:

- Projected Annual Debit Figure
- Monthly Technical Arrear (both figure and % of Debit)
- Monthly Non-Technical Arrear (as above)
- Total Arrears
- Comparison with previous months' figures

The Head of Housing has delegated authority to pursue recovery action to the final stages, and the Committee will only become involved with individual cases once decree has been granted. The report, which will be tabled at the Committee Meeting, will detail payment history and a resume of the case, with a recommendation from the Head of Housing as to the action, which might be taken.

16. FORMER TENANT ARREARS

This policy refers only to current rent arrears and there is a separate policy and procedure for dealing with former tenant arrears. This is adhered to by both Housing Management and Finance Staff.

17. COMPLAINTS PROCEDURE

Any tenant who feels aggrieved by their treatment under this Policy can ask for a copy of the Association's Complaints Policy, which is available at the Associations office. Tenants also have a right to complain to the Public Services Ombudsman. The Complaints Policy details the way in which you can complain and the timescales for responding.

18. EQUALITIES COMMITMENT

Knowes Housing Association Ltd is committed to tackling discrimination on the grounds of sex or marital status, racial grounds, or grounds of disability, age, sexual orientation, language, social origin, or of other personal attributes, including beliefs or opinions, such as religious beliefs or political opinions.

Knowes' seek to embrace diversity, promote equal opportunities for all and eliminate any unlawful discrimination in all areas of our work.

APPENDIX 1

Sequestration (Trust Deeds) – GENERAL GUIDANCE ONLY

The following information is to give a general understanding of Sequestration with particular reference to Trust Deeds as this would be the more likely solution for someone with financial debts and the means to make some form of contribution to the Trustee

A Trust Deed is generally viewed as a suitable alternative to Sequestration it is a voluntary but legally binding agreement. There is no minimum or maximum debt.

Sequestration is the legal term for personal bankruptcy. It is a legal process which begins when the debtor is formally declared bankrupt by the Court. You must owe at least £1500.00 and one or more of your creditors must have taken legal action to enforce or demand the repayment of a debt.

In both cases (Trust Deed & Sequestration) a Trustee is appointed to act in the interests of the creditors.

Trust Deeds – A trust deed is signed by an individual who is unable to pay his/her debts. **The debtor is told to stop payment to debts but must pay ongoing financial expenditure such as rent**. In order to protect the trust deed the appointed Trustee publishes a notice in the Edinburgh Gazette and writes to all the creditors enclosing a copy of the notice and of the trust deed advising that the trust deed is to become protected. The Creditors have 5 weeks from the date of the notice to object, so long as more than one half in number of creditors whose claims amount to more than one third of the total debt do not object the trust deed will become protected. **The debt can no longer be pursued.**

If the majority of creditors do object and the individual owes more than £1500.00 then the trust deed will not become protected, it is likely a petition for Sequestration will then be lodged. If granted apparently in the majority of cases there are **no payouts for creditors.**

Should the Association be one of the creditors and decide to object to the granting of a Trust Deed, you can continue to pursue the debt and legal action **(Always check with our solicitor)** within the 5 week period. Once protected you cannot pursue the debt, however you can pursue legal action for repossession.

The other point worth remembering is that if a Trust Deed is signed by an individual it is a contribution based agreement therefore at the end of the period (normally 3 years) there may be a payout to creditors once the Trustee has deducted his expenses.