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| Tenancy Management Manual  Chapter 18: Vacated tenant accounts  October 2017 |
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Department of Health

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Revision history

| **Version** | **Amended section** | **Effective** | **Details** |
| --- | --- | --- | --- |
| 1.0 |  | September 2017 | Incorporation of 'version control table' Accessable format |

# 18.1 Definitions

| Term | Definition |
| --- | --- |
| Write off | “Write off’ is an accounting term used to describe an existing debt that has been archived for accounting purposes only and remains a debt owed to the Director of Housing which may be recovered. |
| Maintenance Claim Against the Tenant (MCAT) | The cost of maintenance works carried out on a tenant’s rented premises which the Department has assessed to be the responsibility of the tenant. These charges have not yet been substantiated in a tribunal or Court and do not appear on the tenant’s account |
| Tenant Responsibility Charge | The cost of maintenance works required due to negligent or deliberate damage to the property, which are applied to the tenant’s account. The charge is only placed on the tenant’s account if the tenant accepts liability for the damage or the claim is substantiated at VCAT |

# 18.2 Purpose and Scope

## Purpose

The purpose of this chapter is to outline the processes by which Department of Human Services (the Department) manages vacated tenancy accounts.

This manual aims to ensure the Department provides a fair and consistent application of policy for all clients.

## Scope

The policy and procedures of this chapter apply to all Departmental vacated tenancy accounts.

## How to use this manual

The procedures should be read in conjunction with the policy, and where appropriate, reference should be made to other Department manuals and documents to ensure the intent of the policy is achieved when administering procedures.

# 18.3 Vacated Tenant Accounts Policy

## 18.3.1 Introduction

A tenancy terminates at law in accordance with one of the methods provided in the Residential Tenancies Act 1997. The methods of termination are set out in the [Terminating Tenancies and Deceased Estates Chapter](https://providers.dhhs.vic.gov.au/tenancy-management-manual) < https://providers.dhhs.vic.gov.au/tenancy-management-manual> in this manual.

Once a tenancy account is terminated, the management of the account is the responsibility of the Revenue and Accounts Receivable Section, Finance Services Branch (RARS), as detailed in the [Terminating Tenancies and Deceased Estates Chapter](https://providers.dhhs.vic.gov.au/tenancy-management-manual) < https://providers.dhhs.vic.gov.au/tenancy-management-manual> of this manual.

To facilitate the RARS account management processes, local Housing Offices are required to apply the appropriate termination procedures at the time of vacating.

This chapter provides an overview of the Vacated Tenants Accounts management system, and the policy and procedure for local Housing Office operations within the process

## 18.2.3 Debt Management.

Consistent with Departmental debt recovery policy, all debts identified as appropriate for retrieval in the termination and validation process of a vacated tenancy rental account will be pursued by the RARS.

Where a tenant vacates with outstanding debt to the Department, any future assistance sought from the Department will be subject to compliance with Departmental debt repayment policies.

General housing applicants are required to repay all outstanding debt before an offer of a Departmental property can take place.

Tenants seeking early allocation transfers (e.g. the Homeless with Support category) will be required to meet the outstanding debt repayment requirements applicable to those categories, as outlined in the relevant chapters of the [Victorian Housing Register policy and operational guidelines](http://www.dhs.vic.gov.au/funded-agency-channel/about-service-agreements/program-requirements,-guidelines-and-policies2/victorian-housing-register/victorian-housing-register-policy-and-operational-guidelines) < http://www.dhs.vic.gov.au/funded-agency-channel/about-service-agreements/program-requirements,-guidelines-and-policies2/victorian-housing-register/victorian-housing-register-policy-and-operational-guidelines>

Tenants being transferred under the Department’s [Relocation Policy](https://providers.dhhs.vic.gov.au/relocation-manual) < https://providers.dhhs.vic.gov.au/relocation-manual> are subject to the debt recovery provisions of that process, as detailed in that manual.

## 18.3.3 Credit Balance Management

 In accordance with Departmental account management practices as outlined in the Account Reconciliation Chapter of this manual, the RARS seeks to ensure tenancy accounts are processed within the correct time frames, and that credits are refunded or transferred and credited as requested.

## 18.3.4 Rental Arrears Dispute Resolution

Consistent with Departmental dispute resolution practices, tenants are able to seek resolution to disputes arising from rental or maintenance arrears.

Dispute resolution is available through internal disputes resolution processes, or a decision rendered by the Victorian Civil and Administrative Tribunal (VCAT) or the Magistrates Court.

Full details are provided in the procedural section of this chapter

## 18.3.5 Tenant Responsibility (TR) Charges

TR charges for maintenance will only be pursued by RARS where the tenant has accepted liability for the debt prior to vacating or the debt has been substantiated at VCAT.

# 18.4 Vacated Tenant Accounts Procedures

## 18.4.1 Validating Account Balances

Vacated accounts must be validated at the local Housing Office level before the account can be reconciled and balances processed by the RARS. When terminating accounts housing staff will ensure that:

* the correct termination reason is used
* the correct termination date is used
* the forwarding address details are updated
* there are no outstanding dishonoured payments where the tenant has paid by direct debit or cheque (this may be established by viewing the tenant’s bank statement, or through discussion with the tenant)
* there are no outstanding rental rebate assessments
* inputs of rental rebate adjustments during the tenancy are accurate
* outstanding TR maintenance charges have been actioned.

Once the steps above have been completed, the RARS weekly batch program will automatically adjust the account to the correct status.

Credit rental balances should not be transferred immediately to a new account where there are current outstanding TR charges. These charges could be as a result of a tenant formally accepting TR liability (prior to vacating) or a decision is being made to substantiate charges at VCAT.

The rental credit balance will be used to offset the maintenance debit once all charges have been finalised.

Note: When terminating a tenancy, it is essential that tenants are requested to provide their forwarding address. This, and the correct termination reason, should be entered on HiiP to facilitate the vacated accounts management process

## 18.4.2 Debt Management

Prior to vacating a property, the tenant should be advised of the Department’s outstanding debt policies.

## Tenants with debt transferring to another property

Where tenants have transferred to another Department property and have an outstanding debt from prior business with the Department – for legal reasons that debt cannot be applied to the current tenancy.

Tenants with debt can sign an Agreement to Repay Rental/Maintenance Arrears form. When signed it is scanned, HiiP updated, and emailed to RARS. A copy is given to the tenant, and a copy placed on the file relating to the tenant’s vacated tenancy.

The Department ensures that the arrears repayment agreement is affordable, as these payments may impact upon the tenant's ability to maintain their rental payments for their current tenancy.

Tenants can make repayments by any of the following methods:

* payments at any Australia Post Office or Australia Post Agency with their rental or maintenance payment card (for the vacated tenancy account)
* payment by mail (by cheque to the Cashier’s Office, G.P.O. Box 2027S, Melbourne 3001)
* payment by direct debit from their financial account (forms are to be forwarded to the RARS, for processing on the system).

## Tenants vacating with debt

Rental accounts that are terminated with debt are automatically batched and updated by the RARS according to the account termination reasonbalance.

Where the account:

* has a termination reason of 'bankrupt', or 'deceased',
* the account balance is less than $50.00,
* less than $200.00 and there is no forwarding address,

The account will be given a status of ‘Recommend Write Off’ by the RARS.

Where the account balance is greater than $200.00 and without a forwarding address, the account will be given a status of ‘Pending Allocation to Debt Collection Agency – No Address’.

Where the account balance is greater than $50.00 and there is a forwarding address, the account will be given a status of ‘Pending Allocation to Debt Collection Agency – With Address’.

Once accounts have been accorded a status, a RARS report is generated and referred to the appropriate agency for further action.

## Clients respond to contact by RARS or Debt Collection Agency

The RARS will liaise with clients who have responded to contact made by the Debt Collection Agency, as well as clients who have contacted a local Housing Office regarding their vacated debt. The RARS arrange for clients to either pay the debt in full or sign an agreement to pay rent/maintenance arrears

If the client is unable to attend Central Office, RARS will negotiate an agreement amount and send the completed form to the client. The client can then take it to any Housing Office. The Housing Office will ensure it is signed and witnessed.

Housing staff can load agreements through HiiP via the ‘Debt Vacated Agreement’ tab on the vacated account.

## Client disputes debt

Where a client disputes any aspect of the amount owing by them, the RARS will provide full account details to demonstrate how the amount accrued.

If after reviewing the documentation RARS has provided, the client still disagrees with the amount, then negotiation with the following to resolve the issue will occur:

* Debt Collection agencies
* local Housing Offices
* DHS branches
* external agencies
* the client

If the dispute cannot be resolved by the RARS, because the issues relate to a local Housing Office decision or action e.g. tenant disputes the vacating date etc., the RARS will contact the appropriate local Housing Office and arrange an interview time.

Where the dispute cannot be resolved through the above processes, resolution may be sought through either VCAT or The Magistrates Court.

## Client disputes Tenant Responsibility Charges

Where requested, the RARS can advise clients of the TR charges debited to their account.

However where the tenant disputes the nature of the work, or the amount charged, the tenant will be referred to the relevant Housing Office for resolution.

## Debt Collection Agencies

Debt Collection Agencies are contracted to make contact and coordinate legal action (if applicable) with clients who have debt and are not on a repayment agreement.

Debt Collection Agencies are also regularly sent lists by RARS of vacated clients who cannot be located.

Agreements can be negotiated and signed through the RARS or at the local Housing Office.

After negotiation of the amount the agreement is sent to the client for their signature, or if needed will a time is arranged for them to attend an interview.

Debt collection agencies will only commence legal action with the authority of RARS.

## Write offs

Accounts with arrears that are deemed unrecoverable, will be designated a "recommend write off" status on HiiP.

The term “write off” is used to describe an existing debt that has been archived for accounting purposes only; it remains an active debt repayable to the Director of Housing.

Clients whose vacated accounts are at a status of "recommend write off" are still liable for any debt.

"Write off" accounts are 'brought back' once an agreement has been signed and loaded on HiiP, or the debt has been partially or fully paid.

## 18.4.3 Credit Balance Management

## Transferring credit balance to another account

Clients can request the credit balance of their vacated account be transferred to their current account.

This can occur where:

* the current account and vacated account are within the responsibility of the same Housing Office. If this is not the case, RARS is responsible for transferring the balance.
* The vacated account is terminated on the system. This ensures automatic rental rebate adjustments are made to the account.
* There are no outstanding dishonoured payments if the tenant has paid by direct debit or cheque (this may be established through discussion with the tenant).
* Manual inputs of rental rebate adjustments during the tenancy are validated.
* There are no outstanding TR charges.

Housing staff can perform transfers between accounts only if it is done in the same week the account was vacated. If it is not in the same week housing staff can email RARS and request that they do it.

RARS will then carry out all the checks and confirm any Direct Debit details to ensure that all receipts have been validated, and complete the transfer on HiiP as required.

Where the local Housing Office does not manage both the vacated and current accounts, or more than a week has passed since the account was vacated, an email is sent to RARS with the details of the accounts and they will coordinate the transfer.

Where there are outstanding TR charges, or the possibility of further TR charges that have not yet been debited to the tenant’s account, the credit balance is not transferred.

## Transferring receipts to another account

Clients may request that receipts (i.e. specific payment transactions), which have been paid on the vacated account, be transferred to their current account. This generally occurs where a tenant has made a payment to the vacated account, and is signed up for a new property in the same week.

Receipts should only be transferred where the vacated account has a credit balance equal to, or greater than, the value of the receipt being transferred.

Housing staff are only able to process a receipt transfer from an account under the responsibility of their own office.

## Transferring rental/maintenance balances within the vacated account

If the vacated tenancy account has an outstanding rental credit balance, and also has a debit maintenance balance, the maintenance arrears should only be offset against the credit balance of rent with the client’s written approval.

This can be completed by the Housing Office on HiiP, or an email sent to RARS with a scan of the written approval (of the client), requesting that they do it.

## Refunds and Unclaimed Moneys

Where the account is terminated and the client has not transferred to another Department property, a refund will be processed by the RARS.

The account status is updated to "Recommend Unclaimed Moneys" where the account is:

* less than $25.00 in credit with or without a forwarding address
* more than $25.00 in credit but has no forwarding address.

If the account balance is more than $25.00 in credit and there is a forwarding address, the RARS will validate the account and send a letter and a claim form advising them of the credit amount, they are then asked to make contact to organise the payment.

When the claim form is returned to the RARS, the refund will be processed and a cheque will be sent to the client within seven days.

If there is no reply from the vacated tenant (or Executor if the tenant is deceased) after a four week period, or the form is returned unsigned, the account will be designated "Recommend Unclaimed Moneys".

To receive this publication in an accessible format, contact your local office using the National Relay Service 13 36 77 if required.

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