



TOLLCROSS
housing association

Factoring Debt Recovery Policy

Prepared By	Finance Director
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CORPORATE FIT	
Internal Management Plan	✓
Risk Register	✓
Business Plan	✓
Regulatory Standards	✓
Equalities Strategy	✓
Legislation	✓

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1. Introduction

- 1.1 The Association (THA) presently provides a factoring service to over 500 home owners, sharing owners and shop owners within our area of operation.
- 1.2 As property factor, THA is responsible for general management and administration of the common property, invoicing owners and collecting payments for services provided.
- 1.3 Factoring arrears arise when an owner fails to make payment for issued accounts. In situations where an owner has refused, or believe themselves unable to pay, THA must recover all sums due, using any legal means.
- 1.4 THA aims to provide an efficient and effective factoring service to the owners within our area of operation and thereby help to maintain the standard of property available to residents. In order to provide value for money, it is essential that the occurrence of bad debts is kept to a minimum and this therefore requires a robust but sensitive approach to arrears management and recovery.

2. Aims and objectives

2.1 The aims of this policy are:

- arrears prevention – to promote the earliest possible action to prevent the occurrence of factoring arrears, including advising new customers of their obligations and of the services provided by us and ensuring that a range of payment options are available to them.
- arrears management – to utilise a fully integrated IT based arrears management system to enable staff to manage arrears cases.
- arrears recovery – to initiate prompt and consistent debt recovery procedures, through internal efforts and also through legal proceedings, if required.

2.2 The objectives of this policy are to:

- provide factored owners with clear information on the courses of action that they can take when faced with difficulty in settling accounts;
- directly contact individual owners as soon as arrears occur, inviting further contact to discuss the situation by telephone or in person;
- take a staged approach in which action is targeted and recorded;
- signpost the available debt counselling services to those owners who fall into arrears.

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3. Arrears prevention

3.1 Arrears prevention is the most cost effective way for THA to provide an efficient, value for money service to our customers.

3.2 In order to prevent arrears arising, THA will:

- ensure that all charges have been set and apportioned in line with the Deed of Conditions and that work has been completed to the required standard;
- review charges annually, to ensure that changes in service levels and costs are accounted for;
- issue factoring invoices, clearly detailing work carried out, the owners share of costs and the current total outstanding balance on a six monthly basis;
- issue factoring statements annually, giving details of all charges applied and all payments received during the previous twelve month period;
- offer a variety of ways for owners to make payments towards their accounts, as detailed in Appendix 1;
- provide payment plan options for owners, as detailed in Appendix 2;
- ensure that payments are credited to owners accounts within one working day of the payment being received by us;
- issue a welcome letter and Written Statement of Services (WSS) to all new owners to explain our role as factor and their obligations as owners. To be issued within four weeks of:
 - THA agreeing in writing to provide services to them; or
 - the date of purchase of a property (the date of settlement). If THA is not notified of the purchase in advance of the settlement date, the four week period is from the date that we receive notification of the purchase; or
 - identifying that we have provided any misleading or inaccurate information at the time of a previous issue of the WSS
- A new WSS will be issued at the earliest opportunity (in a period not exceeding three months) where a substantial change is required to the terms of the WSS.
- provide contact details for debt counselling and support organisations, for owners who appear to be having difficulty paying their invoices;

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4. Arrears management

- 4.1 In order to manage arrears THA will use an integrated IT based factoring management system. The information contained in the system will be kept up to date to ensure that all owner's details and all information in relation to a property's share of costs are accurate.
- 4.2 The system will be used to regularly monitor all factoring accounts and allow prompt action on arrears as detailed in section 5 of this policy.

5. Arrears recovery

- 5.1 Where factoring arrears do arise, THA will take early initial and follow-up action to recover the amount due and to prevent the balance from increasing.
- 5.2 Invoices issued by THA clearly state that payment should be made within 28 days of the invoice being issued. To prevent arrears escalating and to reinforce to the customer that arrears will be dealt with as a matter of priority and in a consistent manner we will:
- advise of the outstanding balance and urgent need for settlement;
 - advise of the potential consequences of non-payment;
 - invite contact to establish any reasons for non-payment.
- 5.3 The above information will be delivered by way of a first reminder, being issued 30 days after the invoice has been sent out and a final reminder which will be issued after a further seven days, if no payment or contact has been made by the owner.

An administration fee, as agreed annually by the Management Committee will be added to the next factoring invoice in cases where a final reminder has been issued.

- 5.4 If contact is made by the owner at this stage, THA will:
- confirm in writing the arrangement made with the debtor to pay the arrears, including amounts and timescales;
 - confirm the monitoring arrangements put in place for the arrangement made and the consequences of breaching the arrangement in any way, unless by prior written agreement.
- 5.5 If a payment arrangement is adhered to and new invoices are paid as due, no further recovery action will be required.
- 5.6 If no contact is made or payment arrangements are broken, THA will then take further recovery action. In cases with arrears balances in excess of £500, this will include registering a Notice of Potential Liability against the property. The cost of doing this

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will be re-charged to the owner, in the next factoring invoice and the Notice will require to be renewed every three years.

At this stage THA will appoint legal representation to instruct court action to seek Decree. Once recovery action commences, legal and court costs will start to accumulate and all of these costs will be added to the debt and be recovered from the owner. This information will be made clear in the final reminder previously issued.

5.7 Once a decree is granted, if full payment (including court/legal costs) is still not forthcoming, either in total or by means of an agreed repayment plan, we will instruct our legal representatives to carry out debt enforcement action. This may include, but is not restricted to:

- arrestment of wages;
- arrestment of bank accounts;
- arrestment of rent;
- attachment orders;
- inhibition on property;
- sequestration.

5.8 Legal action will only be instructed as a last resort, in cases where all other efforts to recover, or reduce the arrear to a level acceptable to THA have proved unsuccessful.

5.9 If an application against THA relating to a disputed debt is accepted by the First-tier Tribunal for consideration, THA will not continue to apply any interest, late payment charges or pursue any separate legal action in respect of the disputed part of the debt during the period from when THA is notified in writing by the First-tier Tribunal that the application is being considered and until such time we are notified in writing of the final decision by the First-tier Tribunal or the Upper Tribunal for Scotland (if appeal proceedings are raised).

6. Staff training and responsibilities

6.1 THA will ensure that all staff who are likely to deal regularly with enquiries in relation to factoring arrears are aware of the debt recovery policy and procedures.

6.2 THA will also ensure that the relevant staff have the required training in the use of the IT based factoring management system.

6.3 Responsibility for the implementation of this policy is delegated to the Finance Director.

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7. Complaints

- 7.1 THA has a clear written procedure for dealing with complaints which outlines the steps we will take when an owner is dissatisfied with any aspect of our service.
- 7.2 THA will not charge for handling complaints and will keep a written record of all complaints received and their outcome.

8. Policy review

- 8.1 THA will review this policy every three years. A review within this period may be carried out where there is a need to respond to new legislation, performance requirements or other relevant guidelines.
- 8.2 THA will publish this policy and make it available on our website.

9. Equalities

- 9.1 An Equality Impact Assessment (EIA) has been carried out when reviewing this policy. In line with good practice the completed EIA will be published alongside the Factoring Debt Recovery Policy.
- 9.2 Where there is a need for follow-up action, the tasks and timeframe for achieving them shall be noted in the Equality and Human Rights Action Plan to ensure they are addressed.
- 9.3 We do not see this policy as having any direct impact upon the protected characteristics contained within the Equality Act 2010.

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Appendix 1 – Payment options

THA offers customers a variety of payment methods.. Customers are able to decide if they would like their payments to be made monthly, four weekly fortnightly or weekly, so long as the arrears are being accounted for in a repayment plan agreed to by THA.

Ways to pay:

- **Direct Debit** - Call us on 0141 763 1317 and select the option for Finance or by calling Allpay on 0330 041 6497.
- **Debit/Credit Card** - Call us on 0141 763 1317 and select the option for Finance.
- **Cheque** - You can hand in or post a cheque to our office at 868 Tollcross Road, Glasgow, G32 8PF. Please make the cheque payable to Tollcross Housing Association and note your name and factored property address on the back of the cheque.
- **Allpay App** - You can download the Allpay App from Apple App store or Google Play for use on your apple or android smartphone to pay quickly and easily at the touch of a button.
- **Allpay Card** - You can use this at any shop that displays the PayPoint symbol, at any Post office or online at www.allpayments.net
- **Standing Order** -. Call us on 0141 763 1317 and select the option for Finance to request the bank details that you will require to set up a standing order.
- **Online** - You can do this through your own online banking account. Our Bank details are: **Sort Code: 82-64-30 & Account Number: 70000110**. You need to use your Factoring Account Reference Number (found in the top right hand section of your invoice and is eight digits long) as your Payment Reference Number when making your payment so that we know which factoring account it is for. If you have more than one account, please make separate payments for each account and use their corresponding reference numbers.

Every owner will be issued with an Allpay card when they first become one of our customers. The card contains a unique reference number which allows payments to be made via the Allpay website or via PayPoint outlets.

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Appendix 2 – Payment plans

1. New owners

- 1.1 All new owners will be encouraged to set up a payment plan to cover future factoring invoices.
- 1.2 THA will advise the purchaser's solicitor with an estimate of the initial invoice and estimated monthly payments required based on the previous four issued factoring invoices, relating to the property.
- 1.3 Payment plans offered to new owners will aim to put the owner's account into credit by a sufficient amount to clear the first regular invoice issued in respect of their property and thereafter to continually contribute towards future invoices.
- 1.4 The preferred method of payment for payment plans is Direct Debit.
- 1.5 Existing owners, who have no arrears and do not pay by Direct Debit, will also be encouraged to enter into a payment plan.

2. Cyclical, reinvestment, improvement and major works

- 2.1 In situations where THA has organised cyclical repairs (such as close painting) or major repairs (such as roof replacement), owners will be notified of the estimated cost of these works at the appropriate close meeting.
- 2.2 Owners will be given the opportunity to set up payment plans from the date that the work is approved, so that the estimated cost is cleared by the time the work is complete. If a payment plan is not entered into, THA will expect the full balance to be paid on completion of the work.
- 2.3 These payment plans will be in addition to any normal factoring invoices which will continue to be payable within THA's normal terms.
- 2.4 The preferred method of payment for these payment plans is Direct Debit.