



Clydebank Housing Association Ltd.
(Registered Property Factor PF000231)

Factoring Debt Recovery Procedure

This document can be made available on request in a variety of different formats, such as on tape, in large print and translated into other languages

FACTORING DEBT RECOVERY PROCEDURE

The aim of this procedure is to manage factoring debt by taking positive action at an early stage to recover outstanding sums timeously through a staged escalation process, thereby ensuring the financial viability of the factoring service and the continued management and maintenance of the common areas. Clydebank Housing Association is committed to the prevention of debt and will adopt a supportive approach to owners, by providing flexible payment options and by ensuring owners are aware of their factoring obligations prior to purchase (where possible).

- 1) The Finance and Corporate Services section is responsible for the production of the factoring invoices and customer statements. Owners will be invoiced for the charges that they are responsible for, as identified within their deed of conditions and as described in the Written Statement of Services issued.
- 2) Factors invoices will be prepared and issued twice yearly, in June and December, and are due for payment within 28 days of receipt.
- 3) All owners will be provided with an Allpay payment card to allow payment at the Post Office, various retail outlets, online and via telephone. Opportunity to pay by direct debit, standing order, direct bank payment, cheque, credit and debit card are also available.
- 4) Owners will be offered the opportunity to clear their account in affordable instalments. In order to take advantage of this the owner must contact the Finance and Corporate Services section to discuss any proposed arrangement so that it can be agreed and formally noted on their account. Under normal circumstances, only payment arrangements which will clear the owner's account in full prior to the next invoice being issued will be accepted. However, each case will be judged on its own merit and the owner's financial circumstances and any other relevant factors will be taken into account. Ultimately the Association must recover arrears in order to maintain a cost effective and efficient service to other owners.
- 5) If payments are not received within 28 days of receipt of the invoice and no payment arrangement has been agreed with the owner, a letter will be sent to the owner advising them that the invoice is overdue and requesting payment within 7 days (Factor 13).
- 6) If there has been no response to the first reminder within 10 days of issue, a second reminder will be sent requesting that the invoice be cleared within 7 days (Factor 12).
- 7) If there is still no response within 10 days of issuing the second reminder, a third reminder will be sent advising the owner that if they have reason for withholding payment, they must contact the Association to discuss this as soon as possible, otherwise the account must be cleared within 7 days. The letter will also advise owners that free and impartial debt advice, support and information on debt solutions is available to them from external agencies (Factor 18).
- 8) If there is still no response within 10 days of issuing the third reminder, a fourth reminder will be sent indicating that legal action will be taken if the account is not

cleared, or a payment arrangement agreed within 7 days. The letter will also indicate that a charge of £15 will be made if the case is passed to our solicitors. This charge will be charged on the next factors invoice (Factor 22).

- 9) If, after 7 days, there is still no response, owner will be telephoned and/or sent a text message. If there is no response, their information will be immediately passed to our solicitors.
- 10) Where the outstanding debt is less than £250, we will instruct our solicitors to issue a 7-day letter indicating the risk of further legal action unless payment is received.
- 11) Where the outstanding debt is equal to or greater than £250, we will instruct our solicitors to issue a 7-day letter confirming that further legal action will be taken if payment is not received or a payment arrangement agreed.
- 12) If this fails to prompt payment, the Finance & Corporate Services Manager will seek approval from the Finance and Corporate Services Sub-Committee to instruct solicitor to proceed with a Simple Procedure action. Once approval is given and prior to the action being raised, a notification of intended action will be issued to the owner, confirming that it is now our intention to raise an action for the outstanding debt and any expenses determined by the Court. It will also confirm our intention to proceed with immediate enforcement action if payment is not received.

Following the issue of the notification of intended action, solicitors will be instructed to raise a Simple Procedure action.

- 13) The Finance and Corporate Services Sub-Committee will be kept informed of the outcome of any Simple Procedure actions raised and subsequent enforcement actions.

The following actions may be approved by the Finance and Corporate Services Manager: -

- Bank arrestment
- Wage arrestment
- Arrestment of rent from owner's tenants
- Inhibition Order

The following actions must be approved by the Finance and Corporate Services Sub-Committee:

- Attachment Order (good outside the home)
- Exceptional Attachment Order (includes good within the home)
- Sequestration.

- 14) A Notice of Potential Liability for Costs (NPLC) may be registered against an owner's property at any time by the Finance & Corporate Services Manager where there are high arrears/persistent non-payment of factors invoices or where a property is being marketed for sale/auction and there is the risk of non-payment. A court order is not required in order to register a NPLC. This Notice will hold any potential purchaser of the property jointly liable for the debt.

- 15)** Any payment arrangements that are agreed with owners will be recorded in the customer record and closely monitored to ensure that no payments are missed. If a payment is missed, a reminder will be sent to the owner immediately (Factor 6). In the event of 2 payments being missed and there being no response to the reminder letter, Factor 12 will be issued and the proceeding steps will be followed as if there was no agreed payment arrangement in place.
- 16)** The Finance and Corporate Services Section should be kept informed of any on-going queries/disputes between owners and the Maintenance Section. This ensures that no reminders are issued to owners whilst disputes/queries are being investigated. As soon as the query/dispute has been dealt with by the Maintenance Section and the owner advised of the outcome, this should be notified to the Finance and Corporate Services Section as soon as possible so that the owner's account can be updated and reminders can be issued per this procedure.
- 17)** The Association will monitor and set targets for its performance in relation to factoring arrears recovery. Arrears recovery targets will be set annually at the budget-setting stage and monitored on a monthly basis.
- 18)** There should be no write-off of owner balances without the express authorisation of the Finance and Corporate Services Sub-Committee. Should an amount be written-off, details will be kept on file for future reference/recovery, in line with the requirements of the GDPR legislation. Current owner balances will only be written-off where the debt is subject to a Trust Deed or Sequestration, as the Association is unable to pursue debt under these circumstances. Details of the amount written-off will be noted in the owner's record. Any dividend received from a Trustee in respect of a written-off balance will be treated as a bad debt recovered and the write-off amount adjusted in the owner's account.

Clydebank Housing Association
Factoring Arrears Flow Chart

