

Factoring – Debt Recovery Policy

1. INTRODUCTION

- 1.1. This policy document outlines Reidvale Housing Association's policy in relation to arrears prevention, control and recovery of factoring charges. As a registered property factor, Reidvale Housing Association will ensure compliance with the Code of Conduct provided for in the Property Factors (Scotland) Act 2011.
- 1.2. The Association recognises the importance of keeping arrears to a minimum - both for the Association and for individual owners - and will take all reasonable action to ensure that arrears are efficiently and effectively recovered.
- 1.3. The Association also accepts that owners who owe factoring charges to the association are likely to find being in arrears stressful, particularly if they have multiple debts and inadequate or irregular income. Reidvale Housing Association will therefore take a sympathetic, yet firm, approach to owners in arrears. In doing this the Association recognises that arrears arise for different reasons and therefore recovery procedures should be flexible and responsive to individual circumstances.

General Aims and Objectives

- 1.4. In relation to factoring arrears the objectives of the Association will be to:
 - minimise the loss of factoring income to the Association;
 - be both fair and firm;
 - be prompt and effective in relation to arrears recovery;
 - operate an effective arrears control system; and
 - emphasise prevention.
- 1.5. The policy contains information on the following topics:
 - prevention
 - arrears recovery
 - former owners arrears
 - information
 - confidentiality
 - standards, monitoring and performance indicators
 - staff and committee issues
 - policy reviews.

2. PREVENTION

- 2.1. The Association will place considerable importance on the prevention of arrears - particularly serious or substantial arrears. A key aspect of this prevention will be the setting of affordable management charges and continuing to monitor the services provided to ensure that they represent value for money.
- 2.2. The following measures will be adopted to prevent, as far as possible, the development of arrears.

Information

- 2.3. All prospective owners will be informed in writing of the likely charges they will incur as a result of owning their property.
- 2.4. New owners will be given written information concerning the charges for their property at the date of sale/entry. This information will, as a minimum, detail the following:
 - services provided
 - the cost of service charges
 - share of repairs
 - payment methods

Payment Collection and Accounting

- 2.5. Arrears levels may be reduced by effective payment collection and accounting systems - the easier it is for people to pay and the better the system for determining when people stop paying, the more likely it is that factoring income will be maximised.
- 2.6. Owners will be given the opportunity to pay using a variety of payment methods such as those noted below.

Direct Debit
Standing Order
Cheque made payable to the Association
Allpay Payment Card at any Pay Point outlet
Bank Transfer to our Factoring Account
Debit/Credit Card via Allpay Website
Cash in person at the office
Telephone Banking/Callpay
Allpay App.

- 2.7. The following points are made in relation to collection and accounting systems:
- accounts will be issued on a 6 monthly basis at the end of April and October. Payment is due within 14 days of issue;
 - an effective accounting system will be maintained to ensure that balances are accurate;
 - accounts will be monitored on a regular basis to allow staff to detect as soon as a payment is missed;
 - early action will be taken when an arrear is first noted.

3. ARREARS RECOVERY

- 3.1. Complementary to this Policy are written guidelines provided for all staff involved in arrears control which are intended to ensure that there is good practice and consistency of approach to the principles contained in this Policy.
- 3.2. Wherever possible, Association staff will seek to recover any arrears with the voluntary co-operation of the owner concerned. The Association will, however, be prepared to take legal action to recover arrears.
- 3.3 Owners will be encouraged to seek advice from specialist debt management counsellors such as the Citizens Advice Bureau

Arrangements

- 3.4. The Association will seek to agree realistic arrangements to pay off arrears with individual owners.
- 3.5 The repayment arrangement will be confirmed in writing to the owner.
- 3.6. Staff will monitor payments to ensure that the repayment arrangement is being adhered to. Where this is not the case, staff will take appropriate action.
- 3.7 If an account remains outstanding after 14 days from date of issue the following process will be followed:

1st Reminder letter issued

2nd Reminder letter after further 14 days

3rd Reminder (sent recorded delivery) after a further 7 days

4th letter passed to solicitor

Legal Action

- 3.8. The Association will be prepared to take legal action against owners who persistently fail to pay their factoring charges.
- 3.9. The decision to instruct legal action will be made jointly by the Housing Manager and the Director.
- 3.10. Legal action will be instructed should an owner fail to pay or have a payment arrangement in place to clear their account within the six month period of the invoice being issued.
- 3.11. The Association's solicitor will be instructed to take the appropriate legal action to recover the outstanding balance, including serving a Notice of Potential Liability for costs and placing an Inhibition over the property.
- 3.12. The Association will seek to recover any reasonable legal fees incurred as a result of legal action taken to recover arrears from the owner.

4. FORMER OWNER ARREARS

- 4.1. The Association will aim to recover arrears from former owners using all efficient and economic means possible.
- 4.2. The Association will ensure that all former and current owner arrears are held in separate accounts. The Association will not hold an owner responsible for the arrears of a former owner.
- 4.3. Balances, which have received the authorisation of the Management Committee to be written-off, will remain on easily accessible records.

5. CONFIDENTIALITY

- 5.1. The Association operates policies and procedures, which seek to ensure that staff and committee members respect confidentiality in relation to arrears work.
- 5.2. to ensure confidentiality the following steps will be taken:
 - i) only staff will have access to arrears files
 - ii) only staff will discuss arrears with owners

- iii) all reports to the Housing Services Sub-Committee and Management Committee will use codes to refer to the cases. Staff will take all reasonable steps to ensure that individual owners cannot be identified from these codes.

6. MONITORING

6.1 The following information on arrears will be collected and monitored:

- i) the total arrears outstanding
- ii) arrears as a percentage of the gross annual factoring income
- iii) the total number of owners in arrears
- iv) the number of owners passed to solicitor for legal action

7. STAFF AND COMMITTEE

7.1. Reidvale Housing Association will ensure that staff and committee responsibilities in relation to owner's arrears are clearly defined.

Committee Responsibility

7.2 The Management Committee will have overall responsibility for the Association's factoring arrears policy. The Committee will:

- i) review and amend the Association's policy as required;
- ii) delegate responsibility to the Housing Services Sub-Committee to monitor the level of arrears and the action taken by staff concerning cases where no arrangement has been made to pay the factoring charges.

Staff Responsibility

7.3 The Housing Manager will provide a written report to the Housing Services Sub-Committee on a quarterly basis. This report will detail, as a minimum:

- i) the total value of arrears outstanding
- ii) arrears as a percentage of the annual gross factoring income
- iii) the number of owners in arrears
- iv) the number of owners passed to solicitor for legal action
- v) the action taken

Staff Training

- 7.4. Reidvale Housing Association will ensure that all staff who are required to undertake arrears work receive appropriate and regular training.
- 7.5 Clear procedures and guidelines will be maintained to ensure a consistent and equitable treatment of owners in arrears.

8. POLICY REVIEW

- 8.1. The factoring arrears policy will be reviewed and amended as necessary at least every five years.
- 8.2 It will be reviewed in the light of legislative changes, new policy/good practice guidance, the performance of the Association and the views of its owners.
- 8.3 The targets relating to arrears recovery will be reviewed and amended as appropriate on an annual basis.
- 8.4 The Association will seek to involve owners in the policy and performance reviews.
- 8.5 The policy was agreed by the Management Committee on 24 April 2019.