



# Factoring Debt Recovery Policy

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## **1. Introduction**

ng property (Scotland) Limited is responsible for the general management and administration of the common property within various blocks of flats in which their parent organisation, ng homes, hold an interest.

ng property invoices and collects payments from owners for repairs, maintenance and the general management of the block. Where owners have refused or delayed making payment, ng property must have an effective strategy in place to recover sums due.

Debt prevention and recovery is a key business objective in ensuring the financial viability of ng property. The quality of service provided by the factoring team is greatly affected if payments for works carried out are not received.

ng property will therefore engage in robust and timely recovery practices to ensure that settlement of outstanding balances is achieved at the earliest possible opportunity.

## **2. Principles, Aims and Objectives**

### **Principles**

ng property aims to provide an efficient factoring service for owners in factored properties.

ng property will maximise use of resources available to recover arrears due, to ensure the level of debt is minimised in a sensitive but effective manner, applying consistency where possible.

### **Aims**

Debt prevention- to provide advice and assistance to customers when required. Ensuring customers are aware of the obligations placed upon them and to provide a range of flexible options for paying sums due.

Debt Management- to take positive action at early stages to ensure debt is effectively managed and to ensure that your property continues to be properly maintained.

Debt Recovery- To recover sums due timeously based on a staged escalation process beginning with internal efforts and then court action if required.

### **Objectives**

- To monitor levels of debts.
- To provide factored owners with appropriate information on possible debt recovery methods that can be utilised by ng property to recover sums due.
- To offer early and suitable professional support and guidance.
- To set out the early intervention mechanisms to prevent debt arising.

### **3. Debt Prevention**

ng property is committed to preventing debt and we will adopt a supportive approach to our customers placing an emphasis on prevention, assistance and co-operation. ng property will ensure that factored owners are aware of advice sources that are available when arrears arise. ng property rely on customers to inform them if they encounter financial difficulties and are unable to make payments of sums as they fall due.

### **4. Debt Management**

Where factoring arrears have arisen, ng property will offer factored owners the opportunity to enter into a repayment arrangement to allow factored owners to pay off the arrears in instalments over a period of time (this cannot exceed 12 months). Repayment arrangements will also require a commitment to honour on-going charges. Where ng property are aware of owners that are unable to meet on-going factoring charges, they will provide advice and assistance to such owners and will provide information on debt counselling, money advice and support organisations.

### **5. Debt Recovery**

ng property will seek to tackle arrears recovery at the earliest opportunity. We are committed to effective debt recovery which will be based on a consistent approach to each case.

Factoring Invoices will be due for payment within 14 days from the date of issue.

If payment is not forthcoming within 14 days ng property will be entitled to apply interest as detailed in the Deed of Conditions or in the absence of a figure, 3% above base rate per annum from the date the arrears on the factoring account arise through to the date of full settlement.00

The following escalation process will apply to unpaid debts:

- 1) If an owner does not make payment within 21 days, a first reminder letter will be issued.

The letter will:

- Clearly state the outstanding balance and urgent need of settlement within 7 days.
- Advise of potential consequences of non-payment
- Invite contact to establish reasons for non-payment

- 2) If no contact has been established and no payment has been received following the first reminder a second reminder letter will issued to the factored owner.

The letter will:

- contain the same information as the first reminder letter
- will inform that if payment is not received within 7 days, ng property will proceed with legal action in order to recover sums due.

If payment has still not been received following this, we will have no alternative but to proceed with the following:

- 3<sup>rd</sup> Final warning letter, this letter will state that legal action will commence if no payment received within 7 days
- Contact details for the property services team is noted on both letters encouraging owners to contact the office to discuss the arrears.
- Methods of payments are stated within both letters

If no payment or contact has been made with the property services team after the 7 days stated on the third reminder the solicitor is instructed to issue a 7 day notice letter, this will advise owners they have seven days to clear the account or court action will be initiated. There is a £12 administration charge for this letter.

## **Legal Action**

Once a recovery action commences, legal costs will accumulate and all such accrued costs will be added to the debt owed by the factored owner. Factored owners faced with legal action will be strongly reminded that it can add a significant amount to the principal sum owed.

Once decree is granted, if full payment noted within the decree (inclusive of legal costs) is still not forthcoming, either by one-off payment or by means of an agreed repayment arrangement, we will pursue debt enforcement action which is also rechargeable to the owner.

These actions may include (but not limited too):

- Arrestment of Bank Account
- Interest added per annum to the total debt, as per title deed.
- Attachment (non-essential goods out with the home) or Exceptional Attachment (non-essential goods inside the dwelling house) Orders
- Arrestment of wages
- Arrestment of rental income if the property is sub-let
- Notification under The Tenements (Scotland) Act 2004 (advises of sale of property and allows debt to be transferred to new owner)
- Notice of Potential Liability for Costs over the property setting out that a debt is due. This may affect/restrict the factored owners' ability to sell their property.
- Inhibition on property (debt secured on property, prevents resale of the property and they cannot remortgage).
- Sequestration
- Any other legal means to ensure recovery.

## **6. Disputed Debts**

Customers can make enquiries about items charged on their factoring invoice by e-mail, letter, telephone, in person at our offices in Springburn and Possilpark or by completing an enquiry form on the owners section of the ng homes website. Factoring staff aim to answer any queries within 5 working days. On occasion ng property may have to seek information from contractors or other 3<sup>rd</sup> parties in order to answer a customer enquiry. In these circumstances we would aim to respond within 15 working days and would advise the customer accordingly.

If after receiving an explanation for a charge or debt on their account a customer is still dissatisfied, the customer will be provided with a copy of the ng property in-house complaints procedure.

ng property may suspend any legal action against a customer for recovery of a disputed debt while a complaint is being considered in terms of the ng property Complaints Policy or where the matter has been referred to Housing and Property Chamber, First-tier Tribunal for Scotland.

## **7. Former Owner Debt**

ng property do not always receive notification that a property is being sold. This can lead to factoring debt being left by the former owner which can be particularly difficult to recover. Factoring staff will regularly check newspapers and websites for properties available for sale or auction in our area of operation, identify those where a factoring debt is due and will immediately register a Notice of Potential Liability for Costs over the property. This will be recharged to the specific account and recovery attempted.

Every effort will be made to recover debts from former owners.

In some cases it is not cost effective to spend large amounts of staff time and resources to recover relatively small amounts of debt, particularly when the debtors whereabouts are unknown and in these circumstances debts of less than £50 will be written off.

If all attempts to recover the arrears due by former owners have failed, the debt will be written off in accordance with ng property (Scotland) Limited's financial procedures.

## **8. Equality and Diversity**

This policy has been reviewed and complies with the Group's policy of providing socially inclusive services underpinned by our core values of equality and diversity. Services and procedures which are developed from this policy will be subject to similar assessment.

## **9. Review**

This policy will be reviewed in three years or sooner if new regulation and/or legislation is adopted.