



<b>Name of policy</b>	<b>Debt Recovery Policy</b>
<b>Responsible Officer</b>	<b>Business Operations Manager</b>
<b>Approved by YourPlace Board</b>	<i>7 December 2007</i>
<b>Date of Next Formal Review</b>	<i>December 2010</i>

**YourPlace will provide this policy on request at no cost, in large print, in Braille, on tape or in other non-written format, and in a variety of languages.**

## **YourPlace Property Management**

### **Debt Recovery Policy**

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## **1. INTRODUCTION**

YourPlace Property Management (trading name of GHA (Management) Ltd) is a wholly owned subsidiary of The Glasgow Housing Association Ltd (GHA), established to deliver the factoring service to owners of former Glasgow City Council (GCC) / GHA property, initially sold under the Right to Buy legislation and also those properties subsequently sold on through the private market.

As factoring agent, YourPlace, on behalf of GHA is responsible for general management and administration of the common property.

This document takes into account statutory and regulatory requirements.

Arrears result when individual owners do not, or believe they are unable to, make payment for issued accounts.

As factoring agent, YourPlace invoices owners and collects payments. Where owners have refused, or believe themselves unable to pay, YourPlace has to recover sums due by all legal means.

To minimise this risk, YourPlace will 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 OF THIS POLICY**

### **2.1 Principles**

- YourPlace aims to provide an efficient factoring service and value for money for owners in factored properties.
- YourPlace will make best use of resources available to it, adopting a firm but suitably sensitive approach to arrears recovery. It is imperative that bad debt is minimised to ensure maximum benefit to all.

### **2.2 Aims**

- Arrears prevention – to promote earliest possible action to prevent arrears from occurring. This includes comprehensive information for new customers on their obligations, highlighting possible benefit entitlement for those who may qualify for assistance with aspects of common charges that are benefit earning, regular and prompt billing to owners and ensuring a range of flexible and accessible options for paying charges.
- Arrears management – to utilise a fully integrated IT based arrears management system to assist staff to manage arrears caseloads.
- Arrears recovery – to initiate prompt and consistent debt recovery activity through internal efforts and, if required, court action and subsequent enforcement.

- Performance monitoring - to provide operational, management and performance data to inform and assist in improvement of recovery activity.

### 2.3 Objectives

To:

- provide factored owners with clear and simple information on the courses of action they can take when faced with difficulty in settling accounts
- directly contact each owner 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
- take account of vulnerable owners, informing them as required of benefit entitlement, debt counselling services and other assistance that may be available to them.

## 3. EQUAL OPPORTUNITIES STATEMENT

- 3.1 YourPlace is committed to providing equal treatment to all its stakeholders including factored owners and will not discriminate against any on the grounds of race, colour, ethnic or national origin, religion, age, gender, sex, sexual orientation, marital status, family circumstances, employment status or physical ability.
- 3.2 This policy complies with GHA's Equal Opportunities Policy, which is deemed to equally apply to YourPlace. YourPlace recognises its pro-active role in valuing and promoting diversity, fairness, and equality of opportunity by adopting and promoting policies and procedures that are non discriminatory.
- 3.3 YourPlace will check its Debt Recovery Policy and associated procedures regularly for their equal opportunity implications, taking appropriate action to address inequalities likely to result or resulting from the implementation of the policy and procedures.

## 4. LEGAL AND REGULATORY FRAMEWORK

- 4.1 In formulating and implementing this policy, statutory requirements along with Communities Scotland's Performance Standards and good practice have been incorporated, where required.

## 5. ARREARS POLICY

This policy does not cover debt recovery for GHA led capital investment, which is dealt with in GHA's own Project Repayment Policy.

YourPlace's arrears strategy has four distinct features which together form a comprehensive arrears policy that seeks to reduce and then minimise arrears of all common charges including common repairs. These are as follows:

## 5.1 **Arrears Prevention**

Relationships between YourPlace and the customer are key factors in resolving arrears on accounts. Early and continued contact is essential to building an effective relationship. Arrears prevention focuses on the quality of that contact and how this can be developed, as follows:

### 5.1.1 **Charge Setting and Collection**

- YourPlace will work to ensure that all charges have been set and apportioned in line with the Deeds of Conditions and have been delivered to the required specifications/ standard.
- YourPlace, in conjunction with GHA, will ensure as a minimum, that owners pay their full share of costs for common works/ services that they enjoy to prevent any suggestion of tenant's rents being used to subsidise owners.
- Charges will be reviewed annually to ensure that changes in service levels and costs are accounted for.
- YourPlace will issue accounts for Common Charges on a quarterly basis and will provide owners with the option of monthly payments by standing order to spread the cost of these regular accounts.
- YourPlace will issue accounts for Common Repairs on a monthly basis, ensuring that accounts are issued as soon after completion of any works as is practical. YourPlace will ensure that a comprehensive procedure is in place to investigate customer disputes that may arise in relation to the amount charged and or the standard / quality of the work.
- YourPlace will offer a variety of ways in which owners can make payments to their accounts. These will be:
  - Debit / Credit card payments to Freefone 0800 389 4569
  - PayPoint using multi-choice cards at all Post Offices and PayPoint outlets
  - In person at 2<sup>nd</sup> Floor, Granite House, 177 Trongate, Glasgow
  - By Bank Standing Order (suitable for Common Charge accounts)
  - At a bank using the Girobank slips from invoices for common charges and common repairs.
  - By cheque to GHA(Management) Limited at Granite House – address as above

These opportunities may alter through time so customers should always check with YourPlace on the current methods available at any time.

### 5.1.2 **Customer Advice & Support**

YourPlace will provide advice and support for its customers in arrears. Either by telephone or at meetings, YourPlace staff will establish the customer's situation in relation to the arrears and make an appropriate arrangement to pay these based on individual circumstances i.e. debt amount and ability to pay.

This obviously depends upon the willingness of customers to discuss their financial situation.

For those who will be permitted time to pay following a means test, YourPlace will apply predetermined limits to the time that will be permitted to repay arrears based on the size of the debt.

Repayment plans will also require a commitment to honour ongoing changes.

YourPlace staff will provide information on debt counselling and support organisations, as well as our own repayment advice.

### 5.1.3 **New Customer Contacts**

For all new customers, YourPlace will make early contact via a welcome letter to explain the service, the relevant charges, billing arrangements, methods of payment and customer contacts. YourPlace will work with GHA to ensure prospective house purchasers buying their GHA home through Right to Buy continue to be fully counselled about all the costs that come with owning a home (e.g. having to pay for all common charges, repairs, investment etc).

For customers who buy on the open market in a re-sale situation, YourPlace will provide a range of information as follows:-

- Explaining the role of the Factor
- Advice on level of common charges for the property purchased
- Methods of billing
- Methods of payments
- Explain common repairs reporting procedures, owners' responsibilities and liabilities
- Inform customer of Insurance arrangements for the property
- Inform customers of Insurance claims procedure
- Inform the customer where to obtain a copy and get advice on the Deed of Conditions that is attached to the property.

YourPlace will also issue a copy of the Owners Handbook to all new customers or by request to existing owners who have lost their copy.

## 5.2 Arrears Management

YourPlace will utilise an integrated IT based arrears management system. Payments to account and changes to ownership will be recorded on the customers account and this information uploaded daily to the arrears management system.

The link to the repairs system ensures that common repairs are billed in the correct proportion to all owners within a block according to the title deeds for the property.

The arrears management system will assist staff to manage arrears caseloads. It will automatically alert the need for action that is required. Key features:

- Interface, directly or indirectly, with cash collection, property and repairs systems
- Maintenance of a payment history for each customer
- Automatic update with each stage of action
- Generation of automatic letters
- Monitoring reports to assist operational control
- Operational, management and performance data

## 5.3 Arrears Recovery

It is recognised that recovery prospects are improved. YourPlace will therefore seek to tackle arrears recovery at the earliest opportunity.

The Deed of Conditions for each property clearly states that invoices are due for payment within 14 days from date of issue. 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. Initially, YourPlace will:

- Advise outstanding balance and urgent need of settlement
- Advise potential consequences of non-payment
- Invite contact to establish any reasons for non-payment

This information will be delivered by means of a first reminder and a final reminder.

If successful contact is made, YourPlace will:-

- Make a formal written arrangement with the debtor to pay arrears at the agreed level and intervals, which will be signed by the customer, with copies held by both parties
- Confirm the monitoring arrangements put in place for the arrangement made and the consequences of breaching the arrangement in any fashion unless by written prior agreement.

If a payment arrangement is adhered to and new invoices are paid as due, no further recovery activity will occur and the account will, at the end of the payment period, return to routine status.

Continued non-payment or failure to maintain arrangements will provoke a speedy reaction and arrears will not be allowed to accumulate.

If reminder and / or payment arrangement efforts prove ineffective, YourPlace will apply 10% interest per annum which is permitted under the Deed of Conditions from the date of the account, through to full settlement and, where appropriate, will transfer any deposit monies to help offset the debt.

YourPlace's appointed solicitors will, on request, seek an Open Decree, or, less commonly, an Instalment Decree with the Sheriff Court. Once recovery action commences, legal/ court costs start to accumulate, and all such accrued costs will be added to the debt and will be recovered from the debtor. This can substantially add to the principal sum owed and debtors will be warned, before their details are sent to a solicitor, of the potential amount that could be involved in court action.

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 Payment Plan, our Sheriff Officers will be engaged to carry out debt enforcement action. This may include:

- Freezing of Bank Account
- Attachment or Exceptional Attachment Orders (Attachment Orders are on **non essential** goods outwith the home, Exceptional Attachment Orders are for **non essential** goods inside the dwelling house - the Orders allow removal for sale if the debtor fails to settle)
- Arrestment of Wages
- Notification under Tenements Scotland Act (advises of sale of property and allows debt to be transferred to new owner)
- Inhibition on property (debt secured on property, prevents raising of equity on property).
- Sequestration (bankruptcy)
- Future Land Attachment (expected December 2006). Sale of property ensuring settlement of debt.
- Any and all other legal means to ensure recovery.

These actions are clearly a last resort and will only be commenced where no arrangement to settle the debt within terms acceptable to YourPlace can be secured.

#### 5.4 **Performance Monitoring**

Reports will be obtained from the Management System on a regular basis to ensure that the focus on recovery of debt is continuing to be successful and appropriately targeted. This information will be collated, analysed and reported to the YourPlace Board on a bi-monthly basis.

### 6. **TRAINING AND AWARENESS**

YourPlace will ensure that all staff seconded to YourPlace and the Board of Directors are aware of the debt recovery policy and procedures. All staff who are likely to deal with enquiries regularly will receive appropriate training.

**7. POLICY REVIEWS/CONSULTATION**

YourPlace will initially review this policy after 12 months and thereafter, on at least a 3 yearly cycle. Where YourPlace intends to amend this policy, consultation will take place with owner representative bodies, e.g. the citywide Owners Forum in advance.

**8. CONFIDENTIALITY**

All information given by owners and service users in relation to this policy will be treated as strictly confidential and will not be discussed with third parties without their permission. YourPlace will comply with the requirements of the Access to Personal Files Act 1987 and the Data Protection Act 1998 in this regard.