



FACTORING DEBT RECOVERY POLICY & PROCEDURES

All the Co-operative's Policies and Procedures are available in large print, braille, audio or other languages on request.

Please ask a member of staff if you would like a version in a different format.

POLICY IMPLEMENTATION CHECKLIST	
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Data Protection compliant:	YES
Health & Safety compliant:	YES
Procedure implemented:	YES
SDM system changes made:	N/A
Training Completed:	
Posted on SharePoint:	
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FACTORING DEBT RECOVERY POLICY & PROCEDURES

1.0 INTRODUCTION

Forgewood Housing Co-operative Ltd is a Registered Social Landlord, responsible for implementing the Factoring Debt Recover Policy and Procedures.

The Co-operative, in line with the Property Factors (Scotland) Act 2011, has registered as a Property Factor and our Registration Number is *PF000179*.

This Policy sets out to provide an efficient factoring service for owners in factored properties.

We will ensure the level of debt is minimised in a sensitive but effective manner, applying consistency where possible.

The Policy has three key elements, which seek to reduce factoring arrears:-

- Debt Prevention;
- Debt Management;
- Debt Recovery.

The prevention and effective management of factoring arrears and other debt is crucial to maximising resources available to the Co-operative to improve and maintain its stock.

Factoring arrears arise when owners do not pay their bills by the due date. Where owners have failed or delayed making payment, the Co-operative must have an effective procedure in place to recover sums due.

To minimise the risk, the Co-operative will engage in robust and timely recovery practices, to ensure that settlement of outstanding balances is achieved at the earliest possible opportunity.

2.0 POLICY AIMS AND OBJECTIVES

The Co-operative follows relevant legislation and good practice principles in managing factoring arrears and other debts, aiming to reduce the overall level of debts owed.

We seek to ensure that we recover factoring arrears and outstanding debts from current and former owners.

We expect that all owners fulfil their legal obligations to pay factoring and other outstanding debts. We will adopt a pro-active approach in pursuing sums due by engaging with owners at a personal level at the earliest possible stage. We will discuss sums due to ensure the level of debt is minimised in a sensitive but effective manner, applying consistency where possible.

Where such obligations are not met, we have a firm but sympathetic approach providing assistance and support.

Where an owner expresses difficulty in making payments, we will offer the services of the Co-operative's AFTAR project with Citizens Advice Bureau (Income / Money Advice services).

The Co-operative will maximise the use of all available alternative remedies and use legal proceedings once all other reasonable steps have been taken.

The aims of the Factoring Arrears and Debt Recovery Policy are to: -

- Promote a culture of payment;
- Provide information and support at all stages;
- Provide a range of cost-effective collection methods that take account of owners' preferences and their ability to access services;
- Give accurate and clear information on factoring accounts and other debts to staff and owners;
- Ensure that all our communications are clear and encourage contact;
- Make personal contact with every owner as soon as arrears or other debts arise, or payments are missed, using a variety of methods to suit their needs;
- Take a staged approach in which action is targeted and recorded;
- Negotiate realistic, affordable and sustainable payment arrangements to clear factoring arrears;
- Utilise SDM system to assist staff to record payments, change in ownership and manage arrears / balances and record action taken.

3.0 LEGAL REQUIREMENTS , CHARTER AND GOOD PRACTICE

This Policy incorporates the relevant statutory and regulatory requirements. The Co-operative aims to provide a high quality factoring service measured by satisfaction surveys of factored owners.

The main statutory requirements are contained within the Property Factors (Scotland) Act 2011, including the Code of Conduct for registered property factors (revised in August 2021).

The Co-operative maintains the registration as a Property Factor on the Scottish Government's Property Factor Register– *registration number* PF000179 and re-register every 3 years.

We will meet all relevant legal and good practice guidance and provide clear and comprehensive factoring advice and information to our factored owners as follows:-

➤ **Written Statement of Services**

We have a written statement of our services which all our factored owners will receive and will be available from our website.

➤ **Financial Obligations**

We will ensure the owners know exactly what they are paying for and how the charges are calculated. Invoices will be issued 6 monthly in arrears and issued by 30 April and 31 October each year.

➤ **Debt Recovery**

To initiate prompt and consistent debt recovery activity through internal efforts and if necessary court action and subsequent enforcement.

➤ **Complaints Resolution**

We have a written Complaints Policy and details of how to access the First Tier Tribunal for Scotland Housing and Property Chamber.

Scottish Social Housing Charter

The Scottish Social Housing Charter sets the standards and outcomes that all social landlords should aim to achieve when performing their housing activities. The Co-operative will take account of and comply with the relevant outcomes contained within the Scottish Social Housing Charter as follows:-

Outcome 1: Equalities – Every tenant and other customer has their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services.

Outcome 2: Communication – Social landlords manage their business so that tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides.

Outcome 13: Value for Money – Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

4.0 CHARGES AND COLLECTION

Invoicing

The Co-operative will ensure that all charges have been set and apportioned in line with the Written Statement of Services.

Charges will be reviewed annually to ensure that any changes in service levels and costs are accounted for.

We will ensure that factored owners pay their full share of costs for common works and the services they enjoy to prevent tenants' rents being used to subsidise owners.

Factoring charges will be issued six-monthly in arrears by 30 April and 31 October each year (giving 30 days to pay). The Co-operative will provide each factored owner with an invoice by email, or by post where we do not have a current email address for the owner.

The invoices will detail the breakdown of charges payable by the owner and a description of the activities and works we have carried out which are charged for. A paper invoice will also be sent on a six-monthly basis to any applicable owners for any additional services undertaken by the Co-operative.

Payment

Each owner will have a period of 30 days from the date of the invoice in which to make payment. They will be required to make payment to the Co-operative for their share of the costs of repairs and maintenance, insurance premiums, common charges, the Co-operative's management charge and all other costs and expenses incurred by the Co-operative in the provision of the factoring service.

If the invoice is not paid in full the Co-operative will have no option but to follow the steps set out in this policy.

We will provide a variety of payment options to include weekly, fortnightly, 4 weekly or monthly payments. The method and frequency of payments should be the most convenient to the owner and the most likely to help them adhere to the arrangement.

The Co-operative offers a variety of payment methods which include: -

- Bank Transfer;
- Standing Order;
- Cheque made payable to the Co-operative;
- Payment by credit or debit card in the office or over the telephone;
- Swipe card at Post Office/PayPoint.

5.0 ARREARS MANAGEMENT

The Co-operative utilises SDM Housing Management system which holds accounts and associated records for owners.

All payments to factoring accounts or changes in ownership are reflected in SDM along with relevant balances with a clear record of all actions taken by staff.

SDM Housing Management system is designed to assist staff to manage arrears. It, therefore, provides information to facilitate monitoring and early action. Its key features can be summarised as follows: -

- Maintains a payments history for each factored owner via memo accounts;
- All contact information and action can be recorded via diary notes on each Owner's account;
- Provides monitoring prints and reports;
- Provides operational, management, and performance data.

6.0 DEBT RECOVERY

In summary our debt recovery procedure is as follows:-

- The Senior Finance Officer will be responsible for managing and producing the owners factoring accounts. These invoices will be issued on a six-monthly basis in arrears by 30 April and 31 October each year (giving 30 days to pay).

Each factored owner will be issued with an invoice by email, or by post where we do not have a current email address for the owner.

The invoices will detail the breakdown of charges payable by the owner and a description of the activities and works we have carried out which are charged for, in line with the Written Statement of Service. Information on payment methods will be included on the invoice sent to the owner.

A paper invoice will also be sent on a six-monthly basis to any applicable owners for any additional services undertaken by the Co-operative.

- Owners have 30 days from the date of an invoice to pay, unless an owner has agreed an alternative payment arrangement in writing with the Co-operative.
- The Senior Finance Officer will monitor the payments on a regular basis and ensure all payments have been posted to the owners account. In addition, on a monthly basis they are required to run a report from SDM and check for any owner that the 30 day payment period has lapsed.
- If any sums remain outstanding after the initial 30 day period, a first reminder letter will be issued to the owner by the Finance Section.
- If 14 days following the date of the first reminder letter any sums remain outstanding, the Housing Officer will instruct our solicitors to issue a second reminder letter. An owner will have a further 7 days from the date of the second reminder letter to make full and prompt payment. An administration charge of £20.00 may be charged in the event that a second reminder letter is issued.
- If 7 days following the date of the second reminder letter any sums remain outstanding, the Co-operative may instruct solicitors to initiate court proceedings to recover any unpaid sums. The associated costs of such action shall be added to the account of the owner in default and the Co-operative may seek a court order to recover its expenses in raising and pursuing the court action.
- If the owner disputes a charge contained with an invoice, they are required to contact the Co-operative as soon as possible to discuss their concerns. We may, at our sole discretion, agree to delay payment of the disputed amount in part or whole while we investigate and respond to the owner.
- The Co-operative is entitled to charge interest on overdue payments at 4% above the Bank of Scotland base lending rate from the due date until payment. The Co-operative currently do not typically impose any interest charges, but reserves the right to do so at its own discretion.

Finance will work in conjunction with the Housing Officers to pursue any non-payment in line with the procedures.

If the factored owner contacts the Housing Officer will:-

- Establish contact and build up an effective relationship with the factored owner;
- Establish the reasons for non-payment and advise of the potential consequence of non-payment;
- Make a formal written arrangement with the debtor to pay the arrears with an agreed amount and frequency and commencement date. This will be signed by both the owner and the Co-operative, with copies held by both parties;
- Advise factored owners of consequences of failing to adhere to this arrangement;
- Confirm the strict monitoring arrangement that will be put in place to confirm adherence.
- Advising of the outstanding balance and need for immediate payment;
- Confirm the arrangement will be monitored and the consequences of breaching the arrangement;
- Log all action, notes and arrangement on the factored owner's SDM diary notes.

Early personal contact is required by the Housing Officer to establish reasons for non-payment and reach an agreement on how this will be resolved. The aim is to agree an appropriate and affordable repayment arrangement, which takes into account individual circumstances and other debts.

The Housing Officer will use a range of methods of personal contact to suit customer needs, including: -

- Interviews at the Co-operative's office;
- Home visits;
- Telephone;
- Email.;
- Text.

The Housing Officer will continue to maintain personal contact whilst an owner remains in arrears, to encourage regular payments and ensure their circumstances have not changed.

Written communications will be used to record formal steps in the process and confirm actions and repayment agreements are logged on SDM. It is important that owners are fully aware of the legal implications of failing to pay their bills or to respond to our efforts to pursue arrears.

Any contact with any factored owner in arrears, in whatever form, will be recorded on their account via SDM diary.

We can make a referral via our AFTAR Project with Citizens Advice Bureau for Income / Money Advice services or other external advice or support services as required.

If a payment arrangement is adhered to and all new invoices are paid on time, no further recovery action will be required. On completion of the payment the account will return to a routine status.

Continued non-payment and /or failure to maintain arrangement will result in action being taken by the Housing Officer to prevent arrears from accumulating.

7.0 DISPUTED ARREARS

In cases where an owner is disputing an arrear, all attempts by the Housing Officer should be made to speak with the owner to resolve the matter satisfactorily.

Any paperwork or contractor invoices that may clarify the dispute should be shown to the factored owner where possible and explained by the Housing Officer in conjunction with the Maintenance Officer.

Our Complaints procedure should also be used where applicable in an attempt to resolve any disputed arrears.

If all attempts to resolve the disputed arrears have failed, the factored owner has the right to apply to the First Tier Tribunal (FTT) to have their case heard. If the FTT agree to hear the case, no further debt recovery action can be taken by the Co-operative until the outcome of the FTT hearing. Their decision on the disputed arrears will be final.

8.0 SALE OF PROPERTY / CHANGE OF OWNERSHIP

Each owner, or their solicitor, shall notify the Co-operative of any changes in ownership of their property at least 14 days in advance of any proposed change in ownership of their property (whether by sale or other type of ownership transfer).

On receipt of notification of such a change in ownership, the Senior Finance Officer in conjunction with the Housing Officer will arrange to apportion the charges and sums due by the outgoing owner for the period to the date of completion of the sale or transfer, once known. An administration charge of £50.00 will be made to any owner selling a dwellinghouse within the Block for the apportionment of common charges and updating of information as to ownership.

9.0 PERFORMANCE MONITORING / REPORTING TO MANAGEMENT COMMITTEE

The Co-operative will put in place a system which monitors and measures performance in relation to factoring arrears and debt recovery.

A report in relation to factoring arrears will be presented to the Management Committee annually by the Senior Finance Officer. This will include recommendations on cases for write-off when appropriate and in line with the Write-off Policy.

9.0 GENERAL DATA PROTECTION REGULATION (GDPR)

The Co-operative will process information and data in accordance with its policies and procedures relating to the General Data Protection Regulations.

Information regarding how data will be used and the basis for processing data is provided in the Co-operative's Fair Processing Notice.

10.0 EQUALITY AND DIVERSITY

The Co-operative is committed to promoting an environment of respect, understanding, encouraging diversity and eliminating discrimination by providing equality of opportunity for all.

We will endeavour to ensure a fair and equal service to everyone and that all services are carried out in an undiscriminating manner in line with the Co-operative's Equality and Diversity Policy.

In particular, we will not discriminate on the grounds of age, disability, marriage and civil partnership, pregnancy and maternity, race, religion or belief, gender reassignment, sex and sexual orientation.

We will ensure that everyone has equal access to information and services to meet specific need. Upon request we will make available documents in a range of alternative formats/languages.

11.0 POLICY REVIEW

This Policy will be reviewed every 5 years or in response to any change in legislation or recommendations made by the First-tier Tribunal for Scotland, Housing and Property Chamber (FTT), Scottish Public Services Ombudsman (SPSO) or the Scottish Housing Regulator (SHR).