



## **Factoring Debt Recovery Procedure**

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## Factoring Debt Recovery Procedure

Link Housing Association is committed to the prevention of debt and will adopt a supportive approach to owners, by providing flexible payment options (where possible) and by ensuring owners are aware of their factoring obligations prior to purchase (where possible).

1. Owners are invoiced for the charges they are responsible for, as identified within their Deed of Conditions and as described in the Written Statement of Services and Property Specific Schedule.
2. The frequency invoices for Factored Owners are prepared and issued is detailed in your Property Specific Schedule and are due for payment within 21 days of receipt.
3. The preferred method of payment is by Direct Debit. Owners can pay online, over the phone, by Standing Order, BACS, cheque, or request an Allpay payment card (where available) for use at PayPoint locations.
4. If an Owner needs additional time to pay, they must contact the Factoring team on 01324 417 141, or our Bathgate office (former Weslo owners) 01506 639 158, to discuss and agree any proposed payment arrangement. Only arrangements that have been agreed by the Factoring team will be honoured. Each case will be judged on its own merit and the current level of arrear, payment history and any other relevant factors will be considered. Ultimately the Association must recover arrears to maintain a cost effective and efficient service to owners.
5. A first payment reminder is issued if payment is not received within 21 days of the invoice date and no payment arrangement has been agreed. Any applicable late payment fees are detailed on your Property Specific Schedule. The first reminder requests that payment is made within 7 days from the date on the first reminder letter.

6. A final payment reminder is issued if payment is not received within 28 days of the invoice date and no payment arrangement has been agreed. Any applicable late payment fees are detailed on your Property Specific Schedule. The final reminder requests that payment is made within 7 days from the date on the final reminder and indicates that legal action may be taken if the account is not settled.
7. All letters issued regarding debt recovery will clearly state the implications of non-payment, which include any additional charges. All letters also signpost to the availability of free and impartial debt advice, support and information on debt solutions from not-for-profit debt advisers where appropriate in communication relating to arrears and debt recovery.
8. If there is still no response to clear the account balance, or set up an arrangement, the account may be sent for debt recovery through our solicitor or a debt collection agency, which could incur additional fees and expenses. If sent to our solicitor, they will issue a 7-day letter and legal fees will be added to the account.
9. If this fails to prompt payment, the Factoring Team may instruct proceed with legal recovery through the court. Any legal expenses will be recharged to the owner's account.
10. The following actions may be approved: Bank arrestment, Wage arrestment, Arrestment of rent from owner's tenants, Notice of Potential Liability (NOPL), Inhibition Order, or Attachment Order (goods outside the home)
11. A Notice of Potential Liability (NOPL) or Inhibition may be raised against an owner's property 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 to register a NOPL. This Notice will hold any potential purchaser of the property jointly liable for the debt. If a NOPL is raised against the property, the owner will be charged up to £240 for registration and a discharge fee, plus any additional legal fees incurred. If an Arrestment or Inhibition is raised against the property, the owner will be charged

up to £360 for registration, execution, and a discharge fee (if required), plus any additional legal fees incurred. The owner's solicitor must provide the discharge documentation for signing.

12. Any payment arrangement agreed between Link and an owner will be recorded and monitored in the customer account.
13. If an application against a property factor relating to a disputed debt is accepted by the First-tier Tribunal for consideration, a property factor must not continue to apply any interest, late payment charges or pursue any separate legal action in respect of the disputed part of the debt during the period from when the property factor is notified in writing by the First-tier Tribunal that the application is being considered and until such time as they are notified in writing of the final decision by the First-tier Tribunal or the Upper Tribunal for Scotland (if appeal proceedings are raised).

## **Disputed Debts**

If a debt is disputed, we aim to respond with a full explanation within the timescales set out in our complaints procedures before taking debt recovery action.

1. If an owner contacts Link to dispute a charge on their invoice we will firstly try to resolve the issue at first contact and record the issue in the customer account.
2. If further information is required a dispute will be raised on the customer account for the amount of the disputed charge.
3. To dispute a charge customers must provide Link with the work order of the charge they are disputing and the details to support the dispute of the charge.
4. Correspondence is issued to the owner to confirm the charge is in dispute, who is investigating the dispute, who will contact the owner with the outcome of the investigation, the amount of the charge in dispute and the outstanding arrears balance due for payment (excluding the disputed amount).

5. Once the investigation is finalised correspondence is issued to the owner with the outcome of the investigation.
6. If the investigation finds the charge is not valid then credits will be issued to your account. Any credits will show on the next quarterly invoice.
7. If the investigation finds the charge is valid then the reasons why will be detailed in the dispute outcome letter.
8. All charges not in dispute still remain due and if unpaid the charges will go through the debt recovery procedure.
9. If an application against a property factor relating to a disputed debt is accepted by the First-tier Tribunal for consideration, a property factor must not continue to apply any interest, late payment charges or pursue any separate legal action in respect of the disputed part of the debt during the period from when the property factor is notified in writing by the First-tier Tribunal that the application is being considered and until such time as they are notified in writing of the final decision by the First-tier Tribunal or the Upper Tribunal for Scotland (if appeal proceedings are raised).