

Factoring Debt Recovery Policy

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KINGDOM INITIATIVES FACTORING DEBT RECOVERY POLICY

1. Statement of Intent

We are committed to the principles of good corporate governance and sustainability and will endeavour to develop fair and consistent policies, procedures and practices.

Kingdom Initiatives is responsible for the general management and administration of the common areas in developments where we have been appointed as Factor. We will carry out the services as detailed in our Written Statement of Services and will invoice and collect payments from customers for works carried out. Where customers delay payment or refuse to pay, we will have an effective strategy in place to recover sums due.

Debt prevention and recovery is a key business objective in ensuring our financial viability across our business. Our quality of service may be greatly affected if payments for works carried out are not received. We will therefore engage in robust and timely recovery practices to ensure settlement of outstanding balances is achieved at the earliest possible opportunity.

In line with our commitment to equality and diversity, this Policy can be made available in a variety of formats, including large print, translated into another language or other media. We will make any reasonable adjustments to assist you if you have a disability.

2. General Principles

We aim to provide an efficient factoring service for all customers and we will maximise resources available to recover any arrears due to ensure the level of debt is minimised. We will carry this out in a sensitive but effective manner, applying consistency where possible.

3. Aims

Debt Prevention

We will offer a range of flexible payment options, such as monthly or quarterly direct debits to customers and we will also ensure that customers are aware of their obligations to pay the factoring charge.

Debt Management

We will take positive action at an early stage to ensure debt is effectively managed and the properties continue to be properly maintained.

Debt Recovery

We will recover sums due timeously, based on a staged escalation process beginning with internal efforts then Court action if required.

4. Objectives

We will:

- monitor levels of debt;
- provide customers with appropriate information on possible debt recovery methods which we can use to recover sums due;
- set out the early intervention mechanisms to prevent debt arising.

5. Debt Prevention

We are committed to preventing debt and we will adopt a supportive approach to customers placing an emphasis on prevention, assistance and co-operation.

We rely on customers to inform us if they encounter financial difficulties and are unable to make payments of sums due.

6. Debt Management

Our policy is designed to prevent customers from accruing significant sums of debt that could lead to future financial difficulties, whilst recovery procedures allow unpaid debts to be collected promptly to ensure services for the properties we manage can continue and other residents remain unaffected.

7. Debt Recovery

We are committed to effective debt recovery which will be based on a consistent approach to each case. In the event of a disputed charge contained within an invoice, please contact Kingdom as soon as possible to clarify this and we will provide guidance on next steps if we are unable to resolve this immediately. 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 customer.

Factoring invoices will be due for payment within 21 days from the date of issue.

If payment is not forthcoming within the 21 day period, we reserve the right to apply interest at the standard rate of 4% per annum from the date the arrear on the factoring account arose until the date of full settlement. The following escalation process will apply to unpaid debts:

If this is not paid within the 21 day period, and no contact has been made to discuss payment, a first reminder letter will be sent. The letter will:

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

The first reminder will grant a further 14 days to settle the invoice, before a second reminder is issued.

If no contact has been established and no payment has been received after the further 14 day period from the first reminder, a second and final reminder will be sent to the customer providing a further 7 days to settle any sums due in full. This letter will incur a £20 administration charge and contain the same information as the first reminder letter. It will inform the customer that if payment is not received, we may proceed with legal action in order to recover sums due.

We will reserve the right to take further action if a customer:

- fails to make full payment of arrears within 7 days of being served with the final reminder letter, or;
- fails to make contact with us within 7 days of being served with the final reminder letter.

Once a recovery action commences, the customer will be responsible for any legal costs accrued. This can significantly increase the principal sum owed. We may register a Notice of Potential Liability for Costs over the property, setting out that a debt is due and other options to register the debt personally against the owner. This may affect or restrict the customers ability to sell their property and or raise personal finance.

Once decree is granted, if full payment (inclusive of legal costs) is still not forthcoming, either by one-off payment or by means of an agreed repayment arrangement, the Sheriff Officers will be called upon to carry out debt enforcement action. This may include:

- Freezing of bank account(s);
- Attachment (non-essential goods out with the home) or Exceptional Attachment (non-essential goods inside the dwelling house) Orders;
- Arrestment of wages;
- Notification under The Tenements (Scotland) Act 2004 (advises of sale of property and allows debt to be transferred to new owner);
- Inhibition on property (debt secured on property, prevents the raising of equity on property);
- Sequestration;
- Any other legal means to ensure recovery.

8. Right to Appeal a Disputed Invoice

If, following further investigation of any disputed amounts within an invoice, Kingdom confirms the invoice is correct and payment is due we will provide a full explanation of our actions and any applicable evidence to support our decision. In the event that a customer disagrees with or is unsatisfied with this decision, the customer should take their case to the First Tier Tribunal for Scotland, whose details are as follows:

Housing and Property Chamber
First-tier Tribunal for Scotland
Glasgow Tribunals Centre
20 York Street
Glasgow
G2 8GT

Telephone: 0141 302 5900

Fax: 0141 302 5901

Website: <https://www.housingandpropertychamber.scot/>

It should be noted that payment of any amounts not disputed within an invoice should be promptly made, with only the disputed amount being referred to the Tribunal.

9. Monitoring

Regular internal reports will be produced to highlight any missed payments and contact, as set out in this policy, will be promptly made with the customer. .

10. Review

This Policy will be reviewed 5 years from the date of implementation or latest review, which will be the date the Policy is approved by the Committee of Management, or earlier if deemed appropriate. In the event that this Policy is not reviewed within the above timescale, the latest approved Policy will continue to apply.

KINGDOM HOUSING ASSOCIATION LIMITED

FACTORING DEBT RECOVERY POLICY

This Policy has been prepared in accordance with the Plain English principles and has been reviewed by a Plain English Champion in the reviewing Department: Yes

Policy drawn up with reference to:

1. The Property Factor (Scotland) Act 2011
2. Data Protection Act 1998

Prepared by: Ashley Lyon, Alternative Tenures Housing Officer

Draft1: Reviewed by Steven Whyte, Business Development Manager on 14th January 2021

Draft 2: Reviewed by Head of Governance on 18 January 2021

Presented for approval to Committee of Management on 22nd February 2021

Presented for approval to KI Board of Directors on 20th April 2021

Policy Approved: Yes

Next review date: No later April 2026