



## **Debt Recovery Policy (Factoring)**

**December 2017  
December 2020**

## This policy applies to

- |   |                                       |  |  |
|---|---------------------------------------|--|--|
| <input type="checkbox"/> Link Group         | <input type="checkbox"/> Link Housing | <input type="checkbox"/> Link Living   | <input type="checkbox"/> Link Property |
| <input checked="" type="checkbox"/> Horizon | <input type="checkbox"/> Larkfield    | <input type="checkbox"/> West Highland | <input type="checkbox"/> Lintel Trust  |

## Policy Summary

This policy sets out Horizon's approach to the recovery of factoring debt and has been put in place to meet the requirements of the Property Factors (Scotland) Act 2011 and Code of Conduct for Property Factors.

## Equalities

This policy complies fully with Link's Equality, Diversity and Inclusion Policy.

## Privacy

This policy complies fully with the Data Protection Act 1998 and Link's Data Protection Policy.

## Policy Owner

Managing Director - Horizon Housing

## Approved by

Horizon Board

## 1. INTRODUCTION

Horizon provides a factoring service in a range of its developments. These services are provided to owner occupiers or shared owners. These owners pay a range of factoring charges for services on a monthly basis. They are also obliged to pay for a share of any repairs to communal areas of the building and development – the extent of these repairs and the individual owners' share is set out in the deeds of conditions for the development and referred to in the individual Written Statement of Service we as factors provide to owners.

This policy sets out Horizon's approach to the recovery of factoring debt and has been put in place to meet the requirements of the Property Factors (Scotland) Act 2011 and Code of Conduct for Property Factors.

## 2. OBJECTIVES

The Objectives of the Debt Recovery Policy are to:

- Provide factored owners with clear and simple information on Horizon's approach to managing debt.
- Take a staged approach in which action is targeted and recorded.

## 3. PRINCIPLES

In formulating and implementing this Policy, statutory and regulatory requirements have been incorporated where required. The main statutory requirements are contained within the Property Factors (Scotland) Act 2011: Code of Conduct for Property Factors.

Horizon will take all appropriate and ethical actions to recover money due from owners and shared owners and prevent the accumulation of arrears. Such debt and arrears should not be permitted to create any unfair burden on Horizon's other factoring customers.

## 4. PRACTICE

Horizon by virtue of this policy want to make clear to all factored owners of the need to pay charges for services on a monthly basis, and for repairs and planned maintenance on receipt of invoices issued on a 6 monthly basis. Failure to make such payments on time will trigger a debt collection process.

When a new sharing owner or outright owner takes occupation of a property they will be issued with a Written Statement of Services which details the services Horizon provides as a factor and details their obligations as an owner. The information supplied in the Written Statement will be reinforced by the Housing Officer for the development who will contact the new owner within 4 weeks of their date of entry and

reiterate the need to make monthly factoring payments and contribute their share of the cost of reactive and planned maintenance.

Owners will be required to put in place arrangements to make regular payments to cover the charges associated with their property. To assist them to do so a range of payment options are made available;

- Direct debit
- Standing Order payments via their bank/bank transfer
- By cheque at the office.
- At any Pay Point/Post Office
- Online [www.allpayments.net](http://www.allpayments.net)

### **Debt Recovery**

Debt will be dealt with promptly, but sensitively, in a consistent manner to minimise the level of debt.

The relevant Housing Officer will ensure that owners' accounts are monitored closely on a monthly basis. Owners who falter on their payments will be contacted in writing, emphasising the importance of making regular payments.

The Owner will be advised, in writing, of the level of debt and the various payment options available to them and will be expected to make suitable arrangements to make regular payments to clear their debt.

Failure to clear the debt or agree a payment plan with Horizon will result in further action being taken.

### **Pre – litigation**

- Horizon will instruct solicitors to issue a LBA (letter before action) warning that court action may be raised to recover any sums due no earlier than 7 days from the date of the LBA
- If paying by Direct Debit, payments may be increased.
- The case may be passed to a Debt Collecting Firm who will seek direct payment from the owner. The costs associated with taking this action will be recharged to the owner
- A Notice for Potential Liability for Debt may be registered. This Notice is registered against the title to a property. It can be registered against more than one property and it lasts for 3 years. It can be renewed after 3 years.

### **Court action**

Where appropriate, Horizon may take the owner to court to sue for payment. Where Horizon is successful in obtaining a court Order for payment of outstanding sums due to them, they will seek to enforce that Order by service of a Charge for Payment upon the debtor. This provides the debtor with 14 days in which to settle the debt or enter in to an arrangement to repay the debt that is acceptable to Horizon. Should the debt remain in place without a satisfactory arrangement having been entered in to, Horizon will undertake further attempts to recover the debt by:

- Where the owner is employed, an arrestment of wages;
- Bank Arrestment;
- Third Party Attachment;
- Applying for an Exceptional Attachment Order; or
- Petitioning for the debtor's Sequestration (if the total debt exceeds £3,000)

The costs associated with taking this action will be recharged to the owner.

## **5. MONITORING, PERFORMANCE MEASUREMENT AND REPORTING**

The following areas will be subject to monitoring:

- Risk management
- Provision of training and/ or information to staff
- Compliance with policy requirements and procedures

These will be monitored by the Housing and Communities Manager. If any significant issues of concern arise, these will be dealt with by the Operations Director who will report such matters to the Managing Director and the Board.

Any matter which demonstrates a serious failure of internal controls should also be reported immediately to the Link Group Chief Executive.

## **6. COMPLAINTS AND APPEALS**

Horizon Housing welcomes complaints and positive feedback, both of which provide information which helps us to improve our services. We use a complaints handling procedure (CHP) developed by the Scottish Public Services Ombudsman (SPSO) and the Scottish Housing Regulator.

The CHP allows for most complaints to be resolved by front line staff within a five day limit (first stage), or if the complaint is complex, a detailed investigation will be made by a manager within a 20 day limit (second stage). At the end of the second stage our response will be made by a director. If the customer remains dissatisfied he/ she may then refer the matter to the SPSO.

The SPSO does not normally review complaints about our factoring service. If a factoring customer is dissatisfied after using the CHP, the complaint may be referred to the Homeowner Housing Panel.

At each stage Horizon Housing will advise the customer how the complaint should be taken forward, and advise which agency would be most appropriate to consider the case.

## **7. POLICY AVAILABILITY**

This policy is available on request free of charge from Horizon Housing. A summary of this policy can be made available in a number of other languages and other formats on request.

## **8. POLICY APPROVAL AND REVIEW**

The Horizon Board in its formal approval of the policy acknowledges that it accepts full responsibility for its implementation. Day-to-day responsibility for the operation of this policy lies with the appropriate directors and managers of the Link group of companies. All relevant employees have a responsibility to ensure that this policy is applied as instructed.

Horizon Housing undertakes to review this policy regularly, at least every two years, with regard to:

- Applicable legislation, rules, regulations and guidance
- Changes in the organisation
- Continued best practice