



FACTORING ARREARS POLICY

Date approved	15 March 2018
Review frequency	Annually
Date of next review	March 2021

FACTORING ARREARS POLICY

1 OBJECTIVES

- 1.1 The Association's principal objective is to encourage owners to maintain clear accounts.
- 1.2 The Association will actively pursue owners whose accounts are in arrears. **The Association will work with those owners in financial difficulty to manage their debt and clear their account.**
- 1.3 The Association considers it unfair to allow owners to accumulate arrears without demonstrating that such arrears will be seriously pursued. This may encourage owners to have a complacent attitude with regard to the payment of factoring charges. In the circumstances the Association will do everything possible to trace and contact reluctant owners and ensure they take responsibility for the payment of factoring bills.
- 1.4 The Association will review annually all Factored closes and may make the decision to withdraw factoring services if there is significant outstanding debt and no arrangement has been able to be made with the owner(s) in arrears or an owner(s) has not adhered to payment plans.

2 STRATEGY

- 2.1 Invoices will normally be issued in May and November of each year.
- 2.2 Non-payment of factoring invoices will be pursued according to the Factoring Arrears Procedure.
- 2.3 Owners will be provided with information on payment procedures with every issue of invoices and from time to time in newsletters. Owners will be encouraged to pay by standing order on a monthly basis, towards future accounts. Owners in new closes to the factoring service will have to submit completed standing order forms before a date is agreed for the factoring service to commence. Cancellation of such standing order forms may lead to the Association deciding to withdraw services from a close.
- 2.4 Legal action for recovery of debts will be instigated for arrears over £200 as approved by the Technical Services Manager. A summary of arrears cases involving legal action will be given quarterly to Technical Services Sub-Committee.
- 2.5 An annual review of closes will be undertaken in December and payment of invoices will be included as part of the review. Withdrawal of factoring services from a close due to high arrears can be considered and the decision will be taken by the Technical Services Committee.

PROCEDURE FOR RECOVERY OF FACTORING ARREARS

<u>TIME</u>	<u>EVENT</u>	<u>ACTION</u>
Month1	Invoice issued with advice To pay within 28 days.	
Day 28	No payment made and No response.	Reminder letter Sent giving 7 days To pay or contact CCHA.
Day 35	No payment made and no Response.	Effort will be made to Contact owner by Telephone.
Day 42 +	No payment and no response	TSM and MFO to decide to instruct solicitors and include in summary to next relevant Tech Serv Sub.

Where an owner does respond to the above, the Association will try in the first instance to have the account cleared immediately. The Association will agree with owners where this is not possible payment by instalments. These will be monitored and failure to adhere to these arrangements and respond to the Association will result in legal action as approved by the Technical Services Manager. A late payment fee + VAT will be added to an Account where settlement is not made in full by day 35 unless owners have contracted the Association and a payment plan is agreed and adhered to.

Where sales occur, the Association can normally recover any outstanding arrears from the owner through his/her solicitor.

LEGAL ACTION

The Maintenance and Factoring Officer will issue letter warning of legal action, depending on the individual circumstances of each case, including those with persistent arrears, large sums outstanding, and refusal to pay.

Legal action will be instigated on Technical Services Manager's approval and this could include the registration of a Notice of Potential Liability (NPL) on the property. Owners will be liable for the Association's costs in taking out, renewing and discharging NPLs. We may instigate court proceedings thereafter and could instruct an inhibition on the property. Action is dependent on the circumstances of each individual case. A summary of cases will be reported to the relevant Technical Services Committee on a quarterly basis.

The charges involved in instructing court action and in seeking the enforcement of any decree awarded by the Sheriff Court can normally be contained within the expenses awarded to the Association by the Sheriff Court.