



POLICY

Factoring Debt Recovery Policy

Policy Reviewed November 2023

Wellhouse - The Place to Be

Policy Created	July 2021, Reviewed November 2023
Date of Next Review	July 2026

The policy is available on the Association’s website. Customers will be provided with a copy of this policy on request. We will provide this policy in specific formats as requested, i.e. tape, Braille or another language.

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Linked Policies/Procedures

1.	Factoring Policy
2.	Repairs and Maintenance Policy
3.	Openness and Confidentiality
4.	Complaints, Compliments and Comments
5.	Data Protection Policy
6.	Income, Debt Recovery and Write Off Policy

1. Vision and values

Wellhouse – the Place to Be.

This simple statement is our vision of Wellhouse as an attractive place where people feel happy and safe, benefit from having a good home and an attractive environment and feel proud to be part of a vibrant community.

We believe that our values of **Trust, Honesty, Integrity, Excellence, Accountability and Sustainability** supported by a comprehensive policy framework will help make our vision a reality.

2. Governance

Wellhouse HA (WHA Ltd.) is a community controlled Registered Social Landlord and is managed by a group of local people who are elected onto the Management Committee. We may co-opt other people onto the Management Committee from time to time where we feel we need specialist support. Their role is to make sure that the Association is well run, meets the needs of the local area and is responsive to what is important to local people.

The Management Committee appoints senior staff, agrees all the Association's policies and takes all the key decisions. The Director and the senior team support the Committee in these responsibilities.

3. Policy Aims

- Debt prevention
- Debt Management
- Debt Recovery

4. Equal Opportunities and Human Rights Statement

We aim to ensure that all services, including the delivery of this policy, provide equality of opportunity.

We will respond to the different needs and service requirements of individuals. We will not discriminate against any individual for any reason, including age, disability, gender re-assignment, marriage, civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation, or other status.

5. Scottish Housing Charter

The Scottish Government's Social Housing Charter came into force in April 2012 and was reviewed in 2019. The Charter sets out the standards and outcomes that Registered Social Landlords should achieve.

There are 5 outcomes under the Charter that are especially relevant to our factoring debt recovery policy, these are:

Outcome 1 Equalities

Social landlords perform all aspects of their housing services so that:

- every tenant and other customer have 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

Social Landlords manage all aspects of their business so that:

- Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

6. Legislation

The following legislation is relevant to this policy:

- The Property Factors (Scotland) Act 2011
- Human Rights Act 1998
- Equality Act 2010
- Data Protection Act 2018

7. The Policy

1. Introduction

The purpose of this policy is to outline the processes that should be followed when dealing with factoring debts.

This policy is compiled in accordance with the Property Factors (Scotland) Act 2011, Overarching Standards and Revised Standards.

2. Policy Objectives

- To monitor levels of debts
- To provide factored owners with appropriate information on possible debt recovery methods that can be utilised by WHA to recover sums due
- To offer early and suitable professional support and guidance
- To set out early interventions to prevent debts arising
- To ensure factored owners are provided with information on local free debt advice services

3. Debt Prevention

WHA Ltd. is committed to preventing debt and we will adopt a supportive approach to our customers placing an emphasis on prevention, assistance and co-operation. Staff will ensure factored owners are aware of advice sources that are available when arrears arise.

Factoring Invoices will be issued monthly until 31 March 2024 when this will be changed to quarterly, with payment due within 28 days. However, we recognise that factored owners financial circumstances will vary and therefore we will make available a range of payment options at a frequency to suit their individual circumstances. Our expectation would be that any such payment arrangement will ensure the account is cleared prior to the following monthly invoice being issued.

4. Debt Management

WHA Ltd. will offer factored owners the opportunity to enter into a repayment arrangement to pay off any arrears that have arisen, over a period of time, depending on the debt level and individual financial circumstances. Where factored owners will be unable to meet on-going factoring charges staff will ensure such owners are provided with advice and assistance including signposting to debt counselling, money advice and other appropriate support organisations.

5. Debt Recovery

WHA Ltd. will seek to tackle arrears recovery at the earliest opportunity. We are committed to taking a consistent approach to debt recovery cases.

Following the issue of each monthly Invoice and quarterly from 1 April 2024, staff will check that payments have been made within the 28-day payment period, or a suitable repayment arrangement entered into that will clear the balance prior to the following monthly invoice being issued.

Where payment has not been made or a suitable repayment arrangement agreed the following escalation process will apply to unpaid factoring debts:

- a. A reminder letter will be sent, with a statement of account. This will clearly state the outstanding balance, the need of settlement, advise of any potential consequences of non-payment and invite contact to establish any reasons for non-payment
- b. A final reminder letter will be issued within 28 days, if the factored owner fails to make full payment or fails to make contact and a suitable repayment arrangement
- c. A debt will be referred to our solicitors for the recovery of outstanding sums, within 28 days of our final reminder letter, when a factored owner has failed to make full payment or fails to make contact and a suitable repayment arrangement

- d. A solicitor's letter will be sent to the factored owner by our solicitors to confirm that they have received instructions to recover the sum owed
- e. Once recovery action commences, legal costs will accumulate and will be added to the debt owed by the factored owner. Factored owners faced with legal action will be warned that these costs can add a significant amount to the principal sum owed
- f. WHA Ltd. may register either a Notice of Potential Liability for Costs over the Title Deeds for a property setting out the debt due. This will restrict the factored owner's ability to sell their property
- g. Where a Decree is granted and full payment is not forthcoming, Sheriff Officer's may be instructed to carry out debt enforcement action. This may include freezing bank accounts, arrestment of wages, arrestment of rent from tenants to owner, registering Notice of Potential Liability for Costs or placing an Inhibition on a property
- h. As a last resort, our Committee may approve use of an Attachment on non-essential goods out-with the home or an Exceptional Attachment on non-essential goods inside the home, or Sequestration

6. Disputed Debts

Factored owners can make enquiries about items charged on their factoring invoice, in a way that suits them best, including by phone, email, letter or in person at our offices.

We aim to provide a response within 5 days. However, where we require to seek information from contractors or other third parties, we aim to do this within 20 days. If it may take us a bit longer, we will let the factored owner know.

If after receiving an explanation for a charge or debt on their account a factored owner is still dissatisfied, the customer will be provided with details of our Complaints Procedure (See Section 11).

WHA Ltd will suspend recovery action, including any legal action, against the customer for recovery of a disputed debt whilst a complaint is being considered by WHA Ltd, the Scottish Public Services Ombudsman or the Housing and Property Chamber, First Tier Tribunal for Scotland. However, we would expect the factored owner to pay in full or make a suitable repayment arrangement for the non- disputed debts.

7. Former Owner Debts

Unfortunately, WHA Ltd. does not always receive notification that a property is being sold. Where we are notified, a final invoice will be issued to the outgoing factored owner for the period of their ownership.

Where staff can identify a property in our area of operation that is up for sale or auction, we will immediately register a Notice of Potential Liability for Costs (See Section 5 above).

Every reasonable effort will be made to recover debts from former factored owners, including, if necessary, the use of tracing agents, debt collection agencies and sheriff officers to trace and recover outstanding sums from debtors.

8. Consultation

We aim to deliver excellent services, which respond to local needs and reflect what is most important to our customers.

To do that we need our customers to tell us how well our policy is working and help us to make the changes which will improve it. In line with our Customer Engagement and Participation Policy:

- We make it easy for customers to give us their comments and views - face to face, by telephone, e-mail, on line or in a letter.
- We publish the targets we set
- We publish how we have performed against those targets

We use customer feedback to review our policies and talk to customers about the changes we are making.

9. Complaints

We have a separate complaints policy and procedure based on the Scottish Public Services Ombudsman's (SPSO) *Model Complaints Handling Procedure for Registered Social Landlords*. Leaflets and copies of the complaint's procedure are available from the Association's office and on our website.

We also provide information on how our customers can make a complaint to the Scottish Public Services Ombudsman (4 Melville Street, Edinburgh EH3 7NS, telephone: 0800 377 7300) and how to contact the Scottish Housing Regulator.

The Ombudsman will not normally deal with complaints unless customers have followed the Association's 2 stage complaints' procedure.

In addition, whilst the SPSO does not normally look at complaints about our factoring service, there may be some aspects of the complaint that the SPSO can consider (for example, if the customer is dissatisfied with how we have handled their complaint, or if a factored owner is impacted by the actions of the organisation).

Following completion of Stage 2 (Investigation Stage) a senior member of staff will write to the complainant with an outcome on their complaint. If the factored owner is still dissatisfied, they have the right to take the matter to the Housing and Property Chamber, First Tier Tribunal for Scotland (Glasgow tribunals Centre, 20 York Street, Glasgow, G2 8GT, telephone: 0141 302 5900).

10.0 Reporting, Audit and Review

The Committee will be provided with factoring debt information in the housing management reports.

This Policy will be reviewed in 3 years, to take account of: -

- a) Legislative, regulatory and good practice requirements
- b) Association performance and the views of owners and staff