

MOLENDINAR PARK HOUSING ASSOCIATION

FACTORING AND OWNER OCCUPIERS ARREARS RECOVERY POLICY

Date of Review: 19th October 2010
Date of Next Review: October 2015

INTRODUCTION

- 1.1 This document outlines Molendinar Park Housing Association's policy in relation to arrears prevention, control and recovery of factoring charges.
- 1.2 The Association recognises the importance of keeping arrears to a minimum and will take all reasonable action to ensure that arrears are efficiently and effectively recovered.
- 1.3 The Association also accepts that owners who owe factoring charges to the Association are likely to find being in arrears stressful, particularly if they have multiple debts and inadequate or irregular income. The Association will therefore take a sympathetic, yet firm, approach to owners in arrears. In doing this the Association recognises that arrears arise for different reasons and therefore recovery procedures should be flexible and responsive to individual circumstances.

General Aims and Objectives

- 1.4 In relation to factoring arrears the objectives of the association will be to:
 - Minimise the loss of factoring income to the Association
 - Be both fair and firm
 - Be prompt and effective in relation to arrears recovery
 - Operate an effective arrears control system
 - Emphasise prevention

Best Practice guidance

- 1.5 This policy document has been based on examples of best practice, SFHA Factoring Guidance 2009/The Scottish Housing Regulator
- 1.6 The Policy contains information on the following topics:
 - Prevention
 - Arrears recovery
 - Former owners arrears
 - Information
 - Standards, monitoring and performance indicators
 - Staff and committee issues
 - Policy reviews

2. PREVENTION

2.1 The Association will place considerable importance on the prevention of arrears ó particularly serious or substantial arrears. A key aspect of this prevention will be the setting of affordable management charges and continuing to monitor the services provided to ensure that they represent value for money.

2.2 The following measures will be adopted to prevent, as far as possible, the development of arrears.

Information:

2.3 All prospective owners will be informed in writing of the likely charges they will incur as a result of owning their property.

2.4 New owners will be given written information concerning the charges for their property at the date of sale/entry. This information will, as a minimum, detail the following:

- Services provided
- The cost of service charges
- Share of repairs
- Payment methods

2.5 Owners will be given the opportunity to pay using a variety of payment methods, eg Standing Order or allpay cards

Payments collection and accounting

2.6 Arrears levels may be reduced by effective payment collection and accounting systems ó the easier it is for people to pay and the better the system for determining when people stop paying, the more likely it is that factoring income will be maximized.

The following points are made in relation to collection and accounting systems:

- An effective accounting system will be maintained to ensure that balances are accurate
- Accounts will be monitored on a regular basis to allow staff to detect as soon as a payment is missed
- Early action will be taken when an arrear is first noted

3. ARREARS RECOVERY

3.1 Complementary to this Policy are written guidelines provided for all staff involved in arrears control, which are intended to ensure that there is good practice and consistency of approach to the principles contained in this Policy.

3.2 Wherever possible, Association staff will seek to recover any arrears with the voluntary co-operation of the owner concerned. The Association, will however, be prepared to take legal action to recover arrears.

Arrangements

3.3 The Association will seek to agree realistic arrangements to pay off arrears with individual owners.

3.4 The repayment arrangement will be confirmed in writing to the owner.

3.5 Staff will monitor payments to ensure that the repayment arrangement is being adhered to. Where this is not the case, staff will take appropriate action.

Legal Action

3.6 The Association will be prepared to take legal action against owners who persistently fail to pay their factoring charges or who fail to adhere to agreed repayment arrangements.

3.7 The decision to instruct legal action will be made by the Senior Housing Services Officer.

3.8 Legal action will commence if no payment has been made, no arrangement has been made to pay or any arrangement to pay has been broken three months after the invoice has been issued.

3.9 The Association's solicitor will raise a Small Claims Action and in certain circumstances place an Inhibition over the property.

4. FORMER OWNER ARREARS

4.1 The Association will aim to recover arrears from former owners using all efficient and economic means possible.

4.2 The Association will ensure that all former and current owner arrears are held in separate accounts. The Association will not hold an owner responsible for the arrears of a former owner.

- 4.3 Balances, which have received the authorisation of the Management Committee to be written-off, will remain on easily accessible records.

5. CONFIDENTIALITY

- 5.1 The Association will operate policies and procedures, which seek to ensure that staff and committee members respect confidentiality in relation to arrears work.

- 5.2 To ensure confidentiality the following steps will be taken.

- Only staff will have access to arrears files
- Only staff will discuss arrears with owners
- All reports to the Local Management Committee and Management Committee will use codes to refer to the cases. Staff will take all reasonable steps to ensure that individual owners cannot be identified from these codes.

6. MONITORING AND PERFORMANCE INDICATORS

Targets

The Association will comply with the relevant Scottish Housing Regulator/SFHA Factoring Guidance 2009

7. STAFF AND COMMITTEE

- 7.1 Molendinar Park Housing Association will ensure that staff and committee responsibilities in relation to owner's arrears are clearly defined.

Committee Responsibility

- 7.2 The Management Committee will have overall responsibility for the Association's factoring arrears policy. The Committee will:

Review and amend the Association's policy as required

Staff Responsibility

- 7.3 The Senior Housing Services Officer will provide a written report to the Management Committee on a quarterly basis. This report will detail, as a minimum:

- Owner arrears
- Former arrears
- Action taken

Staff Training

- 7.4 The Association will ensure that all staff that is required to undertake arrears work received appropriate and regular training.
- 7.5 Clear procedures and guidelines will be maintained to ensure a consistent and equitable treatment of owners in arrears.

8. POLICY REVIEW

- 8.1 The factoring arrears policy will be reviewed and amended as necessary every five years.
- 8.2 It will be reviewed in the light of legislative changes, new policy/good practice guidance, the performance of the Association and the views of its owners.
- 8.3 The targets relating to arrears recovery will be reviewed and amended as appropriate on an annual basis.