



Factoring Arrears Policy

2025

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1. Policy Statement

- 1.1. Westscot Living (the Factor) provides a factoring service to factored owners under the terms set out in its Written Statement of Services (WSS). The WSS references a Factoring Arrears Policy; this document sets out how Westscot Living (WL) will manage and recover debts arising from factoring charges consistently, fairly and transparently.
- 1.2. The objective of this policy is to support the financial sustainability of the factoring service by ensuring factored owners meet their obligations, while balancing fairness, sensitivity to owners' circumstances, and compliance with statutory and regulatory requirements. This policy helps to:
 - Encourage a culture of prompt payment among owners
 - Minimise the accumulation of factoring arrears
 - Provide clear, consistent, fair, and effective principles for debt management
 - Offer early intervention, signposting and support for owners in financial difficulty
 - Recover debts in a cost-effective manner, including through legal means if necessary
 - Manage former owners' debts responsibly
 - Ensure transparency, fairness, and accountability in all recovery actions
 - Monitor and report on performance and adjust practices accordingly.
- 1.3. This policy applies to all factoring debts owed by current and former factored owners to WL, including:
 - Regular service charges, common repairs, maintenance, cleaning, insurance, grounds maintenance, etc.
 - Rechargeable works (repairs, utility, etc.)
 - Management fee.
 - Legal and administrative costs associated with debt recovery.
- 1.4. This policy operates in conjunction with the WSS and relevant procedural guidance.

2. Roles & Responsibilities

- 2.1. The Director of Finance and Director of Housing & Community Services are both responsible for ensuring adoption of, and adherence to, this policy and its associated procedures relevant to their operation.
- 2.2. The Housing Manager and Factoring Team Leader are responsible for:
 - ensuring that this policy is implemented by their staff;
 - ensuring that staff are designated to deal with the debt management of factored properties;
 - monitoring the systems and practices at local levels in terms of factoring debt management, ensuring there is a consistent and fair approach.

3. References & Sources

3.1. The following legislation, references and sources are relevant to the development and delivery of this policy and associated procedure:

- [Data Protection Act 1998](#) and the [General Data Protection Regulation](#) set out obligations relating to the control and management of personal information
- [Title Conditions \(Scotland\) Act 2003](#) - provides the legal framework for creating, enforcing, and managing real burdens and community burdens on properties in Scotland, enabling owners to collectively appoint or dismiss property factors and regulate shared maintenance responsibilities
- [Tenements \(Scotland\) Act 2004](#) - provides a statutory framework for the management and maintenance of shared parts of tenement buildings, ensuring that all owners have clear rights and responsibilities, including decision-making powers through the Tenement Management Scheme when title deeds are silent or unclear
- [Equality Act 2010](#) - consolidates existing legislation and makes it unlawful to discriminate in the provision of services based on age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, religion or belief, sex, or sexual orientation
- [Property Factors \(Scotland\) Act 2011](#) - establishes a legal framework requiring property managers (Factors) in Scotland to register, adhere to a statutory Code of Conduct, and be subject to a dispute resolution process to ensure transparency, accountability, and fair service to owners
- [Scottish Housing Regulator's "Factoring Services in Scotland" Inquiry 2016](#) - assessed how social landlords deliver property management services to owners, focusing on service quality, transparency of charges, value for money, and owner engagement
- [Code of Conduct for Property Factors](#) - sets out minimum standards of practice for registered property factors, encouraging transparency in the way that they conduct their business in connection with the management of common property or the maintenance of land as detailed in owners' title deeds
- WL Factoring Policy
- [WL Written Statement of Services](#)
- Complaints Handling Procedure.

4. Equalities

4.1. We will not unlawfully discriminate against any individual within the protected characteristic groups as defined by the Equality Act 2010. To ensure equal access to this policy, we will provide copies in alternative formats—such as Braille, large print, translated languages, or audio—upon request and where reasonably practicable.

- 4.2. We are committed to delivering factoring services in a manner that is fair, inclusive, and respectful of all individuals, regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, or sexual orientation.

5. Monitoring & Compliance

- 5.1. This policy will be monitored on a regular basis to ensure that the content remains compliant with legislation and reflects best practice. Audits may take place if commissioned by the Director of Finance or Director of Housing & Community Services to ensure there is consistent practice and adoption of the policy principles.
- 5.2. Period of review
- 5.3. Until a new policy is formally adopted this document will remain in force.
- 5.4. This policy will be reviewed in accordance with the policy review programme agreed by the Corporate Management Team (CMT).
- 5.5. If there are significant changes to legislation or regulation or there are found to be deficiencies or failures in this policy, as a result of complaints or findings from any independent organisation, the Director of Finance or Director of Housing & Community Services will initiate an immediate review.

6. Approval

- 6.1. This policy is approved by the Board of Management of WL.

OPERATIONAL ARRANGEMENTS

7. Prevention and Early Intervention

7.1. Clear invoicing and communication

7.2. WL will:

- Issue invoices around May and November each year, with the annual insurance recharge issued when available, with a clear breakdown of charges.
- Include due dates which will be clearly stated (i.e. 28 days).
- Issue reminder notices which will follow promptly after missed payments.

7.3. Payment methods & facilitation

7.4. WL will:

- Encourage use of direct debit, standing orders, or other convenient payment methods.
- Provide information on how to pay and support for electronic payments.
- Offer payment in instalments where feasible (see section 8).

7.5. Owner contact and notification

7.6. WL will:

- On initial missed payment, contact the owner (by letter, email, text, visit or phone) to prompt payment and to understand if there are difficulties.
- Where appropriate, provide information on free debt advice agencies and financial support services.

7.7. Monitoring & early detection

7.8. WL will:

- Maintain a register of accounts and regularly monitor arrears levels.
- Escalate cases that are not progressing (e.g. repeated missed payments) early.

8. Arrears Management and Recovery Stages

8.1. Westscot Living will follow a structured, escalating approach to arrears recovery, while remaining flexible to individual circumstances. In line with our Written Statement of Services, the various stages are noted below:

Stage	Trigger / Timeframe	Action & Owner Contact	Next escalation
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Stage 1	At least 29 days after date of invoice	Reminder letter, phone/email/text follow-up, advice offered	If no response or clearance within one week after issue of invoice, move to Stage 2
Stage 2	At least 35 days after date of invoice	Final demand notice, with warning of further action and additional charge of £25 + VAT	If still not paid, proceed to Stage 3
Stage 3	Persistent non-payment at least 49 days after date of invoice	Formal demand, negotiation of repayment plan, possible referral to legal advisors	If plan fails or no engagement, proceed to Stage 4
Stage 4	Legal / security action	Issuing letters by solicitor, Notice of Potential Liability (NOPL), registration of a burden/security over property title, withdraw non-core services such as non-emergency repairs, court proceedings and possible withdrawal of service (advise all owners in development)	Continue legal recovery or write-off as appropriate

8.2. Repayment plans

8.3. WL will:

- Where owners face genuine financial difficulty agree reasonable, sustainable repayment plans, documented in writing.
- Make arrangements which must clear arrears in a reasonable period (usually up to a maximum of 12 months) depending on the amount involved.
- Monitor compliance with agreed payment plans; failure to adhere to these will lead to recovery escalation.

8.4. Costs and recharges

8.5. WL will:

- Consider reasonable administrative or legal costs incurred by Westscot Living in the recovery of debts being recharged to the owner's account, subject to reasonableness and transparency and in line with the WSS.
- Disclose recharges to the owner in its correspondence or communication where applicable.

8.6. Interest & late payment penalties

8.7. WL may:

- Where permitted by the contract and law, apply interest or late payment charges; these must be clearly stipulated in the WSS and,
- Will ensure any interest applied complies with relevant legislation and fairness principles.

9. Disputed Charges

- 9.1. Owners should raise disputes in writing, within a reasonable time period, after the date of invoice and/or in line with our Complaints Handling Procedure.
- 9.2. Westscot Living will investigate and respond within the timescales noted in our Complaints Handling Procedure.
- 9.3. While a disputed charge is under review, other undisputed elements of the invoice remain payable.
- 9.4. If the dispute is upheld, the account will be adjusted and the owner notified.
- 9.5. If unresolved, the owner may escalate their dispute via Westscot Living's Complaints Handling Procedure and/or to the First Tier Tribunal (if applicable).

10. Legal Enforcement / Security Measures

10.1. Notice of Potential Liability (NOPL) / Security over title

- For substantial or persistent debts, WL may arrange registration of a burden or security over the property (NOPL), restricting sale or re-mortgaging until the debt is settled.
- Owners will incur all legal and administrative costs of registration and discharge.

10.2. Court proceedings

- As a last resort, legal action may be pursued for recovery of debt, costs, interest, and enforcing orders.
- WL will consider the cost-benefit before taking such action.
- Any decision to commence court action and subsequent decisions on the course of action taken will be issued by the Team Leader or other officer of at least equivalent seniority. The decision will then be referred to our solicitors.
- Throughout the court process, staff will continue to contact the owner to repay the outstanding monies in full.

10.3. Recovery via diligence / charging orders

- Where applicable, charges may be converted into court diligence (e.g. arrestment or inhibition) in line with statute.

10.4. Sale proceeds or disposal of property

- In extreme cases, where an owner sells the property, recovery from sale proceeds may be pursued under the burden.

10.5. Costs

- All costs reasonably incurred (legal, registration, agent, court) may be added to the owner's debt, subject to reasonableness and disclosure.

11. Treatment of Former Owner Debts

11.1. Former owners remain liable for outstanding factoring debts at the date they leave ownership.

11.2. WL will continue to pursue recovery of such debts using the same stages and legal actions, where cost-effective.

11.3. Interest or penalties and costs may be recharged to the former owner.

11.4. If the former owner cannot be traced or recovery is not feasible, write-off will be considered (see section 12).

12. Write-offs and Cessation of Recovery

12.1. Criteria for write-off may include:

- The age/level of debt/credit in the context of the likely cost of recovery/refund makes it not cost effective to pursue/refund;
- The debt/credit has existed for more than 2 years and there has been no payment or activity on the account (contact with the debtor/creditor) in the last year;
- The individual has insufficient income or capital to meet the debt;
- The individual has been declared bankrupt or has been sequestrated and limited or no dividend is in payment;
- The individual has been referred to a solicitor or debt recovery agency and no trace has been found of the individual;
- The individual has left without notifying a forwarding address and reasonable attempts to establish their current whereabouts have been unsuccessful;
- The individual has no assets, is dependent on state benefits and is likely to be so for the foreseeable future;
- The individual is deceased and their estate is insufficient to meet the debt or there is no next of kin to receive the credit;
- The debt is prescribed;
- The level of debt has been reduced following the outcome of a court case;

- The debt or part of the debt should be written off due to processing error/s on the account which make it irrecoverable.

12.2. Write-off does not preclude future reinstatement if payment is later offered.

12.3. Only the WL Board may approve write-offs above £2000. Lower value write-offs may be approved by the CMT.

12.4. All write-offs will be reported to the WL Board.

13. Complaints & Appeals

13.1. Owners dissatisfied with the application of this policy may use Westscot Living's Complaints Handling Procedure.

13.2. Until dispute resolution is complete, recovery of disputed sums will be paused; undisputed sums must still be paid.

14. Publicity & Accessibility

14.1. The policy and the WSS will be made available to owners, published on Westscot Living's website, and provided in accessible formats upon request (large print, alternative languages, BSL, etc.)

14.2. Owners will be made aware of the policy at the time of entering a factoring agreement and on request.