

THE CODE OF BEST PRACTICE FOR DEBT COLLECTION & RECOVERY

AGREED THROUGH THE INCLUSIVE ECONOMY PARTNERSHIP

These are high level principles that would result in fair and consistent customer treatment in Collections & Recoveries practices if applied across sectors. This is a voluntary Code and does not represent regulation. Organisations are still expected to meet their regulatory requirements.

Affordability

- Conduct a circumstantially appropriate affordability assessment where required to understand the customer's financial situation.
- Identify and support customers who may be in financial distress or who fall into difficulty with debt repayments.
- Regularly review and adapt repayment plans as the customer's situation changes.
- Tailor repayment plans around customer affordability, using the household spending guidelines of the Standard Financial Statement, covering priority bills first.

Forbearance

- Consider the application of forbearance tools tailored to an individual's circumstances and ability to pay, to allow repayment over a reasonable time.
- Clearly identify and treat known customers in vulnerable circumstances based on their particular needs.
- Treat customers fairly and in a way empathetic to their current situation.

Breathing Space / Short-Term Support

- Allow the customer sufficient breathing space (mandatory 60 days as of May 2021 through Debt Respite Scheme), to consider any payment proposal and seek free independent debt advice.
- Consider interest and or additional fee suppression during the period of breathing space.
- Cease chasing contact with the customer where the customer is actively engaging with a debt advice provider.

Communications

- Clearly communicate information that helps customers understand next steps without jargon.
- Provide a range of communication channels/methods taking the customer's preference into consideration.
- Limit / remove charges for correspondence issued to customers.

Enforcement Action

- Use enforcement action as a last resort.
- Exclude known customers in vulnerable circumstances from any form of enforcement action where appropriate.
- Limit or remove the use of enforcement activity such as enforcement agents, unless circumstances require.
- Discretionary fees and charges for enforcement action applied should be proportionate to the original debt.