



**16 June 2020**

**LUPC & SUPC - EFFICIENCIES WEBINAR 2**

*Debt Recovery*



# Debt Recovery Framework

Roy Dennis

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# Framework Overview

- October 2018 (3 Year Term)
- Available to LUPC, SUPC, NEUPC, NWUPC, AUPC, and HEPCW members
- OJEU compliant
- Student and Commercial Debt
- Includes International Recoveries



# Lots

- Lot 1 – Pre-legal only collections
- Lot 2 – One Stop Shop
- Regulated by either SRA or FCA
- Regulated and non-regulated debt
- Five suppliers on each lot



# Framework Suppliers

- Lot 1 – Pre-legal Only

- Oriel Collections
- ACT Credit Management
- STA International
- Shoosmiths LLP
- Link Financial Outsourcing

- Lot 2 – One Stop Shop

- Harrison Clark Rickerbys
- Wilkin Chapman LLP
- DWF LLP
- Legal Recoveries & Collections
- Veale Wasbrough Vizards



# Framework Information

- Available on [HE Contracts](#)
- Buyer's Guide
- Framework / Call-off Terms & Conditions
- Desktop Calculator
- Mini-competition Pricing Calculator
- Supplier Pricing



# How to Call Off

Debt >120  
Days

Mini  
competition

Desktop with  
Revised  
Pricing

Debt <120  
Days

Mini  
Competition

Desktop  
Exercise



# Pricing of Debt Recovery



Age of debt



Information available on the debtor



Improving recovery rate is more important than rates charged

# Do's & Don'ts

- Do
  - Re-evaluate areas specific to your organisation
  - Provide as much information as possible
- Don't
  - Re-evaluate all the criteria
  - Use fictitious data in the debt scenario
  - Create a framework with a framework



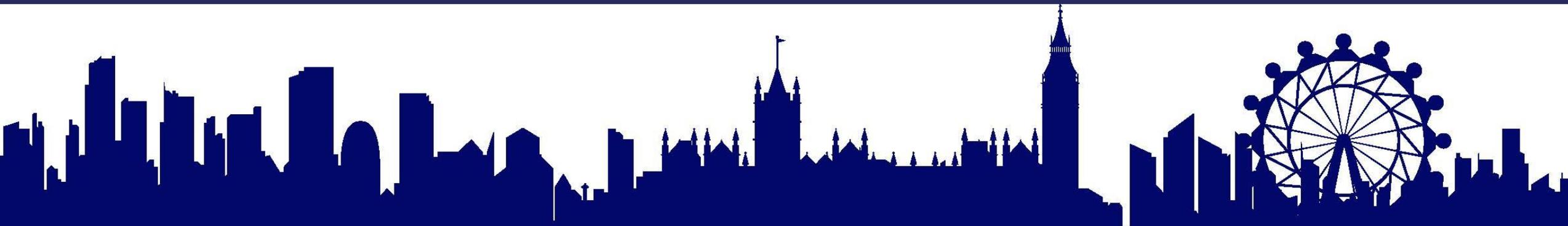


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# Student versus Corporate Debt Recovery

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Head of Debt Recovery

hcr

harrison clark  
rickerbys solicitors

# Areas I will cover in this Webinar

- Pre-action Protocols – which applies and what are the requirements for compliance.
- Best Practice.
- Timescales to obtaining a CCJ – Students v Corporates.
- International Claims and the current position following Brexit for EU Debtors.
- COVID Temporary Legislation.

# Pre-Action Protocols

## Pre-Action Protocol for Debt Claims (“Debt Protocol”)

### Who

- Individuals including sole traders and partnerships.
- The Debt Protocol will apply to almost all student debtors.

### Steps Required to Comply

- Details of how the debt arose together with supporting documentation.
- Confirmation of how the debt is calculated, including any costs and interest, and how to pay.
- Reply Forms and confirmation of where to send them.
- 30 day deadline to respond.

# Pre-Action Protocols

## Practice Direction on Pre-action Conduct (“PDPAC”)

### Who

- Corporate Entities, including LLP, Limited and PLC’s.
- The PDPAC will apply to most corporate debtors, save for those identified for the Debt Protocol.

### Steps Required to Comply

- Details of how the debt arose together with supporting documentation.
- Confirmation of how the debt is calculated, including any costs and interest, and how to pay.
- 14 day deadline to respond.

# Best Practice – Practical Steps to consider

## Information gathering/Know your debtor

- Obtain as much information about customers at the outset of any contract, for example:
  - Contact Information – home, email, phone etc;
  - Employment Details; and/or
  - Bank Details, if at all possible.

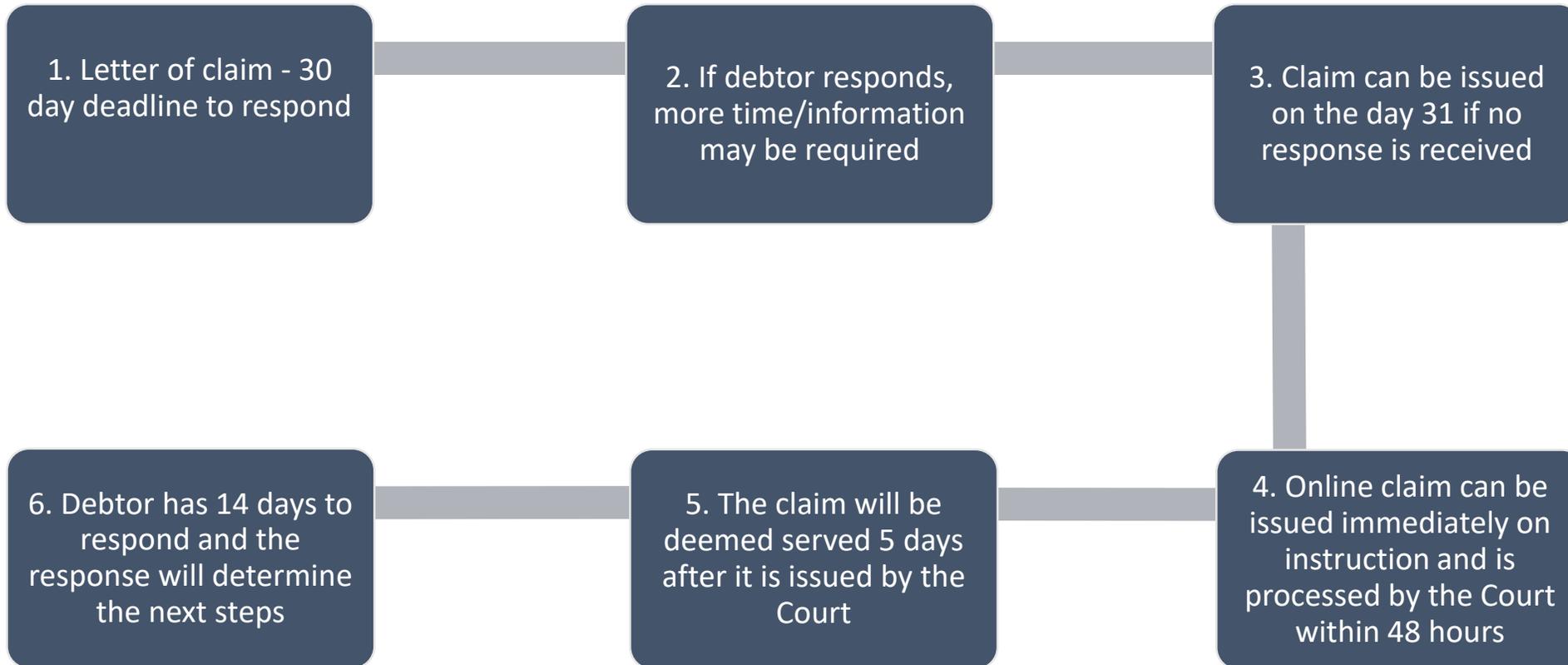
## Communication

- Assess the debtor's attitude/tone when discussing outstanding debts.
- Try and keep lines of communication open.

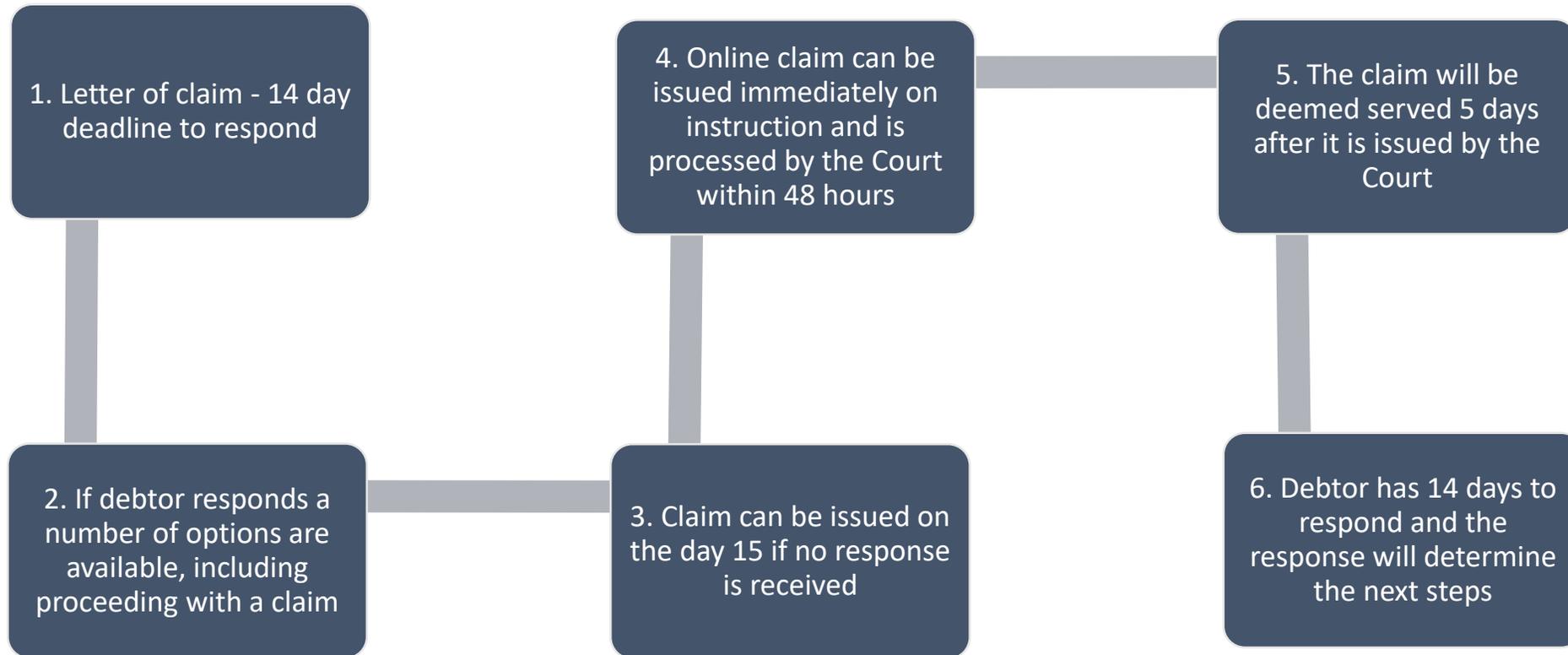
## General Approach

- Act fast.
- Don't be afraid to take Court action but always be mindful of the effect on Public Relations.

# Timescales - Individuals



# Timescales – Business



# International Claims

## Current State of Play

### EU

- For uncontested claims – parties can use the European Order for Payment process.
- For other claims, the standard money claim can be used subject to the relevant law and jurisdiction clause appearing in the contract.
- Service of any claim is arranged through the Foreign Process Section of the High Court (“FPS”) under the provisions of the Recast Brussels Regulation.
- The Recast Brussels Regulation provides for cross border agreements to enforce Judgments in other EU jurisdictions.

### Rest of the World

- Law and jurisdiction clause must still be incorporated into the contract.
- Service of any claim is still arranged through the FPS but under the provisions of the Hague Convention and/or the common law rules of the debtor’s country of residence.

# Brexit

## Transition Period

When the transition period ends, the process for pursuing claims in the Rest of the World will apply to debtors in the EU.

## Reciprocal Arrangements and UK's intention post Brexit

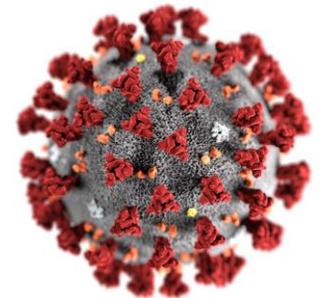
The UK Government has submitted an application to accede to the Lugano Convention (a convention that pre-dates the Brussels Regulation and the Recast Brussels Regulation). This will, in essence, provide the UK with the same cross border arrangements on service and enforcement as it has now save that parties need to be mindful of the reduced strictness of complying with exclusive jurisdiction clauses. In any event, this would be an improvement on the provisions of the Hague Convention and/or common law rules.

# COVID19 Temporary Legislation

- **Taking Control of Goods and Certification of Enforcement Agents (Amendment) (Coronavirus) Regulations 2020** – places restrictions on enforcement agents taking control of goods during the pandemic.
- **CPR PD 51Z the staying of possession proceedings** – Any proceedings brought by Landlords and/or charge holders are automatically stayed for a period of 90 days from the date this Direction came into force. Discussions are currently ongoing as to whether this should be extended past the 90 days.

# COVID19 Temporary Legislation

- **CPR PD 51Y Remote Hearings** - the court may direct that the hearing must take place in private where it is necessary to do so to secure the proper administration of justice, however they must be recorded where it is practicable.
- **Limitations from presenting winding up petitions** – can only be presented if the company was not effected financially by Covid.



# THANK YOU FOR LISTENING

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# **University Debt Recovery**

## **Future Challenges**

# Debt and student Mental Health



**Higher education UK students experiencing financial stress over debt presented worse mental health.**

**Students with higher debt or financial concern were more likely to smoke, drink excessively and use drugs.**



**Students with past debt were more likely to score positive for anxiety depression and report higher stress levels.**

Richardson T, Elliott P, Roberts R. The relationship between personal unsecured debt and mental and physical health: a systematic review and meta-analysis. *Clin Psychol Rev.* 2013; 2013.08.009

Richardson T, Elliott P, Roberts R, Jansen M. A Longitudinal Study of Financial Difficulties and Mental Health in a National Sample of British Undergraduate Students. *Community Ment Health J.* 2017 10597-016-0052-0

McCloud T, Bann D. Financial stress and mental health among higher education students in the UK up to 2018: rapid review of evidence *J Epidemiol Community Health* 2019;**73**:977-984.

# Debt and student Mental Health

“Evidence has arisen which suggests that the relationship between finances and mental health may in actual fact be **attributed to amount of stress about debt rather than actual debt**

(...)

that **greater stress about debt predicted greater anxiety, depression, stress** and poorer global mental health when examined cross-sectionally”

Richardson T, Elliott P, Roberts R. The relationship between personal unsecured debt and mental and physical health: a systematic review and meta-analysis. *Clin Psychol Rev.* 2013; 2013.08.009

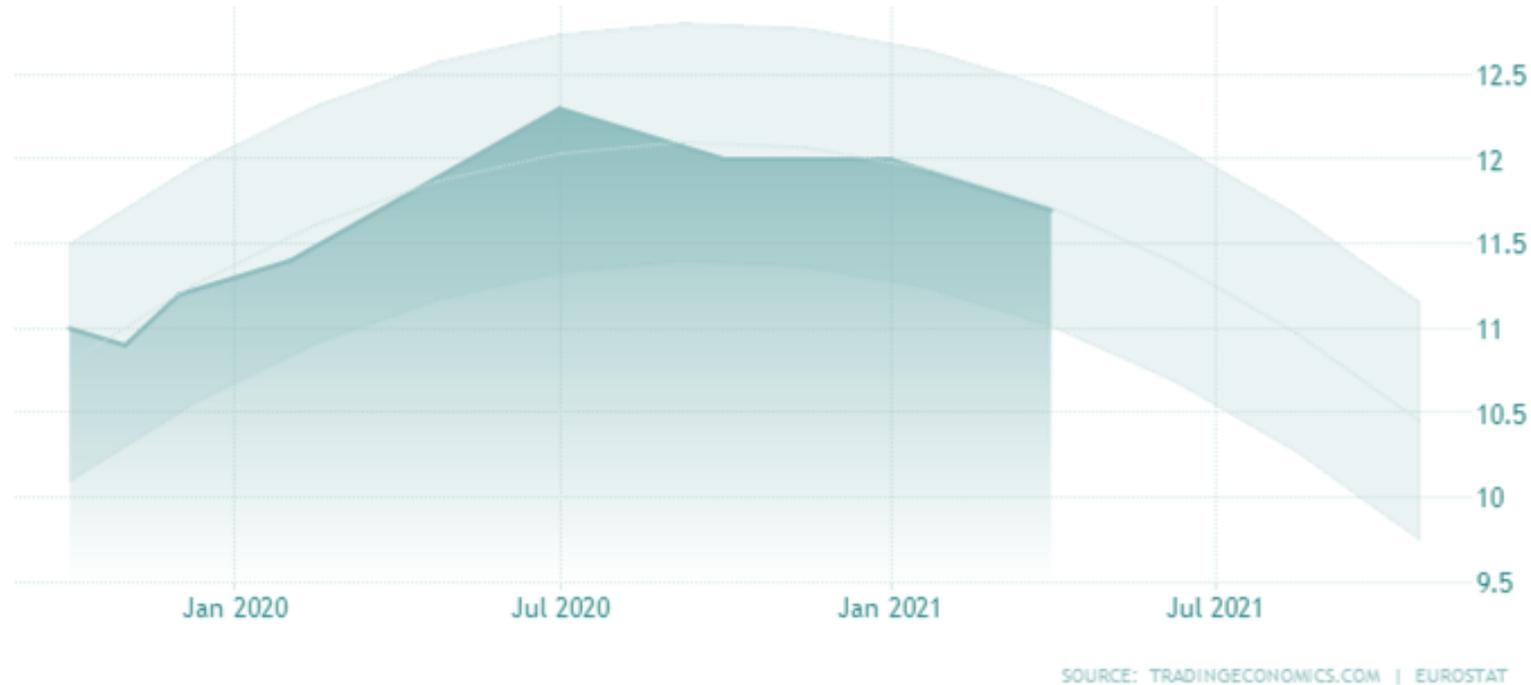
# Challenges



## Consequences:

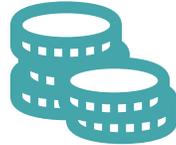
- **More latitude when dealing with debt issues. Bigger squeeze on finance**
- **Competition with other Universities. Who pressures and who doesn't. The "grapevine"**

## Falling incomes for those who study



**“Youth Unemployment Rate in the UK is expected to be 12.30% by the end of this quarter, according to Trading Economics global macro models and analysts expectations (...) and stand at 11.70 in 12 months time”**

# Rise of Mental Health issues and awareness and how to address



**More concern over indebtedness**



**Young people away from home with more concerns – return of COVID19 and threat to studies and social life**



**Greater need for trained, professional counselling - might have to deal with several issues at once**



**Greater need to segment vulnerability/affordability. Needs to be dealt with by specialist team (commercial considerations as well)**

# Are your communications strategies fit for purpose?

- Debt itself is the issue – being contacted about it the right way isn't.
- What is the right way? – Greater need for University flexibility in communications and multi-channel communications. Let the student decide and communicate everything via that channel. Self-serve tools a must.



- What are you saying? Poor contact strategies cause more problems.

# Communications are key

- Empathy and the encouragement to talk
- Communicate in the students preferred channel
- Clarity in consequences not vague threats
- A good example in the link (Oriol LUPC Launch event April 2018)
- <https://www.youtube.com/watch?v=87HNGnJ8KUY>

*We appreciate the impact that Covid 19 has had on many customers and businesses, so we want to reassure you that we are here to listen and to help work out a solution that benefits everyone.*

# Opportunities



**The rise of home-working - Can attract a different demographic e.g. older more experienced with “life skills” within compliant environment to deal with different treatment paths for people in difficulty.**



**Face-2-Face contact via video. Now established and will benefit some who prefer direct contact, albeit via a camera. Another digital channel. Can “tailor” the right “look” for this.**



**Time to be bold - Client Branded arrears management services (CBAMS)**



**Affordable monthly payments at no cost to University - FlexPay**

# Oriel Collections

## We make it easier for you

The Oriel logo consists of the word "oriel" in a lowercase, sans-serif font. The letter 'o' is a light teal color, while the letters 'r', 'i', 'e', and 'l' are a darker teal color.

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# Questions

