



Credit Control & Debt Recovery Policy

Revised January 2022

Most Deed of Conditions permit the factor to distribute an uncollectable debt amongst the remaining proprietors. PMC Property Management & Lettings ("PMC") will use its best efforts to limit bad debt.

Included in the new owner pack will be a statement that details PMC's credit control and debt management policy. Serious bad debts however may affect the undertaking of important repairs or regular services. It is therefore imperative that all debt is recovered, and PMC's credit control and debt management policy fully complied with.

The Deed of Conditions usually provides for the appointed factor to decide on the frequency and method of payment best suited to the management of each particular development. This information should be communicated to each owner.

To protect the interests of other owners PMC may apply for a Notice of Potential Liability on any property with an account that persists in arrears. In such instance, PMC will instruct its solicitors to draft and sign a Notice on its behalf, and thereafter arrange for this to be registered at Registers of Scotland.

Should the owner settle the outstanding debt, then he/she can ask PMC to discharge the Notice. The deed discharging the Notice will either be prepared by the solicitors for PMC or the owner. Regardless of who drafts the deed, PMC's solicitors will sign same on its behalf. Should the owner have no legal representation, then PMC's solicitors will draft the discharge deed and register same at Registers of Scotland. There is a fee of £150 plus VAT for executing the discharge deed, which is payable by the owner. The owner's solicitors should thereafter arrange to register the discharge deed at Registers of Scotland. PMC's solicitors should only become involved in discharging the Notice once full payment of (i) the outstanding debt; and (ii) their fee, and (if applicable) the registration dues, are remitted by the owner.

PMC's credit control and debt management policy will be engaged in order to recover the debt. PMC will issue its first warning communication (CC1) to the owner who is in arrears. The CC1 will outline the debt outstanding, and demand payment within 7 days. In line with PMC's credit control policy and debt management policy, we will apply an administration charge of £25.00 to owners who fail to respond to the CC1.

If payment is still not received within the next 7 days, PMC will issue the CC2 to the owner advising that their account has been debited £25.00, and that if PMC does not receive payment within next 7 days, it will issue a third document, namely the Final Demand (FD).



The Final Demand will advise the owner that if payment is not received within the next 7 days, then the debt will be passed to PMC's solicitors to raise court proceedings, with the proceedings to be served on the owner by Sheriff Officers. The FD will also outline that a further £25.00 administration charge will be debited to the account to take into account issuing this letter.

Should court proceedings be raised, then all subsequent costs both legal and judicial in pursuit of the debt will be charged to the owner's account. If appropriate PMC may seek decree and place an Inhibition on a property to try to secure a debt. The Inhibition will remain in place for five years, and on expiry of this period, can be renewed. PMC will only discharge the Inhibition if the owner remits payment in respect of all outstanding debt. PMC may also elect to carry out enforcement action in order to recover the sums due to them.

In line with PMC's final account procedure, when a final account is issued to a debtor, he/she will have 14 days from the invoice date to remit payment.

Should payment not be remitted within this timeframe, PMC will send a final reminder to the debtor, together with a copy of the original invoice issued. The debtor will be afforded a further 7 days to remit payment in respect of the total outstanding amount.

Should payment still not be received after this final reminder is issued, PMC will pass the debtor's account to its solicitors in order to commence debt recovery action. All subsequent costs, including legal and judicial costs incurred in pursuing the debt, will be charged to the debtor's account.

When dealing with a debtor who is in default or in arrears, it is essential that PMC continuously treats the debtor fairly, and ensures he/she is afforded a reasonable period of time to remit payment in respect of the debt. It is for this reason that the debtor is afforded a total of 21 days to remit payment before the matter is passed to PMC's solicitors to proceed with debt enforcement action.

When corresponding or engaging with a debtor, it is prudent that PMC alerts him/her that she is entitled to seek independent legal advice in this respect, with various non-profit debt advice bodies available to assist, including Citizens Advice Bureau and University Law Clinics.

Debts which are disputed will be dealt with under our Complaints Procedure, please see our website www.pmcproperty.com for the current version.



PMC Property Management & Lettings Ltd. is authorised and Regulated by the Financial Conduct Authority (Firm Reference No. 315094)
PMC Property Management & Lettings Ltd. is registered under the Property Factors (Scotland) Act 2011 (Licence Number: PF000100)
PMC Property Management & Lettings Ltd. is a Registered Letting Agent (LARN No 1909028)

PMC Property Management & Lettings Ltd. Registered in Scotland No. 156893. All Business is undertaken in accordance with our Standard Terms and Conditions of Trading.
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