# DEBT MANAGEMENT POLICY

## Purpose

This policy sets out how the University applies common principles and takes a clear and consistent approach to debt management and income collection for all services.

To provide a framework for collection of debt owed to the University in a timely manner and minimise the risk of non-payment, the University needs to ensure that effective cash collection procedures are in place to manage its financial resources.

## Debt Collection Cycle

1. Students who fail to pay by the payment due date (see Payment Deadlines and Arrangements Policy), will enter into the Debt Collection Cycle. If a student defaults on an agreed payment plan, they will also be entered into the cycle. There are to be at least 14 days between each stage.

2. Stage 1 & 2 – Polite reminder email

    2.1. Student advised to pay the proportion of fees due or to contact the Income and Credit Control Officer submitting reasons why they have failed to manage their financial responsibilities with the University thus far, supported by appropriate evidence.

    2.2. At stage 2 (or stage 1 if relating to a payment plan default), a finance stop will be applied to the student account and its implications will be explained to the student.

3. Stage 3 – Strong reminder letter signed off by Financial Controller or Head of Finance and Policy having reviewed the student account.

    3.1. Student advised to pay or submit reasons in writing to the Income and Credit Control Officer explaining why they have failed to manage their financial responsibilities the University thus far, supported by appropriate evidence. The letter will include:

        3.1.1. Warning that a late payment charge may be applied to the student's account

        3.1.2. Failure to pay will result in referral to debt collection agency

        3.1.3. The University may consider raising court action

        3.1.4. Failure to pay may have a negative impact on the student's credit rating

4. Stage 4a (failure to pay and no reasonable justification) – Referral to ACT Credit Management.

    4.1. If deemed economically appropriate (depending on the debt amount), the final stage of ACT's processes would be to seek court action which would result in a CCJ (Country Court Judgement) against the student.

5. Stage 4b (failure to pay with potentially reasonable justification)

5.1. If at Stages 1-3 a student provides a reasonable justification for not paying by the deadline(s), with supporting evidence, the Income and Credit Control Officer will refer the case to the *Student Finance Committee*.

5.2. The *Student Finance Committee* will consider the student's case with reference to:
5.2.1. Likelihood of student making payment
5.2.2. The student's past payment history
5.2.3. Whether the student can produce evidence of a clear intention to pay the debt
5.2.4. Any extenuating circumstances

5.3. If the *Student Finance Committee* decides that the referred case has merit, it has the following pecuniary tools at its disposal:
5.3.1. An extension to the standard payment plan terms of up to 2 months.
5.3.2. Financial assistance through the Student Hardship Fund.

5.4. The outcome of the decision of the *Student Finance Committee* will be communicated in writing to the student and they will re-enter the Debt Collection Cycle where they were (i.e. at the same stage).

5.5. Students may also contact Student Affairs (at studentaffairs@richmond.ac.uk) to enquire about their Student Hardship Fund eligibility.


## Tuition Fee Debts

6. Students with a tuition fee debt will receive a series of reminders as set out in the paragraphs above, informing them of overdue balances.

7. Continued non-payment will lead to withholding of access to selected services and facilities (library, building access, computer access). Debtor status relating to tuition fees will affect a student's ability to re-enrol, graduate or receive/request official transcripts.

## Non-Tuition Fee Debts

8. Non-tuition fees include library charges, examination and submission fees, other fines and penalties.

9. Non Academic sanctions are not applied to non-tuition fee debts. Students are to liaise with the relevant departments to resolve outstanding issues.

## Bad Debt

10. At each year-end, a provision must be made for all of the outstanding debts with relation to their likelihood of recovery. Debts shall be shown in the year-end accounts under the following characteristics:

| Debts under 1 year old and deemed recoverable by Income and Credit Control Officer (based on communications etc.) | - No effect on year-end accounts |
|---|---|
| Debts under 1 year old and deemed doubtful or debts between 1-2 years old | - 'Provided for' in the accounts |
| Debts over 2 years old, or on advice from the debt collection agency that the debt is not recoverable | - 'Written off' in the accounts |

11. 'Provided for' means that the debt remains in the year-end accounts but a corresponding expense is recognised.

12. 'Written off' means that the debt is removed from the year-end accounts. Usually this has no effect on the surplus/deficit of the University as this happens when the debt is 'provided for'.

13. Bad debt provisions or write offs do not affect student accounts, the debt still appears on their student account reports and are pursued through the debt collection cycle as normal.

14. The DVC: Finance and Operations or Designee will sign off on all bad debt provisions and debt write offs at each year-end.

15. This policy shall be reviewed annually to ensure that it reflects current accounting practices and financial risks faced by RAIUL.

### Complaints and Appeals

16. Students who are dissatisfied with a non-academic related experience or service can follow the link to the Complaints and Appeals Policy on our website under [University Policies](University Policies) .

# VERSION MANAGEMENT

| Responsible Department: | | | |
|---|---|---|---|
| **Approving body: Academic Board** | | | |
| **Version no.** | **Key Changes** | **Date of approval** | **Date of effect** |
| 001 | | 22.8.2022 | 01.09.2022 |
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| | **Restricted access?**<br>*Tick as appropriate* ☐ **Yes**     ☐ **No** | | |