

Collections Policy

StepLadder Solutions Ltd

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1. Objective

The objective of this policy is to ensure that money owed under peer-to-peer lending groups or “Circles” administered by Step Ladder Solutions Ltd (“StepLadder”) are collected as soon as possible using efficient, effective and fair debt recovery procedures, with all processes and procedures compliant with the requirements of CONC 7 of the FCA handbook.

The aim is to:

- Ensure prompt reminders in the event of a missed direct debit;
- Encourage early contact;
- Ensure that alternative payment method is available to recover unpaid direct debit payments;
- Ensure that all statutory notices are issued on time (see **Appendix 2**);
- Protect the integrity of Circles.

2. Scope

The policy covers all StepLadder Circles including, but not limited to, First Step, Home and Partner Circles. Defined terms have the meaning given in StepLadder’s Member Agreement.

3. Policy Statement

StepLadder will have rigorous Collections processes for the recovery of unpaid monthly direct debit payments by customers, called “Members” by StepLadder. The low appetite for risk and the use of “Credit Builder” status for some higher risk customers will be reflected in the approach to recovering outstanding instalments. For more information, please see Credit Policy.

Customers (i) who have not yet been Drawn, or (ii) who have Drawn but not used their “Draw Total” for the stated Purpose of the Circle, will have the option to “Drop Out” of the Circle and terminate their Agreement. This is a sole outcome, but will be executed through separate processes.

Credit Reference Agency information may be accessed to assess the performance of a customer’s other credit commitments and the impact of them on their ability to make missed payments or enter in to an alternative arrangement to repay them.

4. Context

- 4.1. StepLadder has a legal duty to recover all sums due efficiently and effectively. This policy ensures that collection methods are fair to all debtors, especially those on lower incomes than when they entered the Agreement.
- 4.2. StepLadder recognises that people do not pay their debts for a variety of reasons.
- 4.3. Some people may be able to pay but do not pay because of oversights or personal difficulties, which are not a deliberate decision to avoid or delay payment. StepLadder will seek to help such people develop a culture of payment by providing an alternative way to pay by online payments to MangoPay.
- 4.4. Some people, may experience temporary hardship due to the local or national economic climate or cash flow problems. StepLadder will endeavour to help by offering Drop Out, choices for repayment and support, or onward referral to free debt services where appropriate.
- 4.5. Some people may deliberately set out to delay or not make payments, especially after they have been Drawn and used the Draw Total for the Circle Purpose, and all methods of enforcement will be used to secure payment in these cases. In the event that the Member has not used the Draw Total, they may be encouraged to Drop Out of the Circle as an alternative, removing their commitment to make further payments.
- 4.6. Where payment difficulties arise, the need for customers to get in touch is central to the Policy. Where a person makes contact, their circumstances will be considered with a view to agreeing a reasonable payment arrangement-- minimising recovery action and helping to alleviate hardship. Where contact is not made or repayment arrangements not followed, recovery action will continue.

5. Making Payments

- 5.1. The funds reach MangoPay by Direct Debit, instructed by StepLadder or Bank Transfer instructed by the Member, by the due date to ensure recovery action is not triggered by StepLadder.
- 5.2. Instalments or repayment arrangements must be adhered to unless prior consent is given for a variation. Where these arrangements are not adhered to the full amount will become due.

6. Drop Out

- 6.1. An option for Members is to opt-out as Drop Out, defined in 3 (above). In the event of Drop Out, they will not receive payments that they have made up to that point until the Circle Ending Date. This action can be initiated by any qualifying Member at any time.
- 6.2. In the event that the customer wishes to receive their payments before that date, StepLadder will agree to do so if sufficient funds are available within the Circle and such repayment will be subject to a Settlement Fee equivalent to the sum of the Administration Fees which would have been applied to instalments due to complete the Circle Terms, but which have not been paid.

7. Recovery Process

- 7.1. When a single monthly instalment is missed, StepLadder will issue a reminder for payment (see Email 1 below).
- 7.2. If payment is not made or the customer does not make contact there will be attempts made to contact the customer by telephone, SMS and email for the duration of the first 30 days of arrears. See **Appendix 1** – Collections Strategy, including Email 2.
- 7.3. If the second monthly instalment is not received, a further reminder will be issued and telephone contact attempted throughout the month. This reminder will be accompanied by a NOSIA (see **Appendix 2**), when applicable, and will inform the customer of the need to remedy the missed payment or make immediate contact to discuss the repayment of arrears.
- 7.4. When the third consecutive monthly instalment is missed, or the Member's Reserve is at zero balance, a Notice of Default (see **Appendix 3**) will be issued, accompanied by a NOSIA, if appropriate.
- 7.5. If no repayment is received and no contact has been made with the customer, the outstanding monthly instalments may be passed to a Debt Collection Agency to recover on a contingent basis.
- 7.6. If this is not successful within the shorter of (i) End of Circle Term or (ii) a period of 180 days, the outstanding balance will be written off.

8. Write offs

- 8.1. When all attempts to collect outstanding debt have been exhausted StepLadder will take action to write these amounts off.
- 8.2. Accounts will only be recommended for write off when there is evidence that all appropriate actions as contained within this policy have been taken including an assessment of whether the debt is uneconomical to collect.
- 8.3. All write offs must be agreed in advance by More Lending Solutions, in its capacity as Regulatory Principal.

9. Treating Customers Fairly

- 9.1. Collection activity is undertaken in a responsible manner with extra consideration given to those with mental capacity limitations and with all borrowers in arrears being recognised as potentially vulnerable consumers.
- 9.2. When undertaking debt collection activity, we will:
 - 9.2.1. Not use oppressive or intrusive collection procedures.
 - 9.2.2. Not bring unreasonable pressure to bear on the borrower in default of payment.
 - 9.2.3. Not act in a manner in public intended to embarrass the borrower.
 - 9.2.4. Be circumspect and discreet when attempting to contact the borrower.

- 9.2.5. Ensure that all attempted contacts with borrowers are made at reasonable times and at reasonable intervals.
 - 9.2.6. Unless instructed otherwise, accept all reasonable offers by borrowers to pay by instalments, provided acceptable evidence of non-ability to pay is given.
 - 9.2.7. Not use improper means to obtain the telephone number and address of a borrower
 - 9.2.8. Treat all information supplied as private and confidential unless specific authorisation has been given by the borrower to disclose information to third parties.
 - 9.2.9. Not pressurise borrowers to sell property or to raise funds by further borrowing.
 - 9.2.10. Not falsely imply by written or verbal means that criminal proceedings will be brought, nor that civil action has or will be instituted.
 - 9.2.11. Ensure that any of our collectors who use pseudonyms can be identified.
 - 9.2.12. Have due regard and deal sensitively with individuals where evidence has been given, or it is apparent that the individual is incapacitated by mental or physical disability, or the borrower is otherwise vulnerable.
 - 9.2.13. Offer maximum co-operation with the borrower's nominated or chosen Third Party.
 - 9.2.14. Encourage borrowers in financial difficulties to inform us of their difficulties and then respond sympathetically and positively on the evidence provided.
 - 9.2.15. We will limit our attempts to contact a borrower to three times per day, and wherever possible we shall try to pre-arrange such contact with the borrower at a time which is convenient for them. When contacting a borrower we shall in the first instance use the means which they have specified they wish to be contacted by, and where there is no response within 24 hours we shall try an alternative method of contact.
 - 9.2.16. Each borrower shall be treated as an individual case and we believe that debt collection does not have a 'one size fits all' approach. Instead each borrower should be managed based upon the information known to the firm, but at all times in accordance with the principles of this policy.
- 9.3. We shall only use our standard documentation in respect of debt collection letters unless the correspondence has been otherwise approved by us. All interaction and correspondence with the borrower shall be accurately recorded by us.

10. Policy Sign-off

For, and on behalf of	StepLadder Solutions Limited Appointed Representative	More Lending Solutions Limited Principal Firm
Signature		<i>Peter Tayler</i>
Name		Peter Tayler
Title		Head of Compliance
Date		19/05/20

11. Change Control

Date	Version	Details Of Changes Made	Modified by
11/05/20	0.1	First policy drafted	Alan Milne
13/05/20	0.2	Revised policy	Lucy Mullins
19/05/20	0.3	Revised policy	Peter Tayler

Appendix 1 – Collections Strategy

Day 3: Email 1 to Member

Day 7: Phone Call to Member to draw attention to email and discuss late payment

Day 10: Email 2 to Member

Day 15: SMS 1 to Member

Day 31 – issue of Notice of Sums in Arrears (NOSIA) as two consecutive payments have been missed – see **Appendix 2, sent by e-mail and post**

Day 40 – Phone call to Member to check they have received notification

Day 60 – Default Notice – **see Appendix 3, sent by e-mail and post**

Day 75 – Option to transfer to DCA on contingency basis

Day 90 – Issue of NOSIA (where no payment has been received)

Day 120 – review for NOSIA requirement

Day 150 – review for NOSIA requirement

Email 1:

Dear _____

We hope you are enjoying being a member of StepLadder. We noticed that you missed your payment this month, but don't worry we have a couple of options for you to make a catch-up payment.

Option 1:

We can instruct your direct debit mandate to pay off any outstanding payment on the next scheduled payment date

Option 2:

You can pay the outstanding payments by bank transfer. You will need to contact us to provide the specific details you need to complete the payment.

Please let us know which option you prefer.

Email 2

Dear _____

We have been trying to get in touch with you as we have not received the payment for your StepLadder Circle this month.

You have an outstanding balance of £xx.

You have two options to make this payment:

Option 1:

We can instruct your direct debit mandate to pay off any outstanding payment on the next scheduled payment date

Option 2:

You can pay the outstanding payments by bank transfer.

Let us know which option you prefer and I'll confirm the details.

If you are experiencing financial difficulties or have any questions, please get in touch so we can discuss your options.

SMS 1

You have an outstanding balance due to your StepLadder Circle. Please check you emails or contact the StepLadder Team on 0333 880 1658 to discuss this matter as soon as possible.

Appendix 2 – Regulatory Documents:

Notice of Sums in Arrears

Customer Name	StepLadder Solutions Limited
Customer Address	41 Luke St.
Customer Address	London EC2A 4DP
Post Code	
Date	Agreement no xxxxxxxxxxxx

Dear _____

NOTICE OF SUMS IN ARREARS

We have been trying to get hold of you because you have missed two consecutive payments due under your agreement with StepLadder.

The Consumer Credit Act 1974 requires us to send this notice because you have missed these payments.

If you have not already done so, please contact us to discuss your missed payments as we would like to help you with any financial difficulty you may be experiencing.

The payments that have been requested are:

Payment Due Date	Fixed Monthly Contribution
[01 March 2020]	[£50]
[01 April 2020]	[£50]
Applicable Fixed Monthly Contribution Outstanding	[£100]

Missed and partly missed payments

This notice does not give details of missed payments previously notified whether or not they remain unpaid.

Default Sums and Interest

You may have to pay default sums, but will not incur any interest, in relation to the missed or partly made payments referred to in this notice. Please contact us if you would like further details. This notice does not take account of any payments received after the date of the notice.

Notices

For as long as you continue to be behind with your payments by any amount, you will be sent notices about this at least every six months. We are not required to send you notices more frequently than this, even if you get further behind with your payments in between notices.

Financial Conduct Authority Information Sheet

This notice includes a copy of the current arrears information sheet prepared by the Financial Conduct Authority. This contains important information about your rights and where to go for support or advice., for example to think carefully before borrowing money to repay debts as well as our right to charge you interest. If it is not included you should contact us to get one. Please refer to the Financial Conduct Authority information sheet for more information about how to get advice on dealing with your debt.

Please contact StepLadder on 0333 880 1658 or by email on membership@step-ladder-solutions.com.

Arrears – peer-to-peer lending

Information sheet
No.001

If you are behind with payments and have received an arrears notice here is some important information to help you.

Don't ignore the problem

- Work out how much money you owe. To do this, you will need to make a list of all the organisations you owe money to. A debt adviser can help you.
- Contact the peer-to-peer (P2P) platform you owe money to. Let them know you are having problems. They may be able to discuss options for paying back what you owe.
- Get free help and advice. Your rights and options depend on the type of agreement, and the law can be complex. You can get free independent help and advice from a number of organisations – see over for details.
- Put priority debts first. Some debts are more urgent than others because the consequences of not paying them can be more serious than for other debts, for example, mortgage, rent, council tax/ rates, or gas or electricity arrears. A debt adviser can help you to budget to keep your finances under control.
- Think carefully before borrowing money to repay debts. Get advice before borrowing against your home – you will pay more in the long run and you risk losing your home.
- You may be able to ask a court for more time to repay a debt – but only in some circumstances. Speak to a debt adviser before considering court action. Keep copies of letters and emails in case these are needed by the court.

Doing nothing could make things worse

- You could end up paying more in interest and charges. Missed payments could affect your credit rating and make it more difficult to get credit in future. If you continue not to make payment, this could lead to legal action against you for repayment.

See over for details of where to get help and advice.

Help and advice

You can contact the following not-for-profit organisations for free, confidential and impartial debt advice, or for details of where to get such advice in your area.

Money Advice Service

For free, unbiased and easy-to-access money tools, information and advice, visit www.moneyadvice.org.uk or phone 0800 138 7777 to speak to a Money Adviser.

Money Advice Scotland

If you live in Scotland, phone 0141 572 0237 or visit www.moneyadvice.scotland.org.uk to find contact details for debt advice in your local area.

Citizens Advice

For advice and information on debt and other topics, visit your local Citizens Advice (address in the phone book) or go to www.citizensadvice.org.uk.

Citizens Advice Northern Ireland

If you live in Northern Ireland, phone 0800 028 1881, email debt.advice@citizensadvice.co.uk or visit www.citizensadvice.co.uk for debt advice.

Citizens Advice Wales

If you live in Wales, you can call Adviceline on 0300 330 1313 if you want to speak to someone about your debts. Calls cost 12p per minute from a landline, and from 3p to 45p from a mobile or visit www.citizensadvice.org.uk/wales/debt-and-money/help-with-debt/get-help-with-your-debts/get-help-with-your-debts.

AdviceUK

Member centres offer debt advice including specialist advice for minority communities and people with disabilities – www.adviceuk.org.uk or phone 0300 777 0107.

Christians Against Poverty (CAP)

For free debt advice in your home, check post code coverage at www.capuk.org then call 0800 328 0006.

National Debtline

If you live in England, Wales or Scotland phone 0808 808 4000 or visit www.nationaldebtline.org for debt advice and information.

StepChange Debt Charity

For debt advice throughout the UK phone 0800 138 1111 or visit www.stepchange.org.

Other useful organisations

Civil Legal Advice

You may get legal aid if your home is at risk. Check at www.gov.uk/civil-legal-advice or phone 0845 345 4345.

Financial Ombudsman Service

If you have a complaint that you can't resolve with your lender, the Financial Ombudsman Service may be able to help – phone 0300 123 9123 or 0800 023 4567 or visit www.financial-ombudsman.org.uk.

Appendix 3 – Regulatory Documents:

Default Notice

Customer Name	<i>Parties to Agreement</i>	StepLadder Solutions Limited
Customer Address		41 Luke St.
Customer Address		London
PostCode		EC2A 4DP

Date

IMPORTANT – YOU SHOULD READ THIS CAREFULLY

Agreement Number xxxxxxxxxx
StepLadder Circle Number xx
Balance: [£500.00]
Arrears: [£300.00]

This is a DEFAULT NOTICE served under section 87(1) of the Consumer Credit Act 1974

We have been trying to contact you as you are in breach of your agreement with us. You have failed to make missed payments totalling **£300.00**.

We therefore require you to remedy the breach by making this payment by **DD MMMM 2020 [+14 days]**. Please get in touch so we can help you do this. If you are experiencing financial difficulties and can't make the payment, then it's still really important you get in touch so that we can find a solution.

IF THE ACTION REQUIRED BY THIS NOTICE IS TAKEN BEFORE THE DATE SHOWN, NO FURTHER ENFORCEMENT ACTION WILL BE TAKEN IN RESPECT OF THE BREACH

IF YOU DO NOT TAKE THE ACTION REQUIRED BY THIS NOTICE BEFORE THE DATE SHOWN, THEN THE FURTHER ACTION SET OUT BELOW MAY BE TAKEN AGAINST YOU

We will terminate the Agreement by written notice to you

We will require you to make an immediate payment of the balance of [£500.00]

We will consider sending your Agreement to a Debt Collection Agency to collect on our behalf

IF YOU HAVE DIFFICULTY IN PAYING ANY SUM OWING UNDER THE AGREEMENT OR TAKING ANY OTHER ACTION REQUIRED BY THIS NOTICE, YOU CAN APPLY TO THE COURT WHICH MAY MAKE AN ORDER ALLOWING YOU OR ANY SURETY MORE TIME. IF YOU ARE NOT SURE WHAT TO DO, YOU SHOULD GET HELP AS SOON AS POSSIBLE, FOR EXAMPLE, YOU SHOULD CONTACT A SOLICITOR, YOUR LOCAL TRADING STANDARDS OFFICE OR YOUR NEAREST CITIZENS ADVICE BUREAU.

IF YOU ARE UNABLE TO BRING THE AGREEMENT FULLY UP TO DATE WITHIN 14 DAYS, YOUR AGREEMENT MAY BE UPDATED TO A DEFAULT STATUS AT A CREDIT REFERENCE AGENCY, WHICH MAY AFFECT YOUR ABILITY TO OBTAIN CREDIT IN THE FUTURE.

Please contact StepLadder on **0333 880 1658** or by email on membership@step-ladder-solutions.com