



DEBT MANAGEMENT POLICY

The Board of Director's approach and procedure to managing the due and unpaid Service Charges and other amounts owed by the property owners in Nocton Park under the covenant on their property

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1. Purpose

The purpose of this policy is to provide clear procedural and governance guidance for the management and recovery of Service Charges (SC) and other financial obligations due from property owners within Nocton Park, as arising under covenants registered against their properties or terms set out in flat leases.

This policy sets out the responsibilities of the Board of Directors of NPML, who have both legal and fiduciary duties to act in the best interests of NPML and its shareholders. These duties include the effective and fair recovery of all sums due to the Company to protect the financial stability of the estate and ensure the equitable application of funds for the benefit of the wider community.

This document outlines the approach that the Board of Directors will adopt in cases of non-payment or partial payment of SC or any other legally recoverable sum, and informs property owners of the consequences of failing to meet their obligations.

2. Objective

The objective of this policy is:

“To ensure that all sums contractually and legally due from property owners — including but not limited to Service Charges and any additional sums levied under leasehold or freehold covenants — are effectively managed, pursued, and recovered in accordance with the rights conferred upon NPML under law, covenant, or contract, for the benefit of the Company and the wider Nocton Park community.”

3. Expected Policy Outcomes

This policy seeks to:

- Establish the guiding principles of debt management for NPML.
- Provide a clear and enforceable framework for the Board in managing debt.
- Ensure consistent and fair treatment of all debt cases across the community.
- Increase transparency for property owners on the steps that will be followed in cases of non-payment.
- Ensure appropriate consideration is given to individual financial hardship before legal proceedings are commenced.

4. Roles and Responsibilities

i. Board of Directors

The Board of Directors is responsible for determining and approving all amounts due under SC and other obligations. The Board is also responsible for all decisions relating to the application and enforcement of this policy.

ii. Managing Agent

The Managing Agent, acting under the authority of the Board, is responsible for implementing debt recovery procedures, providing administrative support, and offering professional advice to the Board where required. Complex matters or substantive disputes will be referred back to the Board for decision.



5. General Principles

The policy operates under the following principles:

- Enforcement will be conducted in a professional, consistent, and timely manner.
- Payment by instalments is at the sole discretion of the Board and does not create a right for property owners.
- Internal coordination and accurate debtor record-keeping is essential.
- Prompt recovery of sums due improves NPML's financial position.
- All recovery action will be compliant with relevant legal and regulatory obligations.
- Individual circumstances (e.g. inability versus refusal to pay) will be considered.
- Debtors may be encouraged to seek independent financial advice where appropriate.

6. Service Charge and Other Financial Demands

i. Annual Service Charge Notices (SCN)

The Board will provide advance notice to the community of anticipated SCN for the following year by the end of the current calendar year. Formal SC Notices will be issued by mid-January.

Payment Terms (unless otherwise agreed by the Board):

- **Shareholders (Freehold Properties):**
50% due by 01 April, remaining balance by 01 September. Alternatively, monthly instalments are permitted at the Board's discretion and paid in the 1st working day of the month and provided the annual amount is paid in full by year-end.
- **Shareholders (Leasehold Flats):**
Same as above. SC includes a contribution to the flats' sink fund.
- **Peter Sowerby Properties (non-shareholder properties):**
Full SC payable within 14 days of notice. An additional 2 days' grace will be allowed for postal delays. No automatic right exists for split or deferred payments.

Failure to adhere to the agreed payment terms may result in the withdrawal of any prior agreement to pay by instalments.

ii. Building Capital Maintenance (Leasehold Flats)

Where costs exceed the flats' sinking fund, the Board may, in accordance with the lease terms, raise additional contributions from leaseholders, either via Section 20 consultation (if over £250 per flat) or direct demand (if under £250).

- Demands will be issued within 14 days of project completion (extendable in exceptional cases).
- Payment is due within 28 days of demand. Failure to comply may trigger Stage One of the Debt Recovery Procedure.



7. Acceptable Payment Methods

The Board will accept the following payment methods:

- Standing Order
- Single Bank Transfer
- Cheque

Please note: Credit/debit card payments and cash are not accepted.

8. Board Categorisation of Unpaid Debts

The Board will categorise non-payment as follows:

- **(i) Oversight:** Where the property owner wishes to pay, an extension may be granted. If the revised deadline is missed, formal recovery will commence.
- **(ii) Inability to Pay:** Consideration will be given to affordability. The Board retains discretion to agree revised terms but must safeguard NPML's financial stability.
- **(iii) Refusal to Pay:** Where there is clear evidence of refusal or non-engagement, formal recovery will proceed without delay.

9. Debt Recovery Procedural Stages

Stage One – First Reminder Letter

- A reminder will be sent via email or post
- The property owner has 21 days to respond or make payment in full. They will be encouraged to contact the Managing Agent for assistance should the debt not be able to be repaid by the stated deadline.
- Please note that a £75 administration fee may be levied if escalation to Stage Two becomes necessary - this will be at the absolute discretion of the Board of NPML and will usually be added.

Stage Two – Final Reminder Letter

If no payment is made, a final reminder will be issued via recorded delivery. The letter will:

- Provide a final 21-day deadline.
- Notify the owner of potential legal action via the County Court.
- A £75 Debt Recovery Charge will be added to cover the administration of the debt management
- Detail the possible addition of court costs and statutory interest.

Only in exceptional circumstances will recovery costs be waived.



Stage Three – County Court Claim

If payment is not received or no acceptable agreement reached:

- A formal County Court claim will be lodged. Additional debt recovery charges to cover the administration the claim will be added.
- The claim will rely upon the contractual covenant and/or lease terms.
- The defendant (property/lease owner) may respond or contest the claim.
- NPML will make clear to the Court that it is relying on legally binding documents signed at point of sale.

Stage Four – Court Hearing

If the matter proceeds:

- A District Judge will hear the case and review evidence.
- NPML will seek to recover the principal sum, all reasonable costs, and demonstrate that the covenant supports its claim.
- An application for additional costs may be made in cases of unreasonable defence.

Stage Five – Post-Judgment Enforcement

If judgment is awarded in favour of NPML:

- The defendant will have 30 days to pay in full.
- If unpaid, the County Court Judgment (CCJ) will remain on the defendant's credit file for six years.
- NPML may instruct a debt collection agency and/or apply for a charging order on the property to secure the debt.
- Additional enforcement costs will be added to the balance owed.

10. Doubtful or Bad Debts

NPML will not write off any debts except in exceptional cases where:

- Pursuing the debt is disproportionately detrimental to NPML's interests, and;
- A full Board resolution is passed following professional advice.

Bankruptcy or debt relief proceedings do not extinguish NPML's interest in the debt, which remains secured by the covenant on the property or lease.

11. Policy Review

NPML will look to review this policy on an annual basis or when the Board see fit as needed.