

Debtor Report February 2015

Since I took over this role in July last year I have had 6 meetings with Resortalia Recovery department, daily email updates, many telephone conversations and meetings with Debt collection agencies and used my knowledge in obtaining money when running my own businesses. I have tried to bring this experience to the table in helping the community and Resortalia in a more pro-active approach in collecting debts.

I am at last beginning to understand the process as it is complicated for a non-Spanish person to grasp the bureaucracy surrounding the various lists of debtors that stem across more than a dozen countries.

I have not looked into PW, Banks or Company debts at this stage, but have concentrated on individual owners. The following is what has been implemented and results where possible.

1. **INTRODUCTION LETTER:** In October 2014 I sent no-reply email to every owner introducing myself and explaining what procedure's we were going to implement in recovering unpaid community fees. The results were a little disappointing I have to say, in that many owners responded who were not in debt and only a handful of actual debtors made contact, 2 of which entered into a payment plan and 1 paid off in full.
2. **PAYMENT PLANS:** I set out a payment plan calculation for Resortalia to administer without the delaying process of getting Ron and my acceptance every time a proposal was requested. This enables them to make a decision with the owner whilst speaking to them at the time on the phone rather than losing the higher ground and having to go back to them at a later date. This is working even though we have a relatively small number of debtors opting for a payment plan. We have entered into payment plans with 17 owners, keeping to the agreed settlement terms. There are a further 9 owners who have partially paid but not entered into a plan but have promised to pay. We are looking closely at these and will be put into an advanced recovery process.
3. **COURT CLAIMS:** No debtor had been taken to any court in the UK, a lot of time was spent speaking and understanding the on-line court process which can only be done in this way if the owner's main residence is in England and Wales only. Myself, Resortalia Recovery and legal departments worked through this and decided to carry out test cases in varying stages of debt, reported to the committee in November 2014. A sterling Bank Account was made available and a UK address purchased to issue on-line court claims. In early December 2014, 6 debtors were identified, in late December a further 7 were identified, the court protocol meant we had to send them a `A Notice before Proceedings` warning of court action by both email sent by Resortalia and by recorded delivery letter from UK by me. The results were interesting from this notice as, 1 owner's letter was returned not at this address, 2 owners paid in full, 4 owners entered into a payment plan, 5 owners did not respond and in late January 2015, on-line court forms were completed and issued against these five owners. It is too early to report on the results of these test cases yet. On the other hand, before the AGM

2014 a total number of 131 Claims had been presented at the Spanish Court, after the AGM 2014 a further 66 Monitorios have been presented.

4. **DEBT COLLECTION COMPANIES:** There are many agencies around the world offering various collection methods. I identified an Association who recommends member agencies in countries throughout the world we can use.

Country breakdown of debtor's (approximately as changing daily)

Ireland 17

Belgium 5

France 3

Germany 1

Norway 1

UK 60

USA 1

Venezuela 3

Spain 90 including 30 with addresses in Sucina

We are intending to send 'Notice before further action' to all debtors in the above countries.

I looked into Debt collection companies in the UK and Ireland and spoke to many, all of whose methods were similar in the collection process. Having short listed various companies Ron and I went to meet our favoured partner in Macclesfield where we were able to establish sufficient information as they were fully knowledgeable and had been established for some 22 years. They work on a no win no fee basis, £350 admin cost up front originally based on 30 files to start with which we could give them over a period of time. Successful files they charge a 10% fee, further charges would be £95 for tracing, only if successful, and court fees. We would not be able to add their fees onto the court claim. One thing that did come up was they thought the 6% interest fee was low as the courts would automatically add 8% and it was not uncommon to charge 12%. Would the committee consider altering this to 8%, presumably it would be an AGM vote?

I am also in negotiation with Companies in Ireland, where the process is somewhat laboured compared to UK.

5. **NOTICES:** Before we pass any files onto our debt collection companies I wanted to establish we have done everything possible in obtaining outstanding fees. Resortalia produced a list of 30 debtors we could pass onto Jack Russell Debt Collection Ltd, and a further 33 outside of UK (yet to be sent out). Before passing onto the 30 UK owners and involving us in fees and costs we sent a 'Notice before Further Action'. This notice was worded differently from the 'Notice before Proceedings' regarding court claims. This I feel has been successful, as 23 did not respond, 7 entered into a payment plan or paid the arrears in full, a direct debit was set up with these owners for future fees, 2 could not pay until property was sold. Both notices attached.

6. **INCOMPLETE OWNERS ADDRESS:** Having looked at the various lists it was clear the records of ownership were far from being up to date. At the beginning of this January, a letter was sent out to 226 owners (some of which were debtors) whose full details we did not have, we have had 80 replies, and in all cases we did not have the full postal address in the first place. A successful outcome for no outlay, so we are now sending reminders to the 146 who did not reply.

As well as the above I looked at specialist tracing firms but felt this was quite an expensive exercise to find more than 70 plus owners who were in serious stages of debt. I found an online company for only £6.98 where we could use their standard system over a period of 4 days only. I am pleased to say we have met with some success as the following results show.

We selected debtors without full address, e-mail address, and/or phone number.

73 owners were selected for the trace, 47 were located in the database of the webpage.

Out of the 47, by using contrast data from our own records, notes already petitioned, and social networks (Facebook, LinkedIn, etc.) we obtained new information for 25 of them.

This includes owners for whom we did not have an address, owners for whom we had an address but it seems was not up to date, and owners for which we have been able to obtain a landline number (the page rarely gave landline numbers though).

The remaining 22 were also found but no new data was obtained (they remain in the same address, no landline was obtained at all, or if it was we already had it).

Therefore in gross numbers we can say

73 went into the process

25 successful

22 partially successful

26 unsuccessful

The trace was conducted using the most basic service of the page which just provides info on the address, the people living in said address and, very rarely, landline numbers.

We are now looking at a premium service and its costs to include the unsuccessful and partially successful.

We need to consider whom we pass onto the debt Collection Company or a tracing company if we use one, something we intend to look at closely over the next few weeks.

7. **UNTRACEABLE OWNERS:** I was also surprised from the overall list of debtors, we have 30 untraceable owners. From this list we have 11 owners have sold, the new owners are though perfectly up to date with fees since purchase. From the

online tracing search we have found /confirmed 21 owners' addresses who will now be entered into the recovery process.

8. **CONCLUSION:**

We are I feel, having some success as the results in this report show and the below recoveries show. I want to introduce set letters/notices to be sent out to new debtors at 45 and 60 days building up to Notice before further action after 90 days, this is to try and avoid the increase of new debtors. However there is still a long way to go and I will continue to work closely with Resortalia should I be elected in March and the Resort President wants me to carry on with Debt co-ordinating.

Since November 2014

26 owners have paid outstanding fees and set up direct debit for future payments, we have recovered €58,558.30

10 owners, who's combined debt was €42,765.97 paid €12,268.05 plus either a promise or entering into a payment plan to cover remaining balance

Gordon Hutchinson

Enclosures;

Stages of Spanish Monitorio court process

Notice before further action

Notice before proceedings