ABOVEBOARD

Debt Recovery Procedure

Version 1.4 Live Effective 21 October 2026 Replaces V1.3 (November 2024)

1. Why debt recovery matters

AboveBoard Homes Ltd (ABH) manages developments for and on behalf of homeowners. In Scotland, the common areas of a development are owned in common by the homeowners, as set out in the title deeds. As owners, you are collectively responsible for the management and maintenance of your development, and recovering the money owed to it is one of ABH's core services. There is no additional charge for standard debt recovery work; the charges described below apply only to the individual accounts that fall overdue.

Every homeowner has a financial responsibility, alongside their fellow homeowners, to fund the maintenance, repair and servicing of the common areas. Failure to pay common charges can compromise that work and may put buildings insurance (where arranged) at risk. Each owner is normally liable for their own share of common charges as set out in the title deeds; however, if a share cannot be recovered, the deeds or legislation may allow that cost to fall on the development as a whole, which is why unpaid charges affect every owner.

Your development's funds are held in a client account, separate from ABH's own funds. Debt is carefully managed to ensure the development stays in funds to meet its expenditure. ABH pursues owners who do not pay their share, but cannot fund developments that are not in funds.

2. The staged process

Invoices are issued quarterly and payment is due within 14 days of the invoice date (Written Statement of Services, Section 3). The stages below run from the payment due date, so an account that stays unpaid moves from invoice to the start of legal recovery in about eight weeks.

Stage 1, reminder: if payment has not been received within 7 days of the payment due date, a reminder is sent. There is no charge at this stage.

Stage 2, formal overdue notice: if the balance remains unpaid 21 days after the payment due date, a formal overdue notice is issued and a single late payment charge of £35 is applied to the account. The notice gives 14 days to pay. This charge is compensation for late payment rather than a charge for services, and no VAT applies to it.

Stage 3, final demand: if payment is not received by the date in the formal overdue notice, a final demand is issued giving 7 days to pay before legal recovery begins. No further ABH charge applies at this stage.

Stage 4, legal recovery: if the debt remains unpaid, and alternative resolution (for example mediation or an agreed payment plan) is not appropriate or has not succeeded, ABH may pursue recovery through the courts (Simple Procedure for claims under £5,000, within which the court may refer parties to mediation). ABH does not use debt collection agencies; where a debt is pursued, it is pursued through the courts, where the owner can answer for it. Before any referral, ABH verifies the owner's current correspondence address using the most recent information held, and legal action is subject to approval by a Director. Once decree has been granted, enforcement options include earnings arrestment, bank arrestment, attachment, inhibition and, in serious cases, sequestration. Each case is assessed on its own merits.

A court decree may be recorded in the Register of Judgments and can affect your credit record; a Notice of Potential Liability for Costs (section 3) is registered against the property's title, not against you, and does not affect your credit record.

Before any charge or legal step

If you have told us about a vulnerability, or we have reason to believe one exists, we will consider it before applying the Stage 2 charge and again before any legal action, in line with our Vulnerable Customers Policy, which is available on request. This can include pausing escalation,

reviewing charges, and agreeing an affordable payment plan. While a payment plan is being discussed and then maintained, recovery action is paused.

3. Notice of Potential Liability for Costs (NPLC)

ABH may register a Notice of Potential Liability for Costs against the title of a property under section 12 of the Tenements (Scotland) Act 2004 if debts remain unpaid. Advance notice will be given before registration. The notice is registered in the Land Register against the property's title. It does not prevent a sale and does not affect your credit record, but a purchaser would become liable for the costs it covers, so in practice the debt is normally settled before completion, usually through a retention held by the seller's solicitor.

A notice lasts for 3 years and can be registered again if the debt remains outstanding. When the debt is settled, the notice is discharged. The charge is £180 (inclusive of VAT) for registration and £180 (inclusive of VAT) for discharge, including administration and disbursements. Unlike the late payment charge, these are charges for administrative work, so VAT applies and is included in the figures shown. These charges are recoverable from the owner concerned.

4. Disputed items

If you dispute an item on your invoice, tell ABH the reason. This includes a late payment charge: if you believe one has been applied in error, it is investigated in the same way and removed where the invoice was in fact paid on time or the charge was otherwise applied in error. The disputed amount is logged and excluded from all recovery action immediately, and we investigate and respond within 15 working days. All non-disputed amounts remain payable within the standard payment terms.

The same protection applies to any amount that is the subject of a formal complaint under our complaints procedure, or of an application to the First-tier Tribunal: no late payment charge, interest or legal action is applied to that amount while the complaint or application is open.

After the outcome. If the dispute is upheld, the amount is removed from your account or credited on your next invoice. If the charge is found to be valid, our outcome letter will give you 14 days to pay it. The staged process in section 2 starts again from that date for the disputed amount only, so no late payment charge is applied to it unless it remains unpaid 21 days after the new due date. Any part of your account that was never in dispute is unaffected and continues on its original timeline.

5. Financial difficulty

If you are having difficulty paying, contact ABH as early as possible. We may be able to agree a payment plan based on affordability, and recovery action is paused while a plan is being discussed and maintained. Free and impartial advice is available from:

- MoneyHelper (the government-backed money guidance service): www.moneyhelper.org.uk
- Citizens Advice Scotland: www.citizensadvice.org.uk/scotland
- National Debtline: www.nationaldebtline.org
- StepChange Debt Charity: www.stepchange.org

If you do not have internet access, your local library can usually provide it free of charge.

6. Legal costs and how they are charged

Court fees and Sheriff Officer fees are charged in line with the Scottish Courts and Tribunals Service and Sheriff Officer fee schedules in force at the time. Additional Sheriff Officer fees apply if a claim cannot be served by recorded delivery, and additional costs can apply for owners who do not live in Scotland. ABH asks the court to award interest on the outstanding amount at the judicial rate, currently 8% per annum, from the date the claim is served; where awarded, interest accrues daily until the debt is paid. Where ABH prepares and presents the claim, an administrative charge of £36 (inclusive of VAT) per hour applies for preparing the claim (estimate

provided in advance) and £54 (inclusive of VAT) per hour for attendance at a court hearing, including delays. Where the complexity of a case requires a solicitor, the solicitor's fees apply in line with their fee schedule.

Where ABH is required to take reasonable steps to recover sums due from a homeowner, we may charge that homeowner any reasonable and properly incurred third-party costs of recovery, including court fees, Sheriff Officer fees and legal fees, to the extent permitted by the title deeds, the Written Statement of Services and applicable law. Any sums recovered by way of court-awarded expenses are credited against those charges so that no amount is recovered twice.

Court-awarded expenses are capped based on the level of the claim, so they do not always match the costs actually incurred. Recovery costs are never passed to the other owners in a development unless the Deed of Conditions clearly and expressly permits it, and then only for reasonable and properly incurred costs, with notice given first; any such charge appears separately on your invoice as legal costs for the recovery of debt, and any amounts later recovered are returned to the owners who bore the cost. Where the deeds do not permit sharing, any shortfall in ABH's own charges is borne by ABH.

A worked example. A development has 10 properties. One owner owes £1,000 and does not pay. Raising and serving a Simple Procedure claim costs £200 in court and Sheriff Officer fees, and ABH spends two hours preparing it (£72).

Those costs fall in three places. The court and Sheriff Officer fees are recovery costs charged to the owner who owes the debt, and the court will normally be asked to award them as expenses. For a claim of this size the court caps expenses at £150, so £50 of the £200 would not be covered by the award; that £50 remains charged to the owner concerned as a properly incurred recovery cost. ABH's own £72 preparation charge is also charged to that owner. Nothing is charged to the other nine owners.

The other owners are only affected if the debt itself cannot be recovered, for example because the owner is sequestrated. In that case the £1,000 would be shared among the remaining nine owners at about £111 each under section 7 below, and the recovery costs would be shared with it only where the Deed of Conditions expressly permits. Where the deeds do not permit it, ABH's own charges are written off by ABH. Pursuing debt promptly is almost always the cheaper outcome for everyone.

7. Aged and irrecoverable debt

We report the development's total overdue debt every month in the owner newsletter and in the annual financial statement, so you can see at any time how much is outstanding and whether it is moving. Aged debt (for example a previous owner who left without settling their final balance) and irrecoverable debt (for example where an owner has entered a trust deed or been sequestrated, or cannot, by reasonable enquiry, be identified or found) are reviewed regularly, and we will write to owners specifically if a debt is likely to need redistribution. As a last resort, to maintain the development's finances, such debt may be shared among the other owners in accordance with the deeds or legislation, or met from the reserve fund if owners so decide. ABH will give formal notice, with the relevant details, before doing so.

A debt is never redistributed merely because it is old or because ABH's appointment is ending; only debt that is genuinely irrecoverable is shared, and ABH continues to pursue any distributed debt where legally possible, returning recovered amounts to the owners who bore the cost.

8. Keeping on top of your account

Register on your development portal to see charges on your account as they arise. Paper copies of invoices can be arranged for a charge of £2.40 (inclusive of VAT) per copy. We recommend a variable direct debit to clear quarterly invoices, and we will advise the monthly amount needed if you prefer to spread payments. All recovery correspondence includes details of the advice agencies above. If you are struggling, contact us before the process escalates; that is always the best outcome for you and for your development.

9. Frequently asked questions

I am struggling to pay due to circumstances outside my control. Contact us to discuss the options, including a payment plan based on affordability. If your circumstances amount to a vulnerability, our Vulnerable Customers Policy applies.

I want to dispute a charge on my invoice. Contact us with the reason. The item is placed in dispute, excluded from recovery, and investigated with a response within 15 working days. Everything not in dispute remains payable as normal.

Why is distributed debt on my invoice? The development's account must stay in funds to pay contractors and other costs. Where a debt is genuinely irrecoverable, the deeds or legislation allow it to be shared among the owners. We give formal notice first, keep pursuing the debt where legally possible, and return anything recovered.

I have an NPLC on my property and want to sell. We will give your solicitor a retention figure that clears the account, including the discharge charge. Once payment is received, the notice is discharged.

I am a landlord and did not know debt was building up. As the owner, you are responsible for factoring charges. Make sure we hold accurate contact details, and register on the portal for invoice notifications.

Where this procedure is published and how it is reviewed. This procedure is published on your development portal and at www.aboveboard.homes, and a copy is provided to every new owner with the Written Statement of Services. It is referred to in all recovery correspondence. ABH reviews it at least annually, and whenever the Written Statement of Services or the Property Factor Code of Conduct changes. Any change that affects charges or your rights is notified in advance in the same way as a variation to the Written Statement of Services.

Version control

Version	Date	Change
V1.2	01/11/2022	Addition of costs and fees incurred in a Simple Procedure claim.
V1.3	01/11/2024	Changes in Simple Procedure claim fees.
V1.4	21/10/2026	Aligned to WSS v3.0: four-stage process with single £35 charge at 21 days (confirmed outside the scope of VAT); NPLC charges £180/£180 inclusive of VAT; all service charges stated VAT-inclusive per accountant confirmation 18 Aug 2026 and Land Register description corrected; court costs by reference to current fee schedules; hourly rates updated; vulnerability gateway and payment-plan pause added; disputed-items timescale added; recovery-costs wording per solicitor advice of 17 Aug 2026 (reasonable and properly incurred costs; judicial expenses subject to the court's award; sharing with the development only where the deeds expressly permit); advice agencies updated (MoneyHelper, Citizens Advice Scotland, National Debtline, StepChange); Scots law terminology corrected.