

## Credit Management Policy

### CONTENTS

<u>Section</u>	<u>Item</u>	<u>Page No.</u>
1.	Introduction	1
2.	Policy Background	1
3.	General Principles	2
4.	Student Debt Penalties	3
	4.1 Tuition Fees & Tuition related fees and charges	3
	4.2 Debt Flags	3
	4.3 Debt Flag Summary	3
	4.4 Student Entitlements when penalties applied	4
	4.5 Accommodation fees & charges	5
	4.6 Library fees & charges	5
	4.7 Other student debt	6
5.	Payment options	6
6.	Commercial & Non student debt	7
	6.1 Payment Terms	6
	6.2 Credit Searches & Risk Assessment	6
	6.3 High Value Invoices	7
7.	Exceptions to policy	7
8.	Summary	8
Annex	Annex A – Debt Penalties & Debt Flag Summary	9

#### 1. Introduction

The term “customer” includes a student, individual, company, partnership or organisation that has outstanding fees or charges owed to the School.

This document sets out the School’s policy for dealing with students and customers who fail to pay any fees or charges due to the School in accordance with the payment terms applicable to the service or product provided.

#### 2. Background

The policy covers the School’s debt collection activities in following main areas:

- Student Debt collection:
  - Tuition fees and tuition related debt
  - Accommodation debt
  - Library debt and related services
  - Any other debts for services or goods provided or supplied to students

- Commercial debts collection:
  - Non student customers and organisations
- Other Debt Collection:
  - Any other projects, ventures, partnerships or agreements that require payment to the School for services or goods supplied.

Any goods or services supplied or provided by the School outside of these areas, or where an invoice has not been issued or is not required, will be dealt with under separate procedures relevant to the individual item and the nature of the contract or service provided.

In such cases, payment arrangements and recovery will initially be applied in accordance with the contract or agreement and debt recovery will be the responsibility of the department or area providing the service in the first instance. In the event of non-payment, requests for official School recovery action should be referred to the Income & Credit Manager for consideration and advice.

### **3. General Principles**

3.1 The term “debt(s)” refers to unpaid fees, charges, product(s) or service(s) provided by the School, its subsidiaries, staff, approved representatives or agents instructed by the School.

3.2 The School will actively pursue all debts due and payable in accordance with the payment terms applicable to the customer, debt, product or service provided.

3.3 The Fees, Income & Credit Control team will attempt to collect all debts owed to the School using recovery options available to them in accordance with current and acceptable practice. In the event of non-payment the School reserves the right to consult and appoint solicitors, debt collection agents or external organisations to undertake and implement recovery action in accordance with the School’s instructions.

3.4 Where debts remain outstanding and overdue, the School reserves the right to immediately withdraw or suspend services and support, apply restrictions to accounts and facilities, suspend or prevent registration and suspend future trading as applicable to the customer type. For students, these restrictions are referred to as “debt penalties” and the application of these may affect all or part of the service(s) provided by the School until all debts have been paid or a payment arrangement has been agreed. Full details of penalties can be found in section 4.

The School reserves the right to instigate legal proceedings against any customer who defaults on their payment obligation(s). Where such proceedings are necessary the School will seek reimbursement of any reasonable costs incurred by the School from the customer.

**This may have serious and potentially long term consequences on a customer’s credit worthiness and their ability to obtain credit in the future.**

## 4 Student Debt Penalties

### 4.1 Penalties Applied for Tuition Fees & Related Charges

The School will apply penalties, referred to as “Debt Flags” where students are in default of payment terms as specified in the fee payment policy (<http://www.lse.ac.uk/intranet/LSEServices/financeDivision/feesAndStudentFinance/StudentFeesPolicy.aspx>)

The penalties will be applied at various stages of the recovery cycle imposing differing levels of penalty as the debt ages. The School reserves the right to waiver or postpone the application of penalties if appropriate to do so. Refer to section 7 for details.

### 4.2 Debt Flags

Penalties or “debt flags” affecting and restricting tuition and tuition support services provision will be applied and escalated whilst payment for these services remains overdue and unpaid. This will impact on service provision and access to LSE resources in one or many ways depending on the level of penalties applied. The School will give advance notice warning students prior to penalty application and will apply full penalties if all other payment requests have failed to result in full settlement of the debt(s) due.

### 4.3 Debt Flag Summary

D01	Level 1	Initial penalties, applied at any point where payment terms have been exceeded.
D02	Level 2	Intermediate penalties, applied at any point exceeding D01 settlement date.
D03	Level 3	Full penalties, applied at any point exceeding D02 settlement date.
D04	Sponsor Default	Intermediate penalties, applied prior to debt transfer to student at any point exceeding sponsor settlement due date.
D05	Historical Debt	Full penalties, applied when recovery was unsuccessful, but fees were not settled in full.
D99	Ongoing Approved Payment Arrangement	Intermediate penalties, applied at any point where an exceptional payment arrangement is made with the Fees, Income & Credit Control team only, outside of standard terms based on exceptional circumstances until fees are settled in full. Failure to comply with the payment terms of an approved payment arrangement or instalment plan and settle instalments on the due date(s) will terminate the agreement and may lead to the application of D01 full penalty restrictions.

A full breakdown of the debt flag codes and how these affect various resources, services and delivery can be found on Annex A.

If fees remain unpaid after full penalties have been applied the debt may be referred for further collection activity including legal proceedings as detailed in section 3.4.

Failure to pay the fees due may ultimately result in a student being withdrawn from their course or study programme. For those students studying with a Tier 4 student visa application the School is required to inform UK Visas and Immigration of this breach. This will have serious consequences on the student's ability to remain in the UK.

Penalties applied will remain in place until fees have been settled in full and cleared funds are in the School's bank account.<sup>1</sup> A summary of the penalties can be found on Annex A.

#### 4.4 Student Entitlement when penalties applied.

1. If penalties have been applied at any of the levels **D01, D02, D03, D04** or **D99** the following services will remain available to students.
2. Where a student has submitted work, sat an examination or has assessment results pending, limited information and results will be available via face to face meetings and students will retain electronic access to information. Note: students with a D03 penalty will not retain electronic access to information.
3. Students may be advised of pending results and whether the outcome is a pass or a fail only, details of the grade, mark or level of achievement will not be disclosed.
4. Students will be required to provide proof of identity to be validated against the student record system for face to face enquiries; third party enquiries will not be permitted.
5. Students will be advised of any module, course work, project or assessment that needs to be retaken and of the relevant times and submission dates of re-assessment(s).
6. Students will be permitted to submit work for initial assessment or re-assessment.
7. Students will be permitted to sit examinations, give presentations or take part in other initiatives that comprise part of their overall submission of work for the purpose of course completion.
8. Students will retain access to their LSE email account
9. Note students with debt flag or **D05** are NOT entitled to the services described in items 1 to 7, however where a student has submitted work, sat an examination or has assessment results pending, information will only be available in a face to face meeting and an indication given of a pass or a fail only.

---

<sup>1</sup> Subject access rights under Data Protection legislation still apply. Information supplied under subject access cannot be used as an official LSE transcript.

Note: The above entitlements only apply within the same academic year of registration or until the study period for that part of the course, module or programme has expired. Students who have debt from a previous academic year or registration period that are required to re-register in order to complete their studies will be prevented from doing so until all outstanding debts have been paid in full or a settlement arrangement has been agreed with Fees, Income & Credit Control. In the event of a payment agreement failing, full penalties will be applied until the debt has been settled in full.

#### 4.5 Student Debt – Accommodation Fees & Related Charges

Students who accept School accommodation agree to comply with the terms and conditions of their licence agreement. Additional guidance can also be found via the LSE Code of Conduct which further sets out acceptable and unacceptable behaviour at Full details can be found at [LSE Residences Regulations](#)

For general information regarding other residential information, please refer to the [Student Halls Handbook](#)

Students who have not made full payment in accordance with the payment terms specified in the Licence Agreement and the current year Accommodation Services Guide may be affected by some or all of the following actions;

1. The School reserves the right to terminate the Accommodation Licence Agreement and implement legal proceedings to recover outstanding fees at any point during the academic year that fees become overdue.
2. The Fees, Income and Credit Control team will attempt to collect all debts owed to the School using recovery options available to them in accordance with current and acceptable practice. In the event of non-payment the School reserves the right to seek advice and consult and appoint solicitors, debt collection agents and external organisations to undertake and implement debt recovery action.
3. Students who remain in default of their accommodation licence will not be entitled to apply for further accommodation with the School and will not be referred by the School to any of the School's appointed accommodation agents or providers.

#### 4.6 Student Debt – Library Services Charges & Fines

Users of the School's library facilities, resources and materials are deemed to be members and subject to the terms and conditions determined by membership rules.

- 4.6.1 Students who fail to return materials will be unable to access any resources or facilities and prevented from further lending until all materials have been returned.
- 4.6.2 Students who fail to return materials will be invoiced for the costs of replacement materials.

Further information is available via Library and Learning Resources or via:

## [Using-the-Library, Borrow-renew-and-request-books](#)

Restrictions and penalties applied in accordance with debt flags D05 (See Annex A)

### 4.7 Other Student Debt

Any debts incurred by students for services or products provided that do not directly relate to tuition, accommodation or library fees are subject to standard payment terms that require settlement within 30 days of the invoice date unless otherwise specified. Any payment default for these items will result in debt collection activity as detailed under section 3.

### **5. Payment Options – If Debt Penalties Applied**

If debt penalties are applied, they will not be removed or partially removed until all fees have been settled in full, or a payment agreement has been arranged with Fees, Income & Credit Control.

Personal cheques will not be accepted as a method of payment once penalties have been applied. Debts should be settled using any of the alternative methods of payment accepted by the School:

- a) Pay online via the following link [Tuition Fees Payment Portal](#)
- b) Payment by Bank Transfer (BACS, SWIFT or CHAPS)  
Payment from your bank to LSE's bank must be in UK Pounds Sterling quoting your invoice number, or student ID number.

<b>BANK</b>	NatWest
<b>BRANCH</b>	Covent Garden, 34 Henrietta Street
<b>ACCOUNT NAME</b>	London School of Economics
<b>ACCOUNT NUMBER</b>	17859778
<b>SORT CODE</b>	56 00 13
<b>IBAN (International Bank Account Number)</b>	GB30 NWBK 5600 1317 8597 78
<b>BIC (Bank Identifier Codes)</b>	NWBK GB 2L
PLEASE EMAIL YOUR REMITTANCE TO: <a href="mailto:cashiers@lse.ac.uk">cashiers@lse.ac.uk</a>	

- c) Please note it is the School's policy not to accept cash payments. Due to the risk of post being lost or incorrectly delivered, you should not send cash payments through the post under any circumstances.

For details of payment options or for specific payment handling enquiries, please contact the [Cashiers](#)

## **6 Commercial & Non Student Debt**

### **6.1 Payment Terms**

Non student customers detailed in section 3.1 will be pursued for payment in accordance with section 3 of this policy. Payment is due 30 days from date of invoice; if fees remain unpaid customers will be pursued for payment. Should litigation proceedings be required, the School will seek to recover all reasonable legal costs and court fees incurred and will apply to the Court for statutory interest to be paid if judgement is awarded to the School.

### **6.2 Credit Searches & Risk Assessment – New Customers**

Requests for credit references should be forwarded to the Income & Credit Manager with the details and value of the customer and proposed contract. Requests should be submitted as soon as initial discussions begin with the customer and before any agreement or contract is made.

The results of the search must be taken into account by the service provider along with any recommendations provided by the Fees, Income & Credit team prior to agreeing to the contract. The consideration should include exercising caution, amending the contract or payment terms, or to refrain from trading where the report indicates a negative reply or highlights exposure to bad debt risk

Standard processing time is within 48 hours from request; however requests for non UK searches will take longer, details available on request from Fees, Income & Credit Control.

### **6.3 High Value Invoices**

Where contracts, services, goods or sales are undertaken by the School that are of a significant value whether for new or existing customers, it is recommended the customer is checked via a credit search or credit reference prior to accepting the contract and undertaking the work per item 6.2

## **7 Exceptions to recovery proceedings and Credit Management policy**

Circumstances where the School may choose not to pursue debt or implement penalties include:

- 7.1 Where items are of a nominal or residual value and when it is not viable to pursue the debt cost-effectively.
- 7.2 Where the School considers recovery action would be unfounded or inappropriate, or where extenuating circumstances apply.
- 7.3 The School will release information withheld and subject to the penalties applied in section 4 when required to do so in a legal capacity, or in response to a criminal enquiry in accordance with UK and EU legislation.

Any items considered to fall within this category should be referred to the Income & Credit Manager for consideration.

## **8 Summary**

The School will implement this policy equally and consistently to all customers who default on payment and exceed agreed payment terms. The School will review all debts prior to implementing any of the above penalties or sanctions and will ensure every reasonable attempt to collect debts due has been exhausted prior to implementation.

Malcolm Bird  
Deputy Head of Fees, Income and Credit Control  
July 2018



<b>DEBT FLAG CODE</b>	<b>D01</b>	<b>D02</b>	<b>D03</b>	<b>D04</b>	<b>D05</b>	<b>D99</b>
<b>DESCRIPTION &amp; PENALTY LEVEL</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Sponsor Debt</b>	<b>Historical Debt</b>	<b>Ongoing Approved Payment Arrangement</b>
Excluded from course, programme, module, project or study of any kind			•		•	
No access to tutorials or any method of teaching support			•		•	
No research permitted, no thesis or work will be accepted for assessment			•		•	
No IT access			•		•	
No Library borrowing			•		•	
Certificates, Awards and Transcripts withheld		•	•	•	•	•
No invitation to awards ceremonies			•	•	•	
No attendance at awards ceremonies			•	•	•	
No re enrolment			•		•	
Written results from exam / assessment boards delayed		•	•	•	•	•
LSE references & validation of student status withheld	•	•	•	•	•	•
Written evidence of achievements or studies withheld		•	•	•	•	•
No visa, UKBA endorsement & applications or CAS requests will be provided or supported (If applicable)	•	•	•	•	•	•
No arrangement, supervision or validation of placements			•		•	