

The FairLife Foundation

FairLife Debt Recovery Mark

Executive summary

The primary reason for launching a Mark in debt recovery is to ensure that customers who are in debt are treated fairly. The Debt Recovery Mark interlinks with the Charity's other marks in the debt space and helps to form an umbrella of trust called the FairLife Family.

Consumers struggling with debt often have multiple creditors and the experience of debts being passed onto other companies can be very confusing, especially for the vulnerable. It is hoped that consumers will be reassured when the companies they deal with display the FairLife Mark and that this will offer some consistency when they are contacted by an unfamiliar company.

Debt recovery firms include debt collection agencies (or DCAs), debt purchasers, and any firm to whom debts are outsourced.

Individuals being dealt with by debt recovery firms often fall into one of two categories: can't pay or won't pay. The FairLife Charity's criteria focus on helping the former, whilst not assisting the latter to avoid their responsibilities.

Criteria

As a minimum, the criteria need only apply to FairLife Debt. That is debt that arrives marked with a FairLife logo or the words FairLife Debt. This has the added advantage that the original creditor has also agreed to the key criteria of the debt recovery mark.

1. The first criterion is to highlight free debt advice.
Customers must be informed that they can get free help from a FairLife Debt Advice group or a group on the FairLife Charity's debt advice register.
2. The second criterion is the treatment of non-FCA-regulated debt.
Customers holding non-FCA-regulated FairLife Debt should be treated in a similar manner to those holding FCA regulated debt and should, as far as possible, be afforded the same benefits and protections.
Those following the spirit of criteria 1 will add nothing, or very little, by way of costs and interest to customers' debt (with the accepted exception of court fees & costs).
3. The third criterion is an affordable repayment option.
Whenever possible an affordable repayment plan should be agreed with the customer.
4. The fourth criterion is the FairLife Family and display of the FairLife Mark.
The licensee should display the FairLife Mark where practical.
When passing on or selling customers' debt:
 - I. FairLife Debt should be clearly labelled.
 - II. The licensee should, where it is equally in the customer's best interest, favour companies with a relevant FairLife Mark.

The FairLife Mark is a mark of integrity, awarded based on the provider's own declarations.

Criteria details

As a minimum, the criteria need only apply to FairLife Debt (that is debt that arrives marked with a FairLife logo). This is designed to help debt collection firms adapt slowly to the criteria, as the volume of FairLife Debt will grow steadily over time. Firms are obviously encouraged to apply the criteria to all debt where possible.

Criterion 1: Highlighting free debt management advice.

Customers must be informed that they can get free help from a FairLife Debt Advice group (or a group on FairLife's debt Advice register). Customers must be told that seeking help may:

- Enable them to regain control of their finances by finding an appropriate solution
- Help them to receive breathing space while free advice is being sought
- Reduce the likelihood of legal action being taken against them

Criterion 2: The treatment of non-FCA-regulated debt

The licensee must treat unregulated debt in the same manner as regulated debt, where possible affording the debtor the same benefits and protections. The licensee should follow the spirit of the FCA principles concerning debt recovery as well as its rules.

Those following the spirit of criteria 2 will add nothing, or very little, by way of interest, fees and costs to customers' debt, with the exception of court fees and costs.

Criterion 3: An affordable repayment option

Whenever possible, an affordable repayment plan should be agreed with the customer. Should enforcement action be taken against customers, such as the use of bailiffs or court orders, the organisation should evidence that:

- Where possible, they have conducted an affordability assessment including the income, expenditure and other debts of the customer AND
- The customer has disposable income or assets to make the payment without causing financial hardship OR
- They have tried to contact the customer to set up an affordable repayment plan

Criteria three does not prevent letters being sent conveying that, if payments are not received, court action will be taken.

Criterion 4: The FairLife Family and display of the FairLife Mark.

When passing on or selling customers' debt, the paperwork sent should either show the FairLife Mark or state clearly that the debt is FairLife Debt.



The FairLife Foundation



The FairLife Family criteria is a request that when passing-on customers debt, the licensee favours companies with a relevant FairLife Mark¹ or companies on the relevant FairLife register². The company must also be in the customer's best interest and favour the company must not breach any regulation or industry best practise guidance on fair competition.

As more companies join the FairLife initiative it will become easier for licensees to stay within the FairLife Family. FairLife Ltd will also work with its Mark holders to identify companies they deal with and these companies will be approached to take a FairLife Mark. Where a company is known to meet the criteria, but does not wish to adopt the Mark, it may be added to the FairLife register for that Mark.

For some firms, placing the FairLife Mark on paperwork will involve considerable management time and subsequent workload. For this reason a one year lead time is allowed from the date the mark is adopted and it is accepted that the mark be place where practical. If using the mark is likely to take more than one year to implement FairLife Ltd should be contacted.

¹ Debt Recovery Mark, Fair Creditor Mark or Debt Management Mark

² FairLife run a register of companies to whom FairLife debt can be passed which may include companies that have chosen not to adopt the FairLife Mark.

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Licence fees

Number of paid employees in the UK	Minimum Annual Licence fee
Up to 10	£1
Up to 50	£50
Up to 100	£100
Up to 300	£200
Up to 500	£300
Over 500	£400

The mark is free to charities, not-for-profit organisations and similar groups (the £1 fee is 'considered paid'). Annual licence fees to commercial entities are designed to be a token amount sufficient to cover the running costs of the charity. It is hoped that these firms will also make charity donations to the FairLife Foundation as circumstances allow.

Licence fees will be invoiced by FairLife Limited following the award or renewal of a FairLife Mark. All charity donations will be gratefully received and acknowledged by the FairLife Foundation Limited.

Displaying the mark and the FairLife Advert

The mark can be displayed on any relevant literature and should where practical be placed on all contacts. Placing the mark is only restricted if the company offers similar products not covered by the mark. In this situation, care is required to avoid confusion.

Companies who wish to help establish FairLife as a fair trading mark for the finance industry are encouraged to display the FairLife Advert (shown in the top left hand corner of this document) where employees, customers and members of the public can view it.

Obtaining the mark

The licence can be downloaded and printed from the FairLife Foundation website at www.fairlifecharity.org

Contact details

Contact details for FairLife Limited and the FairLife Foundation Limited:

Telephone: 0776 969 3513
Address: Unit 40A, The Grove, Hatfield, AL9 7RN
Email Addresses: admin@fairlifecharity.org

Appendix 1

The FairLife Foundation (background)

The FairLife Charity is a fair trading initiative designed to benefit everyone in the UK by improving everyday financial products and educating the public.

The charity is applying the principle of fair trading to the banks and finance institutions of the British economy; awarding its trademark logo, the FairLife Mark, to products and services that meet defined criteria. The FairLife Mark is a mark of integrity. Providers self certify and agree to follow the spirit as well as the letter of the rules. The mark will span all areas of finance, eventually forming an umbrella of trust known as the FairLife Family.

FairLife schools, colleges and universities are committing to teach financial education. This will help the consumers of tomorrow to better manage their financial affairs and will help the finance industry by making its products more understandable by the public.

Finally, the FairLife Charity is encouraging all companies, including those outside financial services, to make commitments in areas such as pension funding, adult education and the treatment of vulnerable customers.

The criteria of these different marks can be interlinked to deliver outcomes for the public that are otherwise hard to achieve. There are three types of FairLife Mark:

- Product and Service Marks highlight where companies have signed up to help establish fair trading in finance at the product level.
- Commitment Marks highlight where companies have made an organisational-level commitment to improve peoples' lives financially.
- Guidance & Education Marks are awarded in recognition of educating or directing the public in the responsible management of their financial affairs.

FairLife's Product and Service marks

The FairLife Mark is about putting the customer first and rebuilding the good reputation of the country's finance industry. The mark highlights firms willing to accept The FairLife Foundation as a body that will ultimately help to define minimum standards of sound practise for the finance industry. The Foundation is being gifted to the nation with a remit to represent the best interests of the public and to help grow a strong and profitable finance industry.

The criteria may be strengthened over time thereby increasing the scope and effectiveness of the mark. Firms adopting these early marks are demonstrating, in a highly visible manner, their commitment to putting the wellbeing of the public at the heart of their business.

More information is available on the charity's website at www.fairlifecharity.org