

Minutes

Susan – Debt Collection

Slide:

- Some owners have never paid their service charges and the company has no money for essential services like cleaning and refuse collection. What action can be taken against these owners and who should take it?
- If an owner goes to sell his apartment and there is a service charge debt can he leave the debt attached to the apartment for the next owner?

Some owners have never paid their service charges and the company has no money for essential services like cleaning and refuse collection. What action can be taken against these owners and who should take it?

Debt arises and it's a part of life. People often protest, because the Management Agent is spending money but not collecting. You should ensure that the management Agent stringently chases these people. Living in apartment development is living in partnership with your neighbours.

The management agent can institute legal proceedings to defaulters but it's difficult and lengthy. But there are some other tools that can be used - look to your lease. Usually interest can be charged - often up to 20% for late or non payment of service charges.

You can also engage a debt collector and ensure you give clear instructions to this agent.

If essential services have broken down make sure your managing agent is actively working on collecting the outstanding service charges.

If an owner goes to sell his apartment and there is a service charge debt can he leave the debt attached to the apartment for the next owner?

The buyer's solicitors job is to ensure they don't pay someone else's fees. The Management Agent should decline to pass over appropriate paperwork necessary for the completion of the sale unless the debt has been settled by the previous owner.

Questions from the Floor

Q: Can you legally withhold service charge from an insurance claim.

A: *If you can legally prove debt, yes.*

Q: Is there a time period in place for developers who have not sold apartments to be liable for management fees?

A: *If the developer is using the services he is liable for fees - whether the apartment is occupied or not.*