



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **FNSCRD403A Manage and recover bad and doubtful debts**

**Revision Number: 1**

## FNSCRD403A Manage and recover bad and doubtful debts

### Modification History

Not applicable.

### Unit Descriptor

<b>Unit descriptor</b>	<p>This unit describes the performance outcomes, skills and knowledge required to correctly identify outstanding debts, negotiate with customers and ascertain means of recovery using recovery actions in line with relevant credit policy.</p> <p>This unit has application to a variety of financial services sectors and is applicable to individuals working within enterprises and job roles subject to licensing, legislative, regulatory or certification requirements so the varying Commonwealth, State or Territory requirements should be confirmed with the relevant body.</p>
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### Application of the Unit

<b>Application of the unit</b>	This unit may apply to debt recovery management in all financial and other industry sectors.
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### Licensing/Regulatory Information

Not applicable.

### Pre-Requisites

<b>Prerequisite units</b>		

## Employability Skills Information

<b>Employability skills</b>	This unit contains employability skills.
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## Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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## Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Implement an appropriate course of action to recover outstanding debt	1.1. Account history is reviewed and appropriate <b>recovery action</b> is determined based on account history and debtor response 1.2. Debtor is promptly advised of possible implications of outstanding debt 1.3. Agreed payment arrangements are documented accurately
2. Monitor and review effectiveness of recovery action	2.1. Adherence to payment arrangement is reviewed within a suitable timeframe 2.2. Where debtor does not adhere to arrangements agreed, the issue is referred to others for appropriate action 2.3. <b>Internal stakeholders</b> are involved in the review and monitoring process as required
3. Assess account to determine eligibility for write-off	3.1. The account or invoice is assessed to determine if it is appropriate for write-off 3.2. <b>Legislation</b> is complied with and recommendations for write-off to be considered are documented for action by authorised personnel 3.3. Recommendation for closure of the account is considered in accordance with <b>organisation policy, guidelines and procedures</b>

## Required Skills and Knowledge

### REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

#### Required skills

- well-developed communication and interpersonal skills to:
  - determine and confirm errant debt status, using questioning and active listening as required
  - tactfully negotiate debt recovery options with debtors by advocating strategies and outcomes
  - liaise with others, share information, listen and understand
  - use language and concepts appropriate to cultural differences, comprehension, age, possible disability and language level of the debtor
- numeracy and IT skills to:
  - perform debt recovery calculations
  - access and update account records electronically
  - access web based information services
- literacy skills to:
  - read and interpret documentation from a variety of sources
  - provide written documentation to customers on debt and recovery situations
  - provide advice to debt recovery contractors and legal practitioners
- research and analysis skills for accessing, interpreting and managing information and to ensure compliance with relevant legislation and industry development
- judgement skills for making debt recovery option decisions
- organisational skills, including the ability to plan and sequence work

#### Required knowledge

- all current developments in the credit management sector and organisation policy
- all current and legal means of debt recovery action and processes
- relevant legislative requirements
- current climate of the credit management sector

## Evidence Guide

<b>EVIDENCE GUIDE</b>	
<p>The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.</p>	
<b>Overview of assessment</b>	
<b>Critical aspects for assessment and evidence required to demonstrate competency in this unit</b>	<p>Evidence of the ability to:</p> <ul style="list-style-type: none"> <li>• interpret and apply appropriate legislation and common law</li> <li>• implement organisation credit policy</li> <li>• use good liaison skills to clarify information for all credit accounts and interpersonal skills to achieve positive outcomes</li> <li>• apply strong negotiation skills to resolve disputes, queries and problems</li> <li>• accurately use data entry and recording systems.</li> </ul>
<b>Context of and specific resources for assessment</b>	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> <li>• competency is demonstrated in the context of the financial services work environment and conditions specified in the range statement either in a relevant workplace or a closely simulated work environment</li> <li>• access to and the use of a range of common office equipment, technology, software and consumables</li> <li>• access to organisational policies and procedures relating to debt recovery.</li> </ul>
<b>Method of assessment</b>	<p>A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:</p> <ul style="list-style-type: none"> <li>• evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency</li> <li>• verbal or written questioning on underpinning knowledge and skills</li> <li>• setting and reviewing business simulations or scenarios</li> <li>• accessing and validating third party reports.</li> </ul>
<b>Guidance information for assessment</b>	

## Range Statement

### RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

<p><b><i>Recovery actions</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• buy/sell debt</li> <li>• debtor insurance</li> <li>• enforcement of securitisation arrangements</li> <li>• legal action</li> <li>• liaison with client</li> <li>• return of goods</li> <li>• third party intervention.</li> </ul>
<p><b><i>Internal stakeholders</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• management team</li> <li>• other departments within the organisation.</li> </ul>
<p><b><i>Legislation</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• Bankruptcy Act</li> <li>• Bills of Sale and Other Instruments Act</li> <li>• Cheques and Payment Orders Act</li> <li>• Corporations Act</li> <li>• Criminal Act</li> <li>• Door to Door Sales Act or equivalent</li> <li>• Evidence Reproduction Act or equivalent</li> <li>• Fair Trading Acts</li> <li>• Magistrate's Court Act</li> <li>• National Consumer Credit Protection Act</li> <li>• Partnership Act</li> <li>• Personal Property Security Act</li> <li>• Privacy Act</li> <li>• Small Debts Court Act or equivalent</li> <li>• Tax Acts and taxation law</li> <li>• Trade Practices Act.</li> </ul>
<p><b><i>Organisation policy, guidelines and procedures</i></b> may cover:</p>	<ul style="list-style-type: none"> <li>• accepting and rejecting credit applications</li> <li>• applying customer payments to appropriate accounts</li> <li>• assistance to be provided to customers on billing and collection problems</li> <li>• collecting monies due the organisation</li> <li>• fraud awareness</li> <li>• gathering information and its evaluation</li> </ul>

**RANGE STATEMENT**

	<ul style="list-style-type: none"> <li>• legal obligations and framework</li> <li>• maintenance of customer account files</li> <li>• maintenance of security of invoice and other appropriate files</li> <li>• making billing adjustments to customer accounts</li> <li>• overall organisation goals and objectives</li> <li>• recovery costs</li> <li>• reviewing and adjusting credit limits for established customers</li> <li>• setting credit limits or credit lines for applications</li> <li>• suspension of credit facilities</li> <li>• trading terms and credit limits</li> </ul> <p>Organisation procedures may include:</p> <ul style="list-style-type: none"> <li>• consideration of customer circumstances</li> <li>• ongoing support and negotiation with customers</li> <li>• referral to external organisations for advice</li> <li>• settlement schedules.</li> </ul>
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**Unit Sector(s)**

<b>Unit sector</b>	Credit management
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**Competency field**

<b>Competency field</b>	
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**Co-requisite units**

<b>Co-requisite units</b>		



