



Australian Government

Department of Education, Employment and Workplace Relations

FNSMCA402A Initiate legal recovery of debts

Revision Number: 1

FNSMCA402A Initiate legal recovery of debts

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit describes the performance outcomes, skills and knowledge required to establish contact and rapport with debtors and successfully collect debts using a relevant legal recovery process. This unit may apply to job roles subject to licensing, legislative, regulatory or certification requirements so Commonwealth, State or Territory requirements should be confirmed with the relevant body.
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Application of the Unit

Application of the unit	This unit applies to mercantile agent job roles.
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		

Employability Skills Information

Employability skills	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. Plan and prepare procedures	1.1. <i>Client's</i> written instructions are accurately and clearly interpreted 1.2. Debtor's whereabouts is determined and an appropriate plan for contact developed
2. Negotiate debt payment and settlements	2.1. Most appropriate means of <i>communication</i> is used to establish contact and build rapport with <i>debtor</i> 2.2. Decision, with reasons for proceeding or not proceeding or taking further action with <i>debt payment and settlements</i> , is clearly and concisely documented after discussion with management.
3. Initiate legal process	3.1. <i>Legal process</i> is initiated, when appropriate, in line with client needs and legal requirements and progressed in accordance with court requirements 3.2. Necessary supporting documents are completed correctly and in line with court requirements 3.3. Details of debtor are acquired within legal guidelines
4. Formulate/report recommendations	4.1. Results of process of the information are used to determine a strategy for action 4.2. Recommended action is documented and presented to the client

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

- well-developed communication skills to:
 - determine and confirm client requirements, using questioning and active listening as required
 - negotiate and resolve disputes
 - use effective telephone techniques as required for debtor contact
 - liaise with others, share information, listen and understand
 - use language and concepts appropriate to cultural differences
- literacy skills to:
 - read and interpret documentation from a variety of sources and recording, gathering and consolidating client information
 - draft reports and letters
 - interpret and comply with legal and ethical principles and obligations
- well-developed observation and analysis skills to determine appropriate recommendations on debt collection strategies for clients that comply with legal obligations, industry and organisational codes of practice and ethical principles
- IT skills for:
 - accessing and using appropriate software such as word processors, spreadsheets and databases
 - using internet search systems
 - using specialist computing systems for a collection agency or credit management contexts
- organisational skills, including the ability to plan and sequence work

Required knowledge

- all relevant:
 - State or Territory and Commonwealth Acts
 - regulatory authorities
 - court jurisdictions
 - appeal procedures
- business principles and legal obligations underpinning credit management functions and their relationship to agents
- business principles, financial arrangements and legal obligations of:
 - sole traders
 - partnerships

REQUIRED SKILLS AND KNOWLEDGE

- companies
- role of the Australian Securities and Investments Commission (ASIC) in relation to:
 - businesses
 - principles of limited liability
 - insolvency and bankruptcy
 - principles of association under the Associations Incorporation Act
 - types and principles and obligations of trusts
 - costing of contracts
- role, procedures for approaching debtors and debtor trends
- securities loans and principles:
 - factoring
 - guarantees
 - indemnity
 - securities over property
 - retention of title
 - liens
- techniques of searching and locating defaulters

Evidence Guide

EVIDENCE GUIDE

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.

Overview of assessment

Critical aspects for assessment and evidence required to demonstrate competency in this unit

Evidence of the ability to:

- accurately compile debtor credit history
- build and maintain rapport and trust with clients
- interpret and comply with current legislative requirements and general developments in the credit management and mercantile agents field
- persuade debtors to come to a satisfactory agreement to repay wherever possible
- apply ethical principles and appropriate industry code of conduct in collection activities.

Context of and specific resources for assessment

Assessment must ensure:

- 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
- access to and the use of a range of common office equipment, technology, software and consumables
- access to collection agency systems and documentation.

Method of assessment

A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:

- evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency
- observing processes and procedures in workplaces or role plays
- verbal or written questioning on underpinning knowledge and skills
- setting and reviewing simulations or scenarios
- evaluating samples of work
- accessing and validating third party reports.

Guidance information for assessment

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.

<i>Clients</i> may include:	• banks • building societies • credit unions • employers • finance companies • financiers • government agencies • other commercial agents • private companies • solicitors.
<i>Communication</i> may include:	• face-to-face meetings • legal service documentation • personal discussion with debtors to provide advice and establish a common sense approach to resolutions • telephone calls • written advice to debtors who have a history of debt and require formal procedures.
<i>Debtors</i> may include:	• a business • a company • an association • an individual.
<i>Debt payment and settlements</i> may include:	• legal procedures required to elicit payment • verbal undertaking to pay over a specified term • verbal/written arrangements to proceed to pay.
<i>Legal process</i> may include:	• applying to a court for writ of possession • contacting a sheriff for serving of legal document • garnishee order • issuing a statement of claim • serving demand or legal notices.

Unit Sector(s)

Unit sector	Mercantile agents
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Competency field

Competency field	
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Co-requisite units

Co-requisite units		