

The secret diary of a debt collector

By Suzanne Barry, Head of Debt Purchase, Cabot Financial.

OKAY, I admit that I haven't always been a fan of pre-sale due diligence and post-sale audits. I joined the debt purchase industry in 2001 when it was still in its infancy. When the approach was that, once a sale had completed (a much more glitzy offshore event than is the case these days), the funds were transferred and the seller was pretty much told "thanks, we'll take it from here". Pre-sale meetings took place in the offices of the seller, and post-sale operational interaction was handled by a suitably skilled team via email and phone.

Since then I have also experienced the DCA side of the fence, where the level of client involvement is quite the opposite. I was surprised to find that I enjoyed the comfort afforded by the transparency. Yes, there were times when the audit findings weren't what we wanted to hear, but relationships were

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stronger and more collaborative and we found ourselves continually improving to clear the highest hurdle in each discipline, from recruitment through to payment processing.

So following the merger of Cabot Financial and Apex Credit Management to form Cabot Credit Management in 2011, I find myself working with Cabot Financial once again. The financial and economic environment today compared to 2001 – drastically different. The technological environment – who had ever heard of a smartphone? The debt sale and purchase industry – maturing. The regulatory environment – unrecognisable from those early days.

The OFT Debt Collection Guidance places a clear requirement on vendors to ensure that “care is taken in the selection process” of third parties, and that the conduct of those third parties, where deemed inconsistent with fitness to hold a licence, will reflect on their own fitness to hold such a licence. The Lending Code, published by the Lending Standards Board, clearly sets out the requirement for subscribers to carry out due diligence when selecting third parties. It states that subscribers may be held accountable for the way that their selected third party approaches the relevant legislation and regulation, and that they must ensure that the third party's treatment of financial difficulties complies with the standards laid out by the Lending Code.

The implementation of this new regulation has been clear to see. We are now hosting far more pre-sale due diligences and post-sale audits than

ever before – 12 in as many months. The format and tone vary, as each client places their own stamp on the process depending on its interpretation of the regulation, however the areas covered will be familiar; physical security, data security, recruitment and training, complaints handling, call and correspondence handling.

Cabot Financial sees these developments as an opportunity. Whereas meetings have historically taken place on the premises of the seller, we have jumped at the chance to show off our company. 15 years in the making, we are proud of what we have created, proud of our team and proud of the way



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we treat our customers. Rather than focusing purely on the financial aspects of each transaction, we have positively encouraged our clients to visit our operation to gain a better understanding of the next stage of their customers' journey. The feedback we have received is invaluable. There are obviously areas where we have had to make changes to ensure that we continue to adhere to the particular requirements of our clients, but we also frequently hear that our clients are surprised at the level of professionalism, the standard of our technology and the level of engagement of our workforce.

In 2013, we are building collaborative relationships – partnerships – with our clients; this can only happen if both parties understand each others' operations, strengths and focuses, and if they have trust. Far from being a burden to our industry, I see the requirements of the OFT Debt Collection Guidance, the Lending Code and the much to be determined future regulatory regime of the Financial Conduct Authority providing a stepping stone to encourage parties to work more closely together to produce a better result for the seller, the buyer and ultimately the customer. 