

Debt recovery strategies must be realigned

The United Kingdom's approach to debt collection emphasises the importance of realigning debt recovery strategies with the customer as the focal point.



© evencake – [123RF.com](https://www.123RF.com)

Blake Group, which offers their expertise in debt collection and management to various clients, approaches the problem from a different angle. "There's a move towards customer centricity among agencies dealing with debt recovery in the UK, which has started to trickle into the South African system too," explains Tracey Swart, director of sales and customer relationships at Blake Group.

The strategy that banks and agencies deploy in order to recover debt relies largely on two factors: the type of debt and the customer's profile. "Adjusting the way we tackle these two factors will have a significant impact on the success of the debt recovery process," says Swart.

An effective collection strategy should be tailored according to the client's mandate. It should be aimed at providing a solution before a debt problem arises. For example, an agency should be there to provide guidance to a customer as soon as it is evident that the customer is in over their head.

Lack of transparency

One of the main issues the UK environment has been addressing for a while is the lack of transparency when it comes to the terms and conditions surrounding financial lending. There is a need in South Africa to reduce the complexity of this information in order to ensure there is clarity upfront.

By reducing the risk of a customer misunderstanding what is expected from them there will be a greater chance of having

control over the debt recovery process. Advances have been made in this area with more enforcement and some of the legislative changes, but there is definitely room for more change.

There are certain bodies that have been put into place to ensure that the customer is treated fairly in the debt collection process, one of which is the Debt Collectors Act. The act ensures that any improper conduct, as outlined, is investigated and the correct process followed to ensure the customer is treated fairly.

Improper conduct

If a company is found guilty of improper conduct towards a client, the registration of the company can be withdrawn. Customer experience management is becoming a huge focus in various sectors of business and it is clear that this also affects the debt collection industry.

"With the UK emphasising proper treatment and management of the customer, we have started to see this strategy in the South African context. Ensuring that the customer is the central focus of the process is key when trying to ensure a quick, efficient turn-around of debt," Swart concludes.

For more, visit: <https://www.bizcommunity.com>