

## Portfolio management

**Customer outcome:** when debts are sold, impacted business customers will be treated fairly and all communications regarding the sale, and what this means for the customer, will be transparent and provided in good time. Where the firm is aware that a business customer is suffering from mental health or critical illness, the customer's debt will not be sold.

**Firms will achieve this:** with systems and controls to ensure that only eligible business customers are transferred to a third party and appropriate due diligence is undertaken on the firm before a sale, which demonstrates that the customer will be treated fairly.

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Unless otherwise stated, the following Standards apply to the sale of performing and non-performing debt. The following Standards apply to the sale of debt at the portfolio level.

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1. Firms should follow a robust due diligence process when selecting third parties for debt sale or debt collection activities to ensure that customers will continue to be treated fairly, in line with the requirements of the Standards of Lending Practice and the relevant contractual terms.
2. Firms should ensure that where the decision is made to sell a customer's debt and the contractual terms require the customer's consent to do so, this is obtained prior to any sale taking place.
3. Where an agreement allows for a firm to sell a customer's debt without their consent, firms should ensure that:
  - a. the customer is provided with reasonable notice that the firm intends to sell their debt and provided with clear information as to what the sale means for the product(s) that they hold with the firm and;
  - b. if the relationship with the customer will be serviced by the third party, full contact details for the purchaser are provided.
4. If an individual<sup>5</sup> has provided appropriate and relevant notification of an ongoing mental health or critical illness that affects the customer's ability to repay their debts, or the firm is aware the individual is terminally ill, the debt(s) should not be sold
5. If a firm sells non-performing debt, it should take appropriate and reasonable steps to ensure that the third party, to whom the customer's debt has been sold, deals with the customer in a manner that is consistent with the relevant requirements of the Standards of Lending Practice and the relevant contractual terms.
6. Where a debt is sold and during the lifetime of the original agreement<sup>6</sup>, a dispute arises between the customer and the third party which the parties are unable to resolve, firms should ensure that they have processes in place to allow the customer access to the firm's complaints procedure

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<sup>5</sup> A person who, when taking into account information available to the firm about how the business is structured and operates, is able to exert significant control over the way in which it is run.

<sup>6</sup> Subject to industry practice on the retention of personal data under data protection legislation.