

Newcastle University

Credit Policy

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1. Introduction

This policy is issued under the authority of the University's Financial Regulations and must be adhered to by all University employees.

The financial sustainability of the University depends on income generated externally by research projects, student tuition fees and other income generated by academic and service units.

It is therefore imperative that income collection is dealt with in a sensitive and positive manner in order to encourage and develop links and trade with outside agencies. This approach will aid the pursuit of objectives as outlined in the Business Plan and the strategies concerning increased income.

It is further recognised that the University has links in the community that can be nurtured by encouraging good public relations. These principles are integral to the Business Plan and therefore to the Credit Policy.

Effective credit control leads to improved cash flow, a healthy balance sheet and efficient management of funds. It is important that all employees of the University recognise this fact and co-operate fully with the Finance Office Income Section in the collection of revenue to the University. In return, the Income Section is committed to work closely with Units to maximise collections.

2. Students

2.1 Student Financial Support

We recognise that students are facing increasing financial burdens as they pass through the Higher Education system and seeking advice at an early stage before problems escalate improves the chances of finding a solution.

All correspondence with the students must clearly state the amount and type of debt and the payment options available.

All correspondence with students will encourage them to seek help should they be facing financial difficulties. Advice may be sought from Student Financial Support, particularly in relation to the hardship funds it administers, and free and independent advice is available from the Student Advice Centre in the Union Building. The website can be accessed at: www.nusu.co.uk/sac/.

2.2 University Regulations

Tuition fees will normally be charged for a full academic year. Tuition fees are composite and include registration, tuition or supervision, access to library and IT services, examination, re-examination as an internal candidate and graduation at the students' primary campus. A full definition of what is included in the tuition fee is included in the Fees Schedule available at www.ncl.ac.uk/regulations/fees/.

The arrangements for charging and collecting tuition fees are covered by the University's General Regulations. Failure to pay tuition fees can impact on a student registration and the services available to the student – see www.ncl.ac.uk/regulations/docs/.

Fees and other charges shall be paid at the times prescribed by the University. It is a condition of registration that the students have made adequate financial arrangements to cover the cost of all tuition fees and maintenance expenses for the whole period of study at the University.

Students who are supported by grant awarding bodies or other sponsors, or are deferring tuition fees by means of a fee loan from the Student Loans Company (SLC), shall provide the necessary information for the University to secure payment from the body concerned. Other students will be classified as self-supporting and will be responsible for the payment of their own fees.

Students who do not pay by the due dates may be liable to an administration charge of £25. Details of payment options are available from Finance and Planning.

Where there are any delays in the payments of tuition fees (or other charges relating to academic study at the University), whether by students themselves, a grant awarding body or other sponsor, and where those students cannot show reasonable cause and give a satisfactory assurance as to payment, the Academic Registrar or nominee may determine an appropriate sanction. Sanctions may include:

- suspension of the student's IT account, and thus access to University controlled facilities such as IT clusters and the Library;
- denial of the opportunity to sit University examinations or to have assignments assessed;
- denial of access to other University facilities, or such sanctions as may be approved from time to time by the Academic Registrar;

- exclusion from further study in the University. In special circumstances a student so excluded may be readmitted to the University on the authority of the Academic Registrar on payment of all outstanding fees and debts to the University together with an administration charge.

Any students who owe tuition fees will not be allowed to re-register at the start of the next academic year and will not be permitted to graduate. A notification will be sent to students to inform them of the situation.

No degree, diploma or other qualification shall be conferred upon students who have not fulfilled their financial obligations to the University, or are subject to ongoing disciplinary procedures. Any outstanding debt will be referred to an external collection agency and, if necessary, court action will be instigated.

These sanctions may only be applied in the event of non-payment of University tuition fees. They may not be used as a means for handling any other type of debt.

Where the University bank is unable to receive payments that involve either directly or indirectly countries that are subject to varying degrees of Economic Sanctions, students will need to make alternative arrangements to pay their fees.

2.3 Home (UK/EU) undergraduates and PGCE students

Home (UK/EU) undergraduate students are not required to pay their tuition fees whilst they are studying. Instead, students may choose, if they wish, to defer the payment of all or part of their fees until after they have graduated. In order to defer the payment of fees (in full or in part), students must take out a fee loan through the SLC. The SLC then pays the tuition fee to the University on behalf of the student. If a student has previously studied at undergraduate degree level they may not qualify for an SLC loan and should contact the SLC for further information. Home (UK/EU) undergraduate students who choose not to defer their tuition fees will be invoiced for payment in three instalments.

For self-funding students:

- Three instalments are offered with the dates 26th November, 31st January and 30th April or the nearest working day.
- Tuition fees that are paid in full by 26th November attract a discount of 2%.
- The preferred method of payment is direct debit.
- For all instalments due, an e mail reminder will normally be sent to students at least two weeks before the instalment becomes due.

2.4 Home (UK/EU) and Channel Island Postgraduate Taught Students (self-funding)

Though full payment is not due upfront, students who pay their fees in full by the end of the Arrival, Welcome and Registration period will be entitled to a 2% discount on the part of the fees they are responsible for paying themselves.

Students studying on an eligible Postgraduate Taught Course will be eligible to pay tuition fees in six instalments.

Eligibility Criteria

Students are eligible to pay by six instalments if they:

- Have accepted an offer to study an eligible postgraduate taught course

- Are studying on a course starting in September
- Are paying the UK/EU tuition fees
- Have a UK bank account.

A taught postgraduate course could be one of the following:

- Postgraduate certificate (PGCert)
- Postgraduate diploma (PGDip)
- A Master's course (eg MA, MSc)

A list of eligible and non-eligible courses can be found at:

<http://www.ncl.ac.uk/postgraduate/funding/sources/allstudents/instalments.html>

Students who do not take advantage of the 2% discount will need to make a payment of 20% of their annual tuition fee at or before registration. The remaining balance is payable in five instalments by Direct Debit only, on the following dates:

- 2 December: 16% of annual tuition fee
- 2 February: 16% of annual tuition fee
- 2 March: 16% of annual tuition fee
- 2 May: 16% of annual tuition fee
- 2 June: 16% of annual tuition fee

Direct Debit forms must be completed 3 weeks prior to the first instalment date. Exact dates will be displayed on S3P each year.

Failure to complete a direct debit could result in the student being asked to pay the remainder of funds immediately.

For students not eligible to pay in 6 instalments:

- Two instalments are offered. The first is due at registration and the second will be a date agreed by the Income Section Manager depending on the start date of the course.
- Tuition Fees that are paid in full at or before registration attract a discount of 2%.

2.5 Newcastle based International Undergraduate and Postgraduate students (self-funding) and Home (UK/EU) Postgraduate Research students (self-funding)

- Two instalments are offered. The first is due at registration and the second on the 31st January or the nearest working day, or other date agreed by the Income Section Manager when the programme of study starts at a time other than the Autumn Term. An e mail reminder will normally be sent to students two weeks before the instalment becomes due.
- Tuition fees that are paid in full at or before registration attract a discount of 2%.
- Special arrangements can be agreed for registration pending payment. These special arrangements will be authorised by the Income Section Manager on a case by case basis and will not normally exceed one month.

2.6 London based International Undergraduate and Postgraduate students (self-funding)

- Tuition Fees must be paid six weeks prior to the start of the course.
- Interest will be charged at a rate of 2.5% above the base rate of Barclays per month or part thereof from the due date until payment is received.

- All students must maintain a valid and comprehensive medical and accident insurance policy for the duration of their stay. Students unable to provide evidence of adequate cover at the time of their application are required to take up the Uniplan Insurance cover as a condition of enrolment.

2.7 Sponsors/Embassies

Invoices are raised with 30 day payment terms. No discounts or instalments are offered to sponsored students. Should a Sponsor/Embassy default on payment of tuition fees, the responsibility for payment of the fees will revert to the student.

2.8 Charging Policy for Students Withdrawing from the University or Suspending Studies

Any refund of tuition fees and/or reduction in fee liability is at the discretion of Newcastle University.

In all cases any other tuition fee debts owing to the University will be subtracted from any refund of fees.

The University will apply the following rules when calculating the fee liability for students who are withdrawing from the University or suspending studies.

2.8.1 Newcastle and London based Home (UK/EU) Undergraduate students

The amount of tuition fees the student will be liable to pay will depend on the term in which they withdraw or suspend. If the Student withdraws or suspends:

- From week 3 of Term 1 they will be charged 25% of the total academic year's fee.
- Anytime during Term 2 they will be charged 50% of the total academic year's fee.
- Anytime during Term 3 they will be charged 100% of the total academic year's fee.

2.8.2 Newcastle based International Undergraduates and Home (UK/EU) and International Postgraduate students, and London based Home (UK/EU) Postgraduate students

When withdrawing, students will be charged pro rata based on the number of weeks in attendance. Where payment has been made, refunds will be given calculated on the same basis.

- For international undergraduates the charges will be pro rata over 30 weeks.
- For all postgraduate students (Home (UK/EU) and International) the charges will be pro rata over 41 or 42 weeks (depending on how the University Calendar falls).
- Charges will not be levied for students who withdraw in registration week. The Income Section Manager may use discretion based on individual circumstances.

When suspending studies, students may be charged on a term by term basis.

2.8.3 London based International Undergraduates and International Postgraduate students

Unless cancellation is due to visa refusal or not attaining English then students who cancel 4 or more weeks before arrival will be required to pay £500. Students who cancel less than 4 weeks before arrival will be required to pay £1000.

Cancellation after course commencement will incur a cancellation fee of one term's full fees. A £25 administration fee will also apply.

2.9 Refunds

Refunds should not be made to students who owe tuition fees and will only be made in accordance with Finance and Planning policies.

Deposits are non-refundable, so where a student has been required to pay a deposit it is preferable that all conditions have been met to secure a place on the programme prior to payment of the deposit.

Refunds will be returned via the same method as the original transaction (except where payment was made by cash) and to the source of the original transaction. The University does not take any responsibility for payments made by a third party.

A refund request will be required where appropriate, including proof of payment leaving bank account if payment was made by cash or cheque. For other reasons (eg. card expired/bank account closed) where a refund cannot be returned via the same method, to the source of the transaction, proof will be required relating to who made the payment and from where or any other such proof as requested by the Finance Office.

2.10 Maintenance and Studentship Payments

The University may reclaim any payments made to students should they withdraw from study during the academic year that payment has been made in.

2.11 Accommodation Service (Newcastle based students)

2.11.1 Terms and Conditions of Contract

All details in respect of tenancy conditions, fees and charges and early termination charges can be found on the University website.

2.11.2 Payment Terms

Students can choose to pay the full year by debit/credit card, cheque or use bank transfer by Western Union. For security reasons it is not advisable to pay in cash, but cash payments will be accepted. Those students with a contract for a minimum of one term up to the full academic year and paying the full charge within seven days of the commencement of the tenancy, may be eligible for a 2% discount on the full charge.

Students can choose to pay termly instalments by debit/credit card or bank transfer by Western Union. If these methods are not suitable then cheque or cash will be accepted. Other instalments will be taken by Direct Debit.

2.11.3 Sanctions for Non Payment of Accommodation Charges

Students

Students in arrears 14 days after due date will be charged £25 for debts over £50.

Students whose account continues to be in arrears may lead to referral to an external debt collection agency and in limited circumstances, a request to vacate the property.

Students may be able to re-negotiate their payment terms with the Accommodation Service.

Students with accommodation debt on their account at the time of Registration will not be allocated University accommodation and will be subject to an interview with Accommodation Office staff to agree a repayment plan. Defaulters will be referred to a debt collection agency and if necessary, court action will be taken.

Rejected attempts to take payment by Direct Debit will result in a charge of £25 to the customer.

Visitors/ ex students

Non students in arrears 14 days after the due date will be charged £25 for debts over £50.

Continued non-payment of arrears may lead to referral to an external debt collection agency and in limited circumstances, a request to vacate the property.

After completion of the dunning process a decision will be made as to whether to instruct the customer to vacate the accommodation. Notice may be served to leave University owned accommodation. This penalty will be used in very limited circumstances.

These procedures will be followed in conjunction with the terms of the contract.

Rejected attempts to take payment by Direct Debit will result in a charge of £25 to the customer.

2.11.4 Refunds

Refunds will not be made to students owing rent. The only exception to this is damage deposits.

Refunds will be returned via the same method as the original transaction (except where payment was made by cash) and to the source of the original transaction. The University does not take any responsibility for payments made by a third party.

A refund request will be required where appropriate, including proof of payment leaving bank account if payment was made by cash or cheque. For other reasons (e.g. card expired/bank account closed) where a refund cannot be returned via the same method, to the source of the transaction, proof will be required relating to who made the payment and from where or any other such proof as requested by the Accommodation Finance Team.

2.11.5 Procedure for Students Who Have Left the University

Students who have left Newcastle University with Accommodation charge arrears will be treated differently to current students.

Those leaving during the academic year will have their accounts referred to the Accommodation Credit Control team. The first letter to the student will outline the debt, future possible procedures and warning of the last chance for contact. This letter will also quote additional fees that may be incurred in the recovery process.

If no contact is made within seven days the ex-student will be contacted by telephone or e mail in a final attempt to recover the debt.

The Accommodation Manager/Administration and Finance Manager will then make the decision as to whether to refer the debt to an external collection agency.

2.12 Other student debt

Other student debt may be Library fines, disciplinary fines, Student Wellbeing short term loans, or any other such non Tuition Fee debt as deemed ancillary by the University.

In the case of other debt the debt will initially be held and monitored by the relevant Unit within the University. An initial letter will be sent to the student requesting payment and it is expected that these debts will be paid back when they become due.

If payment is not made by the stated deadline, the individual Unit will send follow up letters in line with their individual procedures. Once the follow up letters have proved ineffective and the debt remains outstanding, for student debts over £100 only, the Unit will raise an invoice with payment terms of 7 days. Should the student dispute the amount or reason for the debt they must speak to the relevant Unit.

If the invoice then remains outstanding after the payment deadline the Finance Office will pass the debt to a Debt Collection Agency for their immediate action. Once the debt has been passed to the Debt Collection Agency the student should only enter into correspondence with the Debt Collection Agency regarding the debt.

3. Non student activity

3.1 Customer master records

All credit sales invoices require the existence of a valid Management Information System (SAP) customer record.

The Credit Control Team Sales-Master@ncl.ac.uk is responsible for creating and amending all SAP master records for customers and sales materials. Instructions for Units requesting new customer accounts and materials are provided at <https://nufin.ncl.ac.uk>.

This process will normally be completed within 24 hours of the request if all required information is provided and if the initial order value is within the recommended credit limit.

3.2 Credit Checking Procedure

The University wants to encourage business but at the same time maintain an accurate and up to date database of customers, whilst identifying consistent bad payers and potential bad debtors.

A credit check of all customers, where data is available, will be required if the initial order is over £10,000¹. The credit check must be done prior to confirmation of an order or contract.

The Credit Control Section in Finance and Planning will assess the credit check and:

- If the company is high risk they will inform Grants and Contracts/Research and Enterprise Services/JRO and CFM (for contracts originating from Research and Enterprise Services), or the originating Unit (other business). Authorisation from a member of the Finance Management Team will be required if the order is greater than the recommended level.
- If there is little to no risk and/or the value of the order is not significant, no further action will be recommended.
- Apply the relevant credit limit in SAP.

Additional safeguards should be considered when the credit assessment identifies significant risk or where the business relates to new or emerging markets (e.g. payment in advance and monthly credit terms).

The Credit Control Team will periodically review customers, using the above criteria. They will also investigate companies which change their payment patterns. If an invoice is to be raised which causes the credit limit to be exceeded a warning will be flagged. The Credit Control Team must be contacted when this occurs and they will seek authorisation from a member of the Finance Management Team where necessary before the credit limit can be raised above the recommended level.

The overall objective of the University is to limit the risk of a defaulting customer and not to hinder sales by Units.

When a customer does not conform to the University's credit terms; the University may cease trading with the customer by closing this account.

¹ Where a credit report is available

3.3 Currency

The University's preferred option is to invoice and collect in sterling.

We are able to invoice and collect in Euros, US Dollars, Singapore Dollars and Malaysian Ringgit advice should be sought from the Income Section on the correct bank accounts for remittance of customer payments. Where payment is received in a different currency to that used to invoice, any exchange difference may be posted to the Unit responsible for raising the invoice depending on the amount and circumstances of the transaction. This decision will be the responsibility of the Income Section Manager.

Where an invoice is raised in any other currency, any exchange difference will be posted to the Unit responsible for raising the invoice. Where the currency is volatile, this could result in a very significant loss and Units are advised to seek help from the Legal team in Research and Enterprise Services before agreeing any contract on this basis.

3.4 Invoicing

Invoices should be raised in SAP for all expected streams of income unless otherwise expressly agreed by the Income Section Manager.

Research Invoices posted to a Research Account may only be raised by a member of Contract Financial Management (CFM).

An invoice will not be pursued and therefore should not be raised for less than £50. If the charge is for less than £50, the two options available are:

- **The University Webstore:** this is the preferred option. For more information please visit the WebStore at <http://webstore.ncl.ac.uk> to have a look at our current products or for additional queries, please contact webstorehelp@ncl.ac.uk.
- **Cash sales:** the 'cash sales' procedure should be used and payments secured in advance. More information can be found in the Cash Handling Policy: <http://www.ncl.ac.uk/internal/finance/documents/CashHandlingPolicy.pdf>

3.5 Payment Terms

Wherever possible a purchase order should be obtained prior to raising the first invoice.

Standard University payment terms for invoices are 30 days. Any exceptions must be agreed in advance with the Income Section Manager and will depend on the nature of the customer and the services being supplied.

3.6 Follow-up

Follow-up activity with customers who have not paid their bills by the due date will be the sole responsibility of the Credit Control Team within Finance and Planning.

This is carried out on an invoice by invoice basis and consists of letters, e mails and phone calls as appropriate for the customer.

The Credit Control Team will send Units a request for authorisation to take further action approximately 7 days after sending the final notice to the customer.

The request must be completed and signed by an authorised signatory and returned to the Credit Control Team within ten working days.

Outstanding balances on accounts will not be pursued for less than £50; similarly refunds will not be made (unless specifically requested) for less than £50.

3.7 Collection Agencies

A number of collection agencies for use will be approved by the Income Section Manager.

Once a debt has been passed to an agency, or is with the County Court, Units must not enter into negotiations with the debtor.

Units will be charged with any recovery costs and with any bad debts, unless alternative arrangements have been made with the Executive Director of Finance.

The customer account will be blocked for use by all Units until the account has been cleared.

3.8 Legal Proceedings

In limited circumstances it may be necessary to instigate legal proceedings for the recovery of debt. The Income Section Manager will take responsibility for all cases referred to the County Court.

Fixed court costs will be borne by the Unit on issue of the summons. The costs will be paid by the defendant if the claim is successful and the Unit reimbursed.

The Unit must co-operate fully with the Income Section Manager and the County Court's timetable e.g. providing information, contracts, statements etc.

The Income Section Manager will advise the Unit at all stages of proceedings and will advise on enforcement after Judgment has been obtained.

The customer account will be blocked for use by all Units until the account has been cleared.