

<b>Title</b>	<b>Administer the recovery of credit</b>		
<b>Level</b>	<b>3</b>	<b>Credits</b>	<b>10</b>

<b>Purpose</b>	People credited with this unit standard are able to: <ul style="list-style-type: none"> <li>– demonstrate knowledge of recovering credit;</li> <li>– identify appropriate methods for recovery of credit; and</li> <li>– administer methods for recovery of credit.</li> </ul>
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<b>Classification</b>	Financial Management > Credit Administration
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<b>Available grade</b>	Achieved
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### Guidance Information

- 1 Legislation applicable to this unit standard includes:  
Credit Contracts and Consumer Finance Act 2003;  
Personal Properties Security Act 1999;  
Privacy Act 1993;  
Property Law Act 2007;  
and all subsequent amendments and replacements.
- 2 Definitions  
*Administer* includes, as applicable, the planning of the process, the drafting of any communications, the execution of that process, recording the details of what and to whom communications are sent, documenting and correcting any errors that may occur, the monitoring of the process, taking action on any queries that may occur from recipients, and evaluating the results.  
*Bad debt* for the purposes of this unit standard refers to a credit situation when one or more payments have been defaulted on and legal or other remedy is required.  
*Industry practice* includes policies, procedures and standards that competent practitioners in the industry recognise as current industry best practice.  
*Organisational practice* includes documented policies, procedures, and practices, and policy and procedure manuals pertaining to credit.  
*Type of debt* may refer to the credit rating or classification of the applicant, the amount of the debt, or the stage in the recovery process.  
*Written communication* may include but is not limited to collection letters, emails, and text messages.
- 3 This unit standard may be assessed on-job in the workplace using naturally occurring evidence or in off-job simulated work situations designed to draw upon similar performance to that required in work in a credit administration and/or credit management context.
- 4 All evidence is in accordance with organisational practice where possible, otherwise evidence may be based on industry practice.

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## Outcomes and performance criteria

### Outcome 1

Demonstrate knowledge of recovering credit.

#### Performance criteria

1.1 Describe the events that would lead to a client being classified as a credit risk.

1.2 Describe the stages in the recovery process.

Range stages may include but are not limited to – classification as credit risk, putting a hold on credit facilities, internal communication of credit risk, initial communication with debtor, update of reconciliation, file review, negotiation for payment or return of goods, outsourcing, value assessment, process documentation; minimum of five stages required.

1.3 Describe actions following incurrence of a bad debt.

Range may include but is not limited to – debrief, review, evaluation; minimum of one required.

1.4 Explain methods of recovering credit in terms of their advantages and disadvantages.

Range methods may include but are not limited to – written communication, calls, collection visits; minimum of two required.

1.5 Explain types of written communications for the recovery of credit in terms of their purpose and legal requirements.

Range may include but is not limited to – first notification, second notification, putting a hold on credit facilities, repossession notification, legal action pending.

### Outcome 2

Identify appropriate methods for recovery of credit.

#### Performance criteria

2.1 Match methods of notification and collection to type debt.

Range methods of notification and collection include but are not limited to – debt collection letters, calls, visits, repossessions, email, text messages, removal of services, putting a hold on credit facilities.

- 2.2 Identify and match types of written communications to type of debt.
- Range first notification, second notification, putting a hold on credit facilities, repossession notification, legal action pending.
- 2.3 Identify and match types of collection visits to type of debt.
- Range courtesy call, information gathering, repayment plan, collection, repossession.
- 2.4 Identify the advantages and disadvantages of putting credit facilities on hold.

#### Outcome 4

Administer methods for recovery of credit.

#### Performance criteria

- 4.1 Identify and age overdue accounts, and review files.
- 4.2 Administer a hold on credit facilities for recovery of credit.
- 4.3 Administer written communication for recovery of credit.
- 4.4 Administer calls for recovery of credit.

<b>Planned review date</b>	31 December 2025
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#### Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Registration	1	27 September 1999	31 December 2013
Revision	2	22 October 2002	31 December 2013
Review	3	28 June 2005	31 December 2021
Rollover and Revision	4	15 November 2012	31 December 2021
Rollover and Revision	5	22 May 2014	31 December 2021
Review	6	18 June 2015	31 December 2023
Review	7	24 September 2020	N/A

<b>Consent and Moderation Requirements (CMR) reference</b>	0121
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This CMR can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.

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**Comments on this unit standard**

Please contact The Skills Organisation [reviewcomments@skills.org.nz](mailto:reviewcomments@skills.org.nz) if you wish to suggest changes to the content of this unit standard.