



# **Procedure for the Assignment of Debt in Relation to Prepayment Meters**

## **MAP13**

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## Quality Assurance:

Name	Role & Responsibility	Signature	Date
<b><i>Custodian:</i></b>			
Paul Rocke	MRA Senior Client Manager		27/06/2019
<b><i>Reviewer(s):</i></b>			
Paul Rocke	MRA Senior Client Manager		27/06/2019
Eugene Asante	MRA Delivery Team		20/06/2019
<b><i>Endorsed/Approved:</i></b>			
MDB			20/05/2019

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# 1 INTRODUCTION

## 1.1 Background

The development of a process that allows outstanding Customer charges owed to one Supplier to be assigned to another follows an initiative by the Authority. This process would enable Customers with outstanding charges to transfer to the Supplier of their choice in situations where such a transfer would otherwise have been prevented on the grounds of debt.

A sub-group comprising the major domestic retail Suppliers, and supported by the Authority, undertook a trial for debt assignment between Suppliers in the gas and electricity retail markets. This trial resulted in the development of benchmark processes for the domestic gas and electricity markets which Suppliers would operate for each discrete market.

Following the experiences of the trial and the protocols developed for use in the trial, parallel changes were developed to modify the Gas Supply Licence and MRA to introduce Debt Assignment Protocols (DAP), and to provide specific procedures to support it – i.e. a SPAA Schedule to support the gas processes, and a MRA Agreed Procedure for the electricity baseline.

**Introduction of Point of Acquisition (PoA) model:** the Authority undertook a review of the DAP voluntary commitments it agreed with Suppliers in September 2012. This included a commitment from Suppliers to streamline and improve the existing DAP industry processes. Through workgroups held at Energy UK, the PoA model emerged as the main change to the DAP to meet this commitment. The PoA model meant that Suppliers provided DAP Privacy Notices at the point of acquiring a new Customer. The Customer therefore no longer needed to ‘restart’ the switch by responding to a letter from the New Supplier asking whether DAP could progress.

The PoA model was introduced as a voluntary agreement in April 2015. All larger Suppliers and several smaller Suppliers implemented this process. The process was viewed to be a success inasmuch that the numbers of indebted Customers switching using the DAP increased significantly. As such, it was implemented as the standard procedure for Debt Assignment into this MAP to ensure all Suppliers follow the process and Customers benefit accordingly.

In November 2016 a suite of changes was implemented which addressed a number of key areas:

- mis-match of Customer names;
- streamlining the current process;
- improving management of issues relating to Data Protection Legislation (DPL);
- Complex Debt; and
- identifying Prepayment Meters.

A new end-to-end DAP was agreed. A number of associated changes have been raised which reflect discussions on the end-to-end process and improvements to resolve the issues of mismatched Customer addresses and stream lining the process.

## 1.2 Purpose

Pursuant to Clause 30.1 of the MRA, this MAP sets out the actions that Suppliers are required to undertake in conjunction with the Change of Supplier (CoS) process in order to assign outstanding charges owed by Domestic Supply Customers who have a debt scheduled for repayment on a Prepayment Meter (“**Debt Assignment**”).

## 1.3 Document Scope & Objectives

- 1.3.1 The scope of this MAP is limited to Debt Assignment in relation to Domestic Premises between Suppliers operating in England, Wales and Scotland and shall only be applicable in relation to Metering Points where:
- (a) the Customer at that Metering Point has a debt, repayment of which is scheduled on a Prepayment Meter;
  - (b) the Customer has entered into a contract with the New Supplier;
  - (c) the New Supplier has submitted an Application for Registration for the Metering Point, by sending DTC Flow D0055 (Registration of Supplier to Specified Metering Point) to the relevant Metering Point Administration Service (MPAS), and the Registration has been Accepted by that MPAS;
  - (d) the Old Supplier has issued a D0064 (Notification of an Objection to Change of Supplier Made by the Old Supplier) Data Flow to the New Supplier's Registration on the grounds of outstanding charges pursuant to Electricity Supply Licence Condition 14.4 (a) and this Objection has been accepted by the relevant MPAS; and
  - (e) the estimated value of the debt for assignment is between £20 and £500 (inclusive), including Value Added Tax (VAT).
- 1.3.2 The objectives of this MAP are:
- (a) to ensure a DAP Privacy Notice is provided to the Customer at the PoA; and
  - (b) to document the procedure for agreeing to a Debt Assignment in the domestic electricity market in parallel with the principles of the procedure in the domestic gas market.
- 1.3.3 Where the New Supplier wishes to request debt information from the Old Supplier at or after 00.00 hrs on 27 June 2019:
- (a) the New Supplier shall use the D0306 Data Flow; and
  - (b) the New Supplier and the Old Supplier shall complete the Debt Assignment process in accordance with this MAP.
- 1.3.4 Where the New Supplier had already issued a D0306 Data Flow before 00.00 hrs on 27 June 2019:
- (a) the New Supplier and the Old Supplier shall complete the Debt Assignment process using the previous Data Flows, transfer mechanism, communications and processes set out in version 1.9 of this MAP.

## 1.4 Exclusions

- 1.4.1 The following are specifically excluded from the scope of this MAP:
- (a) Metering Points where a Customer debt has been identified as Complex Debt;
  - (b) non-domestic Metering Points;
  - (c) debt in relation to a Customer account to which the applicable rate of VAT indicates that the Customer is non-domestic;
  - (d) Metering Points in which the debt is not being recovered via a Prepayment Meter; and

- (e) assignment of estimated debt values below £20 or above £500 (inclusive of VAT).
- 1.4.2 Notwithstanding Section 1.4.1 above, nothing in this MAP shall preclude Suppliers agreeing bilaterally to an assignment of:
- (a) Complex Debt; or
- (b) debt outside the thresholds defined in Section 1.4.1 (e).
- 1.4.3 Where a Customer debt has been assigned, under a bi-lateral agreement according to Section 1.4.2, the Suppliers shall use the process set out under this MAP.

## 1.5 Glossary

1.5.1 The following table defines terms and acronyms used in this MAP:

Acronym	Term	Definition
–	Accept(ed)	As defined in the MRA.
–	Application for Registration	As defined in the MRA.
CoS	Change of Supplier	A Registration, which has been confirmed by the relevant MPAS, in relation to a New Supplier undertaking responsibility for that Metering Point.
–	Complex Debt	<ul style="list-style-type: none"> <li>• Debts in relation to a Customer account into which a suspected misdirected payment has been made or into which a misdirected payment claim has been submitted but not confirmed.</li> <li>• A debt for which a repayment rate is not currently set on the meter.</li> <li>• Any other reason which the Old Supplier considers to be 'complex', in which case a full record of the reason must be retained.</li> </ul>
–	Complex Debt Indicator	The field within the D0307 as defined in the DTC.
–	Customer	As defined in the MRA.
DPL	Data Protection Legislation	All applicable, laws, regulation and guidance for the protection of personal data (including, but not limited to, the Data Protection Act 1998, the Privacy and Electronic Communications (EU Directive) Regulations 2003 (SI2003/2426) and the General Data Protection Regulation (Regulation 2016/679)).
D0055 D0057 D0058 D0064	DTC Flow Numbers	As defined in MRA Schedule 3 and/or the DTC.

Acronym	Term	Definition
D0086 D0306 D0307 D0308 D0309		
-	DAP Privacy Notice	A DAP Privacy Notice is a privacy notice complying with the requirements of the DPL and the Information Commissioner's Office codes of practice and/or guidance, as may be updated from time to time, includes notice that customer information (including debt information) may be exchanged between the Old Supplier and the New Supplier to facilitate Debt Assignment.
-	Debt Assignment	As defined in Section 1.2 of this MRA Agreed Procedure.
-	Domestic Premises	As defined in the MRA
DTC	Data Transfer Catalogue	As defined in the MRA
-	Earliest Re-submission Date	As defined in the DTC
-	Estimated Total Debt Outstanding	As defined in the DTC
-	Factored Total Payment	As defined in Section 2.11 of this MRA Agreed Procedure
-	Metering Point	As defined in the MRA
MDB	MRA Development Board	A sub-committee of the MEC, which has delegated authority from MEC to make the decision whether to accept or reject proposals for changes to the MRA and supporting documents and the timing of their implementation. The MDB also manages projects relating to the development of the MRA and associated products
MEC	MRA Executive Committee	As defined in the MRA
MPAN	Meter Point Administration Number	The Supply Number core data as defined in the MRA
MPAS	Metering Point Administration Service	As defined in the MRA
-	MPAS Validation Procedures	As defined in the MRA
MRA	Master Registration Agreement	As defined in the Electricity Licences
MRoCoS	Meter Reading on Change of Supplier	The meter reading issued (D0086) for use as the initial meter reading for the New Supplier and the final meter reading for the Old Supplier on a change of supplier
-	New Supplier	As defined in the MRA
-	Notice of Objection	As defined in the MRA

Acronym	Term	Definition
–	Notification of Termination of Registration	As defined in MRA Schedule 3 and the DTC
–	Objection Raising Period	As defined in the MRA
–	Objection Resolution Period	As defined in the MRA
–	Old Supplier	As defined in the MRA
PoA	Point of Acquisition	The point in time when a Customer instigates the move to a New Supplier through either the Supplier's own or a third party intermediary's sales channels.
SSD	Supply Start Date	As defined in the MRA.
–	Total Debt Outstanding	As defined in the DTC.
WD	Working Day	As defined in the MRA.

## 1.6 Status of the Procedure

- 1.6.1 This procedure corresponds to the obligations on MEC, contained in MRA Clause 30.1, to establish the procedures for the assignment of outstanding charges between Suppliers to enable a CoS to take place.
- 1.6.2 Parties are reminded of the objective to maintain harmonised procedures for gas (SPAA) and electricity (this MAP) in relation to Debt Assignment and it is recommended that any changes proposed to this MAP should also be considered as potential changes to the corresponding provisions of the SPAA.

## 1.7 Principles

- 1.7.1 Suppliers, in undertaking these Debt Assignment procedures, shall ensure that:
- the provisions of the relevant DPL are satisfied;
  - the VAT requirements in respect of bad debt relief are satisfied;
  - all rejected Data Flows are completed in accordance with this MAP;
  - all reasonable steps shall be taken to ensure that the Customer does not see any undue interruption or disruption to their repayment; and
  - they are aware of the obligations regarding the issuing of communications to Customers.

## 2 THE PROCEDURE

### 2.1 Customer initiates Change of Supply

The New Supplier shall provide a DAP Privacy Notice to the Customer at the PoA.

- 2.1.1 The New Supplier shall ensure that:

- (a) the Customer is informed that initiating the Debt Assignment process is not a guarantee that Debt Assignment will be agreed;
- (b) the Customer is informed that Debt Assignment requires the exchange of account information, including debt information, between the Suppliers concerned; and
- (c) the Customer is aware of the DPL obligations on the Supplier under this procedure.

## **2.2 Notifying the Customer of the Objection to Change of Supplier**

- 2.2.1 Where the Old Supplier has issued a Notice of Objection pursuant to Electricity Supply Licence Condition 14.4 (a), that Supplier shall:
- (a) advise the Customer of the reason(s) for such Objection in accordance with MRA Clause 16.7; and
  - (b) inform the Customer that Debt Assignment will progress if this has been agreed with the New Supplier; and
  - (c) provide a DAP Privacy Notice to the Customer as part of the Objections process to support compliance with DPL and promoting the Customer's understanding of the DAP.

## **2.3 Notifying the Request for Debt Information**

- 2.3.1 Within 4 WDs of receipt of D0067 (Notification of an Objection to Change of Supplier Sent to the New Supplier) from the MPAS, the New Supplier shall contact the Old Supplier using the D0306 (Request for Debt Information) Data Flow to notify a request for information in relation to Debt Assignment under this MAP.

## **2.4 Responding to Debt Information Request**

- 2.4.1 Within 4WD of receipt of the D0306 Data Flow, the Old Supplier shall validate the Data Flow and shall either:
- (a) send a D0306 Data Flow where the inbound D0306 Data Flow was rejected with one of the reasons as defined within the J2249 (DAP Rejection Code) Data Item; or
  - (b) respond to such request with the appropriate information using the D0307 (Debt Information) Data Flow.
- 2.4.2 Following receipt of D0306 Data Flow rejection, the New Supplier shall send a corrected D0306 Data Flow within 3WD where appropriate.
- 2.4.3 Where the Old Supplier identifies that the debt is not Complex Debt, the Old Supplier shall populate J1694 (Complex Debt Indicator) Data Item, in the D0307 Data Flow, with F.
- 2.4.4 Where the Old Supplier identifies that the debt is Complex Debt, the Old Supplier shall:
- (a) populate J1694 (Complex Debt Indicator) Data Item, in the D0307 Data Flow, with T;
  - (b) keep a record of the reasons why a Debt Assignment has been refused on the grounds of Complex Debt to support any follow up action by the Customer; and
  - (c) populate the J0012 (Additional Information) field as this is Mandatory where the J2249 (DAP Rejection Code) of "Other" is used.

## **2.5 Processing the Information Regarding Outstanding Charges**

- 2.5.1 Following receipt of the D0307 Data Flow, the New Supplier shall within 3WD validate the Data Flow and;
- (a) send a D0307 Data Flow where the inbound D0307 Data Flow was rejected with one of the reasons as defined within the J2249 (DAP Rejection Code) Data Item; or
  - (b) otherwise proceed to Section 2.5.3 or 2.5.4 (as applicable).
- 2.5.2 On receipt of a D0307 Data Flow rejection, the Old Supplier has 3WD to correct the D0307 Data Flow and reissue to the New Supplier.
- 2.5.3 Upon receipt of a valid D0307 Data Flow, where the J1694 (Complex Debt Indicator) Data Item has been populated with T, the New Supplier shall:
- (a) assess whether it wishes to progress with Debt Assignment under this MAP, or
  - (b) inform the Customer that there is an issue on the account; and
  - (c) advise the Customer to contact their Registered Supplier in relation to any resolution or dispute regarding Debt Assignment.
- 2.5.4 Upon receipt of a valid D0307 Data Flow, where the J1694 (Complex Debt Indicator) Data Item has been populated with F, the New Supplier shall:
- (a) review the information regarding the outstanding charges that have been provided by the Old Supplier in the D0307 Data Flow; and
  - (b) assess whether it wishes to progress with Debt Assignment under this MAP.
- 2.5.5 The setting of the Complex Debt flag may not exclude the Customer's Debt from being assigned under this procedure under Section 1.4.2.

## **2.6 Declining to proceed with a Debt Assignment**

- 2.6.1 Where the New Supplier declines to undertake the Debt Assignment of outstanding charges, it shall notify the Customer accordingly. The New Supplier is not required to respond to the D0307 Data Flow. Any such failure to respond within 5WD of issuing of a valid D0307 Data Flow shall mean that no further action needs be considered by the Old Supplier.

## **2.7 Confirming that the Debt Assignment is accepted: Supplier-to-Supplier**

- 2.7.1 Where the New Supplier determines to proceed with Debt Assignment, it shall send the D0308 (Confirmation of Customer Debt Transfer) Data Flow within 5WD of receiving a valid D0307 Data Flow.
- 2.7.2 Following receipt of the D0308 Data Flow, the Old Supplier shall within 4WD:
- (a) validate the Data Flow; and
  - (b) send a D0308 Data Flow where the inbound D0308 Data Flow was rejected with one of the reasons as defined within the J2249 (DAP Rejection Code) Data Item;
  - (c) otherwise proceed to paragraph 2.7.4.

- 2.7.3 On receipt of a D0308 Data Flow rejection, the New Supplier has 5WD to correct the D0308 Data Flow and reissue to the Old Supplier.
- 2.7.4 Upon receipt of a valid D0308 Data Flow, the New Supplier shall:
- (a) populate the J1696 (Earliest Resubmission Date) Data Item in the D0308 Data Flow to indicate the earliest date during the Earliest Resubmission Window on which the New Supplier will send a D0055 Data Flow to the relevant MPAS for the Metering Point.
  - (b) re-register the Customer by submitting a D0055 Data Flow to the relevant MPAS on, or no later than 2WD after, the Earliest Resubmission Date as noted in the D0308 Data Flow.

## **2.8 Accepting an Application for Registration**

- 2.8.1 Where the Application for Registration has been accepted by MPAS, the Old Supplier shall ensure that, upon receipt of the D0058 (Notice of Termination of Supply Registration) Data Flow regarding the New Supplier that has undertaken the assignment process that:
- (a) a Notice of Objection is not issued in respect of the Registration of that New Supplier; or
  - (b) the Notice of Objection of that New Supplier is withdrawn within the Objection Resolution Period.

## **2.9 Rejecting of an Application for Registration**

- 2.9.1 Where an Application for Registration has been rejected by MPAS, the New Supplier shall:
- (a) take reasonable steps to resolve the reason for the rejection;
  - (b) ensure that an Application for Registration is re-submitted as soon as possible, but in any event no later than 2 Working Days after the Earliest Resubmission Date noted in the D0308 Data Flow; and
  - (c) inform the Customer and the Old Supplier that the Change of Supplier cannot be completed where the reason for rejection of the Application for Registration cannot be resolved.
- 2.9.2 Where it is bi-laterally agreed that the resubmission timescale is to be extended, the New Supplier shall contact the Old Supplier and indicate the latest date that the resubmission will be sent. The Old Supplier shall continue to ensure that a Notice of Objection, in respect of that Registration, is not issued, or is withdrawn within the Objection Resolution Period.

## **2.10 Finalising the Debt Assignment**

- 2.10.1 Upon receipt of a D0086 (Notice of Change of Supplier Readings) Data Flow the Old Supplier shall:
- (a) calculate the Total Debt Outstanding owed by the Customer at the time of the CoS; and

- (b) send a D0309 (Confirmation of Debt Assigned) Data Flow to the New Supplier within 3WD of issuing the final bill to the Customer account, notifying them of the Total Debt Outstanding inclusive of VAT for each Customer. The D0309 Data Flow shall include details of:
    - (i) the Factored Total Payment, inclusive of VAT; and
    - (ii) the VAT component of that Factored Total Payment expected to be paid to the Old Supplier as a result of the agreed factoring mechanism detailed in Section 2.11.
- 2.10.2 Upon receipt of the D0309 Data Flow, the New Supplier shall:
- (a) validate the Data Flow as soon as possible, but within 3WD after receipt; and
  - (b) if valid, issue a D0309 Data Flow acceptance to the Old Supplier; or
  - (c) if invalid, issue a D0309 rejection flow with the appropriate rejection.
- 2.10.3 On receipt of a D0309 rejection, the Old Supplier must resend a corrected D0309 within 3WD.
- 2.10.4 Where the New Supplier issues a D0309 Data Flow acceptance in respect of a Customer in accordance with Section 2.10.2, the Total Debt Outstanding shall be transferred from the Old Supplier to the New Supplier (such that it is owed by the Customer to the New Supplier and not to the Old Supplier).

## 2.11 The Old Supplier Invoices the New Supplier

- 2.11.1 The Old Supplier shall ensure that the New Supplier is invoiced based on the J0544 (Total Debt Outstanding) (inclusive of VAT) notified in the D0309 Data Flow.
- 2.11.2 The invoice shall also contain details of the agreed mechanism of factorisation as detailed below, such that the actual payment due is made clear.
- 2.11.3 For each completed Debt Assignment, the amount paid by the New Supplier, known as the "**Factored Total Payment**", will be calculated as detailed below:

Factored Total Payment is equal to:

**Total Debt Outstanding net of VAT \* 90%** rounded to the nearest penny<sup>1</sup>

**PLUS**

**VAT on Actual Final Debt @ 100%**

- 2.11.4 On or after the 12<sup>th</sup> WD of each month, but no earlier than a period of at least 10 WD has elapsed since the issue of any given D0309 Data Flow, the Old Supplier shall issue the following for each Supplier with whom the Old Supplier has assignments for which the D0309 Data Flow was issued in the previous month (issued via secure encrypted means):
  - (a) a single invoice, showing the total amount due; and

<sup>1</sup> For example, 1.5p would be rounded up to become 2p; whereas as 1.49p would become 1p.

- (b) a supporting electronic spreadsheet or CSV file in the format set out in Appendix B, which shall detail:
  - (i) the relevant MPAN;
  - (ii) the Customer's name;
  - (iii) the Total Debt Outstanding;
  - (iv) the Factored Total Payment; and
  - (v) the amount of VAT.

2.11.5 The New Supplier shall:

- (a) validate the invoice on receipt;
- (b) raise any query or dispute (in accordance with paragraph 3) within 5 WD of that receipt; and
- (c) settle each invoice (to the extent not so disputed) within 28 days of receipt.

2.11.6 Where a dispute cannot be resolved immediately, the Old Supplier shall

- (a) issue a new invoice (via secure encrypted means) excluding the disputed entries; and
- (b) include the disputed items on a future invoice once resolved (to be issued via secure encrypted means).

2.11.7 The Old Supplier shall calculate late payments at LIBOR+2% and shall show the late payment charge as such on the succeeding invoice.

### 3 ESCALATION PROCEDURE

3.1 Where a Supplier identifies a need to resolve any issues related to the Debt Assignment process and associated timelines (other than invoicing queries), it may escalate to the relevant Supplier according to the timescales and responsibility levels outlined in Table 1:

Process	Timescale	Responsibility Level of Contact(s)
Raise Initial Dispute	Day 0	Operational Staff
Initial follow up	Day +5	Supervisor/Manager of Operational Staff
Second follow up	Day +10	Nominated Debt Assignment Handling Contact
Final follow up	Day +15	MRA Supplier Contract Manager

**Table 1: General escalation procedure**

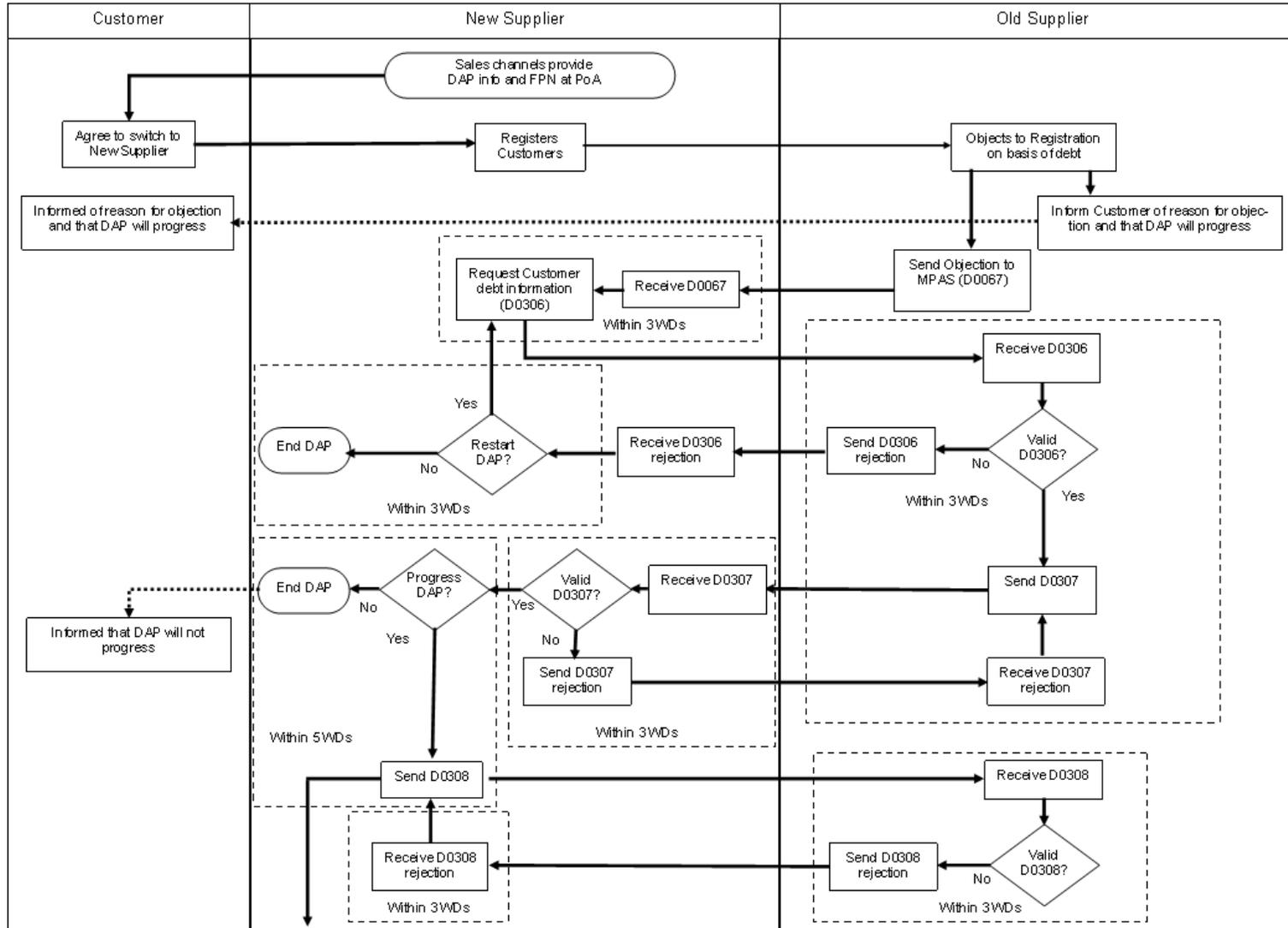
3.2 Where a Supplier identifies a need to resolve any invoicing queries in respect of paragraph 2.10, it may escalate to the relevant Supplier according to the timescales and responsibility levels outlined in Table 2:

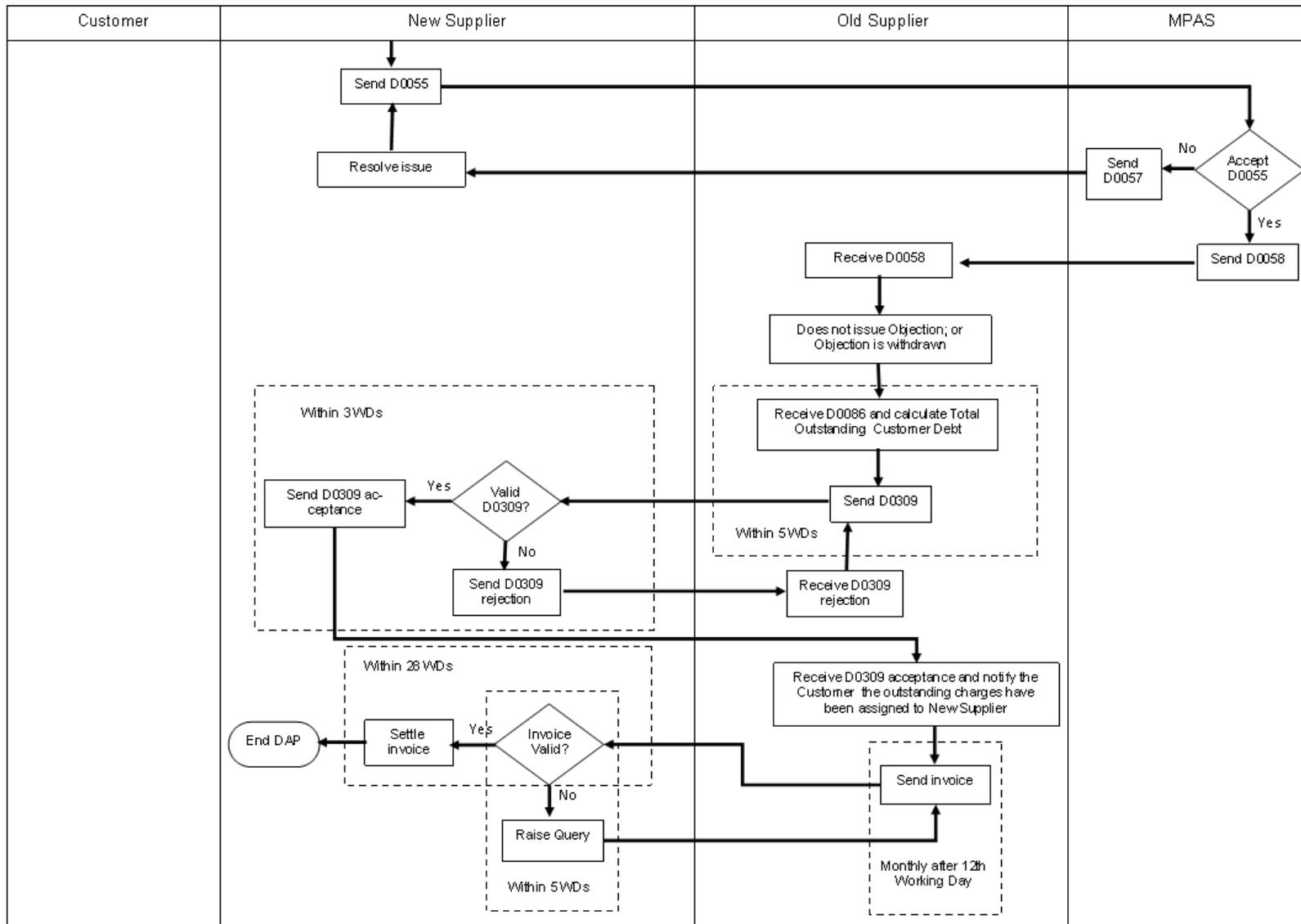
Process	Timescale	Responsibility Level of Contact(s)
Raise Initial Dispute	Day 0	Invoicing Staff
Final follow up	Day +15	MRA Contract Manager

**Table 2: Invoicing escalation procedure**

- 3.3 MRA Supplier Contract Manager shall ensure a response to the 'Final follow up' escalation is sent within 10 WD of receipt of 'Final follow up' (whether under Table 1 or Table 2).
- 3.4 Suppliers shall provide details (name, email address and phone number) of for each of the escalation levels provide for in Table 1 and Table 2. These contacts will be made available via the MRASCo website.

# ANNEX A: PROCESS FLOW CHART





**APPENDIX A: NOT USED**

## APPENDIX B: FORMAT OF SPREADSHEET TO SUPPORT INVOICE

DAP Invoice Reference	Invoice Month/Year	Supplier Name (who is being invoiced)						
XXXXXX	XX/XXXX	XXXXXX						
	<b>MPAN/MPRN</b>	<b>Customer Name</b>	<b>Total Debt Outstanding (£)</b>	<b>VAT element (£)</b>	<b>Total amount excluding VAT (£)</b>	<b>90% of excluded VAT element (£)</b>	<b>Factored Total Payment (90% of excluding VAT total plus VAT) (£)</b>	<b>Factored Total Payment entered manually (£)</b>
Example:	1234567890	Mr John Smith	£ 20.00	£ 0.95	£ 19.05	£ 17.14	£ 18.10	
	<b>Totals</b>			£ 0.95	£ 19.05	£ 17.14	<b><u>£ 18.10</u></b>	