Payment Plan

In Brief:

Payment Plans are used to fulfil a series of associated collections from or payments to a Customer.

Collections on a Payment Plan are usually performed by Direct Debit.

The amount and timing of Instalments can be revised according to business need and a complete history of all attempts is maintained.

In This Document:

Terms described in this document include:

❖ *Payment Plan*
❖ *Instalment*
❖ *Instalment Amount*
❖ *Instalment Date*
❖ *Instalment Expectation*
❖ *Instalment Expectation Date*

See Also:

Terms in this document that are described in other Fact Sheets include:

❖ *Collection Method*
❖ *FDD Collection Schedule*
❖ *BACS Processing*

A **Payment Plan** is an agreed series of payments to be made by or to a customer over several dates.

Each **Payment Plan** comprises one or more **Instalment**, each of which represents a planned collection from or refund to the customer with whom the plan has been agreed.

Each **Instalment** comprises an amount and a date. The **Instalment Amount** is a target amount to be collected / refunded and the **Instalment Date** is the target date on which the amount is to be collected / refunded.

When an **Instalment** is added to a **Payment Plan**, this creates an expectation that the **Instalment Amount** will be collected / refunded on the **Instalment Date**. This is referred to as the **Instalment Expectation** which in its initial state is said to be *'Approved'*. Although most **Payment Plans** only ever consist of the **Instalments** added to it when it was created, it is possible to add **Instalments** to a **Payment Plan** at any time.

A **Payment Plan** is designed to support collections or refunds by Direct Debit or Direct Credit. In this respect **BACS Processing** identifies and includes each **Instalment** when it is due based on the related **Instalment Expectation Date**. When this is done, the status of the **Instalment Expectation** is set as *'Due'*.

If, when it is due, **BACS Processing** is unable to process the **Instalment** (for example, because there is no relevant *'Active'* **Direct Debit Instruction** available to use to service the **Instalment**) or if, after processing the **Instalment**, a **BACS Message** is received that indicates that the collection / refund has failed then the status of the **Instalment Expectation** is set as *'Failed'*.

If the initial **Instalment Expectation** for an **Instalment** has 'Failed' then a new **Instalment Expectation** can be created. However, because in these particular circumstances the date that the Instalment was originally due to be fulfilled has past, the new **Instalment Expectation Date** must be later than the original Instalment Date. In fact it must be set to a date no earlier than the next date **BACS Processing** is due to process. The status of the new **Instalment Expectation** is set as 'Approved' and will be processed in exactly the same way as the original when it is due.

If for any reason, the date and/or amount of an **Instalment** need to be changed, then this is done by a method which effectively replaces the current **Instalment Expectation** with a new one. When this is done, the status of the **Instalment Expectation** that is to be replaced is set as 'Failed' and the status of the new **Instalment Expectation** is set as *'Approved'*. In all cases the new **Instalment Expectation Date** must not be earlier than the next date **BACS Processing** is due to process.

There is no limit to the number of **Instalment Expectations** that can be created for a single **Instalment**. Only the most recently created one can be either *'Approved'* or *'Due'*. All other **Instalment Expectations** are said to have 'Failed' in that they have not and cannot be used to fulfil the Instalment.

Where the status of the most recently created **Instalment Expectation** is either *'Approved'* or *'Due'*, the status of the **Instalment** is set to reflect this status:

- If the most recently created **Instalment Expectation** is set as 'Approved' then the status of the **Instalment** is said to be *'Pending'*.
- If the most recently created **Instalment Expectation** is set as 'Due' then the status of the **Instalment** is said to be *'Collected'*.

In all other cases, the status of the **Instalment** reflects the most recent action taken to modify it:

- If the most recently created **Instalment Expectation** has been set as 'Failed' due to the reasons associated with **BACS Processing** or resulting **BACS Messages** described above then the status of the **Instalment** is set as *'Failed'* also.
- If the **Instalment** has been fulfilled other than by due **BACS Processing** then the status of the **Instalment** should be set as *'Paid'*.
- If, for any reason, the most recently created **Instalment Expectation** cannot or should not be fulfilled while there remains a more general expectation that the **Instalment** should be fulfilled, then the status of the **Instalment** should be set as *'Suspended'*.
- If, for any reason, the general expectation changes such that it now understood that a specific **Instalment** need never be fulfilled then the status of the **Instalment** should be set as *'Invalid'*.

edw technology
integrated energy solutions

Payment Plan

In each of the above cases, when a change of **Instalment Status** is required, the status of the most recently created **Instalment Expectation** is maintained as follows:

- If the most recently created **Instalment Expectation** is *'Pending'* or *'Due'* then the status of this **Instalment Expectation** is set as *'Failed'* with a record of the reason for the change in **Instalment Status**.
- If the most recently created **Instalment Expectation** is *'Failed'* then this **Instalment Expectation** is copied and a new **Instalment Expectation** created with a record of the reason for the change in **Instalment Status**.

In this way, the record of **Instalment Expectations** associated with any **Instalment** provides a history of all the different expectations arising from and the resulting actions taken against the **Instalment**.