



AAM ASSOCIATION OF ARREARS MEDIATORS

PROSPECTUS

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Executive Summary

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A new Trade Association for the arrears mediation sector – The Association of Arrears Mediators (AAM) – was established on the 4th December 2009.

Five major field agencies, including the largest in the sector, and accounting for around 90% of the business generated within the sector, have become founder members. The founder members of the AAM are:

Debt Management Services Ltd

Excel Collection & Enquiry Services Ltd

NCI Resources Limited

PDP Management Services Ltd

The Property Service Partnership Ltd

Reasons for establishing the new association

The professional arrears mediation industry (originally known as arrears counselling) has been around for some twenty years and has now reached the size where it is appropriate to have its own dedicated Trade Association. The key objectives of the AAM are to support the members and to:

Create consistent, high quality professional standards and best practice throughout our sector to help members support lenders in their regulatory obligations with the Financial Services Authority and other interested groups.

Help our members effectively support customers in their relationship with clients.

Ensure our industry services are consistent with guidelines issued by the FSA and other regulatory bodies.

Achieve recognition as the recognised trade body within the arrears mediation sector.

Give confidence to all lender clients, the financial services community, the regulators, other like minded trade bodies and the general public.

Maintain the highest standards of professional conduct within the membership.

Structure, governance and staffing/secretariat support of the association

Following an initial steering group meeting on the 4th December 2009, The Association of Arrears Mediators was incorporated as a limited by guarantee company, company number 7124597 - on the 13th January 2010

Mervyn Pilley has been appointed by the Board as the first AAM Secretary. Mervyn Pilley FRSA, FAIA, FIPSM, FIAM, has for many years run trade associations in various sectors. In this capacity he has been actively involved in all aspects of trade association work including the running of standards and complaints schemes, raising the profile of the organisation within its sector, lobbying work with many Ministries and Government agencies as well as dealing with consultations on proposed legislation. In addition to this work he has also been very actively involved in the management of a number of professional bodies both at regional and national level.

The AAM has appointed an established association management company to carry out the secretariat function for the organisation.

4 Functions of the association

As with any Trade Association, the AAM has been founded to support its members and to seek to provide:

- Member Benefits.
- Lobbying.
- Sector Information.
- Technical Research.
- Representation.
- Borrower/customer support.

Eligibility rules and common practices, relating to such matters as the recruitment, training and supervision of mediators, as well as compliance with industry best practice guidelines have been established. Membership entry requirements include:

- All field agents must be fully licensed by the OFT and comply with all relevant regulations.
- Full training programmes by members for all field agents and staff.
- Performance monitoring of all field agents and staff.
- Maintaining a FOS compliant robust complaints procedure.
- Sufficient Professional Indemnity cover.
- Embedded and implemented Treating Customers Fairly (TCF) policies.

Whilst the field agency and mediation sector is not directly regulated by the FSA, AAM members have undertaken to treat TCF with utmost seriousness, and each has embedded and implemented a TCF policy that adheres to the Principles of Business and Required Outcomes as defined by the FSA.

5 Initial executive committee

The initial executive committee is made up of one representative from each of the founder members, together with an independent Chair and a Secretary who is also responsible for managing the day to day functions of the Association. The following, all highly experienced people with considerable sector knowledge, are the founder board members:

Barry Culver

Managing Director, Debt Management Services Ltd

David Thorpe

Managing Director, Excel Collection & Enquiry Services Ltd

Adrian Bloomfield

Managing Director, NCI Resources Limited

Peter Gander

Director, PDP Management Services Ltd

Andrew Fowler

Director, The Property Service Partnership Ltd

Initial executive committee

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Chairman

The AAM is pleased to announce the appointment of Ray Hugill as Chairman.

At the board meeting held on the 27th January 2010, Ray Hugill agreed to become the first Chairman of the AAM. Ray Hugill has worked for 34 years in Financial Services, spending lengthy periods with Halifax (7 years) and Cheltenham & Gloucester (15 years). He was with Bradford & Bingley for 9 years until 2008, at which time Ray was Head of Credit & Fraud Strategy.

Ray has represented lenders on many panels at the CML and BBA and was Chairman of the CML Arrears & Possessions Panel from 2004-2008. Ray is current Chairman of the ICM Secured Lending Group.



Method of operation of the association

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The board will meet on a regular basis to discuss key organisational and sector issues. The Secretary will collate the views and opinions of members to ensure that the AAM is run on democratic lines, and that as far as possible, the views of the AAM truly reflect those of its members.

The AAM intends to publish regular newsletters for its members, ensuring that they are kept fully informed about activity within the sector. The AAM also intends to keep all interested, external bodies including Government Ministries, local Government and regulatory bodies fully informed of its activities. It looks forward to becoming fully involved in all relevant consultation responses.

The AAM has a strong commitment to TCF. A customer of an AAM member is either:

A client who engages the member and issues instructions for its services. A client is likely to be a financial institution or a professional firm.

Or

A debtor or borrower of the AAM member's client.

Code of Conduct

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Appendix Constitution

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The FSA has Principles for Business, which AAM members adhere to. A member firm must:

- Conduct its business with integrity.
- Conduct business with due skill, care and diligence.
- Take reasonable care to organise and control affairs responsibly and effectively, with adequate risk management systems.
- Maintain adequate financial resources.
- Observe proper standards of market conduct.
- Pay due regard to the interests of its customers and treat them fairly.
- Pay due regard to the information needs of its clients (and borrowers) and communicate with them in a way which is clear, fair and not misleading.
- Manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.
- Take reasonable care to ensure the suitability of its debt advice and discretionary decisions for any customer who is entitled to rely on its judgement, and to allow the customer to make an informed choice/go back to the lender.
- Arrange adequate protection for clients' assets when it is responsible for them.
- Deal with its regulators in an open co-operative way.

It has been agreed by the Executive Committee that all members will have their systems independently audited for robustness and compliance on an annual basis.

The Executive Committee will review the Code of Conduct regularly to ensure that it continues to be fit for purpose and meets any need to deal with changes to market requirements or the regulatory framework.

Introduction

The name of the Association shall be the "The Association of Arrears Mediators" (referred to in this constitution as "the AAM").

The AAM was established on the 4th December 2009 and incorporated on the 13th January 2010.

The AAM has the following mission statement.

“ The Association of Arrears Mediators provides a service to businesses operating in the arrears mediation sector by helping to establish a favourable operating environment, by providing a forum for discussion on non-competitive issues, and by providing information to assist them in their business and their dealings with customers. The AAM also seeks to bring common standards to the sector for the long term benefit of all. ”

Appendix

Constitution cont...



Objectives

The AAM shall have the following objectives:

To be a central representative body to put the views of arrears mediation companies to Government departments and agencies, Parliament, the European Commission and Parliament and all other relevant organisations.

To be a research and statistical centre. To aggregate and publish statistics, and to provide analysis on arrears mediation and other relevant market information.

To be a technical centre providing commentary, guidance and advice on all legal and other regulatory developments of relevance to arrears mediation.

Meetings of the AAM

For a committee meeting to be quorate a minimum of three committee members, not including the Chair or Secretary shall be present.

To provide a forum for the exchange of non-competitive information.

To promote the arrears mediation sector.

To promote a set of quality driven, common standards as a requirement for membership.

Membership

Membership of the AAM is available to companies which operate as arrears mediators and employ the services of field agents, subject to them meeting the requirements for membership as determined by the Executive Committee, as well as the payment of the appropriate subscription. Admission to membership is at the ultimate discretion of the Executive Committee.

Appendix

Constitution cont...



Associates

The Executive Committee shall, at its discretion, admit as an associate of the AAM any organisation that does not carry out the business of arrears mediation, but is otherwise interested in the business. Associates shall be entitled to receive most publications and other literature prepared under the auspices of the AAM, and otherwise be entitled to participate in the affairs of the AAM as decided by the Executive Committee.

Finance of the AAM

The financial year of the AAM shall be the calendar year but this may be changed by resolution of the Executive Committee.

The subscription scale shall be set by the Executive Committee.

Associates shall pay an annual subscription fixed by the Executive Committee.

Meetings of the AAM

The affairs of the AAM shall be directed by an Executive Committee comprising -

Up to ten members elected from within the membership. Each member serving for a three year term. Each member shall have one vote. The Executive Committee may make bye-laws governing the conduct of elections including provision to phase retirements.

No more than three members co-opted by the Executive Committee.

An independent Chair appointed by the Executive Committee.

A member of the Executive Committee shall cease to be a member if he resigns from, or if he ceases to hold office in, the institution in which he has hitherto held office.

Each member of the Executive Committee shall have one vote. The Chairman shall have a second, or casting vote in the event of equality.

Appendix Constitution cont...

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Publicity

The Association shall publish an annual report on its activities and a list of subscribing members. Both these documents will be published on the Association's website (www.arrearsmediators.org.uk) with the membership list being always up to date.

Committees and Panels

The Executive Committee may establish and maintain sub-committees and project groups, and may delegate matters to them.

The Executive Committee may appoint technical panels to advise and assist it.

Secretary

The Executive Committee shall appoint a Secretary who shall be responsible to it for the management of the Association and who shall also be the principal representative of the Association and the principal policy adviser to the Executive Committee.

Delegation

The Executive committee may delegate such of their powers as may be agreed by a majority of the committee

Revision of the Constitution

This constitution shall be amended by the AAM, provided that at least 75% of the members of the AAM present at the meeting vote in favour of amendments of which prior notice has been given.

Transitional arrangements

The following transitional arrangements shall apply:

Founder members of the Association will be those who were invited to join following the initial meeting of the Association on the 4th December 2009 and who subsequently applied to join by the agreed deadline. The initial Executive Committee is composed of one representative from each founder member, together with Mervyn Pilley the first appointed Secretary plus Ray Hugill the first independent Chair elected by the Executive Committee. The initial subscription and entry fee are to be confirmed in accordance with the budget presented to the Executive Committee by the Secretary.

Appendix Membership Criteria

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Each member shall:

Act professionally, responsibly and with integrity in the day to day conduct of its business.

Conduct business in a lawful manner and comply with all legislation relevant to its business.

Have in place and ensure compliance of a written Code of Conduct for all Employees and Field Agents.

Provide full training programmes for all field agents and staff.

Fully complete and verify employment details and criminal record checks on all Employees and Agents of the member and record these details for future reference.

Confirm that every Self Employed Agent holds a current Consumer Credit Licence with the relevant categories for the work they undertake.

Ensure every Employee and Self Employed Agent signs an agreement to comply with this Code and the member's own Code of Conduct.

Ensure that all Self Employed Agents sign a Contract for Service prior to undertaking any instructions from the member.

Provide a training guide/manual for all Self Employed Agents. All Agents must complete an induction training course prior to undertaking any work for a member.

Provide adequate training (ongoing) for all Employees and Self Employed Agents, ensuring full compliance with this Code and the individual member's Codes of Conduct and any legislation/best practices pertinent to our industry.

Have in place adequate and robust processes for dealing with and reporting complaints from a customer, client or personnel.

Respect the principals of Treating Customers Fairly as laid down by the FSA for regulated Clients.

Have in place money laundering policy and procedural guidelines.

Be able to prove that it has undertaken field visit instructions for a minimum of two Mortgage Lenders and have undertaken this work for a minimum of two years, unless approval to join is gained via a special unanimous approval by the current members.

Have adequate PI cover for all their activities (min £1m cover unless specified otherwise by the individual Client SLA).



The Association of Arrears Mediators provides a service to businesses operating in the arrears mediation sector by helping to establish a favourable operating environment, by providing a forum for discussion on non-competitive issues, and by providing information to assist them in their business and their dealings with customers. The AAM also seeks to bring common standards to the sector for the long term benefit of all.

www.arrearsmediators.org.uk