

Cheque - Failed

The following process describes the action to take following a failed cheque from the paying parent and also covers the unlikely event of where all or part of the failed cheque has paid out in error to the receiving parent.

The process also describes the steps to take to add this amount to the paying parent's liability – this liability is due to the Child Maintenance Group (CMG) (referred to as Admin) – not the receiving parent. If only part of the failed payment has paid out to the receiving parent it is only this amount that needs to be recovered.

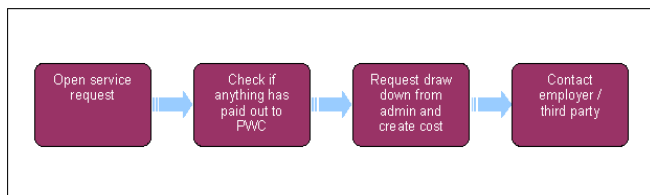
CMG will receive notification of a failed cheque from RBS to a named contact on the same day the cheque has failed.

The system will find the original payment and the action to take will depend on the origin of the cheque:

- If the failed cheque has been received from the paying parent, a service request (SR) will be generated by the system for the arrears management team to contact the paying parent to arrange another payment.
- If the failed cheque has been made from an employer, an SR will be generated by the system for the employer team to contact the employer to arrange another payment.
- If the failed cheque has been made from a third party, a payment failure SR will be created by the system for the employer team to contact the third party in respect of the cheque. They are also dealing with the third party scheduling processes. The activity plan actions on the SR are:
 - Review the service request for the failure – verify
 - Contact third party to get more information on the failure - call outbound
 - Await payment failure information (if the third party has to find out why and get back to us) – wait
 - Update case with failure information – verify
 - Review the account overdrawn information - to do
- If the failed cheque is from a receiving parent to recover an overpayment, this will be posted to suspense. When the system doesn't recognise the payment in the receiving parent account it will check suspense and post the failure in there. This will match the payment and reverse it.

In order to prevent a misappropriation of funds if any money has paid out to the receiving parent, a draw down from the admin account into the receiving parent's client account is performed to recover the cash shortfall. A liability will then be added to the paying parent's account to reimburse the admin account.

For more information refer to Policy, Law and Decision Making Guidance 



 When speaking to clients always use the new terminology. For more information refer to [Terminology Changes](#).

 This procedure uses the terms receiving parent and paying parent.



The receiving parent is the parent who receives or who is expected to receive child maintenance, known as the parent with care (PWC) or person with care (PeWC) on the system and in legislation. The paying parent is the parent who pays or who is expected to pay child maintenance, known as the non resident parent (NRP) on the system and in legislation.

Notified Of Failed Cheque Before Money Is Paid Out

CFAT Actions

1. Create BaNCS JV to debit paying parent or employer BaNCS account and credit RBS Bank Mirror Account.
2. Enter Journal into BaNCS.
3. Reconcile bank debit with RBS Bank Mirror Account.

Caseworker Actions



4.  Call the paying parent, employer or third party to advise them of the payment failure and arrange a replacement payment or agree on an arrears repayment schedule. For more information refer to [Credit/Debit Card - One Off Payment](#), [Arrears Negotiation and Missed Payments](#) and [Arrears Overview](#). For more information on arrears refer to Policy, Law and Decision Making Guidance 

Cheque Fails But Money Has Already Paid Out

CFAT Actions

5. Create BaNCS JV to debit paying parent or employer BaNCS account and credit RBS Bank Mirror Account.
6. Enter Journal into BaNCS.
7. Create and complete an **Admin Drawdown SR** to take paying parent out of overdraft. Select the following:
 - **Process = Payments**
 - **Area = Admin Account**
 - **Sub Area = Drawdown Funds and Payments**
8. Create **Cost SR** against the paying parent. For more information refer to [Create Cost](#).
9. Reconcile bank debit with RBS Bank Mirror Account.
10. Create Manage Inbound Call SR and generate call back for case worker. See **How to raise a formal call back request** in [Call Backs](#).

Caseworker Actions

11.  Call the paying parent, employer or third party to advise them of the payment failure and arrange a replacement payment or agree on an arrears repayment schedule. For more information refer to [Credit/Debit Card - One Off Payment](#), [Arrears Negotiation and Missed Payments](#) and [Arrears Overview](#). For more information on arrears refer to Policy, Law and Decision Making Guidance 

[Arrears Negotiation and Missed Payments](#)

[Arrears Overview](#)

[Create Cost](#)

[Credit/Debit Card - One Off Payment](#)

[Terminology Changes](#)