



## Collection Fees - Summary

This summary provides an overview of the fees applied when clients use the Child Maintenance Group's (CMG's) collect and pay service type. All clients who use the collect and pay service, including those on benefits, are subject to these fees, which take the form of:

- a fixed percentage fee added to the amount the paying parent pays;
- a fixed percentage deduction from the amount a receiving parent or child in Scotland (CIS) receives



Collection fees also apply within the Northern Ireland Child Maintenance Service (NICMS).

Advise all clients at the application stage that collection fees apply if the collect and pay service is requested.

If direct pay is requested (also known as maintenance direct (MD) on the 2012 system) no fees apply unless the paying parent misses payments and the service type is subsequently changed to collect and pay. When the service type is direct pay, the receiving parent's payment plan displays the savings made as a result of not having fees added/deducted.

If either party has concerns about setting up direct pay with regards to the other party finding out their location from the sort code, advise them they can choose to set up to receive payments through one of the following: PayPal, Moneygram or a non-geographic account with no sort code. For more information refer to [Direct pay summary](#).

If the service type changes from direct pay to collect and pay, collection fees are applied to any arrears that accrued during the direct pay period. For further information on service types refer to [Change - Service Type - To Direct Pay](#) and [Change - Service Type - To Collect and Pay](#).

 If the paying parent has requested direct pay and the receiving parent declines the change then this service type may be refused if the paying parent is deemed 'unlikely to pay'. For more information refer to [Unlikely To Pay Check](#) and the Policy, Law and Decision Making Guidance. 

Existing direct pay cases are not subject to any collection fees. Any existing 2012 scheme cases where the service type is collect and pay will have been automatically rescheduled to apply collection fees. Collection fees must be calculated manually for:

- Multiple deduction from earnings orders (DEOs) for a paying parent
- Multiple method of payment from (MOPF) cases

For existing 2012 scheme cases where the paying parent has one MOPF and this is a single DEO or deduction from earnings request (DER), employers have been issued with new DEO schedules which include collection fees and any applicable enforcement fees. The 2012 system automatically updates the DEO/DER to include the 20% collection fee and ensure that the maximum normal deduction rate (NDR) is not breached. For further information on DEOs and DERs, refer to [DEO - Set Up](#) and [DER - Set Up](#).

When the provisional calculation letter is sent to the paying parent, it includes the percentage to be used for collection fees and an indicative figure of annual and weekly fees expected to be paid in addition to the maintenance liability. Charges are also applicable if the paying parent is subject to enforcement action. For further information refer to [Enforcement Charging Overview](#).

Statements provide a summary of the weekly and annual amounts of collection fees paid, and highlight the various amounts applied to each parent. For example, the paying parent's statement indicates any enforcement charges applicable; the receiving parent's/child in Scotland's (CIS's) statement indicates any charges deducted from the payments. For further information on client statements, refer to [Statement - Client](#).

The paying parent's collection fees are fixed at 20% of their ongoing maintenance. Collection amounts for the receiving parent are fixed at a 4% deduction of the maintenance they are due to receive. Paying parents on benefits are also subject to the full 20% fee.

When the paying parent doesn't pay the total collection amount due (liability amount due plus fees), the CMG will collect a percentage fee proportion based upon the full fee amount that should have been received, for example:

If the ongoing maintenance (OGM) due is £100, and the fee is £20 (20% of the OGM), the OGM as a percentage of the total collection amount due is:

$$100/120 \times 100\% = 83.33\%$$

the collection fee as a percentage of the total amount due is:

$$20/120 \times 100\% = 16.67\%$$

So in this example, when the paying parent is due to pay £120, but only pays £100:

$$£100.00 \times 83.33\% / 100 = £83.33 \text{ is allocated as OGM, and;}$$

$$£100.00 \times 16.67\% / 100 = £16.67 \text{ as collection fees. The 4\% deduction fee applied to the receiving parent is:}$$

$$£83.33 \times 4/100 = £3.33$$

So the receiving parent receives £83.33 - £3.33 fees = £80.00



Regardless of the amount paid, the percentage proportion of maintenance due (both OGM and arrears) to collection fees is always 83.33% to 16.67% respectively.

Examples of the fees that the paying parent pays and the receiving parent has deducted are shown in the table below:

Liability amount	Paying parent fee	Total collection amount due	Payment received from paying parent	Receiving parent	Net payment to receiving parent
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	(20% of liability)			deduction (4%)	
£100.00	£20.00	£120.00	£120.00	£4.00	£96.00
£50.00	£10.00	£60.00	£60.00	£2.00	£48.00
£100.00	£20.00	£120.00	£100.00	£3.33	£80.00
£50.00	£10.00	£60.00	£40.00	£1.33	£32.00

The paying parent's collection fees accrue daily against the ongoing maintenance (OGM) amount - any missed fee payments are treated as arrears and added onto the paying parent's arrears balance. Where the paying parent has made direct non scheme payments to the receiving parent, fees are still applied to each payment made. For more information refer to [Direct Non Scheme Payment](#). The receiving parent only has fees deducted from payments received by the paying parent so will not accrue any fees.



Paying parent and receiving parent collection fees are applied against ongoing maintenance and arrears, however no fees are applied to any arrears accrued before August 2014. Charges may also be incurred if enforcement action is required to recover any arrears.

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