

1 Action Plan

1.1 Interview date

2022-04-28

1.2 Actions Taken In Appointment

| Debt/Issue | Action |
|------------|--------|
| v | v |

1.3 Client next steps

| Debt/Issue | Action | By When |
|------------|--------|---------|
| v | v | v |

1.4 Advisor Next Steps

| Debt/Issue | Action | By When |
|------------|--------|---------|
| v | v | v |

1.5 Next Steps

| By Whom | Debt/Issue | Action | By When |
|---------|------------|--------|---------|
| | v | v | v |

1.6 Preliminaries

1.6.1 Do you require an interpreter or Language Line Services?
No

1.6.2 Do you have a Support Worker who attended the appointment? – Yes / No
No

1.6.3 Do you have any Accessibility needs
No

1.7 Client Identification

1.7.1 Name
lauren

1.7.2 Address

v

1.7.3 Case number
CL-00000005

1.7.4 Photo ID Provided?
No

1.8 Client Goal

1.8.1 What is your goal regarding your debts and money management?

v

1.8.2 What does the client want from the advice session?

General advice on debt options

2 Exploration of Facts

2.1 Emergency/Urgent Issues

2.1.1 Does the client have any emergency or urgent issues?

No

2.2 Health

2.2.1 Do you have any of the following health conditions? – tick all that apply.

No health conditions

2.3 Personal Situation

2.3.1 What is your immigration status?

Prefer not to say

2.4 Housing Status

2.4.1 Who else is living at the property with you? (Relation and age)

v

2.4.2 Client's Housing Status

Own Outright

2.4.3 When did you move into the property?

v

2.5 Reason for Financial Difficulties

2.5.1 Do you think their current financial and personal situation is stable or unstable?

Stable

2.5.2 What are the main reasons for their current financial difficulties? (tick all that apply)

Loss of job

2.5.3 Are there any underlying issues

v

2.5.4 Are the difficulties likely to be long term or temporary?

Temporary

2.5.5 Why are the difficulties temporary?

Hopeful of returning to work

Working extra hours

2.5.6 Is their situation likely to get better, get worse or stay the same? – Get better / Get worse / Stay the same

Get better

2.5.7 Situation will improve because?

Benefits/Income likely to increase

Working extra hours

Starting work

2.6 Previous Actions

2.6.1 Are you new or returning to the debt advice service?

new

2.6.2 Details

they have not received debt advice before.

2.6.3 What actions have you taken so far about their debts?

v

2.6.4 Have you had any formal insolvency options (DRO, IVA, bankruptcy etc.) before?

No

2.6.5 Details

they have not had a formal insolvency option before.

2.7 Income Details

2.7.1 What type of income are you receiving? (Tick all that apply)

Wages

2.7.2 Details

The client said that they do not have an attachment of earnings from their wages

2.8 Savings & Assets Details

2.8.1 Does the client have any assets or savings?

2.8.1.1

Equity in home

2.8.1.1.1 Equity in home yes/no

Yes

2.8.1.1.2 Equity in home details

250k

2.8.1.2

Savings

2.8.1.2.1 Savings yes/no

No

2.8.1.3

Vehicle

2.8.1.3.1 Vehicle yes/no

No

2.8.1.4

Pension Fund

2.8.1.4.1 Pension Fund yes/no

No

2.8.1.5

Compensation

2.8.1.5.1 Compensation yes/no

No

2.8.1.6

Backdate of Benefits

2.8.1.6.1 Backdate of Benefits yes/no

No

2.8.1.7

Redundancy Payment

2.8.1.7.1 Redundancy Payment yes/no

No

2.8.1.8

Pending insurance/PPI claim

2.8.1.8.1 Pending insurance/PPI claim yes/no

No

2.8.1.9

Other Assets

2.8.1.9.1 Other Assets yes/no

No

3 Income Maximisation

3.1 Financial Capability & Income Maximisation

3.1.1 Tax Code & Benefit Checks

3.1.1.1 Do you need a Tax Code check?

Yes

3.1.1.2 Details

concluded that the client was suitable for a tax code check and so carried this out.

3.1.1.3 What is the Tax Code?

The adviser carried out the Tax Code check and the client's tax code is:

3.1.1.4 Is the Tax Code right?

Yes

3.1.1.5 Details

The adviser confirmed that the Tax Code was correct, and no further action was required.

3.1.1.6 Benefit check carried out

Yes

3.1.1.7 What was the outcome?

v

3.1.1.8

The client was advised on Income Maximisation and Financial Capability. Client was provided with our Booklet called Managing Your Money and the relevant sections which were highlighted for their reference in addition to advice being provided:

3.1.2 Is their bank account at risk and you need information about basic bank accounts?

No

3.1.3 Details

We considered if the client's bank account was at risk and whether they needed information on basic bank accounts and the client's bank account was not at risk and so no further information was required.

3.1.4 Do you have any entitlement to child maintenance that is not being received?

N/A

3.1.5 Details

this is not applicable to them as they do not have any children eligible for child maintenance payments.

3.1.6 Do you have any entitlement to Marriage Allowance that is not being received?

N/A

3.1.7 Details

this is not applicable to them as they are not eligible for Marriage Allowance.

3.1.8 PIP

Not Applicable

3.1.9 Does the client require advice about Budgeting and Saving?

Yes

3.1.10 Details

concluded that the client does require budgeting and saving advice. We advised the client that Budgeting is important because it helps to see what money is coming in? to see what money is going out? to pay essential bills on time? to work out payments to any debts and plan any future spending.

We advised that the first stage is to work out a personal budget. We completed this during the appointment and provided the client with a copy of a budget sheet.

We advised that if the client cannot afford to pay their existing debts, taking out more credit will often make the situation worse. It might mean missing payments on their on-going household bills and other debts. It could make it harder to negotiate with their creditors, and can cause problems with some debt options, so we told them to think very carefully before doing this. We said that their personal budget will tell them if they have enough money left over to pay the monthly payments.

We said that it is a good idea to save some money each month if possible. This helps someone to plan ahead. We said that it can be hard to stick to repaying any debts, or essential bills, when an important expense needs paying. This could be that the car needs fixing, or an urgent house repair. We advised that they could spread out these payments, and make budgeting much less stressful, if they regularly put a bit of money aside to pay for expenses such as these.

We continued and said that other costs come up occasionally, such as MOTs, birthdays and Christmas. It is important to save regularly for these things, so the money is there when needed. We advised to set aside a monthly amount in the personal budget for these sorts of costs.

We directed the client to the money advice service website at <https://www.moneyadvice.service.org.uk/en/categories/budgeting-and-managing-money> for more budgeting and saving tips.

3.1.11 Does the client require advice about their TV Licence?

No

3.1.12 Details

concluded that the client does not require any advice on their TV Licence as they have sufficient available budget to manage the payments at their current payment arrangement.

3.1.13 Does the client require advice about Switching Energy Supplier?

No

3.1.14 Details

concluded that the client does not require any advice on switching their energy suppliers because they are unable to do so.

3.1.15 Does the client require advice about Warm Home Discount?

No

3.1.16 Details

concluded that the client does not require any advice on the Warm Home Discount as they do not qualify for it.

3.1.17 Does the client require advice about Crisis Fund application

No

3.1.18 Details

concluded that the client does not require any advice on the Crisis Fund payments as they are not experiencing a

crisis that would qualify for a payment from their local authority.

3.1.19 Does the client require advice about Downsize/Lodger?

Yes - homeowner

3.1.20 Details

concluded that the client would benefit from advice about downsizing or taking in a lodger. We advised that if they were to downsize this means that they seek to move to a smaller property. We advised as they are a homeowner with a mortgage then selling to downsize may lead to them purchasing a property with a lower mortgage payment. Please seek independent financial advice including from free mortgage brokers before considering this. A smaller property, as with renting, may also have lower running costs.

3.1.21 Does the client require advice about Best Deals - Phone Calls?

No

3.1.22 Details

concluded that the client does not require any advice on best deals for phone calls as the client does not have a phone deal that can be changed.

3.1.23 Does the client require advice about Best Deals - Broadband?

No

3.1.24 Details

concluded that the client does not require any advice on best deals for broadband as the client does not have a broadband deal that can be changed.

3.1.25 Does the client require advice about Help with Water Bills?

No

3.1.26 Details

concluded that the client does not require any advice on Help with Water Bills as the client does not qualify for assistance with their water bill.

3.1.27 Does the client require advice about Reducing/Help with Travel Costs?

Yes

3.1.28 Details

concluded that the client would benefit from help with their travel costs. We advised the client that if they use public transport, they may be able to save money by buying a weekly, monthly or annual travel pass. With some bus companies, you can buy ticket using a phone app (free to download) or get a smart travel card then weekly bus cost is cheaper. Some employers have schemes to make it easier to pay as well.

Cycling is free but bicycles can be expensive. Some employers may use a scheme to help reduce and spread the cost. Running a car can be very expensive including costs such as road tax and MOTs. We advised that it is important to save regularly, so putting money away to pay for any repairs that are needed.

3.1.29 Does the client require advice about Help with Prescription Costs?

Not Applicable

3.1.30 Does the client require advice about Charitable Trust Funds?

No

3.1.31 Details

concluded that the client does not qualify for assistance from Charitable Trust funds.

3.1.32 Does the client require advice about Foodbank Vouchers?

No

3.1.33 Details

concluded that the client does not require a Foodbank voucher.

3.1.34 Does the client require advice about School Meals?

No

3.1.35 Details

concluded that the client does not require advice about free school meals.

3.1.36 Does the client require advice about Child Care Costs?

No

3.1.37 Details

concluded that the client does not require advice about childcare costs.

3.1.38 Does the client require advice about sale of non-essential items?

No

3.1.39 Details

concluded that the client does not require advice about sale of non-essential items.

3.1.40 Does the client have home contents insurance?

Yes

3.1.41 Details

they said that they already had contents insurance.

4 Debt Exploration and Advice

4.1 Liability

4.1.1 Are you disputing liability for any of the debts?

No

4.1.2 Details

are not disputing their liability for any of their debts.

4.1.3 Any potential challenge under Debt & Mental Health?

No

4.1.4 Details

You have no mental health issues that would allow for us to be successful in challenging the debts

4.1.5 Any debts statute-barred?

No

4.1.6 Details

concluded that there are not debts that could be statute-barred.

4.1.7 Is client guarantor or have any debts with a guarantor?

No

4.1.8 Details

The client neither a guarantor nor has a guarantor for any of their debts.

4.2 Priority Debts

4.3

We advised the client of the difference between priority and non-priority debts and we explained the recovery procedures that can be used by creditors if they default on payment.

A priority debt is one where the creditor's ultimate sanction may result in the loss of:
liberty; or
home; or
essential services, for example, gas or electricity; or
essential goods.

We explained the need for the client to maintain payments towards their priority creditors.

We advised that their other debts are non-priority debts. The sanctions open to creditors for non-payment of non-priority debts are generally less serious than those for priority debts. Most non-priority creditors can only recover the money owed through County Court proceedings and then enforcing the judgment if you do not pay in accordance with its terms.

We advised them that they should not ignore any letters or other contact from creditors or debt collectors (including bailiffs) acting on their behalf but should contact us as soon as possible.

We also advised them that entering into a payment arrangement with any of their creditors would not guarantee that any ongoing recovery or legal action would be suspended or withdrawn, and that the creditor may continue to add charges and interest.

We asked the client if all of the debts included below were all of their debts and they confirmed that they were, even when they present with one debt only.

4.3.1 Details

do not have an agreement with their lender

4.3.2 Council Tax Arrears

Yes

4.3.3 Details

The client stated that they have Council Tax arrears.

The client said that they have arrears of £XXX

We advised the client that Council tax is a priority debt because the council has strong powers to make the client pay and can ultimately lead to imprisonment if the client deliberately refused or neglected to pay when they could have done so.

We advised the client that if they are married, live with their partner or live together in a civil partnership, both they and their partner will be potentially responsible for paying all of the bill. This is known as 'joint and several liability'. If joint tenants, joint owners or partners are named on the original council tax bill they are jointly and severally liable.

4.3.4 Recovery Action

4.3.5 Council tax arrears recovery details

We advised that as the client is working then the council could look to recover the debt by a deduction from the client's wages. This is when the council asks the client's employer to take regular deductions from their earnings to repay the debt. It is called an 'attachment of earnings order'. The deductions will be made from the client's 'net income' and are made on a sliding scale depending on how much the client earns. This means income the client has left after paying their tax and National Insurance.

We advised the client that their deduction rate will be

| Net monthly earnings | Deduction rate (%) |
|----------------------|--|
| £0 - £300 | 0 |
| £301 - £550 | 3 |
| £551 - £740 | 5 |
| £741 - £900 | 7 |
| £901 - £1,420 | 12 |
| £1,421 - £2,020 | 17 |
| £2,021 or more | 17 for first £2,020 and 50 for remainder |

We advised the client that they may be able to agree with the council direct a fixed deduction from their wages. This avoids their employer having to do a separate calculation each pay day.

We advised the client that this could be a disciplinary offence and could put their job at risk especially if they are in a job handling money. We advised the client that they could raise this with the council that if they do a deduction from earnings they may lose their job and then the council will get even less money.

4.3.6 Council tax arrears recovery details

As the client is in receipt of benefits, the council can apply for a third party deduction from those benefits once a liability order has been made. The benefits the council can deduct from are Income Support, Pension Credit, income-related or contribution-based Employment and Support Allowance, income-based or contribution-based Jobseeker's Allowance or Universal Credit.

4.3.7 Council tax recovery details

If the debt is for £1,000 or more, the council can apply to the County Court for a legal charge on the home on which the council tax is owed. The council can only do this if the client owns the property. This means the debt is 'secured' on the home like a mortgage, and so may put the home at risk.

4.3.8 Council tax arrears recovery amount details

If the amount of arrears is over £5000.

As their debt is £5000 or more, the council can try to make the client bankrupt. We advised that this is more likely if the client owes council tax bills for lots of different years as the council can add these together.

If the council has used bailiffs and the client still has not paid their council tax in full, councils in England can apply to the magistrates' court to ask for the client to be sent to prison. This is rare.

The court should not send the client to prison if they cannot afford to pay. They should only do so if they think the client has 'deliberately refused' or 'neglected' to pay when they could have done so.

The court must carry out a means enquiry before they decide to send the client to prison. This is where they look at the reasons why the client has not paid the council tax debt. The court will ask the client questions about their situation, including their income, outgoings, debts and assets. Before the means enquiry, the court would need to issue a summons to attend the magistrates' court, or issue an arrest warrant.

We advised that normally the court will order the client to pay an amount each month until they have paid the debt. If they do not pay this amount regularly, they will have to go to the court again and may be sent to prison for up to three months.

In exceptional circumstances, the court may order the council tax debt the client owes to be 'written off' so they do not have to pay the debt back. We advised the client that if they receive any letters or notices from the court or the council that mentions a court hearing date or committal to prison, or an arrest warrant, they should contact us immediately for advice.

4.3.9 Do you have an agreement for payment of the arrears?

No

4.3.10 Details

do not have an agreement with the council.

4.3.11 Are you receiving the single person discount?

Yes

4.3.12 Any arrears from previous years?

No

4.3.13 Details

there were no arrears from previous years and all arrears were from the current year.

4.3.14 Is any Council Tax Reduction received?

Don't know

4.3.15 Has a Liability Order been made?

Yes

4.3.16 when?

In v

4.3.17 Are Enforcement Agents involved?

No

4.3.18 Gas and electricity arrears

No

4.3.19 Hire Purchase Arrears

No

4.3.20 TV Licence

No

4.3.21 Child Maintenance Arrears
Not Applicable

4.3.22 HMRC arrears
No

4.3.23 Tax Credits Overpayment
No

4.4 Non-Priority Debts

4.5

Insert a new table for each non-priority creditor

4.5.1 Non-Priority Debts

| Creditor Name | Account number | Joint/Sole Liability | Debt Secured - Y/N | Outstanding Balance | Balance Verified - Y/N | Current arrangement (inc. interest/costs?) | Recovery Action/Latest contact (inc. court action) |
|---------------|----------------|----------------------|--------------------|---------------------|------------------------|--|--|
| na | na | na | na | na | na | na | na |

4.5.2 Do you have any other debts?
No

4.5.3

Next, we advised the client about their Non-Priority Debts. The sanctions open to creditors for non payment of non-priority debts are generally less serious than those for priority debts. Most non-priority creditors can only recover the money owed through County Court proceedings and then enforcing the judgment if you do not pay in accordance with its terms.

We discussed the following non-priority debts with the client: -

4.5.4 Details

>We advised the client that they have missed payments under their agreement but have not yet received a default notice. We advised the client that there is, therefore, still an opportunity to contact the creditor to reach an agreement with them or explore the other options that are available to them.

We advised the client that if no further action is taken then the next stage would be for the creditor to issue the default notice. This gives the client 14 days to catch up with payments and if they do, the account will carry on, but if they cannot then the account will default. If the account defaults, the creditor will then be able to demand payment of the debt in full, pass the debt to a debt collection agency, sell the debt to a debt purchasing company and/or, after following the Debt Pre-Action Protocol, issue a claim against the client in the county court to obtain a County Court Judgment against the client.

We advised the client that the debt is at an early stage and so there is opportunity to prevent any court action, however this is the ultimate sanction and if a County Court Judgment is obtained, this will add additional costs to the debt and can then be enforced. A County Court Judgment can be enforced through a number of methods including Attachment of Earnings Orders, Charging Orders, County Court Bailiffs, High Court Enforcement or a Third Party Debt Order, depending on your circumstances at the time of the enforcement.

We advised the client that any missed payments will show on the client's credit reference file and may impact on the client's ability to obtain credit in the next 6 years, however,, should further action such as a Default Notice or County Court Judgment be obtained then these will have an even greater impact on the client's credit file.

5 Financial Statement

5.1 Proof of Income

5.1.1 Client provided proof of income & expenditure

Yes

5.1.2 What proof of income & expenditure provided

wage slips

bank statements

5.1.3 What proof of income/expenditure still outstanding

none

5.2 Status of SFS

5.2.1 Did you create a financial statement with the client? (inc. explanatory notes)

Yes

5.2.2 was it a completed or draft version?

Completed version

5.2.3 Completed SFS details

We were able to complete the financial statement with the client who was able to confirm that the final statement was an accurate representation of their financial situation.

5.2.4 Variable Income/expenditure averaged?

N/A

5.2.5 Missing expenditure items?

No

5.2.6 Expenditure items high or low?

No

5.2.7 Deficit budget?

No

5.2.8 Large surplus budget?

No

5.2.9 Has a credit report been requested?

No

5.2.10 Why not?

The credit report was not requested because only ct debt

5.2.11 Evidence on file to verify debts

Yes

5.2.12 Have any Square Peg Debts been identified on SFS

N/A

5.2.13 Has Housing Benefit been recorded as income on the SFS?

N/A

5.2.14

You confirmed that the information you provided to form the financial statement was accurate and we advised you that this information is vital because any small differences can affect the advice that we give to you. We recommended that you review your budget carefully and ensure that it is realistic and covers all of your essential expenditure. Please feel free to make any changes as you see fit on the copy that we gave to you. We agreed that we will review your budget regularly.

6 Exploration of Solutions

6.1

Adviser reviewed the information provided by the client and their SFS. Based on this and the client's goal, discussed with the client their options by going through the National Debtline "Ways to Clear your Debt" factsheet. In addition, there are the options of Moratorium and Do Nothing which were discussed despite not being included in the factsheet.

We advised that not all of the options are available to the client. Some options may be available to them but are not suitable for their circumstances. The status of each option is set out below: -

6.2

We advised the client about all suitable solutions. We provided them with the National Debt Line factsheets for each of the suitable solutions. We highlighted the sections to record that we discussed the advantages/disadvantages, actual or potential consequences and implications and obligations including the impact of debt remedies on credit reference files and banking, any eligibility criteria, debts covered by that option, any costs involved, likelihood of acceptance, and any risks associated with that option, including adverse costs orders in relation to court costs being made.

Once the client had been provided with the information about which debt options were not available, not suitable and the detailed advice on their suitable options, they were in a position to decide on their solution to pursue.

6.3 Informally Negotiated Arrangement

Available & Suitable

6.4 Details

If available and suitable = We advised the client that an Informally negotiated arrangement was available to the client and suitable.

Key facts:

How much debt must I owe? There is no minimum or maximum level of debt.

What type of debt? Use this option for credit debts only, after you have dealt with priority debts.

How long will it last? There is no time limit. You may be paying for many years.

How it works

We advised the client that this option works by working out the offers of payment based on a pro-rata distribution of the client's available income. This is after they have worked out what they have to pay on any priority debts and their essential household outgoings. This means that all their creditors are offered a fair share of what they can afford to pay. We advised that they will also need to ask that any interest and charges are frozen which creditors must consider.

We advised the client that if they need to offer no payments where they have no available income, this is called a moratorium and is similar to the informally negotiated arrangement except that no payments are being made and so the creditor is only likely to accept this for a short period. We advised that small offers of payment, commonly £1 per month, can be made if this is all that can be afforded to pay. Creditors are only likely to accept this for a short time.

Advantages

Fair and transparent method of distributing payments.

Recognised by courts and widely accepted by creditors.

You can alter payments if circumstances change. You do not need an advice agency to negotiate these payments for you. You can use sample letters when negotiating with your creditors.

Through an advice agency you can use the Standard Financial Statement.

Disadvantages

Creditors may refuse your offers (although it is always worthwhile asking them to reconsider).

Creditors may refuse to freeze interest and the debt will grow. (Again, it is worthwhile asking them to reconsider.)

You will have to pay your debts off in full. This may take a long time.

Creditors may refuse offers unless made through an advice agency. (You can complain to the Financial Ombudsman Service if this happens.)

Creditors may take court action. This is a particular risk if you have larger debts and own your own home, as it may be possible for the creditor to get a charging order on your home. A charging order is a court order which secures the debt against your home like a mortgage.

You are responsible for administering all the payments yourself and keeping your creditors up to date with your circumstances.

Many creditors will often accept reduced offers for a limited period only and may ask for regular reviews.

Your ability to get further credit will be affected.

6.5 Full and Final Settlement

Unavailable

6.6 Details

If unavailable = This option is not available because the client does not have a lump sum available to make this offer to their creditors.

6.7 Write Off

Unavailable

6.8 Details

A. If unavailable = This option is not available because the client does not have any health conditions or other reasons that would allow for the creditor to consider writing off the client's debts.

6.9 S.13A Write Off

Available but Unsuitable

6.10 Details

If available and suitable = We advised the client that an Informally negotiated arrangement was available to the client and suitable.

Key facts:

How much debt must I owe? There is no minimum or maximum level of debt.

What type of debt? Use this option for credit debts only, after you have dealt with priority debts.

How long will it last? There is no time limit. You may be paying for many years.

How it works

We advised the client that this option works by working out the offers of payment based on a pro-rata distribution of the client's available income. This is after they have worked out what they have to pay on any priority debts and their essential household outgoings. This means that all their creditors are offered a fair share of what they can afford to pay. We advised that they will also need to ask that any interest and charges are frozen which creditors must consider.

We advised the client that if they need to offer no payments where they have no available income, this is called a moratorium and is similar to the informally negotiated arrangement except that no payments are being made and so the creditor is only likely to accept this for a short period. We advised that small offers of payment, commonly £1 per month, can be made if this is all that can be afforded to pay. Creditors are only likely to accept this for a short time.

Advantages

Fair and transparent method of distributing payments.

Recognised by courts and widely accepted by creditors.

You can alter payments if circumstances change. You do not need an advice agency to negotiate these payments for you. You can use sample letters when negotiating with your creditors.

Through an advice agency you can use the Standard Financial Statement.

Disadvantages

Creditors may refuse your offers (although it is always worthwhile asking them to reconsider).

Creditors may refuse to freeze interest and the debt will grow. (Again, it is worthwhile asking them to reconsider.)

You will have to pay your debts off in full. This may take a long time.

Creditors may refuse offers unless made through an advice agency. (You can complain to the Financial Ombudsman Service if this happens.)

Creditors may take court action. This is a particular risk if you have larger debts and own your own home, as it may be possible for the creditor to get a charging order on your home. A charging order is a court order which secures the debt against your home like a mortgage.

You are responsible for administering all the payments yourself and keeping your creditors up to date with your circumstances.

Many creditors will often accept reduced offers for a limited period only and may ask for regular reviews.

Your ability to get further credit will be affected.

If available but unsuitable = This option is available but is not suitable because the client has several creditors and it is unlikely that all creditors will agree to a write off which would mean that the client would need another debt solution.

6.11 Administration Order

Unavailable

6.12 Details

If unavailable = This option is not available because the client owes over £5000 in total AND/OR the client does not already have a CCJ AND/OR the client does not have 2 debts.

6.13 Time Order

Unavailable

6.14 Details

If unavailable = This option is not available because the client's debts are not regulated by the Consumer Credit Act.

6.15 Free DMP

Unavailable

6.16 Details

If unavailable = This option is not available because the client does not have £5 per month per debt disposable income and the client would not be able to repay their debts in 10 years.

6.17 IVA

Unavailable

6.18 Details

If unavailable = This option is not available because the client does not have enough disposable income to make payments.

6.19 Bankruptcy

Available but Unsuitable

6.20 Details

If available and suitable = A. We advised a client that Bankruptcy was an available and suitable option.

We advised that Bankruptcy is a way of dealing with debts that you cannot pay. While you are bankrupt any assets that you have might be used to pay off your debts. After a period of time (usually one year) most of your outstanding debts are written off and you can make a fresh start. This is known as discharge from bankruptcy. The effects of going bankrupt are the same whether you apply yourself or a creditor makes you bankrupt.

How to go bankrupt yourself

If you wish to make yourself bankrupt, you must apply online. There is no minimum amount of debt you have to owe before you can apply for bankruptcy.

Do I have to pay a fee?

You have to pay a total fee of £680 to go bankrupt. You can pay the fee online when you apply. If you cannot afford to pay the full fee all at once, you can pay the fee by instalments of at least £5. However, you must pay the full fee before you can complete your application. You can also pay the fee in cash at certain banks. However, if you choose this method, you cannot pay by instalments and you must pay the whole fee at once. If someone has agreed to make the payment for you, they can pay online when you apply.

What happens after I have applied?

Once you have completed your online application, it is sent to the adjudicator at the Insolvency Service. You do not have to go to a court hearing. The adjudicator will check your application to make sure that you cannot pay your debts as they fall due. They will also check that England or Wales is the correct place for you to go bankrupt. The adjudicator will decide whether to make a bankruptcy order within 28 days of receiving your application.

If the order is made you will then have an appointment to see the official receiver who deals with your bankruptcy. Sometimes this will take place over the phone. They will want to go through a long questionnaire with you to look at some personal and financial details. This includes things such as your National Insurance number, details of any pension policies you have, details of any assets you have, and looking at your income and outgoings.

Can my application be refused?

If the adjudicator refuses to make a bankruptcy order, they will send you a notice to tell you this. This is called a 'notice of refusal'. This notice must tell you why the adjudicator did not make you bankrupt. You can ask them to review their decision, but you must do this within 14 days of the notice of refusal being delivered.

When the adjudicator reviews their decision, you cannot provide them with any new information. You must give reasons for asking the adjudicator to review their decision, but they can only consider the information you provided with your original application. If the adjudicator still does not make you bankrupt, they must send you a notice to confirm this. You can appeal to the court against their decision, but you must do this within 28 days of getting the second notice which confirms the adjudicator has refused your application. If you appeal to court and lose, you may have to pay extra court costs.

If you want to appeal to the court against an adjudicator's decision, you will need extra help.

A creditor makes you bankrupt

A creditor can make you bankrupt if you owe £5,000 or more to that creditor and you have not been able to agree how to repay the debt. Creditors can 'club together' to make you bankrupt but this is rarely done. You can also be made bankrupt if you have an individual voluntary arrangement (IVA) that fails.

Before applying to make you bankrupt, a creditor usually needs to send you a 'statutory demand'. A statutory demand is a formal demand for a debt of at least £5,000. It requires you to either:

- pay the demanded amount;
- offer to secure the debt against any property you own (create a voluntary charge); or
- offer to pay the debt in a way that the creditor agrees to (for example by instalments).

Statutory demands can be hand delivered or posted.

You can apply to have a statutory demand 'set aside' in certain circumstances – for example if your debt is below £5,000 or there is a significant dispute about the money owed. There are strict time limits for doing this.

The creditor can apply for a bankruptcy order through the County Court if:

- 21 days have passed since a statutory demand was served; and
- the debt is still at least £5,000.

A hearing will be held if a creditor applies to make you bankrupt. It is important to attend the hearing if you want to try and stop a bankruptcy order being made. Contact us for advice if a bankruptcy hearing has been set and you want to defend against being made bankrupt.

Being made bankrupt without a statutory demand

In certain circumstances, for example you have an IVA that has failed, your creditors do not have to serve you with a statutory demand before making you bankrupt. If you have an IVA that has failed, or have received a statutory demand, contact us for advice.

Assets

The official receiver in your bankruptcy may be able to sell some of your assets. In certain circumstances (for example if you own a lot of valuable items) a separate insolvency practitioner may be appointed to deal with your assets. The person who deals with your assets in bankruptcy is known as the 'trustee'.

Certain goods are not treated as assets. These are things such as clothing, bedding, furniture and household equipment for basic domestic needs.

Items necessary for you to carry on your employment such as tools, books or vehicles can be excluded. If you have valuable household items such as antiques, or expensive electrical equipment, then these could be sold in order to raise money. Your car might be sold if it is valuable, but it may be exempt if it is necessary for your employment. It can also be exempt if it is essential to meet the basic domestic needs of you and your family. Even if your car is exempt, you may have to buy a cheaper replacement depending upon its value. The effect of bankruptcy on your car can be a complicated area.

Your home

The only asset treated differently is the house where you live. See the later section Property.

If the official receiver decides you have assets then they will usually be sold as soon as possible.

If you are discharged from bankruptcy before any assets are dealt with, they will not belong to you on discharge. Your assets will continue to belong to (or 'vest') in the official receiver until they are dealt with.

Hire purchase agreements

There may be a clause in the hire purchase agreement that allows the hire purchase company to end the agreement if you become bankrupt. In this situation, you may have to return the item.

If your agreement is not ended, the official receiver may decide to sell the item depending upon how much is left to pay on the agreement and the value of the item. There may be some situations where you can keep an item if a third party takes over the agreement for you. In some limited circumstances, you may be allowed to keep making the payments under the agreement yourself.

Pensions

If you have a personal or workplace pension fund, it will not usually be affected by bankruptcy. You are likely to be able to keep it except in rare cases where you have paid very large amounts into your pension to try to stop creditors taking your savings.

If you have a personal or workplace pension fund that you have claimed, the official receiver will look at the income you get from it. They will take this into account when they decide how much you should pay into your bankruptcy.

Property

The value (or 'equity') in a property can be worked out by taking away from the value of the property the amount you owe under any mortgages and secured loans. We use the term 'beneficial interest' to describe your share of the equity. If the property is solely owned by you, your beneficial interest will usually be all of the equity. If the property is jointly owned with someone else, your beneficial interest will be part of the equity.

If you own property then this might be sold depending on whether it has any equity in it. If you or your spouse and any children live there then there are rules about how quickly this can happen. Once you have gone bankrupt, your beneficial interest in your home is transferred to the official receiver or trustee.

If you are the sole owner then the whole of the value in the property is transferred to the official receiver or trustee.

With jointly owned property the official receiver or trustee is usually only entitled to the bankrupt person's share of the equity (that is their 'beneficial interest').

Depending on your circumstances, you may be considered to have a beneficial interest even if you are not named on the mortgage.

It may be possible for the joint owner or family and friends to make an offer to the official receiver or trustee to buy out your share of the equity. This can be particularly helpful if there is little or no equity.

How long does the official receiver or trustee have to deal with my family home?

The official receiver or trustee has a maximum of three years from when you went bankrupt to deal with your family home. However, this action may be taken before three years have passed.

The term 'family home' means:
the place where you normally live;
the place where your spouse or ex-spouse normally lives; or
the place where your civil partner or ex-civil partner normally lives.

Other properties (such as those you rent out) will not be dealt with under the rules described in this section. If you have a beneficial interest in a property that is not classed as your family home, such as a buy-to-let property.

Within the three years, the official receiver or trustee could:
come to an agreement with you about the property;
sell your beneficial interest to a joint owner or other third party;
apply for an order of possession of your home;
apply for an order for sale of your home; or
apply for an order to give them security over your home (known as a charging order).

If they do not deal with your home within the three year time limit, it will automatically pass back to you.

If your beneficial interest is less than £1,000 when it is finally reviewed, no action will be taken and your beneficial interest will automatically pass back to you.

If your beneficial interest is more than £1,000 when it is finally reviewed, the official receiver may apply for a charging order against your home. Alternatively, a separate insolvency practitioner may be appointed to sell your home.

Is there a special scheme that can be used to buy back my beneficial interest?

If the official receiver is acting as your trustee and your family home is in joint names, you may be able to use a 'property conveyancing scheme' run by the Insolvency Service. This scheme helps to keep the cost of the process low.

However, you will not be able to use this scheme if:

your property is in your sole name; or
a separate insolvency practitioner is acting as trustee.

If you are not able to use the Insolvency Service's property conveyancing scheme, the costs relating to the process of buying your beneficial interest are likely to be a lot higher. In any case, you will need independent legal advice from a solicitor. They will charge you for their services. Any third party who wants to buy back your beneficial interest will also need legal advice. Contact us for advice on how to search for a solicitor.

Keep paying your mortgage

If you have a mortgage or secured loan on the property, the ongoing monthly payments still need to be maintained to stop your lender taking possession action.

What if I rent my home?

If you have rent arrears from before the date of your bankruptcy order, your landlord can still take court action to evict you from your home. However, they cannot get the arrears back from you because they are a debt that will be included in your bankruptcy.

If you build up any rent arrears after the date of your bankruptcy order, your landlord can take action to evict you and get the arrears back.

The official receiver will work out whether you should pay anything towards your debts from your income. See the later section, Payments from income. You will not normally be allowed to include payments towards your rent arrears in this calculation.

The situation is more complicated if your landlord:
has already taken court action against you;
is threatening to take court action against you; or
is asking you for payments towards the rent arrears.

Payments from income

The official receiver will look at your income and expenses to see if you have any spare income (or 'surplus income') after paying for essential living expenses. Usually if your surplus income is above £20 per month, the official receiver will expect you to pay it all into your bankruptcy.

Essential expenses such as your mortgage, rent, household bills and food will be taken into account when working out what your surplus income is. The official receiver will have an opinion on what they consider to be reasonable expenses to meet the needs of you and your family. If the official receiver thinks an expense is not reasonable, you could be asked to pay that money into the bankruptcy instead. For example, if the official receiver thinks a monthly mobile phone payment provides you with more allowances than you need, they will ask for the cost of the extra allowances to be paid into the bankruptcy.

Income payments orders and income payments agreements

Most bankruptcy orders will end after one year. You may be asked to sign a legally binding agreement to pay monthly instalments from your income to the official receiver for three years from the date of the agreement. This is called an 'income payments agreement'. If your circumstances change then you need to tell the official receiver, as the agreement can be looked at again. If you do not pay, the official receiver can ask the court to order you to pay the instalments. This is called an 'income payments order'.

If you do not make a voluntary agreement then the official receiver can ask the court to make an 'income payments order'. This will run for three years from the date of the order. You can ask the court to look at this order again if your circumstances change.

If you receive only state benefits

If your only source of income is state benefits, an income payments agreement or order should not be made.

Negative equity

Be careful if you live in mortgaged accommodation, have secured loans on your home and your home is in negative equity. Negative equity means that if your home were to be sold, not all of the mortgage and secured loans would be repaid. In this situation, the official receiver may not take into account payments to the secured lenders when they work out how much you should pay under an income payments agreement.

Effects of bankruptcy

Your bank account

You will usually have to close your bank or building society account when you are made bankrupt. You may be able to open another one as long as the bank or building society allows you to. You must tell the bank or building society that you are bankrupt. You will usually have to wait to open the account until after you have gone bankrupt. It is up to the bank to decide if you can open an account with them.

Most high street banks allow undischarged bankrupts to open a basic bank account. The bank will usually check your eligibility for their current account first. If the bank decides that you aren't eligible for a current account because you are an undischarged bankrupt, they should offer you their basic bank account.

Utilities

Gas, electricity and telephone companies usually want you to pay in such a way that involves you not having credit. If you live with a partner you could transfer the account into their name. Sometimes a deposit is also asked for as security.

Employment

Possible risk to employment

If you handle money, your employment could be at risk. If you work in the finance industry, you will lose your consumer credit licence.

Depending on the type of job that you do, your employment may be affected. Always check your contract of employment to see if bankruptcy is mentioned. You can also ask your staff welfare officer or trade union if you are uncertain. If you belong to a professional body which does not allow you to be bankrupt, you could be struck off. For example, this may affect solicitors and accountants.

Self-employment

If you are self-employed with a business that is currently trading, bankruptcy may affect your business in various ways.

If your business has assets which are not exempt, the official receiver is likely to decide that the assets should be sold to repay your creditors, and your business could be closed. If your business has few or no assets, you may be able to continue trading after going bankrupt.

You are not allowed to obtain credit of £500 or more during the bankruptcy without informing the lender that you are bankrupt. You may find it difficult to continue trading if your type of work involves using credit of £500 or more. Credit can include being given time to settle bills, such as 30 day invoices.

If you have a business lease, it may be considered as an asset. There may also be terms and conditions in the lease which means the landlord can end the agreement.

Creditor letters

Under the rules in the Consumer Credit Act 1974, your creditors will usually have to keep sending you annual statements, as well as arrears and default notices in a set format. This will happen even when you are bankrupt but should stop once you are discharged. Don't worry; this does not mean that there is a problem with your bankruptcy. If you receive other letters demanding payment, you should take this up with the official receiver.

Obtaining credit

Even after the bankruptcy period you may find it difficult to obtain credit. The bankruptcy order will be registered with credit reference agencies for at least six years. Even after this time you may be asked whether you have ever been bankrupt, when applying for some credit, particularly a mortgage. Details of your bankruptcy are also kept on the Individual Insolvency Register for three months after the date of your discharge from bankruptcy.

Gazette advert

Details of your bankruptcy are usually published in a trade paper called 'The Gazette'. Your bankruptcy details will not usually appear in your local paper. However, the official receiver can decide to advertise if, for example, they think you have not told them about all your assets.

Stopping your address being published

If you are at risk of violence, you can apply to the court for an order that would stop your address being published in The Gazette and on the Individual Insolvency Register. You would need to get a person at risk of violence order before a bankruptcy order is made.

Offences

Whilst you are bankrupt it is a criminal offence to:
take out credit of £500 or more without telling the lender you are bankrupt;
use a new business name without revealing the name you were made bankrupt under;
act as a director of a limited company without permission; or
act as an insolvency practitioner.

Limited company directors

A limited company will be dissolved if it has no director. If you want to go bankrupt but do not want the company dissolved, you may need to appoint another director in your place. If the company has more than one director, you should resign before going bankrupt.

Bankruptcy restrictions orders

You will usually be discharged from bankruptcy after one year. See the later section, Discharge. The court has the power to make a bankruptcy restrictions order against you if the official receiver feels your behaviour has been dishonest in some way, or if there has been 'unfit' conduct.

Unfit conduct can include:

- not keeping records that could explain a loss of money or property;
- gambling;
- trading whilst you knew you couldn't pay your debts;
- causing your debts to increase by deliberately not managing your business properly;
- taking out credit which you knew you couldn't repay;
- giving away your assets or selling them at less than their value to avoid them being included in the bankruptcy; and
- paying some creditors rather than others.

A bankruptcy restrictions order means you are not allowed to:

- apply for credit of £500 or more without telling the lender about the order;
- continue to run a business in a different name from the one in which you were made bankrupt, without telling those you want to do business with the name under which you were made bankrupt;
- become an MP or local councillor;
- be a director of a limited company or form a new limited company without permission; or
- be an insolvency practitioner.

Individual Insolvency Register

A bankruptcy restrictions order can last for between 2 and 15 years and will appear on the Individual Insolvency Register. See Useful contacts at the end of the fact sheet. This is a searchable public register including your name, address, date of birth and an outline of the reasons why you have a bankruptcy restrictions order, and how long this will last. If you break the order it can be a criminal offence.

Criminal proceedings

A bankruptcy restrictions order does not stop the official receiver from taking criminal proceedings for an offence, such as selling goods you have on a hire purchase agreement, or for putting false information on a loan application.

Discharge

You will be automatically discharged from your bankruptcy after one year, whatever you owe. If you applied for bankruptcy online you should get a letter from your official receiver to confirm that you have been discharged. If a creditor made you bankrupt and you need proof that you have been discharged, you need to apply to court and pay a fee for a certificate of discharge.

You can also apply to have your bankruptcy 'annulled' (that is, cancelled). This can be done for example, if you have paid all the debts and expenses of the bankruptcy in full, or you can show that a bankruptcy order should never have been made.

Delayed discharge

If you do not cooperate with your official receiver, for example if you refuse to provide information that they ask for, they may stop your discharge going ahead. Contact us for advice.

Which debts do I still have to pay after bankruptcy?

Although you will be released from liability to pay most of your debts once you are discharged, there are exceptions to this. Even after discharge you will still be personally liable for:
magistrates' court fines;
student loans;
arrears of maintenance or maintenance payments ordered by a court;
Child Support Agency and Child Maintenance Service arrears;
debts you built up through fraud; and
debts you owe as a result of a personal injury claim against you.

This is not a complete list of the debts that you will still have to pay after your bankruptcy ends.

Advantages

It relieves stress and anxiety.

It allows you to make a fresh start after a year.

Your debts are written off if you have no assets.

Most creditors cannot take further action against you unless the debts are secured on your home. There are some exceptions to this.

You may need to make monthly payments for a maximum of three years.

You may be able to avoid selling your home if your partner or a relative can buy out your share of its value.

Disadvantages

Bankruptcy will affect your ability to get further credit.

If you have equity you could lose your home.

Secured creditors can still take action against you.

You have to find the money for the fee and the deposit.

Your assets may be sold by the official receiver.

Not all your debts are written off.

Your employment may be affected. Check your contract.

If you run your own business, you may find it difficult to continue to trade.

Details of your bankruptcy will be held in the public Individual Insolvency Register and published in the Gazette.

You may have a bankruptcy restrictions order made against you for dishonesty or unfit conduct.

In some cases the official receiver can take criminal action against you: for example, if you have committed fraud.

If available but unsuitable = This option is available but is not suitable because the fees and effects of bankruptcy are significant and the chosen option(s) would deal with the client's debts more appropriately.

6.21 DRO

Unavailable

6.22 Details

If unavailable = This option is not available because your disposable income is over £50 per month AND/OR your total debts are over £20,000 AND/OR your assets are over £1000 AND/OR you own your own home

6.23 Consolidation Loan

Unavailable

6.24 Details

If unavailable = This option is not available because the client would not be able to get credit for a further loan as payments are not affordable.

6.25 Equity Release

Unavailable

6.26 Details

This option is not available because the client is under 55

6.27 Pension Release

Unavailable

6.28 Details

This option is not available because the client is under 55 years old AND/OR they do not have a private pension AND/OR it may adversely affect the client's benefit entitlement.

6.29 Selling Assets

Available but Unsuitable

6.30 Details

This option is available but is not suitable because the client does not want to sell assets to pay their debt.

6.31 Charitable Payment

Unavailable

6.32 Details

This option is not available because the client does not fit the criteria for any available charitable payments for clearance of debts.

6.33 Water Company Customer Assistance Fund

Unavailable

6.34 Details

This option is not available because the client does not have a water debt.

6.35 Do Nothing

Available but Unsuitable

6.36 Details

We advised a client that Doing Nothing was an available and suitable option because XXX.

This option is available but is not suitable because doing nothing could result in further action being taken against client and further interest and charges being added. Advised that nil payments would be recorded on credit file and would remain on credit file for 6 years.

6.37 Moratorium

Available but Unsuitable

6.38 Details

We advised the client that an moratorium was available to the client and suitable.

Key facts

How much debt must I owe? There is no minimum or maximum level of debt.

What type of debt? Use this option for credit debts only, after you have dealt with priority debts.

How long will it last? There is no time limit. You may be paying for many years.

How it works

We advised the client that this option works by working out the offers of payment based on a pro-rata distribution of the client's available income. This is after they have worked out what they have to pay on any priority debts and their essential household outgoings. This means that all their creditors are offered a fair share of what they can afford to pay. We advised that they will also need to ask that any interest and charges are frozen which creditors must consider.

We advised the client that if they need to offer no payments where they have no available income, this is called a moratorium and is similar to the informally negotiated arrangement except that no payments are being made and so the creditor is only likely to accept this for a short period.

Advantages

Fair and transparent method of distributing payments.

Recognised by courts and widely accepted by creditors.

You can alter payments if circumstances change. You do not need an advice agency to negotiate these payments for you. You can use sample letters when negotiating with your creditors.

Through an advice agency you can use the Standard Financial Statement.

Disadvantages

Creditors may refuse your offers (although it is always worthwhile asking them to reconsider).

Creditors may refuse to freeze interest and the debt will grow. (Again, it is worthwhile asking them to reconsider.)

You will have to pay your debts off in full. This may take a long time.

Creditors may refuse offers unless made through an advice agency. (You can complain to the Financial Ombudsman Service if this happens.)

Creditors may take court action. This is a particular risk if you have larger debts and own your own home, as it may be possible for the creditor to get a charging order on your home. A charging order is a court order which secures the debt against your home like a mortgage.

You are responsible for administering all the payments yourself and keeping your creditors up to date with your circumstances.

Many creditors will often accept reduced offers for a limited period only and may ask for regular reviews.

Your ability to get further credit will be affected.

This option is available but is not suitable because it does not address all of the debts that the client has.

6.39 Limitation Act defence

Unavailable

6.40 Details

This solution is not available because none of the client's debts are close to being statute-barred.

6.41

We advised the client about all suitable solutions. We provided them with the National Debt Line factsheets for each of the suitable solutions. We highlighted the sections to record that we discussed the advantages/disadvantages, actual or potential consequences and implications and obligations including the impact of debt remedies on credit reference files and banking, any eligibility criteria, debts covered by that option, any costs involved, likelihood of acceptance, and any risks associated with that option, including adverse costs orders in relation to court costs being made.

Once the client had been provided with the information about which debt options were not available, not suitable and the detailed advice on their suitable options, they were in a position to decide on their solution to pursue.

6.42 Client's Personal Circumstances

6.42.1 No. of Non-dependents and ages

na

7 Chosen Solution

7.1

After reviewing all of the suitable solutions with the client, the client has chosen the following option:

7.2 Chosen solution

informally negotiated arrangement

7.3 Does the chosen option(s) meet the client goal?

Yes

7.4

We confirmed that the option met the client goal (if it does not then explain why chosen if not meet the goal)

7.5 Breathing Space

7.5.1 Is the client suitable for the Mental Health Access Mechanism Breathing Space?

No

7.5.2 Details

the client is not suitable for Mental Health Access Mechanism Breathing Space because they do not have a mental health condition for which they are under the care of a Mental Health Practitioner.

7.5.3 is the client suitable for Breathing space

Yes

7.5.4 Details

The client is, however, suitable for mainstream Breathing Space because XXX

but it is not appropriate because we can assist the client to make an offer towards their CT now while the account has an informal (non BS) hold on it until X date

and To be eligible for a breathing space, you must:

Be an individual. Note: if you have a joint debt with a third party, the moratorium will apply to that other person but only regarding the joint debt.

Owe a qualifying debt.

Be ordinarily resident in England or Wales.

Not be under any insolvency option (DRO, Bankruptcy, IVA, Administration Order).

Not already be in any breathing space moratorium.

Not have had a standard breathing space moratorium in the past 12 months (unless you are applying for a Mental Health Breathing Space Moratorium).

Be unable, or likely unable, to repay some or all of your debt as it falls due.

A breathing space moratorium is appropriate if:

A debt solution would help you.

You are likely to be eligible for a debt solution during or as soon as possible after the breathing space moratorium ends.

It gives you time to advise you about your options, for you to choose your best option and for necessary applications to be made.

When a Breathing Space moratorium may not be appropriate:

If you need to enter into a debt solution straightaway and can do so.

If you are concerned about the effect that a moratorium may have on a guarantor who may become liable to pay your debt.

If a debt is about to become statute barred, an application for Breathing Space could restart the limitation period. If budgeting or financial capability options to increase your income or reduce your expenditure could quickly make it affordable for you to pay your debts.

If you have realisable assets that could be sold to clear your debt.

You can only access the scheme if your debt adviser assesses that it is appropriate for you. In order to determine this, you must engage with a full debt advice appointment and a full assessment of your income, expenditure, debts and circumstances will be required.

Excluded debts

Most types of debt can be included in a Breathing Space but the following cannot, with exceptions as stated.

Collection and Enforcement for the following excluded debts will therefore continue:

Secured debts including mortgages secured on land, debts secured on assets whose value at least equals the amount of debt, hire-purchase and conditional sale agreements.

Note: Arrears on these excluded debts are qualifying debts.

If a debt is secured against an asset and the debt is higher than the value of the asset, the debt is a qualifying debt.

Business debts when, at the time of your application, you are VAT registered or trading in a business partnership. If you are self-employed and unsure whether your business debts are excluded, contact the Business Debtline's webchat service at www.businessdebtline.org/

Fraudulent debts including benefit fraud where you have either admitted fraud, accepted an administrative penalty or been prosecuted and found guilty of fraud.

Criminal fines or compensation orders including penalties payable under a conviction, interest on fines and any associated penalties or charges.

Child maintenance arrears ordered under family proceedings or a child maintenance assessment.

Social Fund Loans.

Universal Credit payments on account including advance payments and budgeting advances.

Student loans made under the Teaching and Higher Education Act 1998 or the Education (Student Loans) Act 1990.

Damages due by you for causing death or personal injury to another person by Negligence, Nuisance or Breach of a statutory, contractual or other duty.

Council tax bills not in arrears.

However if you have arrears (missed instalments) of council tax, these are qualifying debts. If you have received a reminder notice, any unpaid instalments and your remaining year's bill is a qualifying debt. Time to pay on a reminder need not have run out.

New debts:

New debts incurred during the moratorium can't be added. Additional debts that accrued before the moratorium started but omitted on the application can be added but the moratorium period does not restart. e.g, if you add a debt with only four days to go until the moratorium ends, the moratorium will still end in four days for all debts.

Guarantor loans are qualifying debts unless excluded for reasons above, but the moratorium will not cover the guarantor who would likely become liable if you apply for a moratorium. Check with your creditor. This may mean that a moratorium is not appropriate for you if you do not wish to have the guarantor become liable.

MORATORIUM DEBTS

Are qualifying debts you owe when you enter a moratorium and owed at the time your application is made.

When applying, your adviser will notify the Insolvency Service of all your qualifying moratorium debts including 'additional debts' that are left off the application to be added later, for example, council tax for which a reminder is not yet in place.

You must include all qualifying debts on your application. If you have qualifying debts that you are not prepared to include, you would not be eligible for a Breathing Space.

Note: You can continue to make payments to debts included in the Breathing Space if you can afford to after paying your ongoing essential expenditure.

OBLIGATIONS AND RESTRICTIONS.

Breathing Space has obligations on you before and during the moratorium.

Before the moratorium, you must:

Take reasonable care to provide accurate information to your debt adviser.

Not deliberately withhold relevant information from your application.

To the best of your knowledge, provide details of all your debts at the date of your application.

During the moratorium, you must:

Inform your advisor if there is any change in your circumstances or financial position as failure to notify a change in circumstances could result in your Breathing Space moratorium being cancelled, examples of this are:

You start a new job

Your income increases

You experience a problem that affects your ability to pay your ongoing liabilities or engage with your debt adviser.

Pay all of your ongoing liabilities as they fall due, such as:

Mortgage or rent (excluding arrears owed at start of moratorium).

Insurance (i.e. motor insurance, home and contents insurance)

Income tax and national insurance contributions if you are not PAYE.

Utilities i.e. water, electricity, gas, heating oil, solid fuel.

Council tax (except where a reminder was issued and the whole bill for the year is included in your moratorium).

Any other excluded debts / liabilities listed above such as fines.

If you don't pay ongoing liabilities when you can afford to, your moratorium may be cancelled. Therefore, you must try to keep up these payments and let us know if you have a problem. If you fail to pay an ongoing liability because you can't afford it, your moratorium may not be cancelled but you must still tell us.

Failure to pay an ongoing liability may mean that your account goes into arrears and defaults. Any debt incurred during a breathing space moratorium cannot be later included in it so you could face enforcement on that defaulted debt and your credit rating could be affected.

Not take out further credit of £500 or more once the moratorium has started including overdrafts and any joint borrowing.

Note: the £500 is cumulative, so if you take out a loan for £450 and then open a bank account with an overdraft of £100, you have breached this restriction and your moratorium could be cancelled.

Engage with your debt adviser so they can provide you with advice and help you to consider potential options.

Failure to engage with your adviser may result in your moratorium being cancelled.