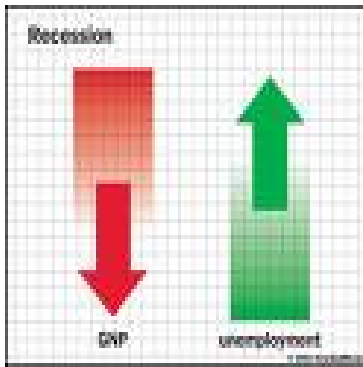


Welcome to the Spring edition of IMA News



Definition of GNP: Gross National Product. GNP is the total value of all final goods and services produced within a nation in a particular year, plus income earned by its citizens, minus income of non-residents located in that country.

Basically, GNP measures the value of goods and services that the country's citizens produced regardless of their location. GNP is one measure of the economic condition of a country, under the assumption that a higher GNP leads to a higher quality of living, all other things being equal.

Banking Crisis

Recession

Economic Downturn

(CREDIT CRUNCH)

Financial slump

Dress it up how they like – It's business as usual for us!

“AIMING HIGH IN MONEY ADVICE”

IMA CONFERENCE 2009

This year's conference will take place on 9th and 10th July at Earls Court – London. The booking process for the IMA Conference is now open. We now have an online booking system which you can access from our website. We have attached the brochure with this edition of IMA News – take a few moments to have a look at the marvellous packed programme. Too good to miss!

If you would like to attend but your agency is unable to afford a place the Norman Law Bursary may be the answer so read on.

In this edition:

IMA Conference	1
Norman Law Bursary	2
The IMA AGM	2
DRO Update Baseline Survey	3
IMA Training Programme	6
The Baseline Survey	7
Bogus Money Advice websites	7
Scams	8
Charging Orders	9
The Hub	10
Creditor News	10
Branch News	18
Payplan Conference	20



IMA News

Keeping members up
to date

Spring 09

Norman Laws Memorial Fund

Following the untimely death of Norman Laws in 2003, it was unanimously agreed that the Money Advice Association (now the Institute of Money Advisers) should commemorate Norman's contribution to the world of money advice, and his role within the MAA in a meaningful and lasting manner. Following consultation with Norman's family and work colleagues, the National Committee announced the creation of the Norman Laws Memorial Fund. The aim of the fund was to enable one full member to attend the Annual Conference and AGM.

So this may be for you if you are an IMA full member, whether in paid or unpaid employment who has *not* previously attended an MAA/IMA Conference, who has an active interest in social policy work. If you are interested in finding out more please contact the IMA Office for more information and an application form. Forms will need to be returned to the IMA office by Friday 1st May 2009 if you wish to be considered.

The identity of the successful applicant and their employing agency will not be disclosed without their express consent.

The IMA Performance Awards

At the conference we will be announcing the winners for the new IMA Performance Awards. There is still time to apply to be considered for the awards, the deadline for submission is 30th April 2009. Find out more information and download an application form from our website www.i-m-a.org.uk

IMA AGM

Notice of IMA Annual General Meeting Friday 10th July 2009

Following the resolution at the AGM last year where members voted to combine the AGM with the Conference, the 2009 AGM will be held at the Conference 2009. The Conference will be held on the 9th and 10th July at the Ibis Hotel Earls Court London, with the AGM being held on the 10th July.

Below are the deadline dates for Nominations to the Board of Directors and submission of resolutions for the AGM.

Nominations to the Board of Directors

There have recently been two resignations from the IMA Trustee Board

Rachel Fry left the Board in November 08 and Stephanie Chambers who has recently left in March 09. The IMA would like to thank Rachel and Stephanie for their contributions to the IMA and extend its best wishes to them for the future.

These resignations, combined with the three year rotation requirement, now leave the IMA with three vacancies on the Board that will need to be filled at our AGM on July 10th. If you are a member and feel that you would be able to offer expertise and support to the IMA and are interested in becoming a Trustee please submit your nominations.

Nominations to the Board of Directors must be received by the Company Secretary, with election manifesto of not more than 1,000 words, a minimum of eight weeks before the date of the Company's General Meeting. This is the **15th May**.



IMA News

Keeping members up to date

Spring 09

Resolutions

Resolutions to the AGM can be submitted in three ways, from the Board of Trustees, from the Council and from members.

Resolutions must be submitted to the Company Secretary 42 days prior to the AGM. Resolutions should be proposed by a voting member and seconded by at least 5 voting members. The deadline date for resolutions to be submitted is the **29th July**

Emergency resolutions to the General Meeting may be submitted to the Company Secretary after this date up to and including the General Meeting itself. Emergency resolutions must be made in writing, supported by a proposer and 5 seconders, with the reason why could not have been submitted earlier.

Proxy Votes

Members will be able to vote by Proxy this year, the forms will be sent nearer to the time of the AGM when formal notification papers are sent out.

Applications must be returned to the Company Secretary by 5pm on a day which is **3 working days** preceding the General Meeting in question. Applications may be sent either by post or by facsimile transmission or by e-mail. No person shall be entitled to cast more than five proxy votes in addition to his/her own vote.

Only those members entitled to vote will receive a Proxy Vote. The members entitled to vote are Fellows, Honorary Fellows, Members and Associate Members. Trainee Members, although they may attend the AGM are not allowed to vote.

Contact Details

Notification of the nominations and resolutions should be sent to the Institute of Money Advisers by any of the methods below.

Please address any correspondence to Simon Bolton, Company Secretary.

By Post:

The Institute of Money Advisers

Stringer House

34 Lupton Street

Hunslet

Leeds

LS10 2QW

By fax: 0845 094 2175 or 0113 270 2111

Or by email: office@i-m-a.org.uk

DRO Update

DROs are now just around the corner and it is time to make sure that you are ready.

Training

Advisers who are not going to apply to be Intermediaries will still need to know about all debt options including Debt Relief Orders. Advisers who want to learn more about DROs can access the Wiseradviser E-learning training modules by going to MATs Wiseradviser website. This is an essential training resource for any advisers in order to be up to date with Money Advice legislation and developments [Wiseradviser](#). Those who want to go on to be an Intermediary will have to com-

plete additional training including a face to face training session. In order to do this training you will need to have at least one years experience in Money Advice Casework. Follow the link for more information about the DRO Training Programme [DRO Training](#) and this one to download the application form [Training booking form](#), or visit our website for the links.

Applying to be an Intermediary

As you probably already know the IMA has been accepted as a Competent Authority which means that we are able to authorise appropriately skilled advisers as Intermediaries. The IMA will accept applications from any full member with at least one year experience at caseworker level.

Certain criteria will need to be fulfilled in order to be an Intermediary approved by the IMA:

- One years Money Advice casework experience
- Completion of all four steps of Wiseradviser's DRO training
- Satisfying the Competent Authority that the applicant is 'fit and proper' to be an Intermediary. The Competent Authority will be referring to [Part Two](#) of the legislation in order to make this assessment [DRO Regulations 2009](#)

Some people will not be able to act as Intermediaries and this includes people who:

- Have insufficient experience, edu-

cation or other training in the provision of debt management or debt counselling

- Are currently bankrupt

- Have a Bankruptcy Restrictions Order (BRO), an interim BRO or a Bankruptcy Restrictions Undertaking in force or have had one of these in the past

- Are currently subject to a DRO or have made an application for one

- Have not acted with the independence, integrity and skills appropriate to the proper performance of the duties of a provider of debt management or debt counselling services or of an approved intermediary

- Have an unspent conviction for an offence involving fraud, other dishonesty or violence

Making an Application

There are three sections to the IMA application process which will be primarily completed online. Access this from our website [Debt Relief Orders](#)

Part one:

The first part of the application reflects the main statutory requirements and regulations set out in the Debt Relief Orders (Designation of Competent Authorities) Regulations 2009 (see link above). This part of the application process comprises of an online applica-



IMA News

Keeping members up to date

Spring 09

tion form and a hard copy, signed declaration, which you can download from the website. When submitting the signed declaration we ask you to provide proof of identity which will be destroyed as soon as a decision has been made about your application.

Part two:

This part relates to the training needed for you to become an Intermediary. We need to know that you have booked on the DRO face to face training session. You do not have to have completed this training before you start your application process but you will need to have completed it before you can be approved.

Part three:

Requires that you provide information showing that you have sufficient experience in dealing with various types of debt and debt resolution strategies. Applicants will be asked to supply a case reference evidencing that they have discussed or dealt with each of the specified debts and strategies. We will ask for more information about 'one' of these cases. We will request a copy of the case-notes or similar which clearly shows what advice has been given to the client, (all client's identification must be removed). We will be using a standard case review form in order to assess caseworker standards. We will use the National Occupational Standards (NOS) as a broad framework to measure what is expected in Money Advice Casework. A variety of

NOS will be relevant including LA 10, LA11, and LA41.

Continuing Assessment of Intermediaries

Once approved, Intermediaries will need to renew their approval every two years. This will involve showing that knowledge and skills are up to date. Also each intermediary will have an identifying number and therefore will allow the Insolvency Service to collect information on the applications received and share it with the Competent Authority. The Competent Authority can use this and information gathered via third parties or our complaints procedure in our continuing assessment of Intermediaries. The Competent Authority has the right to revoke approval of Intermediaries if it considers that they are no longer suitable for the role.

If you have any queries about applying to become an Intermediary please contact me, Sallie Johnson on 07862 274 340 or 01332 600286 or email me sallie.johnson@i-m-a.org.uk

Progress so far

We have had 76 applications so far and aim to have the bulk of these processed and approved by 6th April.



IMA News

Keeping members up
to date

Spring 09

IMA Training Courses Feb–Jul 2009

Title	Date	Venue	Level
Debt and Relationship Breakdown	02 February 2009	London	C/S
Bankruptcy in Practice	04 February 2009	Newcastle	C/S
Using the Local Government Ombudsman	11 February 2009	London	C/S
Charging Orders – a Practical Application	17 February 2009	London	C/S
Benefits and Tax Credits for Money Advisers	24 February 2009	Newcastle	C/S
Bailiffs' Law – Advanced	27 February 2009	Birmingham	C/S
Engaging Clients in Planning and Budgeting	04 March 2009	London	C/S
Unenforceable Regulated Consumer Credit Act Agreements	10 March 2009	Newcastle	C/S
Charging Orders – a Practical Application	13 March 2009	Plymouth	C/S
Debt and Relationship Breakdown	18 March 2009	York	C/S
Using the Local Government Ombudsman	24 March 2009	York	C/S
Parking Penalties - Liability & Enforcement	02 April 2009	Manchester	C/S
Engaging Clients in Planning and Budgeting	03 April 2009	York	C/S
Supervising Money Advice	07 April 2009	London	C/S/M
Bankruptcy in Practice	21 April 2009	Bristol	C/S
Local Authority Debt Recovery	23 April 2009	York	C/S
Parking Penalties - Liability & Enforcement	24 April 2009	London	C/S
Understanding of the Creditor Sector of the Industry	29 April 2009	Newcastle	C/S
Bailiffs' Law – Advanced	30 April 2009	Plymouth	C/S
Unenforceable Regulated Consumer Credit Act Agreements	05 May 2009	London	C/S
Parking Penalties - Liability & Enforcement	07 May 2009	Nottingham	C/S
Supervising Money Advice	08 May 2009	Newcastle	C/S/M
Benefits and Tax Credits for Money Advisers	12 May 2009	Cambridge	C/S
Local Authority Debt Recovery	14 May 2009	Bristol	C/S
Bankruptcy in Practice	19 May 2009	London	C/S
Bankruptcy in Practice	21 May 2009	York	C/S
Understanding of the Creditor Sector of the Industry	27 May 2009	Cambridge	C/S
Time Orders - Practical Application	28 May 2009	Manchester	C/S
Time Orders - Practical Application	03 June 2009	Newcastle	C/S
Local Authority Debt Recovery	05 June 2009	London	C/S
Using the Local Government Ombudsman	09 June 2009	Coventry	C/S
Bankruptcy in Practice	10 June 2009	Manchester	C/S
Supervising Money Advice	12 June 2009	Bristol	C/S/M
The Mortgage Maze & Beyond	17 June 2009	London	C/S
Supervising Money Advice	19 June 2009	Manchester	C/S/M
The Mortgage Maze & Beyond	25 June 2009	York	C/S
Debt and Relationship Breakdown	15 July 2009	Manchester	C/S
Charging Orders – a Practical Application	16 July 2009	York	C/S
Bailiffs' Law – Advanced	17 July 2009	London	C/S
Finding and Using County Court Rules in Money Advice	20 July 2009	Cambridge	C/S
Finding and Using County Court Rules in Money Advice	27 July 2009	Plymouth	C/S
The Mortgage Maze & Beyond	28 July 2009	Bristol	C/S

The Baseline Survey

The Money Advice Trust (MAT) has recently published a report on a quality of money advice baseline survey project

The project was to provide a snapshot of the current standard of money advice delivery in England and Wales and the processes used to promote, monitor, and evaluate good-quality advice.

This work was undertaken to inform a multi-agency partnership initiative led by MAT – The Money Advice Quality Model (MAQM)

Key findings from the survey, which was conducted by two money advisers with extensive knowledge of the subject matter, in conjunction with twelve advice agencies include:

- Little evidence of evaluation of advice quality feeding into service planning
- Thorough recruitment, selection and induction processes in place
- Training programmes that often met the needs of less experienced members of staff better than the more experienced advisers.

Good-quality advice was observed across most agencies, with a clear focus on the presenting needs of the client. However, there were also instances of poor advice being provided to clients.

Examples of good practice include: successfully assisting clients with benefit and grant claims, representing clients in court, assisting with bankruptcy applications and providing advice on unenforceable contracts.

Examples of poor practice include: some areas of advice knowledge being missed out and partial understanding of conflict of interest issues.

Areas for further consideration include, better processes to evaluate closed cases and more attention needed in monitoring telephone services.

[Follow this link to read the executive summary](#) and this one to see the full report [baseline survey final report](#)

OFT seeks closure of 'look alike' debt advice websites

The OFT has told 11 financial management businesses with 'look alike' websites posing as official or charity advice sites to close them down immediately.

The sites use similar or slightly amended domain names which imply that they are affiliated to organisations such as Citizens Advice, Advice UK, National Debtline or the Consumer Credit Counselling Service. Some of the website names also imply that they have some official status or sanction from the Government.

Parts of the content of these 'look alike' websites are often copied from legitimate sites offering free advice, despite the companies involved charging fees. The OFT has told the companies to stop using the trading names immediately and for those companies who were trading without a licence to stop trading completely or face prosecution. The OFT is also working closely with internet service providers to ensure

that the websites are taken down promptly.

The action followed complaints from a number of debt advice charities including Citizens Advice. Consumers are advised to take particular care when searching for terms such as 'citizens advice' or 'government advice' to ensure that they are dealing with a genuine charity-based help and advice service. Consumers should also be careful not to deal with traders who are unlicensed.

Most businesses that offer credit or lend money, including those that offer advice on debt, must be licensed by the OFT and they must notify the OFT of all the trading names they intend to use. Trading names should not be misleading or otherwise undesirable. Failure to comply with an OFT warning can result in a business being subject to licensing action or criminal prosecution for unlicensed trading.

"If people aren't sure if the advice really is free and independent, they should look carefully at the website", Joanna Elson Chief executive, Money Advice Trust.

The OFT have not named the 13 companies, but Citizens Advice has been worried for some time about debt management companies which use words that could give the impression they are connected with government organisations or the CAB.

"We are very pleased the OFT is now taking action," says Teresa Perchard, director of policy at Citizens Advice.

"For several years now, we have been getting reports from people approaching the CAB who have been worried about sites and telephone calls they have had from people operating advice sites who have names very similar to ours. This action should mean that we see an end to that."

Scams

One of the side-effects of a worsening economy is that people often have to try harder and deliver more to make money. On the other hand there people who seem to be making money by hardly trying at all, I am referring of course to the scamsters!

It is difficult to know whether you are the target of a scam which is why Consumer Direct wants you to report suspected scams to them so that they can check it out. Money Advisers are in a good position to help reduce scams by asking clients to report each one as they occur. Here are some of the regulars:

- Prize draw / sweepstake scam
- Bogus Foreign Lottery
- Home-working / business opportunity
- Career opportunity / development scam
- Bogus Holiday Club
- Premium telephone rates prize draw scam
- 'Miracle' Health product/ Slimming scam
- Foreign money scam
- Clairvoyant / Psychic scam

- Property / Land Investment scam
 - Pyramid selling / chain letter
 - Online dating scam
 - Racing tipster scam
- And many more

Generally speaking if it sounds too good to be true – then it probably is!

If you think you or your client has been the victim of a scam, or you suspect a scam, visit the Consumer Direct website where details can be entered onto an online form. Or go directly to the form using: [reportascam](#)

For more general information on scams visit the [OFT's scams awareness campaign page](#).

Consumer Direct also offers a programme of talks to community groups. If you would like them to visit your agency visit the website or follow this link [Community talks](#)

Urgent—The OFT needs your help to monitor Charging Orders by 30th March 09

The OFT has a duty to protect the interests of consumers by ensuring the fitness of those holding or applying for consumer credit licences. The OFT also has a duty to monitor social and commercial developments relating to the provision of credit and related activities.

The OFT is monitoring the use of 'charging orders' as a method of enforcing judgment debts, where the

debts originally arose under regulated consumer credit agreements. This is due, in particular, to a significant rise in the numbers of charging orders being applied for and granted over the past few years.

In 2005, 49,213 orders were granted, rising to 67,087 in 2006 and 97,027 in 2007. Many of these charging orders will relate to judgment debts not connected to credit agreements and the OFT's interest in this matter is limited to those charging orders that are applied for and granted as a result of regulated consumer credit agreements.

www.oft.gov.uk/cca/orders

Request for information

The OFT is continuing to monitor the use of charging orders in the consumer credit sector and the appropriateness of use in certain circumstances and has written to a number of creditors seeking further information to feed into this review.

In addition, the OFT continues to welcome views and information on the manner in which charging orders are used in debt enforcement where the original debt arose under an agreement regulated by the Consumer Credit Act 1974. If you have information that would inform our work in this area, please write to:

Charging orders Room 2N

Office of Fair Trading

Fleetbank House

2-6 Salisbury Square



IMA News

Keeping members up to date

Spring 09

London EC4Y 8JX.

Email: charging.orders@oft.gsi.gov.uk

Fax: 020 7211 8465

Submissions should reach us by **30 March 2009**.

The OFT will provide an update on our work in this area by the end of July 2009.

Subscribers can receive a regular e-bulletin to inform them of any new material.

If you have any questions or comments regarding the information hub please contact Louisa Parker on 0121 410 6264, or email info-hub@moneyadvicetrust.org.

Welcome to the Hub

Information at the tips of your fingers

If you have not yet had the chance, then 2009 is as good a time as any to visit the MAT info-hub:

www.infohub.moneyadvicetrust.org

The info-hub is a unique on-line portal that provides access to over three hundred research papers, reports, as well as statistical releases on advice, credit, types of debt, debt remedies and debt recovery.

We hope that the hub will be useful resource to:

- highlight the latest developments of interest to the sector
- support advice agencies in making a case for funding, based on current trends and demand for debt advice
- enable advice agencies to decide how best to design, allocate and deliver their services so that they prioritise those most in need.

Creditor News

1st Credit

Who says social policy never gets results? Thanks to the evidence sent in by advisers the Office of Fair Trading (OFT) has been able to take regulatory action against the 1st Credit by imposing "requirements" on them not to do certain things. From 19 February 1st Credit must:

- refrain from issuing statutory demands warning of bankruptcy where it is unlikely that proceedings will be initiated;
- not discuss legal action with consumers unless it is likely that such action will be taken;
- ensure that sensitive cases involving vulnerable individuals, for example those with mental health or medical problems, are dealt with appropriately; and
- ensure that all matters of concern raised with them by the free advice sector and other third parties are dealt with appropriately.

If 1st Credit continue to do any of these things, the OFT can take further enforcement action against them. This action could include a fine of up to £50,000 or even hav-

ing their consumer credit licence revoked – essentially putting them out of business. Full details of the requirements can be found on the OFT's website www.of.gov.uk.

In response 1st Credit have made a number of key changes which we hope will benefit advisers and clients, including:

The "sensitive cases" team

This is a new team within 1st Credit that will deal with customers who have mental or physical health problems. Cases dealt with by this team will be removed from the usual collections operations and we are assured that this team will treat vulnerable people sensitively and sympathetically. If advisers want cases to be referred to this team they should provide supporting medical evidence whenever possible. If such evidence is not available please make sure you explain why.

Tighter restrictions on the use of statutory demands

In the past a number of 1st Credit staff had the ability to issue statutory demands relatively easily. As a result some statutory demands were issued in error. To stop this happening in future 1st Credit have restricted the ability to issue statutory demands to just a few senior members of staff. Connaught Collections have also been instructed to only issue bankruptcy proceedings when they absolutely intend to make the debtor bankrupt.

Changes to the script used for outbound calls

In order to allow their collections staff to have a more free flowing conversation with debtors, one that takes account of the debtors whole situation and moves away from demanding full payment, 1st Credit have changed the script that their call centre staff use when making out bound calls. The new script is much more sympathetic to the debtor's situation and even suggests that they seek free impartial advice about their

debt problem.

The compliance team

1st Credit have also set up a compliance team that can help resolve more complex cases and deal with complaints. Contact details for this team can be found in the *Arian Contacting Creditors* listings.

This is very positive work by the OFT and 1st Credit and we hope that advisers and consumers will notice the benefits soon. However, if advisers or clients have any problems with 1st Credit or Connaught Collections they should report these to Bob Kingdon or at BobKingdon@1stcreditltd.com or 01737 228 559 or Audrey Shim-Quee on 01737 228 074.

If advisers come across cases where 1st Credit have breached these requirements we would also urge them to complete eBEFs, use the on-line evidence gathering tool and report the matter to the OFT. But please remember that when it comes to referring matters to the OFT any further action they take will be very serious and needs to be backed up with solid evidence. So if you could discuss the matter with your client and get their permission to disclose information to the OFT that would really help.

If advisers want any further information or they have any questions they should contact Alex MacDermott at

alex.macdermott@citizesadvice.org.uk

Barclaycard

In November we met with Barclaycard to discuss their new policy of only accepting £5 per month token payments. Under the terms of the new policy, if a client cannot afford to pay £5 or more each month, their account will be subject to further recovery action. While this reference to "further recovery action" can be alarming, it simply means that their account will continue to pass through

Barclaycards collections cycle.

The collections cycle

This cycle is broadly broken down into two three months periods: for the first three months accounts are handled by Barclaycard and advisers and clients will receive letters directly from Barclaycard; for the last three months accounts are handled by Mercers and advisers and clients will receive letters from them. After six months the account will be sold on or passed to a debt collection firm.

Interest and charges

From 10 November 2008, Barclaycard will suspend charges on accounts and apply interest on a sliding scale depending upon how much the client can repay each month. The following table shows how this policy operates:

If your clients offer is less than £5 per month and subsequently rejected by Barclaycard fees and interest will no longer be applied. All front line staff at Barclaycard & Mercers have been reminded of this policy and they should not tell clients who offer less than £5 per month that fees and interest will accrue. If advisers find that clients are still being told that interest and fees will be applied to their accounts they should complete the on-line evidence gathering survey, submit an eBEF

they should expect to receive one phone call and one letter each month. Barclaycard assure us that these contacts are not designed to put pressure on clients; they are simply there to make sure the client is fully aware what is going on.

We have highlighted our concerns about this policy to Barclaycard. In the meantime clients who have offered to pay £1 per month should pay in line with their offer. Advisers should then reassure their clients that their debt is not going to increase and that their offer may well be accepted by the firm that eventually buys the debt from or collects the debt on behalf of Barclaycard.

If advisers have evidence that clients are being called more than once a month, or that their clients debts are increasing despite an offer having been made, or they would like to discuss this further, they should contact Alex MacDermott.

Credit cards

In the last edition of CAB Money, we told advisers about the credit card summit held in November. At this summit government asked the credit card industry to come up with ways to help struggling consumers. In response the credit card industry agreed to take the following steps:

Clients offer of repayment expressed as a percentage of their outstanding balance	Amount of interest charged to their account on a monthly basis
Less than 1%	0%
Between 1% and 1.5%	0.25%
Between 1.5% and 2%	0.5%
2% and above	1%

and/or contact Alex MacDermott.

Contact with the client

Barclaycard will still contact the client and

Provide extra "breathing space" for customers in trouble

This commitment was achieved at very short

notice and many of the details are still being worked out. However, the industry did agree the following statement on 26 November:

"The industry agreed that where a not for profit debt advice agency has formally notified that a consumer is in serious discussion with that agency on a draft debt repayment plan then the credit card company will suspend collections activity whilst these discussions continue provided that they are concluded within 30 days, with the option of extending a further 30 days subject to demonstrable progress being made but not yet concluded".

This statement basically means that when a credit card provider receives a balance request from 26 November 2008, together with a form of authority from a bureau, the card provider will suspend collections activity (calls, letters, text) for 30 days, except to send any letters that they are required to send by the Consumer Credit Act.

If it has not been possible to submit an offer within 30 days, advisers will be expected to provide evidence that they are still helping the client, for example a letter from the bureau stating that they still helping the client with an explanation as to why an offer cannot yet be made. When the lender receives such a letter, they will consider extending the moratorium for a further 30 days.

This commitment does not currently apply to personal loans, overdrafts or other credit products. Nor does it apply currently apply to clients acting on their own behalf or in cases of suspected fraud or where the clients' account is in the later stages of collections. However, these are all areas where we would like to see extra help extended to customers and several meetings have been planned to discuss how this can happen.

If advisers come across any problems associated with this commitment, or if they have anything they would like us to raise with the industry they should contact Alex and submit eBEFs.

Changes to risk based re-pricing

This is where lenders re-assess the risk of lending to a customer and then change the interest rate they charge that customer. In most cases, this results in the customer being charged more interest. In some cases, firms applied the higher rate of interest almost overnight. Following the credit card summit, the industry has to stop this practice with effect from 1 January 2008. Instead customers will now be given 30 days notice of any interest rate change. The customer will then have three options:

- stay with that lender and pay more interest;
- shop around for a better deal and transfer their balance; or

effectively close the account and repay what they owe within a reasonable time at their existing interest rate.

Card providers also agreed not to change interest rate more than once every six months. New customers will not have their interest rate increased for at least the first 12 months.

The industry also agreed not to increase a customer's interest rate if they are already on a debt management plan or if the card provider has been notified that the customer is seeking advice from a not for profit debt advice service.

If clients or advisers feel that a card provider has not complied with either of these changes, they should complain to the company in the first instance and escalate the matter to the Financial Ombudsman Service and the trade association (APACS) if they are not satisfied with the company's response. We would also ask that they complete the on-line evidence gathering survey, eBEFs and contact Alex MacDermott at

alex.macdermott@citizensadvice.org.uk.

Welcome Finance

It appears that some regional offices of Welcome Finance refuse to deal with advisers because they say that the agency they work for is not a nationally recognised debt management company. In January we met with senior people from Welcome Finance to discuss this matter. We pointed out that refusing to dealing with an appointed third party is a breach of the OFT debt collection guidelines and the Finance & Leasing Association's (FLA) Lending Code. We also brought to their attention the fact that by ignoring the Lending Code's commitment to deal with the CAB service, Welcome Finance are also committing a Misleading Practice under regulation 5 of the Consumer Protection from Unfair Trading Regulations 2008.

We have asked Welcome Finance to reiterate to all their regional offices that they must work with bureaux in accordance with OFT debt collection guidelines and the Lending Code. We hope that this will have some impact and we will work with Welcome to establish better lines of communications between them and advisers. In the meantime, if advisers speak to or receive letters from Welcome Finance stating that they will not deal with advice agencies, we would ask that they complete the on-line evidence gathering survey or submit eBEFs with as much detail as possible – including the time and date of any telephone calls. We would also urge advisers to complain to the OFT and the FLA whenever this happens.

Overdrafts and benefits

In January we met with the complaints team at RBS to discuss some of the problems they come across when dealing with the free debt advice sector. One problem, which requires them to refer matters to their legal team and ultimately delays them dealing with other complaints, is the assertion that social security law applies to reclaiming bank charges when the person is in receipt of benefits. We understand that this issue was covered

in an article in Arian in 2007 and we would like to reiterate it for your information:

"We have seen that some web sites are advocating use of s187 of the Social Security Administration Act 1992 to reclaim bank charges. The section reads as follows: "Subject to the provisions of this Act, every assignment of, or charge on-

- benefit as defined in section 122 of the Contributions and Benefits Act;
- any income-related benefit; or
- child benefit, and every agreement to assign or charge such benefit shall be void; and, on the bankruptcy of the beneficiary, such benefit shall not pass to any trustee or other person acting on behalf of his creditors."

The Specialist Support Officers' view is that the reference to 'charge' refers to 'security' and has nothing to do with stopping banks taking their charges from benefits, once paid into the bank account. It may be that some banks will refund charges when they become aware that someone is trying to live on benefits, but this is more likely to be due to the requirement within the Banking Code to leave customers with enough money to live on, rather than a legal argument based on s187.

Since this article was written, the banks, the Financial Ombudsman Service (FOS) and the courts have all suspended work on any outstanding claims to refund bank charges while the test case is resolved. However, if your client is in financial hardship their case should still be looked at. We would therefore ask that advisers do not use this argument in future and instead rely on the Banking Code and FSA guidance when asking for bank charges to be refunded. See <http://www.moneymadeclear.fsa.gov.uk/news/product/unauthorised-overdraft-charges-test-case.html> for details.

A number of banks, including RBS, have set up specific departments to help in such cases and advisers should write to these departments instead of making complaints. The addresses for these departments can be found on the *IMA Contacting Creditors* pages.

Communicating with creditors

When we meet creditors, we are always keen to find out what the CAB service can do to improve the way it interacts with them. On the whole the feedback we receive is positive. However, there are three areas where we could improve:

- making our letters less personal;
- not reporting hearsay as fact; and

providing supporting medical evidence

For example, a lot of advisers refer to “you” instead of the firm. This seems very personal to the people dealing with the query and often creates bad feeling towards the service. In other cases creditors report that advisers often report what their clients tell them as fact. For example instead of saying “my client informs me that”, advisers often claim “you have been...”. Unless the adviser was present or actually took the call, it is not possible for you to make such a statement. Instead advisers should be aware that they are reporting events that they have been told about.

It has also been brought to our attention that some advisers make requests that are based on certain facts, such as mental or physical illness, without providing proof, or explaining why it cannot or should not be supplied.

We appreciate that creditors could do more to communicate effectively with us and we are working with them to improve this. However, in the meantime we would urge advisers to consider the points raised above whenever they contact the credit industry.

Token offers

As we are sure you are all aware, some firms are now unwilling to accept token offers of £1 per month. Instead they insist that “further recovery” action will be taken unless your client can pay £5 per month. We are challenging these policies with a number of firms, but this work will take some time. In the meantime advisers and their clients need to know what to do next. As a general rule, we would suggest that, where there is no question about the client’s liability for the debt and there are no Limitation Act issues, the client should pay their £1 per month regardless of whether or not their proposal is formally accepted.

The “further recovery action” mentioned in the letters refusing the offer usually refers to the account passing from a collections department to a recoveries department and ultimately being sold or passed on to a debt collection agency. In some cases, court action might be taken but usually only if the client is paying nothing. It would therefore be advisable to make sure your client is aware that the debt will pass from one department to another and eventually end up with a debt collector and they should make you aware of any paperwork they receive regarding that debt. This way you will be able to help your client effectively as soon as a new agency has been instructed or a county court money claim has been issued.

Nationwide

Nationwide contacted us recently and asked us to remind advisers that their re-branded Card Cash account is not available to undischarged bankrupts. Nationwide inform us that a significant number of people are asking to open these accounts after they have petitioned for bankruptcy. Currently only Barclays and the Co-operative Bank offer basic bank accounts to undischarged bankrupts. A full list of basic bank accounts and the criteria for open them can be found on the Fi-

financial Services Authority's (FSA) web site (www.moneymadeclear.gov.uk). We would urge advisers to refer clients to the "Basic Bank Accounts" publication for information when they are trying to open a new bank account when they are still undischarged from bankruptcy.

While you are waiting

In recent discussions with creditors, it has come to light some of their systems will automatically keep contacting clients if no payment is made on their account. Therefore, if you are waiting to finalise an offer of repayment, it is good practice to suggest that your clients make a token payment in the meantime. This way the account will be taken out of any automated dialler systems and your client should not get as many unwanted phone calls or letters. We understand that this situation is not ideal and could contravene codes of practice and statutory regulation, however, until the systems are changed, it might help relieve some of the pressure your clients are experiencing.

Littlewoods/Shop Direct Group Financial Services

In November we met with Littlewoods/SDGFS to discuss various issues including "evasive debtor" charges, minimum repayment levels and general communications between advisers and Littlewoods/SDGFS. The meeting was very much a first step towards improving communications and influencing their policies and practices, but we are pleased that they are willing to engage with us and consider the problems our clients face.

We discussed the following issues:

Minimum payments

Littlewoods/SDGFS are unwilling to accept offers of £1 per month because according to their figures the average cost to them of

processing a payment (including BACS payments) is more than £1. While they will not formally accept an offer of £1 per month, clients who can only pay this much should do so and wait for the account to be passed on or sold. This should happen after six months and we have urged them to speed this process up.

Communication between advisers and Littlewoods/SDGFS

Littlewoods/SDGFS have a new dedicated third parties contact centre. The new postal address, email address and telephone number for this centre have now been incorporated into the creditor database in CASE Money Advice. We have also updated the *IMA Contacting Creditors* pages.

Littlewoods/SDGFS inform us that post sent to this address is pre-sorted. This saves their staff a great deal of time processing incoming post and should enable them to reply to advisers request much more efficiently. We hope that you are now using these new addresses and getting quicker responses to your requests.

Littlewoods/SDGFS told us that many of the letters and payments they receive have the wrong account number. This means that they cannot locate the account and consequently the customer will still be contacted because Littlewoods/SDGFS do not know of our involvement. Any payments made with the wrong number go into a holding account and are not credited against the client's account. To ensure that this does not happen, advisers should check that the account number they use follows the following rules: the account number will always be 8 characters long; it may start with a letter or a number but characters 2 to 8 will always be numbers; and Littlewoods/SDGFS never use the letter O in their account numbers.

Northern Rock

We recently met Northern Rock's new Debt Advice Manager, Peter Munro. This meeting



IMA News

Keeping members up to date

Spring 09

gave us a great opportunity to discuss the issues raised by advisers about Northern Rock's collections policies, his new role and some of the problems Northern Rock encounter when dealing with debt advisers.

The main points to feedback from this meeting are:

Mortgage arrears

Northern Rock do not want to repossess a borrowers home unless they absolutely have to. They will consider a range of options to help borrowers stay in their homes including: affordable offers or repayment; accepting reduced repayments for short periods; arranging payment holidays; extending the term of the mortgage; and converting to interest only. In order to access these services advisers should contact the Customer Assistance Team (CAT) who can also help with Assisted Voluntary sales. The CAT contact details are in *IMA Contacting Creditors* pages.

Northern Rock were also concerned that a number of advisers are advising clients to simply hand back the keys and walk away. This is not always in the client's best interest and we would urge advisers to contact Northern Rocks CAT before advising clients in this way.

Assessing offers of repayment

Northern Rock currently uses the Consumer Credit Counselling Service's (CCCS) expenditure guidelines to assess a customers ability to pay. We discussed the Common Financial Statement at length and we hope to have further discussions with Northern Rock and the Money Advice Trust about adopting this soon. In the meantime we hope that reasonable offers made using the CFS will be accepted, but if advisers find that they are not they should contact Alex MacDermott.

Communications

Northern Rock told us that it can sometimes take a long time to set up a repayment plan for clients of the free debt advice sector. This

is partly because of delays caused by postal communications. To help address this Northern Rock have provided us with contact details for their credit card, loans and mortgage departments. These can be found in the *IMA Contacting Creditors* pages. If advisers have any further problems contacting Northern Rock, or find if they find that they are unable to resolve their clients problems through the usual channels, they should contact Peter Munro directly using the contact details in the *IMA Contacting Creditors* pages.

In the meantime we would also urge advisers to include their direct contact details on their letters so Northern Rock can contact them quickly if needs be.

Charging Orders

Northern Rock are currently reviewing their policy towards securing linked unsecured loans by charging order before they enter into repayment negotiations. We will let advisers know as soon as we have more details but in the meantime Northern Rock assured us that they will not apply for orders for sale.

Interest

Northern Rock are currently in the process of making significant changes to the way in which interest is applied to accounts. They were unable to give us details at our meeting. However, they assure us that any changes will take into account the customer's ability to pay with a view to making sure customers' debts do not spiral out of control.

Capital One

Capital One are pleased to announce that they have reinstated their advisers helpline. If advisers need to talk to Capital One they should call 0800 952 5275.

Capital One also have a new Vendor Liaison Manager, Susan Parker, who will act as a named point of escalation at Capital One. Susan can be contacted at susan.parker@capitalone.com or by phone on



IMA News

Keeping members up to date

Spring 09

0115 843 8403. Her details have also been added to the *Arian Contacting Creditors Listings*.

MBNA

If advisers are finding it hard to resolve a problem with MBNA they may want to contact Lynda Fletcher – the Third Party Section Manager at MBNA. Her contact details can be found on the *contacting creditors* pages of CABLink and we would urge advisers to only contact her after they have exhausted all other lines of communication.

Clients should be encouraged to report illegal lending – only by gathering this evidence can the investigation team build a case which can lead to prosecution and conviction of illegal money lenders.

Illegal Money Lending Unit can be contacted in confidence on 0300 555 2222

The second speaker was Carolyn Howell who has been seconded from Shelter to the Communities and Local Government department. Carolyn talked about Mortgage Rescue Schemes and Homeowner Mortgage Support Scheme.

She explained the role of money advisers in both schemes. It will be particularly important in the Homeowner Mortgage Support Scheme which is due to come into effect on 6th April.

It is part of Carolyn's role to liaise with advice agencies and can intervene to help progress mortgage rescue in individual cases.

Our meeting came to a prompt end as we had to vacate our room. Apologies to those attending as this left little time for discussion.

The next meeting will be in Portsmouth on 11th June. Alex McDermott from CA will be speaking and we will allow more time for Information Exchange

Sarah Carter

Lancashire Cumbria Money Advice Group

The Lancashire Cumbria Money Advice Group held its first meeting of 2009 on Tuesday 10th March at Preston Town Hall with 24 advisers from across the region in attendance.

Following the initial business section, information exchange and IMA update, our first guest speaker, Suzy Bassford from Experian, delivered an excellent and very informative presentation on credit referencing and the roll of credit reference agencies which included a lively question and answer session.

Creditor Contacts

For Alex Macdermotts the most recent updated creditor contact list see the IMA website

Branch News

Southern Money Advice Forum

The group met on 12th March

We had 2 speakers:

Lin Fisher from the Illegal Money Lending Team.

She highlighted the links between illegal money lending and other criminal activities, and also pointed out that debtors usually see the loan shark as their friend. It is therefore worth exploring client's debts to 'friends' and finding out what pressures are being put on clients to pay this debt.



IMA News

Keeping members up
to date

Spring 09

Following a buffet lunch kindly sponsored by United Utilities, Graham Atkin from the Manchester Official Receivers office delivered a presentation on Debt Relief Orders. As expected this promoted much discussion with many, many questions being asked (and most being answered). Such was the interest in this subject that the session over ran by some 45 minutes!

The MAG's next meeting is due to take place on Thursday 11th June at Preston Town Hall, guest speakers are to be confirmed.

Dean Stockwell, Lancashire Cumbria MAG Chair

The North east Branch meet quarterly in Newcastle.

The next meeting is scheduled for the 14th May and the guest speakers will be the Insolvency service with an update of how the DRO process is evolving. I realise it's been done to death but they approached me and asked if they could give the group an update on how actual cases were progressing and if there were any hitches. I thought this would be useful for the group and agreed to them coming.

There will also be a short presentation from Payplan's Sam Jones and Phil Newton regarding Assisted Voluntary Sale and Conveyancing a subject more in demand given these difficult times.

I have recently updated my branch e mail list and so you should all be receiving notifications of meetings. If you aren't but are reading this then please e mail me at helen.clarke@payplan.com and I will add you to the list.

Helen Clarke

Business Development Manager - North

Exeter MAG

By the time you read this the Exeter MAG will have met on for the first time since the au-

turn and we are delighted to have a range of speakers addressing the topic of mortgage arrears and repossession.

District Judge Harvey will lead the meeting talking about how he approaches his possession lists. There will also be a contribution from a representative from the local credit union, Homemaker South West (who are not a MAT partnership agency) but are a tenancy support agency that deliver the money advice part of the government's Mortgage Rescue Scheme in Devon and Plymouth CAB who do the same job for Plymouth City Council.

Cornwall Money Advice Forum

The January meeting was cancelled due to snow...yes it did happen even in Cornwall. The next meeting is in April and the guest speakers are Samantha Nurse and Julie Orton.

Plymouth Money Advice Group

The spring meeting featured the David Fletcher the Chief Executive of Westcountry Energy Action Trust and the local Official Receiver Jon McGurk. Plymouth is where the new DRO processing centre for England and Wales is located and it's situated on the floor below the CAB. However to Jon's surprise, we let him off the DRO hook and had him speak about bankruptcy in general and dealing with property in particular. The rise of negative equity making us all think again, though I have to report some of Jon's answers were prefaced by:

Case by case basis

Bankrupt's circumstances

And it all depends

Nevertheless it was a fabulous meeting as Jon not only knows his stuff but is a great speaker and emergencies permitting he has agreed to come and speak at the IMA Conference this year.

Be better prepared for tackling the debit crisis

We would like you to join us at one of Payplan's Free Conference Days to be held throughout the country in 2009.

The global financial climate has made personal debt one of the biggest problems facing people in our society today. At Payplan, we understand the growing pressures on money advisers to provide the best debt advice for all kinds of financial difficulties.

Our Conference Days will give you the opportunity to hear a variety of experts speaking about the impact of the debt crisis upon your clients.

Guest speakers include:

Jeff Brown - Advice Works

John Quinlon - FOS

James Jones - Experian

David Legg - Lloyds TSB

In addition, you will also be able to attend one of three breakout sessions focusing on the solutions available to help your clients in debt.

1st April 2009, London

6th May 2009, Nottingham

3rd June 2009, Norwich

24th June 2009, Bristol

15th October 2009, Newcastle

29th October 2009, Manchester

To book your place at one of our Free Conference Days, please email your details to:

Business support@payplan.com or telephone 01476 541996. Our business support team will be happy to provide further details about the venue and schedule for the day.