

Making Savings



The new coalition between the Conservatives and the Liberal Democrats undoubtedly signals change, not least to the delivery of public services. The £163 billion budget deficit high on the new government's agenda and Chancellor George Osborne has pledged to cut £6.2 Billion public spending by next April.

Amongst the departments which will have spending cuts are:

Sculpture: The Bread Line; Franklin D. Roosevelt Memorial in Washington

Department for Business, Innovation and Skills	£836 million
Department for Communities and Local Government	£780 million
Local Government	£405 million
Department for Works and Pensions	£535 million
Ministry of Justice	£325 million

Ian Watmore, head of the Efficiency and Reform Group will work closely with the Minister for the Cabinet Office, Francis Maude and the Chief Secretary to the Treasury, Danny Alexander, to make sure there is a coordinated approach to tackling waste and improving accountability across all government departments. This will include exploiting economies of scale and reducing duplication, as well as looking for efficiencies in procurement, project management, property, HR and ICT.

Ministers have said that the cutbacks are a necessary first step in showing that it is serious about tackling the huge budget deficit over the next five years they insist frontline services will be protected. Ken Clark, the new justice secretary said he had already agreed cuts to his departmental budget with his Lib Dem colleague, Treasury Chief Secretary David Laws. "We have to improve the service for less money," promising a "sensible" approach to making savings.

Radical Welfare Reform proposals are also revealed. Ian Duncan Smith, the work and pension's secretary, announced will help to stop the welfare system "trapping" poor people in poverty. The new plans aim to help the "five million people languishing on welfare into work". Everyone on incapacity benefit will be reassessed for their ability to work, to redress the "tragedy" that people on these benefits for more than two years were more likely to retire or die than get a job.

It doesn't take long to realise that these cuts and shakeups will inevitably impact on the advice sector and our clients which is probably summed up by saying we will also be doing 'more for less'. We don't yet know what the 'less' will be but inevitably there is widespread insecurity in terms of funding. Funding insecurity is generally accompanied by individual job insecurity and as a sector we seem to have approached a time where we are looking in our lockers for evidence of our own professional skills. Ironically advisers who have stalwartly committed their time to helping clients through the recession may now wish they had spent more time improving their professional development attainments to avoid their own unemployment.

Contents

Making Savings **1**

IMA Notice Board **2**

IMA Conference and Performance Awards **2**

IMA Accreditation **3**

IMA AGM **4**

IMA Training Programme **5**

Social Policy **6**

DRO Update **7**

Sector News **13**

Creditor Liaison News **18**

Branch News **19**



IMA Notice Board

Environmentally Friendly

In order to avoid unnecessary costs and to reduce our carbon footprint, the IMA uses electronic correspondence wherever possible. As such it is vital that you ensure we have your correct email address. If you are not sure please get in touch:

Contacting the IMA

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Email: office@i-m-a.org.uk
Telephone: 0113 270 8444

Website: www.i-m-a.org.uk
Fax: 0113 270 2111

IMA Conference

The **2010 Conference** took place at The Swan Hotel, Harrogate, North Yorkshire on 10th and 11th May 2010. The Conference was a huge success all round despite last minute changes to the venue after the fire at the Majestic. Feedback from delegates has been very complimentary with some suggestions for improvement which we will be working on for next year. The **2011 Conference** will be held at the Chesford Grange Hotel in Warwickshire on the 16th and 17th May. We will update our website nearer the time for more details and how to book. All members will receive an email with more information nearer the time.

IMA Performance Awards 2010

The IMA Performance Awards took place and presentations for the shortlisted entrants and winners were made during the Conference Gala Dinner. Thanks to the Marston Group who were the main sponsors for the Performance Awards.

Our winners for the 2010 Performance Awards were:

- Money adviser of the year, sponsored by 1st Credit
 - Robert MacConnell from Birmingham CAB
- Debt team of the year, sponsored by Allied International Credit
 - New East Manchester's Money Mentors Team
- Best partnership award, sponsored by the Money Advice Trust
 - The Royal British Legion, Royal Air Force Benevolent Fund, Citizens Advice and Citizens Advice Northern Ireland
- Best new initiative award, sponsored by Northern Rock
 - Money Advice Trusts's CASHflow Project

The Summer 2010 edition of Quarterly Account includes an article about the awards detailing who won and why. Photographs from the conference and Performance Awards are available from our website; [Photos](#)



Accreditation

The first qualification in Money Advice has arrived. The IMA has teamed up with Staffordshire University to produce the Certificate of Credit in Money Advice Practice. This qualification will form the basis of the first accreditation scheme for Money Advisers.

The Certificate of Credit in Money Advice Practice, some facts about our first qualification:

- ❖ It is aimed at Caseworker level and is designed for both learning and assessment, so what you don't know – you can learn
- ❖ It is all carried out on-line; all you need is access to the internet; you can study around your work, when it is convenient
- ❖ It is a 12 week course, covering all aspects of Money Advice
- ❖ The entire qualification costs £300 but this cost can be reduced to £100 as the IMA is able to offer handsome bursaries thanks to the generosity of MBNA
- ❖ There are four intakes per year (July, October, January and April). The first intake has already started.

The IMA Accreditation Qualification will provide independent and external evidence of your key skills. This qualification allows **employees** to take a pro-active role in their own professional development. It can be used to open up a wider range of career possibilities, to demonstrate expertise to current employers or to help transfer competence to other jobs or work contexts. In addition, it will give individuals confidence that they are knowledgeable, working to best practice standards, presenting a professional image and are speaking with authority.

By demonstrating commitment to supporting the development and empowerment of workers, **Employers** will in return receive assurance that their staff have good level of competence, skill and knowledge in order to carry out their role successfully. The quality assurance associated with an accredited workforce will help to gain and retain contracts and funding.

For more information visit our website www.i-m-a.org.uk/qualifications On this page we have a comprehensive list of answers to Frequently Asked Questions which you might find useful.

We are now enrolling for our next intake which is already over half full. So take time to enrol soon to avoid disappointment.

Our next stage:

We can now announce that thanks to funding from Thames Water Trust Fund we will be starting work on the development of a new higher level, specialist qualification. This qualification will be available for those who have completed the Certificate in Money Advice Practice and who want to go even further. We will be taking into account the areas of development which our members are particularly interested in and we aim to be able to present a range of qualification options for further development. For example, we will be looking at being able to incorporate Rights of Audience into our next award for those who are interested in being able to represent at court.

As usual we will keep our members informed of developments as we progress.

IMA Annual General Meeting

The 2010 AGM was held in Harrogate on the first day of the Conference, 10th May.

Attendance at the AGM was good and members participated by asking questions and clarification of a number of items.

Only one nomination was received to the vacant Director position on the Board. As this was the case, the nominee, Alistair Chisholm, was elected to the Board unopposed. The fellow directors welcomed Alistair to his new position and he has already attended his first Board meeting and has been elected as the Board representative on Council.

Three resolutions were presented to and passed by the AGM, all being administrative in nature. Two resolutions were emergency resolutions submitted by the Board.

The first gives the Board a specific power to allow payment of the annual subscription by instalments and by alternative payment methods.

In order to present the two emergency resolutions to the AGM, members present had to vote to accept them being presented. This was passed unanimously. The first of these resolutions allows a director to continue in an appointed role on the Board, for example Treasurer, for a period longer than three years, as was previously allowed, following a constitutional vote by fellow directors. This does not change the requirement on directors to stand for election by members to the Board every three years.

The final resolution allows the Board to appoint co-optees to specific roles and duties on the Board, with the exception of Vice Chair.

Finally the Board had the pleasure of recommending that members vote to elect Peter Madge to the position of Honorary Fellow. This was passed unanimously by all present and to the great surprise of Peter.

The Board would like to thank Anna Hall for the speech she gave in favour Peter's election.

A warm welcome for Alexa

We are delighted to announce that Alexa Walker has just joined the IMA Team as Training and Policy Officer on a part time basis. We will be taking this opportunity to review and strengthen our Specialist Training Programme to ensure that your needs are being met. Many of you will have already met Alexa in her capacity as a trainer or in her work as a Specialist Support Consultant.



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IMA News Summer 2010

IMA Membership

The IMA membership has been rising steadily over the year and has now reached an all time high of **1628**. We feel that this is due to the enhanced and increased membership benefits including access to apply to be an Approved DRO Intermediary, an increased availability of free training courses and our new Qualification.

Subscription rates:

As of 1st August 2010 yearly subscriptions will increase:

Membership:

Full time member £112

Part time member £69.50

Volunteer member £34

Full time trainee £89.60 (includes 20% discount for first year only)

Part time trainee £55.60 (includes 20% discount for first year only)

Quarterly Account Subscription:

Individuals and voluntary sector £35

Statutory Bodies £45

The IMA Specialist Training Programme

The new training programme

The new programme for **Courses September 2010 to March 2010 will be available soon**. You will be able to access the courses, aims and objectives, pre-course entry requirements etc and check prices and download a booking form www.i-m-a.org.uk/

Wiseradviser

Information about the new season of Wiseradviser courses is now available on the Wiseradviser website. All IMA members can access these courses.

Quality and Consistency in Money Advice

Each year the IMA tries to include as many free courses as possible in as many harder to reach areas as possible. This year we are proud to announce that thanks to some financial support from Marks and Spencer's Money, we will be delivering 5 free courses between September and February. The course, Quality and Consistency in Money Advice is targeted at Money Advisers or Supervisors and it aims to stimulate thought about how we can improve current practice.



Social Policy

Social Policy work is a way of changing things to reduce suffering and often reduce having to deal with the same problems presented by clients over and over again. Social Policy work can take many forms; writing to MPs, talk with organisations to encourage them to change their practices, pursuing complaints or even joining national campaigns. Citizens Advice have been involved in heading National Social Policy Campaign for many years and have been able to support their calls for change by the evidence which the local CABs provide. We now have an online Social Policy Evidence facility which all IMA Members can use to submit Social Policy issues you have encountered. You can access this from the Social Policy page of our website [Social Policy Page](#) These responses are co-ordinated by Alex MacDermott, Creditor Liaison Policy Officer with Citizens Advice.

The number of Social Policy issues reported by IMA members to Alex McDermott is on the increase. Alex has been feeding back to us and we can see that you have raised some pertinent issues and provided some excellent evidence generally about bad creditor practice.

Issues which they raised were things like mis-sold PPI, continued creditor demands for money following a successful DRO, mis-selling IVAs, improper debt collection tactics.

For those of you yet to use the on-line facility please bear it in mind next time you come across something that seems unfair or unreasonable – you may be able to do more than you think. Also take a look at the [Citizens Advice Campaigns](#) for more information.

Debt Collection Tactics

An adviser in London has recently reported that a client received a letter reportedly from a genealogy expert to say that they have information regarding them that may be of interest. The client's friend received the same letter and called them and it turned out they were trying to collect a debt.

Citizens Advice release new report: Called to Account

The report follows the active campaign to tackle the problems faced by people excluded from mainstream credit following insolvency.

Excerpt: This report focuses on the experiences of undischarged bankrupts who are explicitly excluded as customers by almost all banks. We note a worrying move to exclude people with DROs as well, with banks simply treating these people as if they were undischarged bankrupts. When someone is made bankrupt their life does not stop. Wages still need to be earned or benefit income received. Bills still need to be paid. Without access to a bank account these basic tasks can become huge and costly obstacles to overcome, particularly for people who are often at a vulnerable point in their lives. These difficulties impact not only on the individual concerned, but also upon their families and wider society, for example by preventing households from obtaining the best deals for basic services and by creating barriers to employment.

The full report will shortly be available on the Citizens Advice Campaign for Change page of their website: <http://www.citizensadvice.org.uk/index/campaigns.htm>



DRO Update July 2010

Experian Reports

Following a recent meeting with Competent Authorities, the Insolvency Service and Experian some of the main queries and discussion points have been clarified below.

Q: How do I obtain free Credit Report forms?

Advisers can order supplies of free credit report application forms by emailing appforms@uk.experian.com. Please specify 'free report forms'. Experian can usually only accept original forms. Forms should take no more than 7 working days to arrive so it is best to keep some in stock.

Q: Why is it important to have an accurate Credit Reference Report?

Approved Intermediaries run the risk of having DRO applications declined if they have not received a full and correct credit report prior to submitting a DRO application.

The DRO Unit have a contract with Experian to provide them with all of the necessary credit information about clients for which an application has been received.

Where the DRO Unit's credit report shows that liabilities are over £15,000 or that the applicant is a homeowner it will certainly be declined.

If the information on the DRO application is different from the credit report leading the DRO Unit to assume that the applicant has been dishonest, then it is possible that it will be declined.

Even if the actual liabilities do not go above £15,000 if the client has a debt which is not included on the application then it will not be subject to the DRO (will not be covered by the moratorium or written off).

Intermediaries need to clarify with the client that an inaccurate or incomplete Credit Reference Check could lead to the application being declined.

Q: What will happen if the DRO Application is declined?

The DRO Unit previously informed us that where an application is declined as result of an inaccurate Credit Reference Report, they can look at the application again on a case by case basis, to see whether it can be approved. The evidence recently shows that the DRO Unit are taking a hard stance on this. For example even where the client's true circumstances allow them to be suitable for a DRO, if their credit reference report has not been amended then the application will remain declined.

The implication of this is that the client's fee will be lost and it is of course un-refundable.

Q: How can I ensure a Credit Report application is processed easily?

In order to release credit report data to data subjects under section 7 of the Data Protection Act 1998 they need a fully completed application form including:

Essential Data

- Correct Title
- Correct Forename
- Correct Middle Names (if any)
- Correct Surname
- Correct DOB
- Full 6 years address history:
- Format of address(es) as per bank statement/utility bill
- True length of time lived at each address
- Signed authority for request of report (offline) / tick box confirming acceptance of terms & conditions (online)
- Alias information (any other name known by)



If any of the above are not provided this may affect the outcome of the application. Experian's authentication process uses a number of sources of information to provide them with a level of confidence that data is being released to the correct person. This confidence level will be influenced by the breadth (variety of different types) and depth (number of items of each type) of data available for a particular individual.

Examples of positive indicators include;

- A current registration on the Voters roll at the current address
- Active credit accounts (for example, mortgages, current accounts or loans) at the current address

Q: What happens if the information on the Credit Report is inaccurate?

Data inaccuracy is generally down to the lender and not the Credit Reference Agency who report what the lenders tell them. Missing Data is almost certainly down to not having a complete picture of the individual on the application form for example if all addresses are not put on the application.

If the client disagrees with any of the information contained on the credit check they should contact the organisation or lender concerned. The organisation will amend their records (if applicable) and tell all credit reference agencies of these changes. The agencies (Experian, Equifax and Callcredit) will then update the data they hold.

Q: How long will this take?

If a creditor accepts that the information is incorrect they will need to inform the Credit Reference agencies. However, there is no fixed time period for this – creditors often update companies like Experian monthly.

Q: Do all creditors use Experian?

No, some creditors use different Credit Reference Agencies, and some do not inform any credit reference agencies about liabilities. Many Intermediaries have taken the decision to ask for reports from all 3 credit reference agencies. Local Authorities do not give data to credit reference agencies at all.

Q: What do I do if I do not receive the credit reference report I have requested?

As a result of the problems our Intermediaries are experiencing we have recently had a meeting with Experian who acknowledge that they are not responding as fast as they would like. They say that everything is being done to rectify this and as a long term solution they will introduce an online system. In the mean time they have outlined below what should be done if a report is not received within **7 working days** (from receipt of the application).

- Do not resubmit the same application this will add to the backlog
- Do not continue to use the previously provided Experian phone number for queries
- Do complete a pro-forma Experian Report Follow Up form instead – you will find this in the Intermediary Resources section of our website. Intermediaries who are approved by the IMA should email this to me sallie.johnson@i-m-a.org.uk, preferably entitled 'Experian' and I will pass it on to the contact at Experian. Other Competent Authorities may have another format or procedure.

Q: What if the client has been asked to provide identifying documents?

Under strict data protection guidelines, it is essential that Experian are satisfied that the request being made is in fact made by the person named. If Experian request these additional proof documents there is no way round the process I am afraid. One way to minimise the occurrence though, is to:

- Ensure that all addresses included in the application are detailed and spelt correctly
- Ensure that all of the personal details are provided for example date of birth and full name and that these are accurate and spelt correctly



Q: What if the Credit Report is being sent to the client and not the Intermediary?

Experian will take this up with their distribution team to ensure that the DROs get sent to the right address and not back to the individual, where appropriate. You will need to keep me informed if this continues to be a problem, preferably by using the pro-forma mentioned above but adapt it to suit and email it as above.

Q: Can the client obtain their own Credit Reference Reports?

There is nothing wrong with getting clients to obtain their own Experian check and in fact this may be quicker (Experian have a target to supply these within 7 working days). Intermediaries should consider though:

The cost (it is free when agency applies),

The timing of this report to ensure that the information is current and available

The accuracy of the information on the application including whether 'linked addresses' have been requested, i.e. previous addresses where the client may have built up liabilities

I appreciate that there is still some way to go however I do think we should see some improvement in the Experian Service in the near future now that they are aware of the position of Intermediaries and have improved the communication within their organisation.

Pensions as an asset in DROs

As many of you will know clients with a pension value of above £300 are excluded from a Debt Relief Order. The government consultation for making changes to the current position closed on 24th June. The Insolvency Service reported that they have received a good number of responses with a consensus for change. They are now in the process of collating the responses and will push forward a Statutory Instrument submission to the new minister, Edward Davey, (under Vince Cable minister for Business, Innovation and Skills) before summer recess. *If* this is accepted and all goes according to plan the submission will be included in changes for autumn 2010 or spring 2011.

DWP Debts and DROs

The Department for Work and Pensions are treating the recovery of overpayment of benefits in the same way as a bankruptcy and are therefore recovering payments up to the end of the moratorium period. This is based on the case law relating to bankruptcy, namely in R (on the application of Steele) v Birmingham City Council [2006] BPIR 856 and in R (Balding) v Secretary of State for Work and Pensions [2007] EWHC 759. These set out that, where recovery decisions are made before bankruptcy, the amount overpaid is a bankruptcy debt that is recoverable during the period until discharge; and where the recovery decision is made after the date of bankruptcy, the amount overpaid is not a bankruptcy debt and that recovery may be made as usual. A test case which has now reached judicial review is being heard on the 23rd July and aims to challenge the application of this legislation to DROs.

Rent Arrears and DROs

The recently published Quarterly Account (Summer 2010, page 21 – 22, Q & A with Specialist Support Money Advice Team) contains some detailed answers to question relating to DROs. This topic is explained in more detail.

Rent arrears are a qualifying debt and should be scheduled to the DRO. If these arrears were not included in a DRO and their existence comes to the attention of the DRO Unit then the DRO could be revoked, and certainly would be revoked if it takes the total debt over £15,000. However, the making of a DRO does not necessarily prevent a landlord from enforcing a possession order. The DRO Unit are accepting the case in bankruptcy of Harlow DC v Hall, where the continuation of possession proceedings following a bankruptcy order was allowed following the argument that the possession was not a remedy to enforcing the debt but rather to recover their property. So as things stand there is an exception to the normal rule that when a DRO is made the client must not make payments to



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qualifying creditors. Where the landlord already has a suspended possession order, the client is allowed to continue making the payments due under the order. In addition, where the landlord does not have a possession order but is threatening to get one, then, provided the client has evidence of an agreement to pay the arrears, the client can make the payments.

At the end of the moratorium period/bankruptcy, the rent arrears are written off. If there is a court order, the client can either carry on paying or apply for the possession order to be discharged at that point or apply in advance for the possession order to be discharged so long as the client complies with the order during the moratorium period.

Specialist Support is currently seeking a barrister's opinion on whether continuing with possession proceedings can be challenged. They are also looking into cases where local authorities and housing associations have begun possession proceedings based on rent arrears included in a DRO during the moratorium without the leave of the court.

If your client is experiencing problems like this then you may want to seek specialist advice from Specialist Support Consultancy.

Ongoing cases relating to rent arrears and DROs:

- We now have further information about a case in Oxford that was reported in a recent issue of Quarterly Account where the district judge had made a possession order for rent arrears included in a DRO which was in the process of being appealed. Specialist Support has received the following from the solicitor involved in the case:

"In our case of an assured tenant in HA property, possession proceedings were issued prior to the DRO, but no hearing took place for various reasons. The first substantive hearing on the PO was 4 months after the DRO, and an SPO and money judgment made, despite our arguments. The DJ specifically stated in the order that the terms of the SPO should continue after the date of the ending of the moratorium on the DRO.

Unfortunately, we were refused permission to appeal at the Court of Appeal on the papers. We have an oral permission hearing scheduled for Thursday 1 July. I will keep you informed."

Two IMA members working in Newport have cases in their local county court involving clients with rent arrears in DROs where possession proceedings were commenced by Newport City Homes after the DRO was made.

- In the first case, the court made a possession order before the adviser's involvement in the case. The client applied for what was treated as a set aside. The Public Law Project has taken up this case. The hearing was on 29th June. The possession order was set aside and the case allocated to the multi-track for hearing by a circuit judge between 23 September and 21 October. The Public Law Project proposes to argue that taking possession proceedings with or without a claim for the rent arrears is a 'remedy for the debt' and is prohibited.
- In the second case, the adviser challenged the landlord's right to apply for a possession order at the first hearing. The case was adjourned. Newport City Homes conceded that they should have asked for leave to apply. They asked for leave retrospectively. This case was also heard on 29th June. The judge refused leave. The case was adjourned and may be heard at the same time as the first case but otherwise it will be heard afterwards.

Newport City Homes relied on the bankruptcy case of Harlow DC v Hall which says that taking possession is not a remedy for the debt. The judge ruled that this decision does not support binding authority to support the landlord's position as these cases are about DROs.



Some of our members have reported that their local authorities are taking a lenient and common sense approach to rent arrears and are content for the debt to be included in the DRO and are satisfied to take no further action. Often advice centers that are able to maintain good working relations with their local authority housing sections have been able to discuss the implications of rent arrears / DROs with them and have been able to persuade them to take no further action.

Prisoners applying for a DRO

Intermediaries should note that if a prison address is recorded in an application without the address withheld box being checked, then the address will appear on the Individual Insolvency Register and the notifications to creditors will also contain the address recorded in the application. This is equally applicable in references to armed forces personnel. Intermediaries should consider whether it is appropriate to withhold these addresses, and:

- If yes. Tick the address withheld box. Follow the usual process of applying for an address to be withheld using a form 7.1a (see Intermediary Resources section of our website).
- If no. The Insolvency Service has requested that where the address withheld box is not ticked in these cases, it would be helpful if the Intermediary could enter a comment to confirm that it has been considered.

Cheques from Charities (for the DRO fee)

Where a charity (or third party support organisation) is willing to pay the application fee in part or in full the Insolvency Service will be able to take a cheque as payment. Where a charitable contribution comprises of only part of the application fee, the debtor should pay the outstanding balance at a Payzone facility or Post Office. Cheques should be made payable to "The Insolvency Service (DRO)", and posted to the address below with the application ID number on the reverse. The cheque should be accompanied by a covering note stating the debtor's name, address and application ID number (the number that is automatically generated when an online application form is started).

The intermediary should allow the normal bank clearance periods for the cheque to clear, before the application is submitted to the Insolvency Service. If the application is submitted the same day as the cheque is sent to the Insolvency Service, it is likely that the cheque will not clear within the 10 day period, which will result in the application being cancelled.

Finance Section (DRO)
The Insolvency Service
Cannon House
18 Priory Queensway
Birmingham
B4 6FD

Pawn Broker Debts

Should be viewed as a secured loan and therefore counts towards the £15,000 limit but would not be included in the DRO as fully secured. As a DRO does not affect the rights of secured creditors the payments so far would not be viewed as preferences as the creditor is not being put in better position as a) the debt would not be included in the DRO and b) payments are allowed to continue after the DRO is given in order to protect the goods. The pawned items are still assets of the clients and therefore their value needs to be assessed and added to any other assets the client has and if this totals more than £300 they would not be eligible for a DRO.

DRO and Water Rates

The guidance in relation to bankruptcy and the effects on water rates is quite clear and there is no reason to believe that this guidance is not equally applicable to Debt Relief Orders. Where a debt is



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IMA News Summer 2010

due and payable on a certain date, but is allowed to be discharged over a period up to the ensuing year, the amount of the debt is known as at the 1st April for the relevant billing year, that debt is a liquidated debt and thus capable of inclusion in a Debt Relief Order.

How a water rates bill will be dealt with will be dependent upon the charging regime operated by each provider. It is the responsibility of the intermediary/debtor to establish the water company's position with regards to the debtors account and where the full amount for the year may be scheduled, it should be scheduled.

Where water is supplied under a charges scheme that is rate-based rather than metered, the charges scheme may provide that any standing charges are due and payable in advance, generally on 1 April each year. Therefore, the whole of that year's charge, or unpaid balance at the date of the Debt Relief Order, may be scheduled in the application, in addition to any arrears from previous periods. As the whole debt becomes due prior to the insolvency, it is a qualifying debt.

Charges for metered supplies are treated differently as, generally speaking; the meter will be read at or about the date of the Debt Relief Order and the amount to be scheduled in the DRO based on that reading.

DROs and Fuel Suppliers

We have had some queries about what is likely to happen to fuel supplies when a fuel debt is included in a DRO. We have set up a small survey to gather information about how fuel companies are dealing with DROs which you can take part in if you wish www.surveymonkey.com/s/NSZF9VD. We will relay the results of this back to you in the next IMA News.

Clients completing DRO applications

Where a client is given the task of completing some of the DRO application form; Intermediaries should warn clients that they should stop short of the end of the application otherwise they will be able to submit it without the Intermediary checking it. We have discussed this with the DRO Unit who will bear it in mind when they next make changes to the online system and hopefully include a warning message for clients.

Bank Accounts

Where the client has a current bank account with a bank but has entered a debt with that bank onto the DRO the bank is likely to close the current account.

Resources for Intermediaries

Remember to use the Resources for Intermediaries <http://www.i-m-a.org.uk/intermediary-resources.html> and DRO Updates in each copy of the IMA News <http://www.i-m-a.org.uk/news.html> all available on the IMA Website to keep up to date with DRO issues.



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IMA News Summer 2010

News from around the sector

Common Financial Statement (CFS)

- **New Trigger Figures**

The Money Advice Trust (MAT) has announced that the 2010 Trigger Figures will be published on the 16th August 2010. The Trigger Figures will be accessible to Common Financial Statement (CFS) licence holders only. MAT will circulate a short announcement on this date with information about how to access the new figures. To register for a licence visit the CFS page on MAT's website.

- **Best Practice Checklists**

The CFS best practice checklists aim to clarify communications and encourage best practice around CFS offers. <http://www.cfs.moneyadvicetrust.org/> They were published on the 4th May 2010 and are a result of partnership working between AdviceUK, British Bankers' Association (BBA), Citizens Advice, and the Finance & Leasing Association (FLA). There is a creditor checklist and an adviser checklist, giving specific guidance on dealing with CFS offers. The anticipated benefits of improving communications are universal, including benefits for all involved:

- Clearer communication will remove the need for additional correspondence asking for clarification or the re-submitting of offers;
- Fewer repeat appointments/contacts from clients seeking further advice, thus preserving the advice sector's limited and precious resource for clients with more complex debt problems;
- Creditors will receive regular payments, more likely to be able to maintain contact with the client and retain the client's custom over the longer term; and
- Reduced stress for clients as they will receive clear communications about their repayment offers.

National Debtline self-help packs (New Edition)

National Debtline's latest version of its self-help information pack: 'Dealing with your debts' is now available. The 18th edition of the England and Wales pack is aimed at those struggling with unmanageable debt and has been produced by the Money Advice Trust to include recent changes to the law. It also retains the Plain English Campaign's Crystal Mark for clarity.

'Dealing with your debts' can be used by advisers working with people in debt or by the individuals themselves. They provide comprehensive in-depth advice on how to:

- work out a personal budget;
- deal with priority debts;
- work out offers of payment to creditors; and
- deal with court papers and procedures.

The pack has been updated to include an expanded section on options for dealing with debts to include Debt Relief Orders and a revised and updated section on dealing with mortgage arrears.

'Dealing with your debts' is available free of charge and is available by calling National Debtline (**0808 808 4000**) or can be downloaded from the National Debtline website (www.nationaldebtline.co.uk). Agencies belonging to Citizens Advice Bureaux or Advice UK can order copies of the England and Wales pack **free of charge** by downloading the order form from National Debtline's website. Other agencies can purchase copies by contacting National Debtline and a discount is available for bulk orders.



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IMA News Summer 2010

TV Licensing: Presenting to the Advice Community

Over the course of 2009 and the opening months of 2010, the TV Licensing Community Relations team spoke with hundreds of organisations across the UK to pass on important information on TV Licensing. These conversations were all part of TV Licensing's ongoing programme which involves speaking with a range of organisations from the Institute of Money Advisers and regional money advice forums through to councils and housing associations. The programme includes giving presentations to organisations offering money advice.

The presentations - which typically last no longer than half an hour in total - are free, delivered by regional teams and provide an opportunity to update money advisers on the latest changes to the payment schemes and provide important detail on the processes that affect their clients. To date, feedback on these presentations has been very positive. In particular, advisers have appreciated the opportunity to have any questions they have on TV Licensing answered, get more detail on specific processes and also give their feedback on issues related to TV Licensing.

Over the course of 2010 the Community Relations team is looking to broaden its programme of presentations to money advisers. If you would like someone from the team to give a presentation to your group of advisers, please call us on 020 7544 3116 or email campaignoffice@tvlicensing.info

Lending Code Review

A review is currently underway of the lending code. The results are due to be revised and published by March 2011. The code is intended to set standards and good practice in fields of unsecured personal loans, credit cards and overdrafts. This is a voluntary code of practice enforced by the Lending Standards.

OFT Publishes Review of High-cost Credit

The OFT has today published the final report of its review of the £7.5 billion high-cost credit sector. The sector comprises the pawn broking, payday loan, home credit and rent-to-buy credit markets. Products supplied in these markets are typically used by people on low incomes who cannot access mainstream credit and who borrow small sums for short periods. The report found that, in a number of respects, these markets work reasonably well in that they serve borrowers not catered for by mainstream suppliers, complaint levels are low, and there is evidence that for some products, lenders do not levy charges on customers who miss payments or make payments late. The report also makes some recommendations for improvements to the functioning of aspects of these markets that work less well.

However, to the extent that problems arise from more deep-seated issues, such as weaknesses in the financial capability of consumers, the OFT recognises that the sorts of recommendations it is making can make only a limited difference. More radical approaches which are beyond the OFT's remit would be required if the Government or others wanted to tackle the wider social, economic and financial context in which high-cost credit markets exist.

The OFT has also considered the case for price controls for pawn broking, payday loans, home credit and rent-to-buy credit and concluded that they will not address the problems identified in the high-cost credit sector, which stem from both limited supply options and consumers' lack of ability to drive competition. The OFT is concerned that such controls may further reduce supply and considers there to be practical problems with their implementation and effectiveness. These problems include the potential for suppliers to recover income lost through price controls by introducing or increasing charges for late payment and default. Specifically, the review found that:

- Many consumers are unaware of the options open to them and advice is limited
- Consumers tend to focus on how quickly and easily they can access credit and the affordability of the repayments rather than the total cost compared to other products, and



- There have been few significant entrants to these markets recently, competition on price is mostly absent in some high-cost credit markets, and some of the incumbent suppliers appear to be earning high profits.

The report makes a number of recommendations for improvements to the way in which these markets operate, while recognising that these will have only a limited impact in the current context. They include:

- Measures to help consumers make informed decisions and increase their ability to develop a documented credit history
- The promotion of best practice among suppliers with an industry-wide code of practice, and
- The Government working with industry groups to make information on high-cost credit loans available on price comparison sites, and ensuring that financial literacy programmes cover high-cost credit products.

The recommendations included in this report are also intended to assist the Government in considering its approach to the challenging high-cost credit sector. The report makes it clear that these findings and recommendations do not have wider applicability than the high-cost credit sector the OFT examined in this review.

Ray Watson, OFT Director of the Credit Group said:

'Our report has found that people who use high-cost credit have limited options and find it difficult to exercise what choice they have to obtain the best deal. This means that competition between suppliers is less effective than it might be. The recommendations we're making today would deliver worthwhile improvements to these markets but more radical approaches, outside the remit of the OFT, need to be examined by the Government if the fundamental and longstanding issues of lack of consumer power and limited supply are to be tackled.'

The high-cost credit review, which is available from the OFT website http://www.of.gov.uk/shared_of/reports/consumer_credit/High-cost-credit-review/OFT1232.pdf has been submitted to the Minister for Consumer Affairs at the Department for Business, Innovation and Skills.

Additional Information

1. The OFT launched its review in July 2009, in response to concerns that many low income consumers may suffer from a lack of options when seeking credit, that the price they pay for the credit available to them is too high, and that the recession had potentially limited suppliers' willingness to lend money.
2. This review was completed in advance of the recent general election, and has not been updated to take account of the policies and intentions of the new Government. Publication of this report was delayed following the announcement of the General Election in April 2010.
3. The interim research report of the review was published on 8 December 2009 and is available on the project page at <http://www.of.gov.uk/OFTwork/credit/review-high-cost-consumer-credit/>

Insolvency Service cracks down on Bankrupts who try to conceal assets

Debtors who believe they can go bankrupt yet hide some of their assets from the Official Receiver have been told to think again by The Insolvency Service.

Bankrupts must disclose all assets, no matter how small, or they face a penalty which could include having their period of bankruptcy restrictions increased by up to 15 years instead of the usual 12 months. The Official Receiver will also seek to recover such assets.

The new warnings have been prompted by a surge in cases dealt with by Official Receivers where potential bankrupts have attempted to put assets out of reach of their creditors – up to nearly 200 cases this year compared with just 28 in 2008-09.



Recent cases exposed by The Insolvency Service include bankrupts who failed to disclose cash, insurance policies and even cars to the Official Receiver. All were found out and had their period of bankruptcy restrictions extended. This meant that their ability to borrow, manage a company or even stand for the local council remained limited by the insolvency rules for even longer (see notes).

Senior Official Receiver for the Insolvency Service in Great Britain, Les Cramp, said:

“The Insolvency Service always acts if we think it is in the public interest to do so. It is only fair to the creditors that we seek full disclosure of any assets that might be available.

“Potential bankrupts who want the debt relief offered by this form of insolvency must declare all of their assets straight away. It is then for the Official Receiver to decide which assets must be sold for the benefit of the creditors and which might be retained by the debtor.”

What are Bankruptcy Restrictions?

These are restrictions set out in insolvency law that the bankrupt is subject to until they are discharged from bankruptcy – normally 12 months. They include:

- They must disclose their status to a credit provider if they wish to get credit of more than £500.
- If they carry on business in a different name from the name in which they were made bankrupt, they must disclose to those they wish to do business with the name (or trading style) under which they were made bankrupt.
- They may not act as the director of a company nor take part in its promotion, formation or management unless they get the court’s permission to do so. (They can apply to the court for this.)
- They may not act as an insolvency practitioner, or as the receiver or manager of the property of a company on behalf of debenture holders.
- They may not be a Member of Parliament in England or Wales.

Various other restrictions are not set out in insolvency law; these include not being able to act as a local councillor. More information can be found on the Insolvency Service [website](#)

Bankruptcy Restrictions Orders and Bankruptcy Restrictions Undertakings

If the Official Receiver considers that the conduct of a bankrupt has been dishonest or blameworthy in some other way, he (or she) will report the facts to court and ask for a Bankruptcy Restrictions Order (BRO) to be made.

- The court will consider this report and any other evidence put before it, and will decide whether it should make a BRO. If it does, the bankrupt will be subject to certain restrictions for the period stated in the order. This can be from 2 to 15 years.
- The bankrupt may give a Bankruptcy Restrictions Undertaking (BRU) which will have the same effect as an order, but will mean that the matter does not go to court.

What the Insolvency service does:

- Administer and investigate the affairs of bankrupts, of companies and partnerships wound up by the court, and establish why they became insolvent;
- Act as trustee/liquidator where no private sector insolvency practitioner is appointed;
- Act as nominee and supervisor in fast-track individual voluntary arrangements;
- Take forward reports of bankrupts’ and directors’ misconduct;
- Deal with the disqualification of unfit directors in all corporate failures;
- Deal with bankruptcy restrictions orders and undertakings;
- Authorise and regulate the insolvency profession;
- Assess and pay statutory entitlement to redundancy payments when an employer cannot or will not pay its employees;
- Provide banking and investment services for bankruptcy and liquidation estate funds;



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IMA News Summer 2010

- Advise BIS ministers and other government departments and agencies on insolvency, redundancy and related issues;
- Provide information to the public on insolvency and redundancy matters via our website, leaflets, Insolvency Enquiry Line and Redundancy Payments Helpline; and
- Conduct confidential fact-finding investigations into companies where it is in the public interest to do so. These enquiries are carried out by Companies Investigation Branch.

Denise Rawls, Press Office Manager, The Insolvency Service

Mortgage Support Schemes

Grant Shapps, Minister for Housing, reiterated the Governments support for homeowners in financial difficulties. Noting that the risk of repossessions remains high - the Council of Mortgage Lenders' latest forecast is that there will be 53,000 repossessions in 2010, work is being stepped up with partner organisations including Citizens Advice and Shelter to help promote the help available to struggling homeowners. Shapps welcomed the support of Martin Lewis, creator of www.moneysavingexpert.com. It has been revealed that the Mortgage Rescue Scheme will be refocused to deliver better value for money, with a reduction in the grant rate paid to Housing Associations and tighter caps on property price and repair costs. The longer term role for the Mortgage Rescue Scheme will be considered through the Spending Review.

Although since its launch in April 2009, the Homeowners Mortgage Support Scheme has only helped 34 people, research to be published shortly shows that it has had a positive impact on lender forbearance practice and mortgage arrears management.

Incidentally, the additional positive outcomes have also been widely acknowledged by the advisers involved in the scheme. Advisers have commented that whilst low numbers of potential clients actually went through to the scheme that very high number of clients facing homelessness were helped and were able to retain their homes. Advisers put this largely down to by-products of the MRS; improvements to systems within their organisations, earlier intervention regarding the housing arrears issue, effective income maximisation, budgeting advice and negotiation with mortgage lenders. In addition they commented on the changing attitudes of lenders, for the better and reiterated that it would be a shame to lose the scheme and the other positive outcomes which it has brought about.

Despite the small numbers, given the low administrative costs, the Minister has decided that it will remain in place as a backstop scheme that may be needed if interest rates rise. It will close as planned at the end of the financial year.

A separate report by Professor John Muellbauer and Dr Janine Aron of Oxford University published today shows that the combination of greater tolerance from lenders and the Government schemes on offer have had a notable effect in helping homeowners. This report Modelling and forecasting UK mortgage arrears and possessions also warns that the risk of increased numbers of repossessions will remain high in the years ahead.

An independent evaluation of the schemes by a team led by Professor Steve Wilcox from the Centre for Housing Policy (University of York) and the School of the Built Environment (Heriot Watt University) is due to be published shortly showing that there is widespread support for the Mortgage Rescue Scheme from partners and borrowers and that its continuation would remain beneficial at a lower grant rate. And on the Homeowners Mortgage Support Scheme, the report shows that it has been found to have influenced the extent to which lenders have offered greater tolerance and patience to those in arrears, and that there was a case for it continuing until the housing market had recovered. For the full Communities article and to view the summary reports go to:

www.communities.gov.uk/news/corporate/1643931



Institute of
Money Advisers®

IMA News Summer 2010

Creditor Liaison news from Alex MacDermott

RBS Policy Communication about the application of interest on loan and current accounts

RBS have recently changed their policy towards applying interest to loans and current accounts, and they have asked us to pass on the attached communication.

As you will see at present this policy change only affects new clients, i.e. those who have recently been for advice. We understand from RBS that they are taking steps to apply this policy to clients who already have repayment arrangements in place and as soon as they notify us that this is done we will let you know.

In the meantime we thought it might be helpful to clarify a few points:

1. This new policy will apply to people with long term financial difficulties, so if someone just misses one or two payments before getting back on track interest will still be applied to their accounts;
2. The amount of interest applied to an account will be worked out with regard to the persons situation and the amount of their offer, regardless of how many payments they have missed. So if your client is only just in arrears but has suffered a dramatic and long term drop in income this policy should apply, as long as you provide RBS with full details of the clients situation.
3. We will not be able to say exactly what specific criteria will be used to assess how much interest is applied. However, we are assured that the new policy is in-line with the Lending Standards Board's recent guidance on interest concessions (see attached). This should mean that people making token payments see their interest frozen.

We are pleased that RBS have taken this step and we hope that it benefits your clients. However, if advisers come across any problems, or require and further details, they should submit eBEFs and / or contact Alex MacDermott directly.

Northern Rock

It is important that our customers and the advice sector know that despite the internal changes underway our service will remain very much business as usual. Key points are below:

You will know that we recently completed the split of the former Northern Rock into two companies, Northern Rock plc and Northern Rock (Asset Management) plc. Subsequently we announced that Northern Rock (Asset Management) plc would be merged under a single holding company with Bradford and Bingley

As we prepare for this, and look to the future, we need to make sure we have the right operational scale to support a much smaller, new business

The proposed restructure will improve operational efficiency, reduce the cost base and enable the Company to continue the process of delivering value for taxpayers and preparing for a return of Northern Rock plc to the private sector

I can confirm we have begun a formal 90 day consultation process with Unite the union and other union representatives on a proposal to reduce the Company's workforce by up to 650 jobs. This will impact both our major locations at Gosforth, Newcastle and Doxford, Sunderland

We would like to reiterate that this does not change the way we deal with customers or affect our relationship with you, in that sense it will be very much business as usual

Creditor Contacts List

The Creditor Contacts update section is in a separate document emailed out with IMA News.



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IMA News Summer 2010

Money Advice Branch News

Anglia West

Bob Johnson: 01223 222674 robertj@cambridgecab.org.uk

Cornwall and Devon

- **Cornwall**

We celebrated the retirement of Janis and Joyce two of the founder members and staunch supporters of the IMA and money advice forum at the June meeting. While always polite they were both forthright in their observations to speakers visiting the group and stimulated many creditors to reflect that policy statement aren't always reflected on the collection floor. They will be missed by everyone.

After the cakes were finished we were delighted to hear from Liam Waine (Stephenson's) and the IMA's newest honorary member Peter Madge. An update on unenforceable agreements and the latest thinking on s77 & s78 issues provided the substance of the day.

- **Exeter**

The Exeter group recently enjoyed a presentation from Antoinette Eaton of the Lloyds Banking Group

- **Plymouth**

The spring meeting speakers were Jo Hambly from Plymouth City Council's Social Inclusion Unit who outlined the wide range of the work of the Unit and Godfrey Lancashire. Godfrey is well known to many from his roles at the CSA but the subject of his talk was about his "day job" at London House International and the challenges of life as an investigator/tracer. Godfrey was on top form as he provided a fascinating insight into life in an area that most money advisers rarely hear about.

Steve Meakin: 01752 507712 steve.meakin@plymouthcab.org.uk

East Midlands

The last meeting was held on Thursday 24th June with a legal update presentation from Stephenson Solicitors. The next East Midlands MAG is on the 2nd September in Nottingham. If you would like to attend and it's your first time please contact Deb Smith who will arrange for an invite to be sent to you, her email is: deb.smith@citizensadvice.org.uk

At the meetings there will normally be a guest speaker, and an update on any relevant issues around debt. There is also available time in the afternoon for case discussion, which allows you the opportunity to share any pressing matters you have with the group. Your IMA branch rep for East Midlands is:

Clare Duncan: moneyadvice@sleaford.cabnet.org.uk

Lancashire and Cumbria

The last meeting of the Lancashire Cumbria MAG was 24th June, we had a presentation from Caroline Siarkiewicz on the new IMA accreditation followed by a very useful and informative workshop on the subject of Statutory Demands delivered by Chauntelle Wilkinson from CitA SSU. Our next meeting is on 2nd September at Preston Town Hall, speakers to be confirmed.

Dean Stockwell: 01253 477553 dean.stockwell@blackpool.gov.uk

London

Michael Clark: 020 7424 6859 michael_clark@sky.com

North East MAG

Helen Clarke: 07866 254443 helen.clarke@payplan.com



Institute of Money Advisers®

IMA News Summer 2010

Southern Money Advice Forum (IMA)

Sarah Carter: 02392 896723 sarah@farnboroughcab.org.uk

South Wales

Our last meeting was held on Wednesday 30 June. We had two speakers. Peter Madge gave a presentation entitled 'Information Requests - Where Now?' which reviewed the recent decisions of the High Court and the guidance from the OFT on information requests under ss.77 – 78 of the Consumer Credit Act 1974 and considered how advisers can now use these provisions in the light of these recent developments.

The second speaker was Bryan Clover who is Director of Casework at Elizabeth Finn Care (which incorporates Turn2us) who gave a presentation on the work of this charity. A lot of financial assistance and other help is available from them and there are potentially many clients that it would help. They are available nationally and are trying to get more applications. Bryan was accompanied by Elena Dickie, a colleague who works locally in Wales.

The next meeting is on Wednesday 8 September.

Peter Madge: 029 2037 6763 peter.madge@citizensadvice.org.uk

Wessex

The Western Area Branch recently held a meeting on 20th April. We had two speakers, Wendy Loades from the South West loan shark project who gave an informative update on the work of the project and Bob Kingdon, from 1st Credit, who gave an insightful presentation regarding the acquisition of debt cases and debt collection procedures.

The next meeting is on Tuesday 20th July, from 10am to 2pm at Grant Thornton Bristol. We have Cherry Ashover, The Official Receiver for Bristol attending and David Lowe from the Royal British Legion. There is a further meeting being planned for the 5th October, also from 10am to 2pm at Grant Thornton Bristol.

Lucy Hunt: LucyH@BristolCAB.org.uk

Yorkshire and North Lincolnshire MAG

At the last Yorkshire & North Linc's MAG meeting, there were presentations from both Consumer Focus and Cashflow. Date of next meeting to be confirmed by the chairperson.

Next meeting of the Sheffield Debt Support Unit is on 9th September 2010 at 9:30. All welcome, you don't have to work in Sheffield to attend!

The next meeting of the North East Discussion Forum will take place at the offices of Santander Cards Newcastle. (Previously GE Money) on 8th September 2010.

Diane Laybourn Tel: 0113 2245843 diane.laybourn@citizensadvice.org.uk

Anthony Dockray Tel: 01709 822332 anthonydockray@rotherham.gov.uk

The next edition of IMA news will be issued in September 2010

If there is something you think we should include please contact me:

sallie.johnson@i-m-a.org.uk