

Debt Relief Order Newsletter – September 2011



Motability Vehicles

Vehicles subject to the Motability contract hire scheme should not be classed as assets for the purposes of a Debt Relief Order. The value of such a vehicle should not be recorded in the assets section of the application form. The commentary box should be utilised if you wish to make reference to the vehicle's value



May 2011 to 30th June 2011

Address Withheld

If you notice that you have marked a case "address withheld" inadvertently, please could you ensure that this is corrected prior to submission as this will avoid a great deal of administration and enquiries. If, however, it is appropriate to mark this box, please provide brief confirmation by way of comment in the commentary box.

Creditor Reference Numbers

A utility company has recently advised the Insolvency Service that they have outsourced their collections work to a foreign call centre and as a result the DRO Unit is receiving numerous calls requesting further details, in particular reference numbers where they have not been quoted. Could intermediaries please continue to provide accurate and complete references for creditors, so as to ensure the amount of correspondence debtors continue to receive is minimised.



Baines & Ernst

Television Licence

Intermediaries are reminded that TV licences are excluded liabilities and should not be scheduled as a qualifying debt in the DRO. It is a legal requirement that TV licences are paid.

Income & Expenditure

Intermediaries are reminded that the income and expenditure section of the DRO application must solely reflect the **debtor's** financial position and should not be completed using joint income and expenditure figures.

Contact From Creditors

Debtors may continue to receive correspondence from creditors subsequent to the granting of the DRO, as in certain instances they are required by the Consumer Credit Act to periodically advise the debtor of the balance outstanding. Would Intermediaries please not inform debtors that all contact from creditors will cease upon the approval of the DRO. Creditors should not be demanding payment from the debtor and debtors may, of course, contact this office if they are receiving demanding letters or threats of Court action



Shelter

Preference & Property Sold For Less

If you are to advise on a DRO application that the debtor has made a preferential payment(s) or has disposed of property at an undervalue, please could you provide a detailed explanation, if not in the commentary box, then by way of a supporting e-mail to the DRO Unit inbox. If no explanation is provided, the Official Receiver must spend time trying to make contact with debtors and intermediaries, resulting in delays in determining applications.

Out Of Office Messages

The Official Receiver will make further enquiries where there are issues with a DRO application that require further clarification. It would therefore be of great assistance if intermediaries could provide an alternative point of reference if they are absent from the office.

Creditor Selection

Can Intermediaries please ensure that they take care in selecting the correct creditor from the drop down list when completing an application. Incorrect creditor selection will result in delays in creditors receiving notification of the approval of a DRO and undue stress to the debtor in continuing to receive demands for payment.

Debtors Seeking Employment

The Official Receiver continues to receive numerous telephone calls from debtors asking whether they are allowed to seek employment. Could you please ensure that debtors are informed that they may seek employment during the moratorium period and that if they are successful this will not automatically result in the revocation of their DRO. If a debtor gains employment during the moratorium period the Official Receiver will reassess the disposable income position, however it is fully acknowledged that with increased income comes increased expenditure.

Individual Voluntary Arrangement

Intermediaries are reminded that if a debtor informs you that they have been subject to an IVA which has been terminated or completed, you must check the Individual Insolvency Register (e-IIR) to verify that this is indeed the correct position. The Supervisor of the IVA will send notification to the Secretary of State that the IVA has been terminated and only this will remove the entry from the e-IIR. If an IVA is shown on the e-IIR as current and no documentary evidence has been provided to the contrary, the Official Receiver will have no alternative but to decline the application.

Council Tax

Intermediaries are reminded that if a debtor schedules the current full years Council Tax as a liability, they must not then schedule a monthly payment for Council Tax in the expenditure section of the DRO application.

Rent Arrears

Revised guidance was issued to Competent Authorities on 01-8-11, however here is a summary of the key points:

-Rent arrears remain a qualifying debt for the purposes of a DRO and the landlord has no right of remedy in relation to that debt and loses their right to recover the rent arrears by any means.

-No allowance for payment in respect of rent arrears can be made in the debtor's expenditure. The debtor may elect to pay the landlord out of their disposable income.

-Where there is a possession order already in place, the debtor should make an application to Court to vary the terms of the suspension to exclude the rent arrears.

-Where a landlord has a defaulting tenant they can seek possession of the property at any time.

Change Of Intermediary Contact Details

The DRO Unit continues to receive e-mails from Intermediaries advising of change in contact details. We also have many instances where we have been trying to contact an Intermediary, only to be advised they have left the bureau.

All changes of intermediary details, such as e-mail address, telephone number, office move etc must in the first instance be reported to your Competent Authority in order that they may update their centrally held records, thank you.

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Rents or Owns Property

Intermediaries are asked to take care in selecting yes or no to the question “rents or owns property” question 1.4 in Section 1. If you select yes to this question, a warning message will appear on the application that “assets have exceeded the prescribed parameter.” If the application is submitted, the system will record a decline decision. If the warning message appears and you have not scheduled assets exceeding £300, please double check this section.



Help available for
£100000

Experian Reports

Intermediaries are reminded that any erroneous information appearing on Experian reports should be regularised prior to submitting the application. However where a situation cannot be satisfactorily resolved, full documentary evidence must be provided to the DRO Unit together with or prior to the submission of the application. Applications where the debtor’s liabilities exceed £15,000 and no reasonable explanation or evidence to the contrary has been provided, will result in an automatic decline.



HMRC Liabilities

Where debtors have scheduled a HMRC liability, please could intermediaries use a generic descriptor in the creditor reference box such as:-
HMRC Self Assessment
HMRC Tax Credits
HMRC PAYE etc



HMRC are experiencing difficulty in trying to identify which type of tax the debt refers to and which system requires intervention to prevent collection or enforcement.

Current Contracts

Intermediaries are asked that where the debtor is subject to an ongoing contract –such as a mobile phone contract and is up-to-date with instalments, this does not have to be scheduled as a liability.



Do Not Agree To Submission

If you have selected the “I do not agree to submission” box on the application, please could you provide an explanation in the commentary box as to why you have selected this option.

Errors Within Case Description

Please could intermediaries ensure that that they review the Personal Details section of the application to ensure that there are no duplications or errors contained within the debtor’s personal information. Any errors, such as misspellings of addresses or incorrect input of property numbers will result in the application failing the authentication checks and the Official Receiver having to request evidence of identification, domicile and liabilities from intermediaries



Payment of £90 Fee

Intermediaries are advised that as per page 52 of the Intermediary Guidance Notes (version 8.0) the debtor should pay the application fee in full on the day the application is submitted or sooner, so as to avoid the risk of the application being cancelled.

DRO Statistics 01-4-11 to 30-6-11

Approved	7,258
Declined	48
Revoked	71