



Institute of Money Advisers Annual Conference & AGM 2018



Money advice: credit where credit's due



DRO workshop

New statistics for declines and revocations

New guidance on:

- Littering penalty notices
- Backdated ESA
- DRO 2

Myth busting on:

- Cars as property
- Tobacco expenditure
- Residence conditions
- Credit reports
- Tax penalties



DRO workshop

The most common reason for refusal of a DRO in 2017-2018 was?

The applicant had a DRO within the past 6 years



DRO Workshop

There is no need to obtain any other credit reference report apart from an Experian report when assisting a client to apply for a DRO, because the Experian report is the only one that the DRO Team checks.

False



DRO workshop

If a debt is incurred through fraud, it is not a qualifying debt.

False



DRO Workshop

Cigarettes can be included as expenditure when calculating whether a client has more than £50 per month surplus income.

True



DRO Workshop

In order to qualify for a DRO, a client must have lived or worked in England or Wales for the past 3 years.

False



DRO workshop

Amy has a car worth £800 and also some savings of £300 this means that altogether she has more than £1,000 of property and so won't qualify for a DRO

False



DRO Workshop

When a client receives a backdated lump sum of ESA during the moratorium the DRO team will ignore any amounts that relate to either severe disability premium or enhanced disability premium

True



Property protocol

If property worth > £1,000 is received during the moratorium the DRO might not be revoked if it's:

- reported within 14 days, and
- not worth more than 50% of debts scheduled
- between **£1,000 and £1,990** depending on factors such as health, personal circumstances, age

Over £1,990 likely to be revoked but each case decided on it's merits



DRO Workshop

A penalty notice for littering is a qualifying debt and must be included in a DRO

True



DRO Workshop

HMRC will not be able to issue a penalty against Trish for not completing her tax return once she has included the tax arrears in the DRO because this would be a remedy in respect of the debt (s251A).

False



DRO Workshop

It is not possible for a client to be a director of a company if they obtain a DRO

False



DRO Workshop

Antoni has to pay the water bill included in his DRO because the water company has an insolvency clause in their charges scheme.

False



Water charges

- Bill for whole year a qualifying debt (S251A)
- Water company has no remedy (S251G)
- Insolvency clause in charges scheme – new bill issued day after DRO made
- Severn Trent Water v Suid 2015 Coventry CC DJ held full bill for year is a qualifying debt under S251A and that ST's charges scheme does not allow them to override S251G
- This is a county court level case and IG will not be amended



DRO Workshop

Keeping up to date:

- Intermediaries Guidance – <https://www.gov.uk/guidance/debt-advisor-tools-and-information>
- DRO Toolkit
- Updates from Citizens Advice, Shelter, IMA
- Quarterly Account/Adviser magazine
- Money Advice Group
- Wiseradviser discussion forum