

Glossary of Terms

Assets

Any property or personal belongings that you own that are capable of being sold to provide payment to your creditors. For example this could include the house that you live in if you own it, any cars that you own, and any policies that could be cashed in to release money for the benefit of your creditors.

Bankruptcy

This is a formal debt solution which enables a person in debt or their creditors to apply to the court for a Bankruptcy Order which essentially declares that the person in debt is unable to pay their debts as and when they fall due. Where a bankruptcy order is made all the debtors assets vest in the Official Receiver. Some debt write off is possible. This is subject to Income Payments Orders and the possible sale of any assets in order to maximise what money there will be available to creditors in a bankruptcy situation.

Commencement Date

The date which we receive your completed pack together with supporting documentation and signed form of authority consenting to us acting for you.

County Court Judgement

This is an order of the Court requiring you to pay the outstanding sum plus costs and interest owing to your creditor. Failure to do so could result in enforcement action being commenced against you including periodic payment orders, Attachment of Earnings Orders, Bailiff action and Charging Orders against property.

Creditors

These are the banks, building societies credit card companies and other companies from whom you have borrowed money.

Credit Rating

This is the credit score that consumer credit reference agencies allocate to your credit worthiness. Where your credit rating is good, you will be provided with an appropriate credit score that reflects this. Similarly where you have missed payments to your creditors and you have not paid creditors and utilities on time your credit rating will be poor. Your credit score will have a direct impact on whether you are able to access financial services and the cost to you thereof.

Credit Report

There are a limited number of companies who are responsible for maintaining accurate records which they collect from banks and other financial institutions regarding your credit rating. These companies can produce a report for you which details your full credit history.

Debt Management Programme

This is an informal arrangement between you and your creditors that enables you to pay a reduced payment each month towards your outstanding debts. This can be managed by a debt management company such as ourselves or a non fee charging organisation.

Debt Relief Order also known as “bankruptcy light”

This is a formal insolvency procedure designed for those with debts not exceeding £15,000, no assets and a low surplus income each month. Once the Debt Relief Order is in place, debt write off is possible.

Debtor

This is an individual who has borrowed money from a bank or lending institution.

Default Notice

This is a legal notice that the creditor is required to send to you before that they are in a position to take legal action against you. The notice provides you with information such as the amount of your debt and the total sum of the arrears. The notice requires you to pay the arrears on your account in full. Once you have been served a default notice failure to pay off the arrears in full usually within 14 days could result in the creditor in question commencing legal action against you.

Distribution to Creditors

This is the process by which we forward the sums you pay to us each month to your creditors in payment of your unsecured debts.

Financial Statement

A financial statement is a document that sets out all of your income and your expenditure. This will enable you to demonstrate to your creditors how much surplus money you have each month to pay towards your unsecured debts.

Joint and Several Liability.

This arises in circumstances where two or more people agree to take out a loan from a bank or other lending institution in joint names. In circumstances where individuals in question cannot pay the joint debt, the creditors can pursue one debtor in preference to the other debtor to reclaim the sums that are due and owing under the agreement.

Late Payment Charges

These are fees which your creditors apply to your account in circumstances where you have not made your contractual monthly payment on time, for the correct amount or at all.

Legal Action

This is the process by which a creditor can issue proceedings at Court against you in respect of an unpaid debt. This could result in a County Court Judgement being entered against you.

Liabilities

This is the total amount of your outstanding debts.

Monthly Management Fees

These are the fees that we charge you from month 7 onwards

Individual Voluntary Arrangement.

This is a formal debt solution that enables a person in debt to repay your creditors at a lower monthly rate than that set out in your original contract with your creditor. It requires 75 percent of your creditors voting at your creditors meeting to approve the same. A voluntary arrangement must be administered by a licensed Insolvency Practitioner. Some debt write off may be possible.

Interest

This is an additional sum of money which your creditors charge you in respect of the monies loaned to you. Added interest can result in the size of your debt getting bigger.

Outcome Statement

This is the document that sets out the duration of your debt management programme, the size of your debt, the total costs and charges that you have paid to us.

Periodic Review

This is the process by which we verify the accuracy of the information we hold about you and our advices to you. You are required to forward 3 months bank statements and 3 months' payslips for this purpose.

Preferential Creditors

Preferential creditors are those who are to be paid as a priority to other creditors.

Priority Debts

This includes such debts as your mortgage or rent, utility bills and Council Tax.

Regulator or Regulatory Body

The Financial Conduct Authority

Secured Loans

These are a type of loan that is provided to a borrower on the basis that the bank will have security in respect of those sums. Types of secured loans include Mortgages and Second/third charges. Sometimes loans can be secured on motor vehicles. Such loans are known as hire purchase agreements or conditional sale agreements.

Sensitive Personal Data

This is data that is of a sensitive nature. Information such as your state of health, or particulars of your personal circumstances.

Setup Fees

These are the fees that we charge you for the first 6 months of your programme.

Unsecured Loans

These include all debt which is not secured on any property and can include bank loans, credit card debt, catalogue and store card debts etc.