

## **KEY FACTS – INDIVIDUAL VOLUNTARY ARRANGEMENT (MONEYSOLVE)**

Please ensure that you read these particular paragraphs carefully.

1. Your Instructions, paragraph 2.
2. Our Service Standards, paragraph 5.
3. Priority Debts, paragraph 9.
4. Your Credit Rating, paragraph 13.
5. Public Register of Insolvencies, paragraph 14.
6. Equality and Diversity/ Disabled and Vulnerable Clients, paragraph 22.
7. Your Right to Cancel, paragraph 25.
8. Terminating This Agreement, paragraph 25.
9. IVA Procedure, paragraph 29
10. Voting at Your Creditors Meeting, paragraph 29.
11. IVA's and Your House, paragraph 26
12. Overall IVA Costs, please see paragraph 32.
13. Failed IVA at Meeting of Creditors paragraph 35,36 and if failed post meeting paragraph 39.
14. Your Responsibilities If Your IVA is Approved, paragraph 38.
15. Complaints Procedure, paragraph 43.
16. Other Guidance Material and Sources of Advice, paragraph 44.

Should you have any queries or questions regarding the information that we have forwarded to you please do not hesitate to ask.

# INDIVIDUAL VOLUNTARY ARRANGEMENT CLIENT CARE BOOKLET

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# **IVA CLIENT CARE BOOKLET**

## **INTRODUCTION**

Thank you for instructing us to provide advice to you in relation to your Individual Voluntary Arrangement (IVA). We are a commercial for-profit organisation. A copy of our Treating Customers Fairly Policy is available on request. We will provide you with a full explanation of the options available to you so that you are able to make an informed choice. Please read this booklet carefully together with our terms and conditions and Advantages, Disadvantages and Risks of Different Debt Solutions that have been provided to you. These documents are designed to assist you and to provide you with essential information

This document sets out in detail the things you need to know about our services and the IVA process, you should read it very carefully and keep it in a safe place for future reference. Please do not hesitate to contact us for further information if there are any other matters which you do not understand.

### **1. WHAT IS AN IVA**

In summary an IVA is a formal legal agreement between you, your creditors and a licensed Insolvency Practitioner. You agree to pay either a lump sum or an affordable monthly payment in settlement of your unsecured debts for a period of usually five years (sometimes six) after which time the unpaid part of your debt is written off by creditors. An IVA has no impact whatsoever on any secured debt that you have. Secured debt is payable under the terms of the mortgage/secured loan agreement or the terms of any Charging Orders.

### **2. YOUR INSTRUCTIONS AND OUR NEXT STEPS**

We will work with you to prepare an accurate financial statement to you to show your debt level and the availability of any monthly surplus income. The financial statement will also show what assets you own and their approximate value. The surplus income that will be made available to your creditors should be realistic, affordable, sustainable and fair to you and your creditors and will be appropriate to your circumstances.

We can sometimes use estimates for items of your monthly expenditure where you cannot provide documentary evidence in support of your actual expenditure. However, creditors have guidelines which they work to and we are required where possible to keep to these guidelines. If any of your items of expenditure are high you will need to provide documentary evidence. If creditors are not totally satisfied with the information we give to them they will ask questions, and this may delay your IVA.

We will ask you to provide us with a full list of your creditors together with details of your account numbers and approximate balances. We will require copies of your payslips and bank statements (tax returns/cashflow or accounts if self-employed) to verify your income and expenditure. If we have not already done so we will shortly be writing to your creditors to inform them that we are acting on your behalf. When writing to your creditors we will also:

- (i) Request up to date balances on your accounts. You may be required to help us obtain this information if we are unable to secure your creditors full co-operation or if there is a delay in them providing this information to us which might impact adversely on your position.

- (ii) Request that interest and charges be frozen and Court action (if applicable) be stopped on your all accounts pending the outcome of your creditors meeting. (please note your creditors are not obliged to freeze interest until your IVA has been approved at the creditors meeting).
- (iii) Request that in future they contact us directly if they have any queries on your accounts or payments.

We will:

- (iv) Investigate the extent of your assets, their value and how your ownership of them might impact on your Proposal to your creditors.
- (v) We will thereafter verify the advice we have given you confirming whether or not we feel that your circumstances are appropriate for an IVA to be proposed to your creditors.

Upon receipt of the information we need from your creditors we will then finalise your financial statement and then subject to your approval your case and all your documents will be transferred to the Insolvency Practitioner

For the duration of your instructions to us while we secure the information, we require to transfer your IVA paperwork to the Insolvency Practitioner you must:

- (i) Provide us with prompt, clear and accurate instructions when requested to do so including all the documentation and information we require to finalise your financial statement in order that we can transfer your paperwork to your Insolvency Practitioner.
- (ii) Provide us with the account numbers for all your outstanding creditors including creditor statements where possible.
- (iii) Look after any documents which we will need for the purposes of advising you.
- (iv) Advise us of any changes in your circumstances for example if you have been awarded a pay rise at work.
- (v) Assist us when requested to do so in the progression of your proposed IVA.
- (vi) Notify us of any change in your address or telephone number
- (vii) Refrain from misleading us or providing us with false information
- (viii)

## **IMPORTANT NOTE**

If you fail to provide us with the information that we need in order to transfer your file there will be two options available to you.

Firstly, you could enter into a temporary debt management programme. This would hopefully serve to keep your creditors at bay until such time as you are willing or able to proceed with the IVA

application. The temporary programme should be just that. However, in reality this could be as temporary or as long as you need it to be in order to give you time to provide us with the information that we need in order to progress your IVA.

Secondly you could withdraw your instructions from us and to deal with your creditors directly or through some other advisory body. If we have advised you that an IVA is the most appropriate solution to your circumstances making alternative informal Arrangements for the repayment of your debts could be contrary to your best interests and may result in the period of time that you spend in debt becoming protracted and your debts may increase during this period as your creditors are likely to continue to add interest and charges to your accounts and overall you will end up having to pay more money to your creditors over a longer period of time. It is very important therefore that you provide us with the information that we need as soon as possible. This will enable us to ensure that we are acting your best interests at all times and to secure the best possible outcome for you within the shortest period of time. We should also point out that we are required to carry our periodic financial reviews for all Debt Management Programmes.

### **3. APPOINTMENT AND YOUR RIGHT TO CANCEL AT THE BEGINNING**

This agreement will start when you sign and return to us the form of Authority and Acknowledgement Form to say that you have received our Terms and Conditions, Client Care booklet and associated documentation. If you sign and return our Acknowledgement Form you are immediately bound by the terms set out in our Terms and Conditions and our Client Care Booklet.

If you wish to cancel your your instructions to us, you are entitled to do so at any time. We will notify your creditors that we are no longer acting for you if appropriate. We will also return to you any documentation that you have previously provided to us upon request.

If you do not cancel your agreement for us to act on your behalf, we will start to deal with your affairs and implement your instructions.

### **4. YOUR INSTRUCTIONS AND YOUR ROLE WHILST WE ARE COLLECTING THE DOCUMENTATION FOR YOUR IVA**

You will receive with this booklet a schedule of options that are available to you when considering which solution best suits your financial situation. Whilst from our initial assessment it appears to us that undertaking an IVA with your creditors is the best solution that suits your circumstances we have provided advice to you on all the options that are available to you and we have set the advantages and disadvantages on each option. We have advised you as to why we feel the IVA we have recommended is the most appropriate to your circumstances although additional information has been provided in order to enable you to make an informed choice as to how you wish us to proceed. We will take into account your expectations, your preferences and desired outcomes. Should our views change on what is the best solution that suits your situation we will tell you as soon as possible and revise our advices to you.

### **5. SERVICE STANDARDS**

Our responsibilities to you are that we will:

- (i) Provide you with sufficient information about all the options available to you as detailed above.
- (ii) Communicate with you plainly.
- (iii) Explain to you by telephone and in writing any matters that we feel you should know.
- (iv) Always treat you fairly and act honestly.
- (v) Deal with your creditors queries until we are in a position to transfer your file to your Insolvency Practitioner.
- (vi) Transfer your file when we are in possession of all the information we need to do so.

## **6. PROGRESSING YOUR IVA**

We will keep you updated on the progress of your IVA until such time as your file is transferred to the Insolvency Practitioner. We will contact you should we require further information. Our aim is to help you get out of debt in the shortest possible time and provide you with an efficient and comprehensive service. Whilst most of our clients IVA's are approved by their creditors we cannot guarantee that your Proposal will be approved. If we feel at the outset or at any time thereafter that your proposed IVA has a below average prospect of success, we will tell you and explain our reasons. We will also provide advice to you in order that you can decide whether you wish to proceed with the IVA or reconsider some of the other options we have discussed and that may be available to you.

## **7. THE DEPARTMENT RESPONSIBLE FOR DEALING WITH YOUR CASE**

A dedicated member of our team will be responsible for liaising with you and collating all the information that will be needed to draft your Proposal. Prior to the transfer of your papers to your Insolvency Practitioner. Your advisor will be responsible for liaising with your creditors and helping with any queries that you may have.

## **8. PERSONAL INFORMATION/DATA PROTECTION**

In order that we can properly assess your financial position and provide appropriate advice to you we will process your personal data. Please see our separate Data Protection Booklet for further information.

## **9. PRIORITY DEBTS**

The Financial Statement that we have prepared on your behalf and the Proposal that will be drafted by your Insolvency Practitioner requires that you will continue to make the payments to your priority debts including your mortgage/rent, council tax, court fines, income tax, child support payments and your utility bills. Failure to meet your on-going liability for priority debts such as your rent/ mortgage payments or your utility bills will result in additional problems for you for example the repossession of your home or disconnection of services. Failure to meet child support payments could result in



those payments being deducted directly from your income or from any bank accounts that are in your name. If these methods are unsuccessful Court action may follow including the use of Bailiffs, repossession of any assets you own which will be sold to pay any arrears and in extreme cases imprisonment. Non-payment of priority debts when your IVA has been approved will also result in your IVA becoming unworkable and eventually it may fail. If this happens you will most likely be in a worse position than you were in prior to the IVA being accepted. Your creditors will no doubt recommence collection of your debts and continue to apply interest and charges to your balances retrospectively.

If you are experiencing difficulty in meeting payments to your priority creditors, please contact us for advice as soon as possible. It may be possible for arrears on some priority debts to be included in your IVA. In some circumstances unsecured debts may be regarded as priority debts. For example, if you have a disability an unsecured debt for an unpaid telephone bill this may be considered a priority debt. If you feel that any of your unsecured creditors should be prioritised over your remaining creditors, please tell us why and we will advise you whether this will be possible.

## **10. INTEREST**

Prior to accepting your Proposal your creditors are not obliged to agree to reduced payments or freeze the interest accruing on your accounts. During this period we may advise you to cancel any pre-existing repayment Arrangements that you have in place with your creditors. If we advise you to do this, you will need to inform your creditors that you have/intend to cancel your payments and that you are doing so on our advice. We will also inform your creditors of our advice to you. At this stage it is likely that the size of your debts will increase until such time as your creditors approve your IVA.

Once your IVA has been approved at your creditors meeting all interest and charges will be frozen and your total debt will remain at that level until the successful completion of the IVA. If your IVA fails for whatever reason (usually through non-payment of the required monthly payment) then interest may be added once again on your outstanding accounts at the contractual rate and will be backdated to cover any interest that would have been added on your debts whilst your IVA has been in place.

Until the successful outcome of your creditors meeting there is no guarantee that any legal action will be suspended or withdrawn. Only a successful outcome at your meeting of creditors guarantees no further action by your creditors as long as you maintain payments into your IVA and successfully conclude the same.

## **11. FAILURE TO MEET THE CONTRACTURAL PAYMENTS TO YOUR CREDITORS BEFORE APPROVAL OF YOUR IVA**

We are obliged to draw to your attention that if you fail to make the contractual monthly payment to all your creditors several things may happen.

- (i) Additional Interest and Charges will be added to your account
- (ii) Default notices may be served
- (iii) Legal action may be commenced/continued and a County Court Judgement entered against you.
- (iv) There will be an adverse entry made on your credit file by the credit reference agencies

- (v) Your creditors may ultimately issue Bankruptcy proceeding against you or other enforcement proceedings through the Court.

If a County Court Judgement is obtained against you, recovery proceedings could be commenced against you. If at all possible, the contractual payments to your creditors should be maintained. However, we realise that this is probably not possible. Failure to meet contractual payments could also result in adverse credit entries being made on your credit file which may impact on your ability to seek credit and financial services in the future. Once your IVA has been approved you would not be obliged to meet the contractual payments. All Court action will stop as will any enforcement proceedings. Your creditors will not be able to pursue payment of your debts outside of your IVA Court

## **12. CREDIT REPORT**

Whilst we are preparing the documentation that will be needed for your Individual Voluntary Arrangement it would be very helpful if you could provide us with a copy of your credit file from one of the credit reference agencies. You can either visit their website to request it online: [www.experian.co.uk](http://www.experian.co.uk), [www.equifax.co.uk](http://www.equifax.co.uk), [www.transunion.co.uk](http://www.transunion.co.uk) or [creditkarma.co.uk](http://creditkarma.co.uk); or you can write to them. The addresses are

- (1) TransUnion Consumer Services Team, PO Box 647 Unit 4 Hull HU9 9QZ,
- (2) Experian Ltd Consumer Help Service, PO Box 8000 Nottingham NG80 7WF:
- (3) Equifax Credit Report, Advice Centre PO Box 1140 Bradford BD1 5US.
- (4) Credit Karma Limited – online only at [help.creditkarma.co.uk](http://help.creditkarma.co.uk)

Once we are in possession of your credit file, we can check the information you have provided to us. It will also help us to identify the status of any Judgements and Enforcement proceedings. Credit reports do not provide us with account numbers or reference numbers. It is important that you provide these to us as soon as possible.

## **13. YOUR CREDIT RATING**

It is quite possible that by the time you instruct us that your credit rating may have already been damaged due to missed/late payments to your creditors. If default notices are served against you and proceedings in the County Court are commenced, your credit rating is likely to be compromised further. A formal insolvency process such as an IVA will further impair your credit rating.

Credit Reference Agencies keep information relating to your payment history for six years. Our experience is that creditors often do not keep the records up to date, in which case creditor's entries may stay on your file longer. Your creditors are under a duty to keep your data they hold about you up to date however we cannot control when your creditors make an entry on your credit file if at all. Even with the successful completion of your IVA this might not result in an immediate improvement in your credit rating.

Whilst it is possible to apply for incorrectly recorded adverse credit entries to be removed from your record, creditors will only do this if they agree that there has been an error. You have the right to access your credit files and where necessary request that your creditor remove inaccurate/false information. It is possible to apply to the credit reference agencies, namely Equifax, Experian or Call Credit for a copy of your credit file. If your IVA is approved by your creditors there will be an entry made on your credit file. Once successfully concluded this will also be marked on your credit file. If the IVA fails this will also be registered on your credit file.

#### **14. PUBLIC REGISTERS OF INSOLVENCIES**

The Insolvency Service maintains a register of Bankruptcies, IVA's and Debt Relief Orders. There are similar provisions applicable to Orders made in Scottish Courts for Scottish residents. These registers are accessible not only to lenders but also to other members of the general public. Judgements and Decrees are recorded by credit agencies for six full years from the date of Judgement.

#### **15. YOUR BANK ACCOUNT**

It is quite possible that your bank may withdraw your current banking facilities. If your current account is overdrawn the balance will need to be included in your IVA and you will need to open a new basic bank account. We will advise you if we feel this is necessary and provide you with information as to how such accounts can be accessed. We cannot control when or if banks will offer basic banking facilities. Entering into an IVA may also affect your access to other financial services.

#### **16. JUDGEMENTS**

We are not a firm of Solicitors. We do not give legal advice. However, if a Judgement has been entered against you it can only be removed from the register of Judgements and from your credit reports if the full amount is paid within one month of the date of the Judgement or if the Judgement is "set aside" (removed) by the Court. (This means the Judge is of the view that the debt is disputed, or it has been entered in error. If this happens you will be given an opportunity to defend the claim).

You can apply to the Court to have a Judgement set aside where you have a good reason to do so. If the Judgement is set aside, you will be put in the same position as you were in at the start of the claim. If a Judgement is re-issued and you cannot pay the full amount within one month of the Judgement, the new Judgement will be recorded on your credit file for six years from that date. County Court and High Court Judgements are entered on to public registers operated by Registry Trust Limited. This can be accessed by all individuals on the Trust Online website which can be found at [www.trustonline.org.uk](http://www.trustonline.org.uk). The entry will remain on the Register and your credit report for six years and may well impair your credit rating and your ability to secure financial products and services in the future. If your IVA is approved your Judgement creditor will not be able to pursue payment of the Judgement debt outside of the Arrangement.

#### **17. CREDITOR DEBTS WE CANNOT DEAL WITH**

It is important that you give us the complete list of all creditors with whom you have outstanding balances. The only debts that will have to be treated "differently" to your other creditors are arrears for child support payments, some debts that accrue because of a Court Order in the family Courts for maintenance or lump sum payments, debts owing to The Student Loans Company and fines. These will need to be treated preferentially and paid outside of the IVA. Allowances will be made within your monthly expenditure to ensure that you can afford to pay these debts in addition to your monthly IVA payment.

## **18. JOINT AND SEVERAL LIABILITIES TO CREDITORS**

If any of your outstanding debts are in the joint name of you and another person you are both liable for the debt. Your creditor can recover repayment of the whole debt from each of you individually or from both of you. In circumstances where the creditor cannot recover payment of the debt from your co-debtor then the creditor can recover the whole of the outstanding sum directly from you and vice versa. Joint and several debts can be added to an IVA. However, there would be nothing to stop your creditor seeking additional payments from any co-debtor. If both parties undertake an IVAs with their creditors which are approved at the meeting of creditors, creditors will not be able to pursue payment of the debt outside of the IVAs.

## **19. CORRESPONDENCE/CONTACT WITH YOUR CREDITORS**

Please read all the letters that your creditors send to you. You should not ignore correspondence or other contact from your creditors or their representatives particularly whilst we collect the information. It is very important that you forward correspondence to us and keep us informed of any contact you have with your creditors. Ignoring correspondence from your creditors is likely to result in legal action. We will advise you accordingly and take over negotiations with your creditor if we feel it appropriate

Your creditors should only contact you where they have experienced difficulty contacting us or where we have breached regulatory guidelines/ where they believe that we may not be acting in your best interests however the law requires them to send to you directly legal notices including default notices, legal proceedings and statements of account. We cannot of course guarantee that they will comply. Once your IVA is approved your creditors should not contact you directly (except for the above) and all their correspondence will should through The Insolvency Practitioner

## **20. AUDIT PROCEDURES**

### **(a) Internal Procedures**

We constantly strive to improve the services we provide to our clients. We have an on-going staff training programme. To facilitate staff training we may record incoming and outgoing telephone conversations between you and our staff. We trust that you do not object to this.

### **(b) External Procedures**

Your creditors may ask to visit our office in order to inspect and monitor the information, payment, processing and account status relating to your file and other files belonging to our clients in which they have a financial interest. We trust once again that you do not object to this.

### **(c) Accounting Procedures**

We are obliged to provide our regulatory body with confirmation from an independent accountant that our accounting practices accord with regulatory requirements. This involves our external accountants visiting our office to review our accounts files and procedures. Once again, we trust that you do not object to them having access to your papers solely for this reason.

### **(d) Regulatory Visit by the Financial Conduct Authority**

Our Regulator conducts visits to our office in order to assess our compliance with the rules and regulations that are applicable for the services that we provide. We are under a duty to co-operate

with our regulator to the fullest extent. As part of these visits the Regulatory body may require access to your files.

Any such third parties themselves accessing your files for these purposes are under a duty to keep all information about you confidential. Please do not hesitate to contact us should you have any questions or objections to this.

## **21. OFFICE HOURS**

Our office is open between 8.30am and 4.30pm Monday to Friday each week. Our office is closed at all other times including bank holidays and during Christmas week each year for the Company's annual shutdown.

## **22. EQUALITY AND DIVERSITY/DISABLED AND VULNERABLE CLIENTS**

Our Authorising and Regulatory body and The Equality Act 2010 requires us to have in place procedures to effectively help any of our clients who are particularly vulnerable/disabled. A person has a disability if he/she has a physical or mental impairment that has a substantial and long term adverse effect on his/her ability to carry out normal day to day activities. The definition of vulnerable could include physical or other cognitive problems including consumers who have suffered a recent bereavement or for whom English is not their first language. This list is not exhaustive. You can also register any vulnerabilities at the Priority Services Register. See their website for details [www.psr.co.uk](http://www.psr.co.uk)

If you believe that you are for any reason vulnerable or suffering from a disability that impacts on your ability to manage your finances, please tell us. Creditors are also required to have procedures in place to help and assist vulnerable consumers and if we are able to provide them with details of any difficulties that you have then this may help you. Your creditors are required to suspend recovery action when they are notified or where they reasonably understand or ought to understand that you might not have the mental capacity to make financial decisions. It is therefore in your interests to provide this information to your creditors

We will only record any information disclose regarding your health with your express approval. We will not assume that you are unable to make an informed decision. We will do all that we can ensure you understand the advice we give you and that you are able to properly assess the options we will provide to you. We will always act in your best interests and treat you fairly. If you are suffering with a condition that impacts on your ability to manage your affairs and you would prefer for us to liaise with a family member, friend or support worker regarding your finances please confirm to us the identity of your preferred contact and their relationship to you. We will need your express written approval to discuss and liaise with a third party regarding your finances.

We will issue all communications to you in English. If you would prefer to converse in a language other than English or have any special requirements please let us know and we will advise you whether this is going to be possible. We are committed to promoting Equality and Diversity in all our dealings with our clients, third parties and employees. A copy of our Equality and Diversity policy is available on request. If you would like to discuss our Equality and Diversity policy, please do not hesitate to contact us in the strictest confidence. There are several organisations which may be of assistance to you if you have difficulties with numeracy. [Plainnumbers.org.uk](http://Plainnumbers.org.uk) and [nationalnumberacy.org.uk](http://nationalnumberacy.org.uk)

**23. THE STORAGE OF LETTERS AND STATEMENTS THAT WE RECEIVE FROM YOU AND YOUR CREDITORS.**

The information contained in correspondence we receive from your creditors is entered onto our computer systems. We also maintain a paper file for all the letters and documents that we receive from you or which are generated by us providing our advice and service to you. Once we have collated all the information required for your IVA our entire file of papers will then be passed to your Insolvency Practitioner for them to draft your Proposal. These papers will be kept with your IVA file.

On successful completion (or termination) of your IVA, if you so wish, your Insolvency Practitioner will return all your original paperwork to you. If you do not want this paperwork to be returned to you, your Insolvency Practitioner will place your documents together with their own files in secure storage for a period of 6 years following the conclusion of your IVA. After this period your Insolvency Practitioner will destroy the paperwork in line with data protection guidelines. In relation to the documents we process on your behalf these documents will be forwarded to your Insolvency Practitioner once your IVA is approved.

**24. MONEY LAUNDERING REGULATIONS**

The Money Laundering Regulations 2017 apply to transactions that all Financial Institutions have with their clients. They require us to be satisfied as to the identity of our clients and the source of any funds paid to us. In order to comply with these regulations, you need to provide us with proof of your identity and residence. Appropriate documentation proving your identity would be a copy of your current passport or photographic driving licence. Documentation supporting proof of residence could include any recent utility bill or council tax demand. Our practice is to inspect the evidence you provide to us and to carry out online searches to verify your identity and residence.

We have the right to withdraw from acting for you if you fail to provide us with the documentation requested and required in connection with our obligations under the Money Laundering Regulations. These Regulations overrule the normal confidentiality rules. Under the Proceeds of Crime Act 2007 and the Money Laundering Regulations 2017 we may be obliged without reference to you to make disclosure to the National Criminal Agency Service (see [www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk)) where we suspect that a transaction may involve Money Laundering or Terrorist Financing. We have the right to give such NCA notice as we deem appropriate without recourse to you.

We do not accept cash payments from our clients. If you do not operate a bank account please could you advise us as soon as possible. If you bypass this policy by depositing cash directly into our account, we reserve the right to charge you directly for any additional checks we deem necessary.

The Money Laundering Regulations 2017 also require us to retain records as to your identity and the records regarding our management of your programme for at least 5 years after your debt management programme finishes. We normally retain records for a minimum period of 6 years after your debt management programme ends. If you do not agree with us retaining your records for six years you must inform us at the outset of your instructions

**25. TERMINATING THIS AGREEMENT PRIOR TO MEETING OF CREDITORS**

25.1 We may terminate the agreement on giving you fourteen days written notice where:

- (i) You have knowingly provided us with incorrect or misleading information.
- (ii) If we have been affected by force majeure i.e. an unexpected event
- (iii) If you breach your responsibilities to us.
- (iv) We cannot agree between us an appropriate way forward with you to resolve your debt problems.
- (v) If you ask us directly or indirectly to mislead your creditors as to your true financial position.
- (vi) You do not provide us with the information we have requested in order to properly advise you.

25.2 You may terminate your instructions to us at any time prior to the transfer of your file to your Insolvency Practitioner. Should you terminate your instructions to us we will write to your creditors to let them know that we are no longer acting for you. Please note adverse consequences will follow if you fail to make the payments due under your IVA to your Insolvency Practitioner once your IVA has been approved. Please note that it is not possible to simply terminate any agreement with you and your Insolvency Practitioner once they have been appointed to act as Nominee and the date for your creditors meeting has been set.

## **26. WHAT HAPPENS IF I OWN MY OWN HOUSE?**

If you own your own property and there is equity available, you may be required to release part of the equity in the final year of the Arrangement. If you are required to re-mortgage your property to release equity your ability to obtain a mortgage may be restricted and may be at a higher rate of interest by virtue of your compromised credit rating. Consequently, if you are unable to release your equity you will be required to continue to make monthly payments for another 12 months. If you have equity in your property this will be discussed in detail with you by your Nominee. It may be possible to exclude your property from the Arrangement to creditors particularly in circumstances where there is no or only a small amount of equity. Once we have fully assessed your circumstances, we will advise you if we think this might be possible.

## **27. HOW LONG WILL MY IVA LAST?**

IVA's usually last for five years occasionally six, rarely longer. For the duration of the IVA you will be expected to manage your finances effectively to ensure that all your surplus income (after deduction of your day to day living expenses) is made available (i.e. paid) to your creditors.

## **28. IVA PROCEDURE**

Once we have concluded the steps set out in paragraph 2 above, we will transfer your file and the following steps will be taken by your Insolvency Practitioner.

- (i) Your Insolvency Practitioner will review the documents that we have provided to them and draft your IVA Proposal. They will exercise their professional judgement to satisfy themselves that you have received appropriate advice on all the options available to you. They will also satisfy themselves that you understand the consequences of your decision to propose an IVA to your creditors.
- (ii) They will provide you with a copy of a leaflet called “Is an IVA right for me” explaining the IVA procedure and setting out the alternatives available to you. This document can be accessed at our website [www.moneysolve.co.uk](http://www.moneysolve.co.uk).
- (iii) They will explain their role and duties as your Nominee and Supervisor.
- (iv) At this stage they act as your **Nominee**. They will prepare the notices to your creditors of their intention to hold a creditors meeting for your IVA. This is usually within 28 days of the appointment of your Nominee however if appropriate the meeting can be held a week or so earlier particularly for example in circumstances where you might be being pressured by unsympathetic creditors or where there is Court action pending.
- (v) At the meeting your creditors will vote on whether to accept your Proposal. They have four choices: These are to:
  - (a) Accept your Proposal without modifications (changes to your Proposal)
  - (b) Accept your Proposal subject to modifications
  - (c) Reject your Proposal
  - (d) Request an adjournment
- (vi) If your creditor meeting is adjourned you will be provided with a new date for the creditors meeting to take place. This will be within 14 days of the first meeting.
- (vii) Any modifications to the Proposal that are required by your creditors in order for them to accept your Proposal will be explained in detail to you. Modifications may change the scope and the basis of your proposed Arrangements. You have the choice to accept or reject any modifications introduced by your creditors. If you reject the modifications then that creditors vote would count as a rejection and your IVA may fail. You need 75% of the creditors voting by value to vote in favour of your Proposal. Your creditors meeting will be adjourned in order to facilitate this if required. If you accept the modifications, then your IVA will be approved. The Nominee then becomes the Supervisor of your Arrangement.

You will be able to attend your Creditors Meeting if you wish to. It is very rare that creditors attend meetings themselves. Your attendance is not compulsory unless you are advised otherwise.

Following the meeting of creditors your **Nominee** becomes your **Supervisor** and will send a copy of the Chairman’s Report to you and to your creditors. It sets out the results of the creditor meeting

## 29. WHAT HAPPENS ONCE MY IVA IS APPROVED BY MY CREDITORS?

An administrator acting under your Supervisors instructions will ensure that you comply with the requirements of your Proposal, including checking that you have made your monthly payments and supplied the documentation needed to undertake any reviews. Payments will be made to your creditors under the terms of the Arrangement throughout the duration of the IVA. Once you have fulfilled all your duties under the Arrangement a final distribution will be made to your creditors and a completion notice provided to you and your creditors. Any unpaid part of your debt at this stage will be written off.



### **30. OUR CLIENTS ACCOUNT**

Once your IVA has been approved you would be required to make monthly payments in accordance with the terms of your Proposal. Any monthly payments that you pay to your Supervisor will be deposited into their Clients Account pending payment to your creditors in accordance with the terms of your Proposal and any modifications introduced by your creditors.

### **31. ADDITIONAL CHARGES THAT MAY BECOME PAYABLE DURING YOUR INSTRUCTION TO US**

If during the course of providing our services to you, we think that an alternative debt solution would be more appropriate to your circumstances we will advise you. Should you agree that an alternative solution may be more appropriate there may be additional work that we have to undertake for you. If this happens, we will discuss this with you before any additional work/charge is made.

### **32. OVERALL IVA COSTS**

There are costs which will be incurred by your Insolvency Practitioner in progressing your case to creditors meeting and managing your IVA for its duration. Your Insolvency Practitioner's fees are divided into three categories.

#### **a) Nominees Fees**

These are the fees that are incurred by the Insolvency Practitioner for agreeing to act for you and for holding your meeting of creditors. The fee chargeable is typically five monthly payments or a minimum of £1,000 whichever is greater per IVA Proposal. The Nominees fees are paid out of the proceeds of the Arrangement.

#### **b) Supervisors Fees**

The fees that are chargeable for this are usually a proportion of what is recovered for your creditors in the IVA - usually between 15% and 23% of realisations after deducting Nominees fees and disbursements. Alternatively, fees may be dependent on how much time your Insolvency Practitioner spends in supervising your Arrangement. We will of course advise you on a case by case basis

#### **c) Disbursements**

The Insolvency Practitioner will incur various disbursements in order to correctly register your IVA and finalise it. Disbursements amount typically to around £1,000 per Proposal and your Nominee will advise you in more detail.

Please note that all Insolvency fees i.e. Nominee, Supervisors fees and disbursements are paid out of the proceeds of the Arrangement. You would not be required to make any additional payments in respect of Nominee's and Supervisors costs.

You will be provided with details annually of your Supervisor's fees in the annual report that he/she will prepare and which will be forwarded to you and your creditors.

The following is an example of how IVA costs are calculated on a monthly payment of £250 if your IVA is approved and successfully concluded.

Voluntary Contributions are 60 monthly payments of £250 = £15,000.

Nominees fees are usually 5 monthly payments the Voluntary Contributions amount to 5 x £250 = £1,250

Supervisors fees are calculated to be total realisations £15,000 (i.e. the total amount you pay into the Arrangement) less deduction for Nominee's fee (£1,250) x 15% or 23% = £2,062 or £3,162 respectively.

Disbursements up to approximately £1,000 will also be applied

Total costs = £4,312 or £5,412 to the Insolvency Practitioner will normally be paid out of the monthly payments you make into the Arrangement on a monthly basis over the duration of the Arrangement

You will have already been provided with an outcome statement that compares the estimated costs and duration of your undertaking an IVA or alternatively an informal Debt Management Programme.

### **33. WHAT HAPPENS IF MY IVA IS NOT ACCEPTED BY MY CREDITORS**

Creditors will only reject an IVA if there is a good reason for them to do so. If your IVA is rejected by your creditors, information will be provided to you as to the reasons for this. Your file will be referred back to us where we will discuss alternative options for the repayment of your debt. Your creditors will:

- (i) Continue with their attempts to collect payments on your debt. They may commence Court action against you or appoint collection agencies to act on their behalf.
- (ii) Interest will continue to accrue on your accounts if the account hasn't already defaulted
- (iii) Your creditors may apply for your Bankruptcy. In our experience they will only do this if they feel they have more to gain from you being Bankrupt. Alternatively, your creditors may commence/continue legal action against you, issue enforcement proceedings and/or make adverse entries on your credit file.

Please note that we would not recommend an IVA to you if we were of the opinion that the same would not be accepted by your creditors. We will provide you with our views as to your prospects of success at the outset of your instructions.

### **34. REASONS WHY IVA'S FAIL AT CREDITORS MEETING STAGE**

We will advise you at the outset as to your prospects of your IVA being approved by your creditors. If we do not believe that your proposed IVA will be approved by your creditors, we will tell you why as soon as practicable. Common reasons for creditors refusing to accept an IVA include:

- Continuing to incur expenditure on your credit cards once we have been instructed i.e. after knowing you are insolvent. Creditors tend to regard this as fraud, in other words that you knowingly increased your balances on your credit cards when you knew you were insolvent.
- Where the Income and Expenditure schedule includes unusually high items of expenditure, without good reason for this. In such circumstances your creditors will expect you to increase your proposed voluntary contributions by making savings wherever they deem appropriate.
- Where assets are excluded from the Proposal without good reason.
- Where creditors would get a better return if you were Bankrupt and creditors wish to pursue your Bankruptcy as a consequence.
- Where the dividend you propose is too low
- Where you have previously had a bad relationship with your creditors.

#### **HMRC – Her Majesty’s Revenue and Customs**

HMRC have a set of criteria which if not met will result in their rejection of an IVA Proposal. They are likely to refuse your Proposal:

- Where your Tax/VAT /PAYE returns are not up to date
- Where you have had poor compliance history
- Where you have repaid other creditors ahead of HMRC
- If HMRC feel that you have deliberately avoided paying the tax that is due
- If they disagree with the figure you estimate for our income
- If they feel that the valuations for any assets are inaccurate

### **35. VARIATION MEETINGS**

It is possible during the life of your IVA to propose amendments to your IVA. For example, if you were to lose your job or suffer a reduction in income.

There is no guarantee that your creditors will accept a variation for a reduced monthly payment. If your creditors refuse it is possible that your IVA could fail. Sometimes even if they accept a reduced contribution, creditors may expect the duration of your IVA to be extended to enable you to make the total payments envisaged in the original Proposal. You will be advised if this happens.

There will be additional Supervisors fees incurred in proposing variations. These are usually paid out of any funds available to your creditors in the IVA in the first instance. If you have failed to make sufficient payments to cover the payment of the Nominees fees or any outstanding Supervisors fees, then this may impact on the Supervisors ability to hold a variation meeting for you. You will be advised by your Supervisor if there is a problem in this regard.

### **36. WHAT HAPPENS IF MY FINANCIAL CIRCUMSTANCES IMPROVE DURING THE COURSE OF MY IVA?**

In the event that your circumstances improve during the term of the IVA this will have consequences for you. For example in the event of an inheritance or if you were to come into some

money by some other means these sums will need to be paid into the Arrangement for the benefit of your creditors in addition to the voluntary contributions and other asset realisations envisaged in your Proposal. Similarly, if you were promoted at work or receive regular bonuses and/or a significant pay rise, a proportion of these additional sums would become payable into the Arrangement. In such circumstances depending on the additional income/lump sums involved and the extent of the debt you owe it is possible that your creditors could expect payment of the debt in full plus statutory interest at 8% per annum. The cost of the IVA (i.e. Nominees fees, Supervisors fees and disbursements) would additionally become payable by you.

### **37. QUARTERLY AND ANNUAL REVIEWS**

Your Supervisor may be required to carry out quarterly and annual reviews of your finances throughout the duration of your Arrangement. This will involve your case administrator reviewing your income and expenditure and supporting documents in order to ascertain whether your voluntary contributions can be increased into your Arrangement. Your Supervisor will need to verify your financial position by accessing your payslips and bank statements; it is important that you keep these documents safe and have them available for this purpose. Creditors may require 50% of any additional income that you receive (you will be allowed to retain the first 10 %) by way of overtime and bonuses to be paid into the Arrangement as an additional payment to the monthly payment you make. Your Supervisors will reassess your income to see what additional payments you are required to make into your Arrangement.

Should you experience any changes in your financial circumstances whilst we are acting for you (or if your IVA has been approved you should contact your Supervisors ) we/they will need to carry out a review of your financial statement and advise you if additional payments are required from you. This will ensure that you do not fall into arrears with your payments and do not breach the terms of your Proposal. If you fail to co-operate either by failing to provide the relevant documentation or if you fail to make the additional payments this may well result in your IVA failing.

If you fail to co-operate with the reviews this will compromise the viability of your IVA. If there has been deterioration in your financial position your position will be reviewed, and you will be advised accordingly.

### **38. YOUR RESPONSIBILITIES TO YOUR SUPERVISOR AND YOUR CREDITORS AFTER YOUR IVA HAS BEEN APPROVED**

For the duration of your IVA you must provide your Supervisor with:

- (i) Prompt, clear and accurate instructions when requested to do so.
- (ii) All the documentation that he will need to carry out the administration of your IVA as and when required.
- (iii) Look after any documents which he/she will need for the management of your IVA.
- (iv) You must advise your Supervisor of any changes in your circumstances. For example, if you have been awarded a pay rise at work or if you receive any windfalls or inheritances (as these need to be paid into your IVA in addition

to your voluntary contributions)

- (v) Assist your Supervisor when requested to do so
- (vi) Notify your Supervisor of any changes in your address, telephone number or employment
- (vii) Refrain from misleading your Supervisor or providing your Supervisor with false information.
- (viii) Make payments into your IVA together with any additional payments due on time as instructed.

Adverse consequences are likely to follow if you are unable to make your monthly payments or any additional payments due in the Arrangement. You must contact your Supervisor as soon as you become aware that there might be a problem with this to explain the reasons why and confirm what your prospects are for catching up with late payments. Your Supervisor will advise you accordingly.

### **39. WHAT HAPPENS IF MY IVA FAILS POST CREDITORS MEETING**

There are various reasons why your IVA could fail. The most common reasons are:

- 1) Non-payment of priority debts
- 2) Non-payment of the monthly IVA payment or any additional sums due under the Arrangement.
- 3) Failure to co-operate with the Supervisor of your Arrangement

If you fail to make the required payments into your IVA it is likely that your IVA will fail. You may get some flexibility that will allow you to pay any missed payments at a later stage. Subject to your creditors prior approval you may get additional time to make up any missed payments. This will depend on the reasons and how long you think you will need to catch up with your payments. If you have failed to make the required payments into your IVA or you have accrued arrears with your priority debts it might be possible to hold a creditors variation meeting to request more time to pay or to seek creditors permission to reduce your monthly payment. It would be your creditors decision as to whether to accept a revised Proposal. If your creditors will not agree a variation your Proposal will fail. The Supervisor will advise you on the prospects of your proposed variation being approved by your creditors. If your IVA fails any payments that you have made into the Arrangement will be distributed to creditors after a deduction has been made for disbursements, Nominees fees and Supervisors fees if appropriate.

Your position will then revert back to where it was prior to the IVA being approved. Your creditors will:

- (i) Start debt collection procedures again whether by commencing Court action or appointing collection agencies to pursue payment of the debt on their behalf.
- (ii) Interest and charges may accrue on your outstanding accounts at the contractual rate and will be backdated to cover any interest that would have accrued on your debt whilst your IVA was in place.

Depending on any modifications introduced by your creditors, your Supervisor may be required by your creditors to fail your Arrangement and subsequently file for your Bankruptcy. If this is required your Supervisor will not have any choice but to adhere to your creditors' requirements. If your Proposal fails and you own your own house this would be regarded as a Trust Asset and may end up being repossessed by your Supervisor and sold so that the equity is made available to your creditors. At the date of failure of your IVA any sums you have paid into the IVA previous to that date will be used in the first instance to cover payment of the Nominees fees and Supervisors fees.

#### **40. INDEMNITY INSURANCE**

Our professional indemnity insurers are Omnyy Underwriting LLP Our territorial coverage is worldwide and extends to acts or omissions wherever in the world they occur.

Our liability to you in respect of any claims for negligence, breach of contract and breach of data protection legislation arising out of any matter which we handle on your behalf should be limited to a maximum amount of £250,000. This amount shall include any damages, costs (save our costs of defending such actions) and interest that may be awarded against us. This term does not seek to limit or exclude liability for death or personal injury caused by negligence, or for fraud or fraudulent misrepresentation.

Beesley Financial Solutions Company Limited have their own professional indemnity insurance to cover the areas of liability set out above.

#### **41. CHALLENGES TO AN IVA**

A creditor may seek to challenge the IVA if they feel there has been any material irregularity (i.e. the procedure has not been properly followed) or if they have suffered unfair prejudice. Any creditor wishing to challenge the IVA must make an application to the Court within 28 days of the result of the meeting being notified to the Creditors. Time limits are not strictly applied and the Court has wide discretion to hear such an application dependent on the circumstances outside of the initial 28-day period. A creditor wishing to make such an application to the Court and would be expected to make the application promptly. This, fortunately, however, is a very rare occurrence.

If the IVA is successfully challenged at Court the Court has wide discretion as to the Orders that it can make including setting aside the IVA. If this happens you will be in the same position that you were in before the IVA was approved in the first place.

#### **42. INTERIM PROTECTION FROM CREDITORS**

If a creditor is taking Enforcement action for example a Statutory Demand has been issued and served against you or a petition of Bankruptcy has been threatened or issued it may be appropriate to seek some immediate protection from creditors. In order to give us some time to properly advise you and to formulate an appropriate way forward an Interim Order which would prevent any creditors from continuing legal proceedings or enforcement action. In most cases it is not necessary for us to make such an application to the Court. However, we will review your circumstances at the initial stages and keep your creditors actions under review.

#### **43. COMPLAINTS**

We sincerely hope and expect that you will be totally satisfied with the advice and the service you receive from us. However, if you are unhappy with any aspect of the service provided it is important that you raise any concerns with the advisor dealing with your case. Your advisor will at the outset investigate your complaint and try to reach a mutually acceptable resolution by close of business the day after you first make your complaint. In the event that you are still unhappy you can raise your concerns with our Customer Services Manager. He/she will forward to you our Complaints Handling Policy, carry out an investigation and do their best to address any concerns that you have promptly, and he/she will write to you with his/her preliminary findings. If you are happy with the Customer Services Manager's response on your complaint you can treat this as our final response on the issue. In the unlikely circumstance that he/she cannot deal with your complaint or you are not satisfied with his/her findings you may raise your concerns with Mike Davies. On receipt of your complaint Mike Davies, one of the Directors of the Company, will carry out a full investigation and provide you with a final written response as to how we intend to deal with your complaints and what remedial action we intend to take to remedy the issues raised.

You will be given an opportunity to attend our office and to discuss any queries or issues you have. We will ensure that you receive an adequate summary of the steps we intend to take to resolve any problems. We emphasise that any complaint will be regarded as an opportunity for us to improve our service to you. We are committed to acting in your best interests and treating you fairly. If for any reason we are still unable to resolve your complaint you may refer the matter to the Financial Ombudsman Service within 6 months of our final decision. Their phone number should you wish to complain to them is 0800 023 4567 and their address is The Financial Ombudsman Service, Exchange Tower, London, E14 9SR. Our Regulator is the Financial Conduct Authority. They publish leaflets for clients who wish to raise complaints or any other issues. We will provide you with a copy of such material when we send you a copy of our complaints handling policy when we acknowledge receipt of your complaint. The rules by which we are bound can be found at [www.fca.org.uk](http://www.fca.org.uk). A copy of our complaints procedure/policy is available on request and on our website at [www.moneysolve.co.uk](http://www.moneysolve.co.uk).

#### **44. OTHER GUIDANCE MATERIAL AND OTHER ORGANISATIONS THAT MAY BE ABLE TO PROVIDE ADVICE TO YOU**

Other guidance material to help you deal with your creditors is freely available online. The Insolvency Service publishes a guide to help people in debt called "Options for Paying Off Your Debts" the contents of which we have discussed with you and is available for you to review in full on our website at [www.moneysolve.co.uk](http://www.moneysolve.co.uk) or [www.gov.uk/options-for-paying-off-your-debts/overview](http://www.gov.uk/options-for-paying-off-your-debts/overview). Additionally, you can find out more by contacting the MoneyHelper. Their website can be found at [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk).

We are a commercial organisation and we make a charge to you for using our services. However, not-for-profit organisations such as the Citizens Advice Bureau and Moneyhelper and other charitable entities may be able to provide you with advice. Such organisations are usually funded by Central Government or Banks/Lending Institutions. You can find out more by contacting MoneyHelper. Their website address is [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk) they do not render a charge for their services and are a source of free advice and information.

In some circumstances where you may have immediate problems and we are unable to help you we may refer you for advice to such services. We will also do this if we feel that you are unable to fund the cost of using our services.

#### **45. ABOUT US**

We are a Debt Management Company authorised and regulated by the Financial Conduct Authority in the provision of debt management services. Our licence number is 600458. We have extensive experience of helping people with their financial difficulties. We are not a firm of Solicitors regulated by the Solicitors Regulation Authority. We do not provide legal advice.

#### **46. SHARING OF OFFICE**

MoneySolve, Beesley Corporate Recovery Limited, Beesley Financial Solutions Company Limited share office premises. The companies are all separate and independent of one another although they are all a part of Financial Solutions GRP Limited. We are mindful at all times of preserving your confidentiality and the protection of your personal data. Where it is necessary for us to deliver our services to you, we may need to share your personal data with any one of the companies under the group structure. We will always act in your best interests.

#### **47. REFERRAL ARRANGEMENTS**

We do not pay any referral fees to anyone at anytime.

#### **48. FINANCIAL SERVICES COMPENSATION SCHEME.**

Debt advice is not an area of work which is presently covered by this scheme.

#### **49. NUISANCE/ UNWANTED TELEPHONE CALLS**

Please see our separate Data Protection Booklet for further information.

#### **50. JURISDICTION**

Any dispute or claim arising in connection with our services shall be governed by the laws of England and shall be subject to the exclusive jurisdiction of the English Courts to which the parties irrevocably submit.

We look forward to being of service to you. Should you require further information on any issues set out in this leaflet please do not hesitate to contact us.



## **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, any policies that could be cashed in to release money for the benefit of your creditors or even any claim that you may have for example financial mis-selling.

### **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 or Trustee. Some debt write-off is possible. This is subject to Income Payments Orders or agreements 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 commercial debt management company 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 £30,000, assets with a value less than £2000 and a low surplus income each month (less than £75). Once the Debt Relief Order is in place, debt write off is possible. The duration is only for 12 months but the Order can be overturned if your financial circumstances improve within that period.

**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.

**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 by value 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.

**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.