

DRF NEWSLETTER - JULY 2010

INTRODUCTION

There is much to report in this newsletter but much has happened since I last communicated with you.

We expect that the OFT will soon publish its review of our industry's compliance with its guidance and that many of us, despite our efforts, will be found wanting. Our aim will be to continue to respond robustly in areas where we profoundly disagree with the OFT's view but also to show our new government that they can work with us to raise standards and to evolve an industry that makes a real contribution to our economy.

We hope that we can show the OFT that DRF members take their responsibilities toward consumers seriously, that we are committing to the right standards and that DRF membership is something that people can trust.

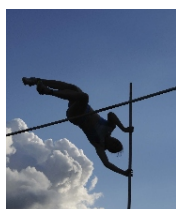
You can help us here and can expect further communication concerning specific things that you can do to help during the course of the next few days.

We continue to work with creditors to increase their understanding of our industry and what we can do for debtors and, below, you'll see details of some success we have had with Northern Rock recently.

We are continuing to try to create a single voice for the industry and we will keep you up to date with this, and everything else we do, over the course of the next weeks and months.

Best wishes,

David Mond,
Chairman.



DRF

THE DEBT RESOLUTION FORUM

Promoting Professional Standards

CONFERENCE

This year's Debt Resolution Forum Conference will take place on Tuesday 2 November, 2010 in the city centre of Manchester.

Last year's event sold out and we anticipate strong demand for limited places in 2010.

The first confirmed speaker is Nigel Cates, Office of Fair Trading Deputy Director of Consumer Credit.

More speakers will be confirmed shortly.

The Venue: The Manchester Conference Centre is situated right in the heart of Manchester's central commercial zone, just 300 meters from Manchester Piccadilly Train Station.

Take advantage of our early bird offer and reserve your tickets now before September 1st for £99+VAT. Normal price, £125+VAT (you can get the latest details and download a booking form here: <http://www.debtresolutionforum.org.uk/conference2010.php>)

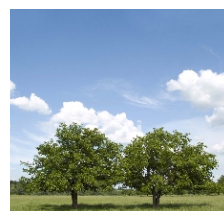
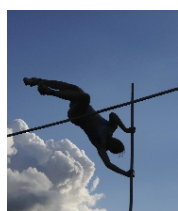
STANDARDS COMPLIANCE INSPECTIONS

Negotiations with the Insolvency Practitioners Association (IPA) have been concluded successfully and they have been contracted to undertake inspections of DRF's members as part of our programme of assurance of members' compliance with our Standards.

IPA is already contacting member firms to organise the first round of visits and the aim is to complete the programme as soon as possible, recognising that, with more than forty members, this will take some time.

These visits aim to achieve our aim of creating consumer and creditor confidence in our industry and the visit framework has been shared with the OFT. We are pleased that IPA, already seen as an authoritative, independent regulator of Insolvency practitioners, has agreed to do this work.

Should merger negotiations conclude successfully (see below), then the IPA monitoring visit will provide the information necessary to satisfy DEMSA's membership criteria, with the exception of customer satisfaction surveys, which are likely to cost around £500 per firm. Note however that we are continuing our own process of application for OFT code approval, so, in due course, would have to incur and pass on that cost too (should the merger not be successfully consummated).



NORTHERN ROCK

DRF has met and been working with Northern Rock in the past few months and is pleased to announce that some clarity has been achieved concerning this bank's attitude to IVAs. Basic details follow below but a full formal minute is available to DRF members on request. DRF believes Northern Rock's(NR) attitude to IVAs is still not entirely fair to customers and is continuing to work to improve this.

Criteria for extending IVAs beyond 5 years.

NR will only look to extend an IVA beyond 5 years where there are 72 or more payments left of the original loan period (this is on both "Unsecured Loans" and "Together Loans").

Criteria for deciding whether an IVA is appropriate.

Where a client can repay the whole debt included within the proposal within 7 years, ignoring interest, then the proposed IVA would be rejected. This works on the assumption that with interest added the debt should be repaid within a 10 year period.

NR will not include equity in the debtor's domestic property in the calculation for repaying debt, save for extreme examples.

If 80% or more of an individual's liabilities were to NR, then NR would not normally be supportive of an IVA and would seek to agree an appropriate level of payments based on the debtor's current financial circumstances, without the need for formal insolvency proceedings.

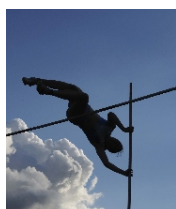
Debt Management Plans

NR confirmed that they would be prepared to consider IVAs, where the client was currently in a DMP which was running smoothly, on a case by case basis based on the individual's personal circumstances.

Charging Orders

NR will not go for a charging order where its debt is less than £5K or if property LTV exceeds 120%.

NR also confirmed that they would not commence litigation once a client has entered into a debt solution, provided payments were maintained in accordance with that debt solution.



NORTHERN ROCK Cont'd

Fees

NR confirmed that they will allow a Nominee fee of £2,500 plus VAT for a sole IVA and £3,000 plus VAT for an interlocking IVA, unless the contribution level is such that it would take in excess of 12 months to pay off the Nominee's fee (including VAT).

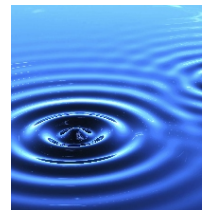
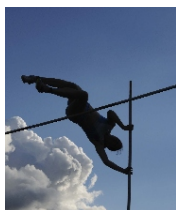
Mortgages

NR confirmed that they won't require the client to change their mortgage to interest only because they are entering an IVA. They will look at this when assessing whether an IVA is the most appropriate option and would take this into consideration when calculating whether the debt could be repaid in 7 years.

If NR decide that the customer cannot repay the debt in 7 years by going onto an interest only mortgage (and the IVA is approved) the customer would contribute on the current mortgage product.

Distributions

NR is now accepting payment by BACS for IVAs, trust deeds and DMPs. BACS payments in respect of IVAs and trust deeds should be paid via Grant Thornton's IVA Watch department.



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THE DEBT RESOLUTION FORUM

Promoting Professional Standards

DEMSA

DRF is still very actively pursuing the objective of one authoritative trade body to represent the entire Debt Resolution Industry. We are determined to ensure our member's wishes are heard in this process and are working hard to achieve an organisation that is representative, has elected officers and which has high standards, is committed to training and has an authoritative dispute resolution and complaints procedure.

Negotiations continue actively, however, we have taken up the OFT's suggestion that we should also, separately, continue our own application for OFT code approval.

CertDR

We are approaching the exam season again! Gayor Loughlane, our new administrator, is currently dealing with the complexities of organising these and it is hoped that around 120 learners will be sitting examinations in the last week of July and the first week of August, in around a dozen centres across the country: details will be confirmed as soon as we can.

OUR NEW MINISTER

Edward Davey is the new minister of state for consumer policy and consumer affairs at the Department of Business Innovation and Skills (BIS). "Our" minister in other words. Like his boss, BIS Secretary of State Vince Cable, Mr. Davey is a Liberal Democrat (MP for Kingston and Surbiton). Like many these days, he is a professional politician: he studied Politics, Philosophy and Economics at Jesus College, Oxford and gained an MSc in Economics from Birkbeck College, London University.

From 1989 to 1993 he worked in the Commons as an economics researcher for the Liberal Democrats, becoming the party's senior economics adviser. Mr. Davey entered parliament in 1997 and became the party's economics affairs spokesman. After the 2001 election he joined the LibDem Shadow Cabinet as Shadow Chief Secretary to the Treasury. This was the first of a number of shadow roles, including Shadow Trade and Industry Secretary (2006).

Lib Dem leader Nick Clegg appointed him Shadow Secretary of State for Foreign and Commonwealth Affairs in 2007.

