DEBT MANAGEMENT (AND CREDIT REPAIR SERVICES) GUIDANCE

Response to consultation

RESPONSE TO OFT CONSULTATION OFT1338CON

Debt Resolution Forum 5 September 2011

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CHAPTER 1 INTRODUCTION (Q1-Q6)

Q No.	Consultation Question	DRF response
Q1	Do the Foreword and Introduction (including Annexe A) set out the scope and purpose of the guidance sufficiently clearly?	Yes, DRF believes it is clear that the consultation applies to all areas of debt advice (including debt counselling, debt adjusting, credit information services and those who, additionally, provide credit brokerage as a debt consolidation service. It is also clear it applies to those who advise consumers on debt, including charitable advisors and insolvency practitioners.

Q2	Is the definition of whom the guidance applies to clear and adequate?	It is clear it applies to all those who advise or provide services relating to consumers in relation to personal debt, including charitable, creditor-funded and government funded advisors, insolvency practitioners, lead generators and introducers and, in part, claims management companies and creditors. Clarification on the position of lead generators would be welcome: If affiliates who refer potential clients to debt solution providers do not offer debt advice and it is clear from their website/literature they do not offer advice but merely refer individuals to suitably licensed debt solution providers then DRF believes these traders should not require a Category E Consumer Credit Licence. DRF is particularly concerned with the position of mortgage brokers/IFAs, who are, generally, licensed and who find they cannot help a client with refinancing and who then refer that client to a debt solution provider. DRF is concerned that insisting that they apply for Category E and undertake a credit competency review may mean that many will simply cease to refer clients with debt issues onto debt solution providers. This is in our opinion, not in the client's best interests.
Q3	Have we set out our approach to the assessment of fitness and potential risk sufficiently clearly?	Yes.

Q4	Are there any substantive aspects with which you disagree?	DRF is concerned that, where an organisation operates under a group licence (e.g. Citizen's Advice and Money Advice Trust), adequate provision may not have been made to ensure all those within these organisations have adequate training and experience – something more readily checked through individual licences. DRF would like to be reassured that organisations operating within the category of group licence holders will be required to have appropriate training and that there will be a mechanism to monitor this.
Q5	Do you consider that there are any significant omissions?	No.
Q6	Do you have any other suggestions for improvement?	DRF believes it might be helpful for the guidance to clearly distinguish between a lead generator, introducer and an occasional referrer. For instance, an Independent Financial Advisor (IFA) who identifies that a client has a debt problem and advises him/her to seek help from a debt management company? What are his/her licensing requirements if he/she is required to take this action say 6 times a year? The IFA has a duty of care to advise his/her client to seek help and would refer him/her to a company he/she was familiar with and trusted, rather than a directory listing. The IFA will also, generally have a consumer credit licence (even if not category E) and be known to the OFT.

CHAPTER 2 OVERARCHING PRINCIPLES OF FAIR BUSINESS PRACTICE (Q7-Q10)

Q No.	Consultation Question	DRF response
Q7	Do you agree with the stated 'Overarching principles of fair business practice'?	Broadly, yes.
Q8	Are there any substantive aspects of this chapter with which you disagree?	DRF agrees that, by its nature, the provision of debt resolution services attracts consumers who are indebted and may be otherwise vulnerable. Further, we believe that no business will be successful in any sector if it does not, in the long term, act in the best interests of consumers. Whilst we agree businesses should not prioritise their interests to the "**detriment of the consumer"** (*page 13, 2.3*, DRF's bold) we would wish to understand more about the OFT's definition of detriment in this context as, for example, free advice may not always be in the consumers interests if it is not accompanied by action to gather in payments from consumers and manage distributions to creditors, or, as often seems to be the case, the free provider is disinclined to offer the most appropriate solution. DRF believes that there are many circumstances in which "free to client" services are not in the client's best interests and strongly urges the OFT to consider this before issuing final guidance. DRF also believes that it is fair and reasonable to require free-to-client services to signpost ethical commercial providers and to explain the negatives of using free-to-client providers, including possible delays in service, and inappropriate solutions.

		We believe the OFT's statement (*page 15, "Fairness" – 2.5(a)*)**,**"All advice given and action taken is in the best interest of the consumer and appropriate to his individual circumstances", is adequate, specific and appropriate. It should be sufficient to achieve the OFT's purpose and that the earlier statement, which is unclear and non-specific, should be removed.
Q9	Do you consider that there are any significant omissions?	Q9 2.4(c) p14 Transparency: The proposed guidelines require disclosure of "*the commercial nature of the business (if applicable)*". Since some free-sector suppliers (e.g. CCCS and Payplan) have really become hybrid structures, how will this requirement be applied, if at all, to cross-selling of commercial products by their subsidiary limited companies? For example, CCCS currently has a CCL on a 'non-commercial basis', whereas CCCSVA - selling IVAs - has a CCL on a 'commercial basis'. For all practical purposes, it operates as one organisation and yet the OFT clearly felt it important to make a distinction in their licence requirements. Will the customer be made aware at first contact, for example, that IVAs will be charged at commercial rates? The profits may go to the Charity, but the costs stay with the consumer. Surely, if a customer is going to be paying the commercial rate for the job they should be made aware of that from the outset. If they are, service expectations will be higher and they will be able to make proper comparison with other service providers - CCCSVA, for example, employs only one Insolvency Practitioner. DRF is concerned that nothing is said in the Guidelines regarding creditor funding of Payplan and CCCS. Referral fees - and their influence - are covered, but there is nothing concerning the primary source of income for these major

		organisations. Consequently, the customer will know nothing at all of the arrangements that may or may not be affecting the advice they get. At present, for example, the criteria for recommending an IVA seem very different in the creditor-funded sector - as do the policies on negotiating short settlements and reducing balances by helping with PPI claims. Where is the transparency? DRF believes there is a real opportunity here to shine a torch on the whole industry, and it shouldn't be missed. Q9 2.4 Transparency p13: "*Licensees marketing, advertising and promotion should accurately reflect the services actually offered by the licensee*." DRF refers OFT to the following webpage: http://moneyaware.co.uk/2011/06/what-to-do-when-creditors-keep-phoning-you-2/ We believe this demonstrates how misleading it is to compare creditor-funded DMPs with commercial DMPs on price alone. It's simply not comparing like with like. The CCCS self-help advice sheet is for their own customers, already on a DMP with CCCS, and explains what they should do in the event of continual creditor contact/harassment/bullying. The bottom line is; they're on their own. A fee-charging Debt Management Company will generally call the creditor(s) concerned, or write, and in most cases harassment ceases. We believe the Guidance should make it clear that, when any organisation is comparing the cost of their product or service, it is an accepted principle of advertising that they are comparing like with like. DRF is concerned that the guidance does not take full account of the fact that some licensees may have a number of regulators, including Insolvency recognised professional bodies. DRF believes a dialogue between OFT and those other regulators would help ensure efficient application/development of the guidance.
Q10	Do you have any	Yes.

	other suggestions for improvement?	2.4 (d) (p 16) states that Licensees should explain: "*the full range of options available to consumers including any particular benefits for, or risks to, consumers, which might be associated with any such option(s)"*. DRF believes it should be recognised that a licensee should have discretion not to mention those options that a consumer cannot pursue. It would be confusing and unhelpful, for example, if a Debt Relief Order (DRO) had to be explained when the initial fact find clearly showed that the consumer was ineligible for the product. DRF believes that (*page 16, "Redress", 2.6*) strong consideration should be given to mentioning the complaints and redress schemes run by trade associations and detailing how these should fit into the context of an organisation's own scheme and that of the Financial Ombudsman Service. DRF understands that the Financial Ombudsman Service complaints scheme also applies to the 'free-to-client" sector. However, we believe this should be made absolutely clear within the Guidance because we are aware that this is not acknowledged by all the major suppliers in this sector.

CHAPTER 3: UNFAIR OR IMPROPER BUSINESS PRACTICES

Lead generation, direct marketing and personal visits (Q11-14)

Q No.	Consultation Question	DRF response
Q11	Are the draft guidelines on lead generation, direct marketing and personal visits sufficiently clear?	DRF is concerned that the guidance may not have considered the circumstance where a publicly funded, creditor-funded or charitable debt advisor, covered by a group licence (and therefore exempt from certain requirements) is acting as a lead introducer to a fee-charging debt solutions organisation. As funding for non-fee charging organisations becomes scarce, so some are becoming lead introducers to fee-charging firms and taking introductory fees for statements of affairs in IVAs and, less commonly, introduction fees from potential DMPs. This may also affect the behaviours of organisations in Scotland who advise on Debt Arrangement Schemes but pass the case to a fee-charging company for administration and distribution of monies. We understand that Citizen's Advice now pass a significant number of their cases to CCCS, who collect monies and make distributions on CA's behalf. Citizen's Advice receives payments from CCCS for these cases. How does the new DMG affect this practice? Would debt solutions companies taking leads from an organisation covered by a group licence be able to rely on that licence to assure themselves of the fitness of the particular body from which leads are being received? Would the holder of the group licence be required to assure themselves of the fitness of their member to pass leads – and of their compliance with OFT DMG? Or would that be the

Q No.	Consultation Question	DRF response
		responsibility of the debt solutions provider? Do the requirements of this section intend to modify the behaviour of charitable bodies, etc.? For example, if a body acting under a group licence undertakes an advice call to a debtor and, acting on the information provided by the debtor, decides to recommend an IVA and pass the lead to an external provider, in the knowledge that it will receive a statement of affairs fee, does that become a "sales call" (3.6 (c) - box) and would the body be required to disclose the financial relationship? We understand that this does not currently always take place. If the body is publicly funded or charitable but is speaking to the debtor about an option that would require the case being transferred to a fee-charging provider, is the body entitled to continue to claim that it is charitable (3.6 (f))? A specific example is Payplan, owned by a commercial firm, offering fee-charging solutions (IVAs) and receiving leads from Citizens' Advice and National Debtline. Debt Solutions businesses frequently receive leads from internet affiliates who write articles or blogs about topics likely to interest people with debt issues. Those pages feature "click-throughs" to debt solution providers who pay for each lead generated. These affiliates are usually sole-traders and often hobbyists who write about a variety of topics and aim to make a small income from this. Are they lead introducers in the OFT's view – or would this activity be considered another form of direct advertising by the solutions provider? We would like to see clarification in

Q No.	Consultation Question	DRF response
		relation to 3.6 (j) "failing to actively obtain the consumers informed consent before transferring the call or passing on his details to a third party". Often a lead is obtained from a third party who has also obtained the lead from a further party. At what point should a lead introducer or solutions provider cease to rely on the original consent that has been obtained from the consumer at the point of original enquiry? We would like to see clarification of 3.6 (n) "failing to refer leads to service providers who provide services of a type consistent with that described in advertising…" Where a lead introducer has a licence in category E, what are its responsibilities to provide appropriate advice and how should it behave if a debtors needs are best met by a solution other than the ones advertised? NB: We note that section 3.3 seems to refer primarily to lenders and credit brokers and ask whether this wording is correct. Further, the box below 3.6 (k) refers to a "borrower". Was this OFT's intention? DRF is concerned that some licensees using a licensed trademark and stating membership of a CCAS approved code refer work to non code-approved firms. We would like clarification as to whether this is appropriate.
Q12	Are there any substantive aspects of this section with which you disagree?	"**Sending Electronic mail for the purpose of marketing without obtaining prior informed consent**". Debt solutions businesses buy opted-in email lists and data. DRF believes this constitutes – prior informed consent.

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		DRF believes that the Guidance should recognise that compliant debt solution providers can market their services in this manner as long as the data is opted-in and the message/advice is compliant with OFT guidance.
Q13	Do you consider that there are any significant omissions?	No.
Q14	Do you have any other suggestions for improvement to this section?	DRF has introduced a category of membership for lead introducers in order to enable them to communicate and network with members. Lead Introducer members will have to assert that they meet DRF's code and standards. Optionally, they will be able to elect to be monitored by the IPA to the same standards as full DRF members. We believe that members should be able to rely on DRF's declaration that an introducer is compliant as sufficient due diligence to meet the requirements of Chapter 3 and Annexe B. Does OFT agree?

CHAPTER 4: ADVERTISING AND OTHER COMMUNICATIONS (Q15 – Q18)

Q No.	Consultation Question	DRF response
Q15	Are the draft guidelines on advertising and other communications sufficiently clear?	DRF understands that the role of the guidance is to provide principles that should be followed in spirit as well as by the letter. However, we are concerned that, especially in the area of internet marketing, the guidance does not display an understanding of how new areas, such as social networking, are developing and being used. The guidance in these areas, DRF believes, may actively prevent compliant companies from defending their brand against attack by unlicensed or non-compliant traders. DRF is also concerned that the guidance may not create a level playing field between fee-charging and non-fee charging debt advisers, especially as the latter are already engaged in trademark keyword targeting, for example. The proposed guidance regarding sponsored links and online messaging forums is particularly restrictive. If the messages displayed are not misleading and the debtor can click through to a website which ensures that all options are discussed including all the relevant health warnings, this should be adequate.
Q16	Are there any substantive aspects of this section with which you disagree?	3.12 (b) (page 24): "*falsely claiming or implying that help and debt advice is provided on a free, impartial or independent basis":* DRF believes that this aspect of the guidance requires further careful consideration by OFT and should be drawn more specifically. First, if a licensee is compliant with the section in the guidance on "**Advice**", summed up by the OFT's statement (*page 15,* "Fairness" – 2.5(a)**),**"*All advice given and action taken is in the best interest of the consumer and appropriate to his individual circumstances*" then the recommendations made to consumers will, by their very nature, be impartial and will relate to the consumer's situation and needs

Q No.	Consultation Question	DRF response
		and not on the licensee's motivation to sell specific services. Secondly, the vast majority (75%, according to DRF members) of advice calls from consumers to fee-charging debt advisers do not result in the sale of a specific service. However these calls (and there may well be more than one) are long, detailed and usually result in a clear recommendation for action whether this benefits the licensee or not. DRF believes that the fee-charging debt resolution sector provides a great deal of free advice to many thousands of consumers every year, which is of clear benefit to each consumer and to the country as a whole. DRF contends that licensees should be allowed to refer to the advice they give and the recommendations they make as free and impartial as long as they can demonstrate that the guidance on "**Advice**" is followed and that they make clear in all marketing communications, and in the context of and with equal prominence to any such claim, that they do charge for any service the consumer may choose, after the consumer has received advice. Please note that the DRF's members' code and standards is specific on this: 1. "Provide advice to debtors at the point when they are first contacted by them which is free of charge, impartial and designed to enable the debtor to make an informed choice as to the solution which is best suited to his/her financial and personal circumstances, irrespective of the area or areas of solution specialisation of the DRF member providing the advice." A further concern regarding the use of the term "free" (and similar) is that the free-to-client sector is permitted to claim to offer free advice even though, if an IVA is subsequently advised, they will charge for administering the IVA (or may receive referral fees for passing the case to

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		an IVA provider. In this respect they are no different from a fee-charging IVA provider who would not, currently, be able to claim that they offered free advice. DRF believes this merits further consideration. DRF's understanding, from the Advertising Standards Authority, is that if a debt management company or charity has a financial interest in the outcome of any solution recommended, it cannot claim its advice is independent or impartial: It may or may not be, but it cannot advertise that it is. On this basis, MAS and possibly CAB could legitimately make the claim (but, we believe, should point out the limitations of their advice when it comes to making distributions to creditors, etc), but none of the service providers, including CCCS and Payplan, could. DRF would welcome clarification. DRF believes it is important to distinguish between paid-for marketing communications and other social media content and that 3.12 (q) is insufficiently precise on this point. It is understood that statements made by a licensee should be compliant wherever they appear, but content on Facebook/Twitter and other social networking is not necessarily only marketing communication. It can also be conversational, informational or campaigning. We agree paid-for content should be distinguished as such and, on the internet, should link to pages that are fully compliant. Within social media on the internet it is either common practice or required to provide biographies, terms & conditions, etc within profiles and on the user's own website. These perform a similar function to "terms and conditions" within other forms of advertising and being web-based, has the capacity to be fully detailed and easily updated to ensure currency. It seems to DRF that as long as profiles within

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		social applications and content of linked pages are compliant, that there should be no reason to restrict licensee's use of these media. DRF also believes that to impose the requirement that any content on social networks should be identified, as a promotional statement would be inaccurate, unfair and a restraint of reasonable commercial freedoms and business practices. We are also concerned about websites that publish inaccurate and unvetted testimonials and comment (especially those that derive an income from doing so). Restricting traders' ability to respond to criticism from this quarter would be unfair and would require the development of other remedies. How would OFT deal with the consumer detriment caused by sites like these, many of which do obtain revenue from financial services providers. 3.12 (J): "*Claiming or implying that the service will free the consumer of the need to repay his debts*" The potential for a percentage of debt write-offs (short settlements) in the context of a well-run DMP is well understood and often encouraged by creditors: Some creditors and Debt Collection Agencies will routinely make written offers to the customer. CCCS presents it as a moral imperative to pay debts in full. Sometimes that is unavoidable, but the customer should not be misled into thinking it is always inevitable. The Guidance should reflect a commercial and realistic stance - not adopt an arguable moral position. It's patronising to the customer and handicaps giving appropriate advice. 3.12 (l & m), p28: It's not clear if simply mentioning monthly payment reductions as a feature of a DMP requires insertion of the caveats listed. The purpose of a caveat is not to negate the

Q No.	Consultation Question	DRF response
		original statement - it's there to qualify and should not in itself be misleading. It's not true, for example that rescheduling will "usually" increase the debt and repayment period. Most debt for most customers is credit card debt and making minimum payments at best and at maybe 27% interest outside a DMP will "usually" take longer and cost more than rescheduling that same debt inside a DMP with creditor co-operation and interest stopped. This is before even considering the impact of short settlements. It is true that "creditors are not obliged to agree to a DMP or freeze interest and charges" - but how do statements like that help the customer? What they want to know is if it is more, or less likely, in practice - not the theoretical worst position. In fact, creditor acceptance and interest stopped is the norm - but a customer would not understand that from the caveats as drafted. Perhaps the Debt Management Company should be allowed to substitute actual statistics for these caveats or perhaps section (l) should be deleted as much the same ground is covered in section (m). 3.13 – "*The OFT considers that search engine sponsored links and online messaging services which limit the number of characters are unlikely to be an appropriate means of providing consumers with sufficiently balanced and adequate information*". DRF believes this guideline is unreasonable. First, sponsored links are just that. Links. No one will enter any sort of arrangement with a debt resolution organisation unless they click on the link and obtain information from the page to which the pay-per-click advertisement is linked. If that page is compliant then there should be no issue. The same goes for promotional messages on character-limited social networking services. Consumer action is only precipitated if the link is followed and it seems fair to DRF that links from promotional messages of this type

Q No.	Consultation Question	DRF response
		should be to compliant pages. In addition, it should be noted that any search links are contextual and therefore are targeted to the intent of the user, making them unlikely to be inappropriate. We draw attention to our comments above that social and business networking sites on the internet are not only used for promotional purposes but also as networking tools for a variety of purposes and we believe a clear distinction needs to be drawn between paid-for social media and ordinary day-to-day use of social media by licensees. 3.14 (b) – "*Using false or misleading keywords and descriptive text, meta-tags, embedded links and website/webpage URLs when promoting or advertising online, including on internet search engines and in contextual advertising*". It is our view that aspects of this are unfair and/or unenforceable. For example (see appended screenshots) it is a regular practice of charities and free advice agencies to use pay-per-click advertisements targeted at fee-charging debt resolution companies and even to create optimised home pages that take advantage of keywords that reflect a fee-charging debt resolution company's brand. We do not believe the current guidance is clear enough to ensure a level playing field here. For example, it is common practice for fee-charging debt management companies to advertise against each other's brand name – and we believe that this promotes competition and choice. We do not believe that advertising against charities brand names needs to be constrained, because, if the pages linked to are compliant, those consumers will have full opportunity to assess the offerings of a variety of providers.

Q No.	Consultation Question	DRF response
		Further, it is common practice for non-compliant debt resolution organisations to advertise against the brand names of well-known debt resolution firms and, sometimes, to pass themselves off as a different organisation. By denying the practice of advertising against brand names and trademarks OFT would be allowing non-compliant firms a greater chance to thrive and preventing compliant licensees from protecting their brand. We believe restricting the use of competitive keywords is unenforceable as it is difficult to detect continuing non-compliance and, as pointed out above, would be likely to provide unlicensed organisations with an the ability to attract consumers to non-compliant solutions without legitimate licensees having an opportunity to respond. Enforcing this restriction would leave commercial licensees without a legitimate right of rebuttal or being able to defend company reputation. Further, it might restrict licensees' ability to communicate with clients of firms that have been taken over or from whom a back book or client details have been acquired. This could be of severe and immediate detriment to the consumers involved. Whilst search engines' policies on trade name bidding are currently relatively relaxed we are aware that they (in particular Google) will investigate complaints and take action if appropriate. Licensees have to be compliant with trademark law, etc., and, DRF believes that, as long as a licensee's search engine marketing is legal, that intellectual property and defamation laws are enough to ensure its proper use and that any further restrictions would be a restraint of trade. 3.14 (c) "*Online advice tools*" We are

Q No.	Consultation Question	DRF response
		concerned by this section of the proposed guidance and would welcome further discussion concerning what is a "*sufficiently full assessment*". Further, we are concerned about the guidance's definition of what might be seen as "*encouraging a consumer to provide misleading information*" As, despite appropriate caveats, this is often unpreventable. Consumers will try different combinations until they are offered a solution they feel is right: However, this is almost always dealt with if the consumer proceeds to an advice call. 3.1.4 (d) "*inaccurately describing a website as a 'comparison tool/service' or implying it is run by a debt management business, when it is a lead generation website*". DRF welcomes the acknowledgement of this issue: We suggest that "comparison" sites should be asked to quote their average revenue per case for each provider so that the consumer can see if it directly correlates with the order of the recommendation. Further, we do not consider it inappropriate that a licensee's website should include a means for a consumer to register their interest in speaking to the licensee.
Q17	Do you consider that there are any significant omissions?	No.
Q18	Do you have any other suggestions for improvement to this section?	See Q16

CHAPTER 5 ADVICE (Q19 – Q22)

Q No.	Consultation Question	DRF response
Q19	Are the draft guidelines on advice sufficiently clear?	Broadly, Yes. DRF believes that the guidance on advice is fundamental to the entire Guidance document. If licensees are compliant with this section, then this should ensure that they are able to make strong, accurate claims for their services through all means of marketing communications. DRF believes par. 3.16 (p. 35) is very unclear: *"Licensees should not **inappropriately** incentivise debt advisers (including staff, agents and third parties), for example, by way of targets, commission or any other incentive/disincentive/pressure such that they might be induced to target consumers with particular debt management options, products and services which may not be appropriate for the consumers given their individual needs and circumstances."* OFT emboldens "inappropriately" but does not define the term. DRF would welcome discussions with OFT in order to ascertain what "inappropriately" means. Further, if the debt solution provider's advisory staff follow compliant procedures and ensure that clients are given appropriate advice and that there are sufficient checks and balances to ensure that when debt management, IVA or any other consents are sought, that they are appropriate for the individual's circumstances, then the manner in which the debt solution provider remunerates their staff should be irrelevant to the quality and appropriateness of the service. Par 3.21 (a) (p. 39) relates to: "*failing to take reasonable steps to verify the consumer's identity, income or outgoings*". DRF would welcome further discussion as to what might be considered reasonable at each stage of an

Q No.	Consultation Question	DRF response
		advice process, given that the guidance makes it clear that, in some circumstances, estimates of spending are appropriate and given that, in many cases, debtors are unable accurately to state their debts. Par 3.23 (d) (p. 42) defines, as an unfair or improper business practice: "*dividing available income between debts in proportion to their size, even under circumstances in which it clearly may not be in the consumer's best interests to do so*." It goes on to give, as an example of best practice: "*For example, advice should take into account the fact that some loans may lose the benefit of a reduced rate of interest if payments are missed, or that there may be a benefit in settling a loan with a higher rate of interest sooner than one with a lower rate of interest*." DRF welcomes this complete re-definition of what a Debt Management Plan should achieve and how it should be operated as it would undoubtedly enable some debtors' situations to be resolved more quickly and at less cost to the debtor, for example by using the practice of "snowballing" debt payments. However, DRF has very serious concerns about whether Par3.23 (d) (p.42) is realistic or practical. It appears to undermine the basis of current fee-charging and free sector plans: Debt Management is about creating an acceptance between the competing interests of different creditors that they would do no better, and perhaps worse, by continuing and escalating individual collection activity. Pro-rata distribution is essential to that acceptance and endorsed by the Insolvency Service in their publications. DRF is concerned that, if a creditor took a case to court and obtained judgment, they would

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		only be offered pro-rated payments as a result. Is it proposed to change how courts define payments to creditors in CCJs? If not then debt resolution schemes could approach debts differently to the courts, leading to an increase in court action. We do not believe that this is OFT's intention. Further, DRF is concerned that considerable detriment could be caused by attempting to meet this requirement against a background of creditor resistance. DRF asks OFT how they will ensure creditors accept arrangements of this type (and believe this may be a matter for consideration by the current Insolvency Service Review – see below). For example, we believe creditors are unlikely want to allow debtors to settle higher interest rate loans before lower interest rate loans, especially if payments below the contractual level are being offered to one party but not the other. This could have a further detrimental effect. If lenders whose total cost of lending is higher are more likely to be paid in preference to lower cost providers, then it is more likely that penalties for non-performing borrowers will include higher interest payments, purely in order to make it more likely that each creditor would be paid more, earlier. Creditor behaviour is generally fairly predictable. DRF believes implementing the proposal could see them revert to the kind of free-for-all collection activity that DMPs are designed to avoid. Inevitably, disadvantaged creditors would all look to get CCJs, convert their loans to priority debts and get the Courts to then order pro-rata payments - or better. DRF cannot conceive of a distribution formula which would cope with the constantly changing variables as that kind of action was pursued - along with penalty interest being added by others and no creditor prepared to freeze interest when that would guarantee nominal

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		payments only. The reason why individuals find it difficult to set up effective DMPs (acknowledged by the Insolvency Service) is that creditors and collectors believe any concession shown to them will be used to show a preference to a different creditor or collector shouting louder or charging more. On 19 July, the Government published its response to the Call for Evidence on the Personal Insolvency Review. It proposed ' a series of cross-industry meetings to work up a Protocol setting out what all parties (including creditors) can expect from a DMP'. DRF suggests, at the very least, this aspect of the OFT Debt Management Guidance should be put on ice until after those meetings have been held.
Q20	Are there any substantive aspects of this section with which you disagree?	In further reference to par. 3.16 (p. 35) – see Q19, above - It is DRF's view that, if a licensee is compliant with the advice provisions of this guidance, then only appropriate solutions will be offered and any incentivisation that achieves this will be appropriate. Relating to unfair or improper business practices, par. 3.17 (b) (p. 36), states: "*failing to provide the consumer with, or actively signpost the consumer to, a source of impartial information on the range of debt management options available in the consumer's home country.*" In relation to par. 3.17 (b) (p. 36), DRF believes that, as long as the provisions of this chapter as to the quality and breadth of advice are met by a licensee, then the licensee will be giving impartial advice. Par 3.21 (a) (p.39) relates to: "*failing to take reasonable steps to verify the consumer's identity, income or outgoings*". Footnote 58 is attached to this paragraph and

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		states: "*This is primarily aimed at commercial debt advisers and debt management companies rather than the not-for-profit advice sector. While we would expect licensees to take reasonable steps to verify income and expenditure by appropriate means, what is 'reasonable' and 'appropriate' will depend on the circumstances and the nature of the service being provided in each case*". DRF is deeply concerned that this paragraph and footnote allows the non fee-charging debt advice sector effectively to ignore the entire chapter on advice, given that appropriate advice can only be given if there is a complete and accurate understanding of a debtor's circumstances. DRF urges OFT to strongly reconsider this area of the guidance as it could mean no recourse is available to debtors who obtain poor advice from non-fee charging providers and that it, further, provides no incentive for non fee-charging advisors to ensure their staff are appropriately trained and compliant.
Q21	Do you consider that there are any significant omissions?	DRF would recommend that strong consideration should be given to making requirements in relation to the expenditure guidelines mentioned in par 3.18 (pp. 38-39and footnote 55). These are sometimes insufficiently updated and realistic and may also not be accurate (there are circumstances where, after several years of inflation, new CCCS guidelines make lower allowances for certain categories of spending than current CCCS guidelines). These guides and the algorithms behind them need to be transparent between debtors, creditor and advice company (licensee) in order that debtors' and creditors' interests can be

Q No.	Consultation Question	DRF response
		balanced. In the past, the basis for these guidelines has been made deliberately obscure so that debt advisors would be less likely to manipulate figures in debtors' interests. This obscurity is unnecessary, because developments in creditors' relationships with debt solutions providers mean that they protect their interests adequately and it is more important for debt solutions advisors to be able easily to challenge guideline amounts and "trigger figures" when they do not relate to reality. Further, under the new OFT DMG, a compliant licensee will only be giving advice on the basis of it being in the debtor's best interests and also that it is accurate (manipulation of these figures is specifically mentioned as an unfair or improper practice at par 3.21 (h) (p. 40). therefore it is unnecessary for expenditure guidance to be less than fully transparent to all.
Q22	Do you have any other suggestions for improvement to this section	Q16 3.12 f (i) & (ii) & Q23 3.12 h: The fee calculation requirement has been moved from Pre-Contract disclosure under the present Guidelines to Advertising in the proposed Guidelines. DRF believes these clauses should revert to their position in the current guidance. 2.4 (Transparency) states all information should be provided in a *'timely manner'*. Requiring fee calculation to be shown in a classified ad is not helpful or timely. DRF agrees that advertisements should make it clear that fees may be charged. Calculations/quotes, however, should be given at the point where the customer has been advised and has a working knowledge of the service proposed and the options available in their individual circumstances. If fee calculation

Q No.	Consultation Question	DRF response
		is not explained at the right time and in context, it's a real disservice to the customer - leaving them with a misleading impression of cost/benefit and, perhaps falsely believing consolidation loans may be a better choice. DRF members believe that their main competition in advertising is not the free-to-client sector; it's the loans sector. DRF believes that, for the mechanics of DM fee calculation to make sense, the customer needs to have a better understanding of the service than can be presented in, say, a classified advertisement. Explaining the formula for fees - as under the present guidelines - on the website or when the customer is in dialogue with the company and aware of the different options available in their specific circumstances is transparent and upfront. The risk of customer detriment comes in the context of advertising where prescribed negativity and information overload may well make an entirely unsuitable consolidation loan advert appear - falsely - more attractive and less equivocal. This, in turn, will inevitably lead to fewer people getting the right advice early - or at all - and many will end up securing their unsecured debts with consolidation loans, which will then rule out any prospect of rescheduling. DRF believes the right place for this information is at the pre-contractual stage and not in advertising. DRF believes the net effect of these clauses would be fewer people getting early advice and more people unknowingly reducing their options as, instead, they take out the wrong loan at the wrong time.

CHAPTER 6 CHARGING FOR DEBT MANAGEMENT SERVICES (Q23 – Q26)

Q No.	Consultation Question	DRF response
Q23	Are the draft guidelines on charging for debt management services sufficiently clear?	DRF would welcome clarification of the degree of detail required in the reference to fees within each area of communication mentioned in this part of the consultation document. For example, DRF believes that it is sufficient to: • Make it clear in a print or broadcast advertisement that fees are charged for services provided, without detailing the fees • Not mention fees in Internet PPC search as long as the search advertisement links to a page where fees are mentioned prominently and detailed appropriately. In 3.26 (p.43), refers to a 14-day cooling off period in the Financial Services (Distance Marketing) Regulations 2004. It is DRF's understanding that this is a seven-day cooling of period and that this starts from the date designated by the trader as the "commencement of the agreement". DRF will be requiring members, as part of its code, to make this the date the completed pack is received pack from the client. In 3.29(b) 9p. 44) "*Failing to disclose the existence of any relevant commission or other incentive payable between the licensee and third parties"* it is not clear whether it is sufficient for the third party to make the disclosure or whether the disclosure must be repeated by the licensee.
Q24	Are there any substantive aspects of this section with which you disagree?	3.29(m) (p. 45) states: "*where it is identified that a consumer has received inappropriate/incorrect advice, charging an additional or duplicate fee for further/revised advice and/or failing to refund or credit the consumer in respect of fees already charged for that advice."*

Q No.	Consultation Question	DRF response
		DRF understands from members that the most common cause of incorrect advice is the consumer's failure to disclose all the details of their situation, or misremembering the facts. A licensee cannot be held responsible for inappropriate or incorrect advice if this is the case. In most cases, debt resolution companies do not charge when the advice is changed due to receiving further information of the consumer's circumstances, which has finally been obtained despite diligent efforts to ascertain full details of consumers' circumstances at the initial advice stage. However, where consumers' situations are different to those originally ascertained, and significant work has been done to put a solution in place, and advice is subsequently altered and a different solution offered as a result of new information, it seems unfair that the licensee cannot make an appropriate charge for the service provided prior to the point where a different solution was advised. In addition, it is quite common for a debtor's situation to mean that a number of solutions may be appropriate. In these cases it is not uncommon for a debtor initially to opt for one solution and, after the work has been done to put that in place, to decide on a different option. Whilst, in many cases, a debt solutions provider will waive charges in these circumstances, DRF believes it is important that the option continues to exist for a licensee to charge for work done on a solution that the debtor subsequently abandons.
Q25	Do you consider that there any significant omissions?	No.
Q26	Do you have any other suggestions for improvement to this section?	Strong consideration should be given to allowing Debt Management Companies to pass data to (and obtain data from) credit reference agencies. The advice given to any consumer is

Q No.	Consultation Question	DRF response
		based on accurate information concerning liabilities etc. Giving Debt Management Companies access to credit reference data would ensure that accurate information is obtained and that appropriate solutions can be advised at the earliest point.

CHAPTER 7 PRE-CONTRACT INFORMATION (Q27-Q30)

Q No.	Consultation Question	DRF response
Q27	Are the draft guidelines on pre-contract information sufficiently clear?	Yes.
Q28	Are there any substantive aspects of this section with which you disagree?	3.33 (s): i. "if the arrangement fails this could lead to bankruptcy". Please note that protocol compliant IVA's do not include any requirement to petition for the debtor's bankruptcy in the event of failure.
Q29	Do you consider that there are any significant omissions?	No.
Q30	Do you have any other suggestions for improvement to this section?	No.

CHAPTER 8 CONTRACTS (Q31-34)

Q No.	Consultation Question	DRF response
Q31	Are the draft guidelines on contracts sufficiently clear?	3.36 (a) (p. 54) states that the following is an unfair or improper business practice: "requiring consumers to sign a declaration stating 'I fully understand the requirements of the contract' or words of the same or similar effect." DRF is concerned at this: Licensed Insolvency Practitioners are advised by their regulators that, in IVAs, they should obtain a declaration of this nature following the debtor meeting stage. We would appreciate further clarification.
Q32	Are there any substantive aspects of this section with which you disagree?	No.
Q33	Do you consider that there are any significant omissions?	No.
Q34	Do you have any other suggestions for improvement to this section?	No.

CHAPTER 9 HANDLING CLIENTS' MONEY (Q35-38)

Q No.	Consultation Question	DRF response
Q35	Are the draft guidelines on handling clients' money sufficiently clear?	We are concerned that 3.37 (p. 56) is insufficiently detailed and unclear concerning failures of a debt solution company where a going concern sale is achieved and plans kept in being and running in order to facilitate this: "*Any such monies, held prior to disbursement to creditors, should also be promptly refunded to the client (excluding any reasonable administration fees) where the client withdraws from a debt management plan or other debt solution."* The need to refund monies held prior to disbursement to creditors might disadvantage debtors who are in an informal plan – especially those who have been in a plan for some time. The same paragraph requires that "*Any interest earned on a client bank account should accrue to the benefit of the consumer, not the licensee"*. DRF agrees with this but points out that the usual solution to this is for a debt solutions company to ensure client funds are kept in non-interest bearing accounts. This is because the costs of administering interest as a benefit to the client are generally too onerous to make it worthwhile. Whilst interest rates are currently very low, this may not always be the case. If licensees were allowed to retain a portion of the interest earned, this might lead to future solutions that were to the debtor's benefit; e.g. a lower fee charged. DRF would also welcome clarity on the meaning of the term "distribution" in this section of the guidance. For example, if a licensee sends out money received by cheque by BACS when cleared (three to five days later) it hits accounts two business days later. So would a licensee be in breach if the funds had taken seven days to

Q No.	Consultation Question	DRF response
		complete the distribution cycle? If the licensee writes a cheque for distribution on day five then it will still take time to be received, banked, etc., – at what point is the distribution deemed to have been made?
Q36	Are there any substantive aspects of this section with which you disagree?	Concerning 3.37 (p. 56), DRF believes the requirement to have a ring-fenced bank account won't make safe the client monies, which seems OFT's desired outcome: The money in the account may be protected on insolvency but if the account does not contain the correct amount of funds to match to the client balances then there is still the potential for loss. Licensees should have proper documented procedures and systems to ensure money from the client account is dealt with correctly at all times and only withdrawn to distribute to creditors of the debtor or for fees validly earned at the time of any draw down. DRF suggests that strong consideration should be given to introducing clear rules on operating client accounts such as FSA Class 7 rules, or those adopted by the licensees obtained from the Insolvency Recognised Professional Bodies. We would expect trade organisations like DRF/DEMSA to monitor their member's procedures as part of their membership and also to ensure members are reconciling these client accounts on at least a monthly basis to ensure that there are sufficient funds in the account to meet client balances, creditor payments and fees etc., at the time of reconciliation. For example, insolvent debt management company Apex DCM had a separate ring fenced client account which was for the benefit of clients and protected their money from general company funds such that, on insolvency, creditors of the company could not have access to client money. Unfortunately the people handling the client account appear to have

Q No.	Consultation Question	DRF response
		incorrectly drawn funds. This can lead to an overdrawn position being masked by large amounts of money built up over the years for un-presented cheques and suspense items returned. 3.38 "*Examples of unfair or improper business practices include:* *a. where a debt management plan or other debt solution has been entered into, failing to pay creditors at the earliest reasonable opportunity. In the OFT's view, this should normally be within five working days from receipt of cleared funds*[77] *b. failing to inform the consumer of the reasons for any delay in distributing payments to creditors in accordance with the contract, whether or not the delay is outside its control"* And footnote 77: "*We are aware of limited circumstances where consumer client's money may be held for longer than five working days without being disbursed to creditors. Where this is the case, the contract should specifically provide for this, the relevant contract term should be clearly brought to the consumer's attention prior to his entering the contract, and relevant creditors should be informed that monies will not be disbursed within five working days, prior to the expiry of the period of five working days following the licensee's receipt of the consumer client's first payment"*. DRF is concerned that licensees will need to amend contracts to cater for the possibility of not being able to distribute within 5 days if, for example, the BACS system breaks down, telephone systems fail, etc. We believe this requirement is unduly onerous, as there are occasionally circumstances (As noted above and also including bank holidays –

Q No.	Consultation Question	DRF response
		especially unpredicted national occasions – etc.,) which could lead to distributions occurring a day or so late. In these circumstances a requirement to inform the debtor leads to undue cost. DRF does not disagree with the other stipulations around delay and believes these will minimise the occasions where a delay takes place and ensures that, if a delay occurs it will be: • Minimal • Beyond the licensees control In these circumstances we believe there should be no requirement for the licensee to inform the debtor. 3.38 (d): "*where the delay was not beyond the licensee's control, failing to put the consumer back in the position he would have been in had the contract been fulfilled, including making good on any additional interest which would have accrued and on any default charges that have been applied to the account as a result of the delay*" DRF believes this requirement is unduly onerous. Creditors do not usually supply the information necessary to make the calculations required. Creditors do not provide debt resolution companies with regular balance updates to work out this information This would never be accurate even if licensees keep client balances on the system fully updated because licensees do not know whether, if the creditors having received funds through BACS, they apply the money immediately or spend time (possibly months) trying to locate the account with cleared funds sitting in their suspense account, or if the creditor rejects the payment and sends it back because they can't find the account at first attempt.

Q No.	Consultation Question	DRF response
		DRF believes it would be onerous and probably unenforceable that a licensee could be liable for the failure of a creditor and its systems.
Q37	Do you consider that there are any significant omissions?	No.
Q38	Do you have any other suggestions for improvement to this section?	No.

CHAPTER 10 – DEBT MANAGEMENT SERVICES (Q39 – Q42)

Q No.	Consultation Question	DRF response
Q39	Are the draft guidelines on debt management services sufficiently clear?	3.40(a) Some creditors will continue with interest charges until the account is passed on to a collector or a different division of the creditor company. DRF would like clarification as to whether "*outcome of negotiation*" has been reached when it has run that course? 3.40 (b) Presumably a "*material development*" is when the creditor declares specific intent to issue proceedings etc,. Since almost all creditor communication contains a conditional threat of some kind, the customer is likely to be snowed under with entirely unwanted copy correspondence. Debt Management Companies have to be allowed some discretion to do their job properly. Mailing all creditor correspondence - including all the repeat correspondence when collectors change - will frustrate the customer, generate countless unnecessary phone calls and devalue written communication that does have to be sent.
Q40	Are there any substantive aspects of this section with which you disagree?	3.40 (g) "*placing any restrictions on the consumer with regards to corresponding with creditors or others acting on behalf of creditors"* is surplus to requirements. If a licensee is the consumer's appointed representative then the customer should defer to us to communicate in respect with creditors regarding their debt situation. If a licensee is the authorised third party then 3.40 (h), adequately deals with the matter: "where the licensee requires or suggests that the consumer should send to it correspondence received from creditors, the licensee failing to deal with such correspondence appropriately and promptly".

Q41	Do you consider that there are any significant omissions?	No.
Q42	Do you have any other suggestions for improvement to this section?	No.

CHAPTER 11 – CREDIT INFORMATION SERVICES (Q43-46)

Q No.	Consultation Question	DRF response
Q43	Are the draft guidelines on credit information services sufficiently clear?	Yes.
Q44	Are there any substantive aspects of this section with which you disagree?	No.
Q45	Do you consider that there are any significant omissions?	3.40 (J) (P 61): "*not undertaking accurate checks of consumers' account details and/or sending inaccurate information to creditors*" DRF believes that, whilst debt resolution companies should undertake best efforts to elicit accurate information, it is sometimes difficult for creditors to reconcile the information that debtors provide with their own systems. We believe there should be an element of shared responsibility here. Not only should creditors cooperate with licensees, but they should use their best efforts to provide accurate information where necessary. If, in these circumstances, and having used best efforts, a licensee is unable to obtain accurate information, the licensee should not be in breach of the guidance.
Q46	Do you have any other suggestions for improvement to this section?	No.

CHAPTER 12 – CREDITORS' RESPONSIBILITIES (Q47 – Q51)

Q No.	Consultation Question	DRF response
Q47	Are the draft guidelines on creditors' responsibilities sufficiently clear?	DRF believes that 3.43 (p. 66) does not go far enough in relation to the statement: "*Creditors who provide advice to customers who are behind with their payments should have regard to the spirit of this guidance*". Our concern is that, some creditors now set up their own debt repayment plans for customers and that these can favour the creditor that operates that plan. It is DRF's view that, in those cases, there can be consumer detriment because not all the consumer's debt issues are given appropriate weight. Where a creditor operates a debt repayment plan, we believe the creditor should be bound by this guidance and be able to demonstrate relevant competence.
Q48	Are there any substantive aspects of this section with which you disagree?	3.44 (b) *"refusing to deal with … third parties, such as Citizens Advice Bureau, independent advice centers or money advisers, in the absence of an objectively justifiable basis for any such refusal"* DRF believes that, where an advice service is not handling the transmission and distribution of monies from consumer to creditor, but is merely providing advice to the consumer, it is reasonable for the creditor to maintain a direct relationship with the consumer.
Q49	Do you consider that there are any significant omissions?	No.
Q50	Do you have any other suggestions for improvement to this section?	3.44 (a) "*refusing to accept payments tendered, including reasonable token payments*" And footnote 87:

Q No.	Consultation Question	DRF response
		"*Where reasonable payments are tendered by the consumer, or by someone acting on his behalf, it is a principle of law that creditors should not refuse to accept those payments. The OFT considers that, in this context, a (token) repayment may not be 'reasonable' if the cost to the recipient of processing the repayment exceeds the amount of the repayment. The practice of creditors returning payments, or not crediting payments to consumers' accounts, purely because they are received through a debt management business, is a matter which is relevant to a consideration of the fitness of the creditor.*" DRF is concerned that is could lead to significant consumer detriment, particularly for those consumers with the lowest disposable incomes, who are disproportionately present in the client bases of non-fee charging agencies. There are significant numbers of cases where £1/month distributions are made. If creditors were able to refuse these payments and to continue to apply interest and charges the consumer could see a significant worsening of their financial situation in the period between entering a repayment plan and opting for an insolvent debt solution. DRF believes this situation can be avoided by allowing licensees, where individuals' repayment levels are too low to allow "reasonable" repayments, to hold funds until a "reasonable" return is available to the creditor (DRF would suggest that the processing costs should be no more than 50% of the value available). This section potentially impacts on 3.23 (d) (p. 42) which defines, as an unfair or improper business practice: "*dividing available income between debts in proportion to their size, even under circumstances in which it clearly may not be in the consumer's best interests to do so*." As there is an implication that licensees should

Q No.	Consultation Question	DRF response
		alter payments, to the detriment of larger creditors, if a smaller payment could be regarded as unreasonable and returned by a creditor.
Q51	Do you have any comments about the structure or format of this guidance document	No.

CHAPTER 13 – COMPLAINTS HANDLING (Q52 – Q55)

Q No.	Consultation Question	DRF response
Q52	Are the draft guidelines on complaints handling sufficiently clear?	Yes.
Q53	Are there any substantive aspects of this section with which you disagree?	No.
Q54	Do you consider that there are any significant omissions?	No.
Q55	Do you have any other suggestions for improvement to this section?	No.

SECTION 4 – REGULATORY COMPLIANCE AND ENFORCEMENT (Q56 – Q63)

Q No.	Consultation Question	DRF response
Q56	Are these draft guidelines on regulatory compliance and enforcement sufficiently clear?	Yes. In relation to 4.4 (p. 72), DRF would like to point out that as part of the development of a senior qualification to complement the Certificate in Debt Resolution (CertDR) – to be known as the Diploma in Debt Resolution (DipDR), DRF intends to develop a module relating to the needs of vulnerable consumers. This topic will also be dealt with in forthcoming continuing professional development (CPD) requirements for all CertDR holders.
Q57	Does the section 'Licence holders' responsibilities for third parties' clearly convey our expectations?	Yes.
Q58	Are there any substantive aspects with which you disagree?	No.
Q59	Do you consider that there are any significant omissions?	No.
Q60	Do you have any other suggestions for improvement?	4.3 (P.71) and 4.6 (p.72): DRF agrees that all licensees (whether single or group licensees) should provide an annual independent monitoring of their compliance with all relevant OFT guidance, either to a trade association, the holder of their group licence or, if not a member of a trade association, to their LATSS. DRF believes this requirement will ensure the rapid development of an appropriate compliance function and processes inside all licensees' businesses. In the case of DRF members we are achieving this through an arrangement with the Insolvency Practitioners' Association (IPA), a body authorised by the Insolvency Service to regulate licensed insolvency practitioners. This process began in early 2011 and will operate over a three-year cycle where the first year's inspection will consist of three days on-site

Q No.	Consultation Question	DRF response
		inspection and two days off site. In years two and three the inspections will consist of one day on site and two off site. If non-compliance with DRF standards (which always encompass and exceed OFT guidance) is discovered, further inspection can be ordered, at the member's cost. It is DRF's view that a monitoring process designed to ensure compliance and to create public confidence cannot be accomplished with inspections of shorter duration and lesser depth. In relation to **Monitoring** (4.5)**:** "*The OFT expects licensees to have internal systems in place to effectively monitor their ongoing compliance and the conduct and compliance of their staff, agents and associates (for example, the use of call scripts, recording and reviewing telephone calls, reviewing client files and conducting mystery shopping exercises), implementing and/or requiring any changes as necessary. Systems should be capable of being inspected by the OFT and/or LATSS.*" DRF assumes that "staff, agents and associates" includes any form of lead introducer, but would appreciate clarification. DRF is introducing a category of membership for lead introducers, who would be able to opt for an annual compliance inspection process, independently verified by the IPA and would intend this to provide reassurance to DRF members that a lead introducer is compliant with OFT Debt Management Guidance. In relation to Competence & Training (4.9) (pp 73-74): "*Licensees should have adequate training[9] in place for staff, agents (such as self-employed debt advisers) and franchisees acting on their behalf to ensure they are sufficiently skilled and knowledgeable to carry out their role, and are kept up to date with changes in relevant*

Q No.	Consultation Question	DRF response
		legislation and guidance." DRF believes that a distinction needs to be made between client-facing staff and those who perform support functions (such as marketing, Human Resources. Accounting, etc.,) and that it should be clear that only sales, advice and case administration staff require the training referred to here.

Q61	Do you have any other comments about the Annexes (A-D) contained in the guidance document?	A.10, Page 82: "*The sections on 'pre-contract information' and 'contracts' are specifically written with fee-charging and not-for-profit debt management companies in mind. There is no expectation on the OFT's part that not-for-profit advice agencies will enter into formal arrangements with consumers*." There should be some clear guidance for the 'not-for-profit' sectors to (a) be open and honest about the limitations of their service levels, including but not limited to their responsiveness and (b) the availability of appropriate commercial firms that can address these deficiencies. In addition, where a 'not-for-profit' organisation has a commercial partner they should be subject to the same guidance on 'pre-contract information' and 'contracts' (for example, Payplan). Footnotes 106 & 107 on Page 82: *106: An example of a not-for-profit debt management service provider to consumers (such as debt management plans and IVAs) is the Consumer Credit Counselling Service.* *107: There are a number of references to not-for-profit advice organisations, which provide free, confidential, and impartial advice, throughout this guidance. These include Citizens Advice, National Debtline and Advice4DebtNI. Details of where to access such advice in the consumer's local area is also available from*

		Advice UK, Money Advice Scotland and Consumer Direct." DRF believes CCCS should adhere to the guidance as it does, we understand earn from commercial partners. Citizens Advice and similar agencies should advise consumers at the outset of the limitations of their service provision. National Debtline in particular should give a balanced overview of UK debt providers including the commercial sector as they do earn commissions from referral of cases to third parties.
Q62	Do you have any other comments about this guidance document?	No.
Q63	Do you consider that a shortened (executive summary) version of the guidance might be useful? If so, which aspects of this document do you consider should be included/omitted?	Yes. We believe it would be helpful for a short summary expressing the spirit of the guidance and for a restatement of the principles behind each section.