

Debt Management Protocols

Executive Summary

Pre-Contract Action to be taken by Providers

Before a client enters into a contract with a Provider, they will have received the information on dealing with debt (annexe 1).

A Provider will not charge any fee before a contract is signed and the agreed monthly payments from the client have commenced.

Advice

Providers will advise on all the debt solutions available to and suitable for an individual, as specified in the Office of Fair Trading's most current Debt Management Guidance or in any guidance that may supersede this. Where a debt management plan (DMP) may not seem the most appropriate option, the Provider will explain to creditors why the client has opted for it.

Providers will work towards the Money Advice Service accredited Quality Framework for debt advice.

Fees and Charges

Providers will spread the initial fees charged to set up a DMP evenly over at least the first 6 months of the plan. Thereafter, any further management fees will be charged evenly over the lifetime of the plan.

Creditors

Disbursements to creditors should begin at month 1 unless the creditor has failed to provide sufficient account information to allow disbursements.

Independent Monitoring

All Providers will be independently monitored by a recognised auditing/regulatory body prior to being recognised as compliant with this Protocol. Thereafter, they will be monitored at least annually.

The Insolvency Service will take the lead in reviewing the overall effectiveness of the protocol within 12 months of set up.

Standing Committee

A Standing Committee will be formed to assist with the review of the effectiveness of the protocol and will have the authority to determine whether a Provider reaches protocol compliant standards.