

## Business Conditions

The following information is provided to all our clients once you instruct us to act for you.

Thank you for instructing us to deal with your debt management programme and your financial affairs. We aim to be completely transparent in our dealings with you hence this explanatory leaflet. We will endeavour to achieve the best possible outcome for you whilst maintaining the quality and efficient service we pride ourselves on. This leaflet is to be read in conjunction with our terms of business and is designed to assist you and to provide you with essential information regarding the management of your financial programme with us.

Your debt management programme is designed to get you out of debt where you agree and make payments regularly through an affordable payment plan. It is based on our assessing what you can afford to pay by calculating the surplus income that you have on a month by month basis. We will work with you and your creditors to establish a financial management programme based on what you can afford to pay. We will then negotiate with your creditors for them to accept reduced payments and to reduce or totally extinguish the interest and charges that your creditors are entitled to charge you under the normal terms of your contract with them. This document sets out in detail the things you need to know about your debt management programme and you should read it very carefully.

We are not able to provide you with loan facilities. Our area of expertise lies in the field of debt management only.

Please take the time to read through this leaflet carefully and revert back to us should you have any queries at all.

### 1. Your Instructions

You have instructed and appointed us to act on your behalf for the purposes of preparing a financial statement for you. If we have not already done so we will shortly be writing to your creditors, commencing negotiations with them and informing them that:

1. We are acting on your behalf
2. Requesting up to date balances on your account(s)
3. Requesting the interest and charges be frozen on your account(s)
4. We will then negotiate a repayment programme with your creditors on your behalf.

This document addresses immediate queries about the day to day handling of your programme.

## 2. Progressing your programme

We will endeavour to keep you updated on all developments with your creditors and contact you should we require your further instructions. Our overall aim is to get you out of debt in the shortest possible time. Additionally, as part of our service to you we will review your file on an ongoing basis and will do our utmost to make sure that we progress your case as quickly as possible.

## 3. The department responsible for dealing with your case

Our Customer Services Department will be responsible for the day to day management of your debt management programme. The Customer Services Manager is assisted on a day to day basis by members of the department and other key members of staff.

Ken Finney, the Operations Director is responsible for the day to day supervision and management of the firm. He is assisted by Emma Carroll our Client Liaison and Compliance Manager.

## 4. Personal Information/Data Protection

We will keep confidential all information received from or about you. We will not pass this information to anyone else without your permission. We will provide information to your creditors as is necessary in order for us to negotiate repayments with them.

We will collect personal information about you both directly from you and from your Creditors as authorised by your signed Client Authority Form. We will also collect further information as a result of managing your payment programme.

We will use your personal information to provide our services to you, and in particular to:

1. Prepare and issue to you your payment programme
2. Negotiate with your creditors on your behalf; and
3. Keep you informed about your payment programme and our services

We may also use your personal information to contact you to provide you with details of other products and services which we think may of interest and/or benefit to you.

Other than as set out above we will only disclose your personal information to the extent required by law, court order or as requested by other government or law enforcement authority.

You may contact the Data Protection Officer by writing to us for further information or if you want to request a copy of the personal information which we hold about you or to ask us to amend any inaccurate information held by us. If you would like a copy of the personal information which we hold about you this can be provided for an administration charge of £10.

## 5. Priority Debts

The Financial Statement that we have prepared on your behalf assumes that you will continue to make the payments to your priority debts including your mortgage/rent and your utility bills. Failure to meet those ongoing liabilities will result in additional problems for you for example the repossession of your home or disconnection of services. Failure to meet priority debt will also result in the debt management programme subsequently and inevitably becoming unworkable. If you are experiencing difficulty in meeting payments to your priority creditors please contact us for advice as soon as possible.

## 6. Our charges and expenses for debt management clients.

In order to carry out your instructions above we have agreed to act for you for a fixed fee of your first two monthly payments. The two monthly payments that we retain for costs are inclusive of disbursements. We charge a monthly management fee of 17.5% of your agreed payment or £25 whichever is the greater. Our monthly management fee will be deducted from the third payment that you make to us and all subsequent payments that you make under the programme.

The two payments that we charge you for our fees at the outset are for the following:-

(i) For preparing a financial statement based on your circumstances which involves:-

- a) Contacting your creditors for current balances
- b) Updating your creditor schedule and preparing a final statement accurately stating your present total outstanding debt
- c) Reviewing your income and expenditure and finalising an accurate schedule stating your surplus disposable income to be paid to your creditors.

(ii) Dealing with any queries your creditors may have whilst they await disbursement of your third payment into the programme.

(iii) If your creditors are unhappy with the position and your instructing us we can discuss matters with your creditors and help allay any concerns they have. Please note however, we do not give legal advice, we are not a firm of solicitors regulated by the Solicitors Regulation Authority. We cannot go to court for you. We will advise you if we think it is appropriate for you to seek legal advice.

## 7. Our Charges and Expenses for IVA clients

If you have been advised that your circumstances may be suitable to propose an IVA to your creditors we will speak to your creditors and secure balances on all your accounts. We will finalise your current income and expenditure schedule and complete the financial statements for submission to an Insolvency Practitioner for his consideration and the submission of your proposal to your creditors. Throughout this

time we will continue to assist you with the management of your creditors. At the moment we refer all our IVA clients to Mark Beesley of Beesley and Company. Beesley and Company is a company owned and managed by Mark Beesley and Elizabeth Beesley. Mark Beesley is the husband of Elizabeth Beesley the owner of Moneysolve. For this service we charge three months payments.

#### 8. Payment to your Creditors

As the first two payments you make to us are to cover the costs of setting up your programme, the first payment that your creditors will receive under the programme will be upon you making the third payment to us. Your creditors will not receive a payment from your agreeing to us managing your programme until the third payment is made by you. This is likely to cause your account with your creditors to fall further into arrears and it is likely that you will also incur additional late payment charges during this period. The effect of this is that the repayment period may be extended and the total sum to be repaid will be extended.

#### 9. Interest

Your creditors are not obliged to accept reduced payments under the debt management programme or freeze the interest accruing on your account during the set up period (i.e. the first two months) or indeed thereafter. Our experience of dealing with creditors is that most creditors will agree to freeze interest but only after you have maintained regular payments under the debt management programme usually for six months. Most creditors will agree to freeze the interest and charges pending review after they have received six months payments. This of course is conditional upon those payments being made by you in full and on time. If your debt has been transferred to a collections agency it is likely that interest may be frozen at this juncture. We have already provided you with an estimate of how long we estimate your programme to take however, in reality it may take longer for you to repay your debts fully depending on whether the interest and charges are frozen and whether your creditors are content to accept payment under the programme.

#### 10. Unhappy Creditors during the Debt Management Programme

There is no requirement in law for your creditors to:-

1. Agree to reduced payments under the debt management programme.
2. Agree to freeze the interest and charges
3. Refrain from taking legal action against you

Some creditors may not agree to any of the above. In such circumstances it is possible that such creditors will issue default notices under the Consumer Credit Act 1974 and subsequently issue legal action against you for the recovery of the debt. Under a debt management programme there is nothing we can do to prevent your creditors taking whatever action they wish to take. Your creditors may without notice modify the repayment levels agreed in the programme and in such circumstances the programme may need to be revised. We will advise you if this becomes necessary.

#### 11. Your Credit Rating

Anything other than timely contractual payments under your credit agreement will result in an adverse credit entry being registered on your credit file by your creditor. It is quite possible that by the time you instruct us that your credit rating may have already been severely impaired 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. It is very likely, particularly in the present economic climate, that this will impair any efforts that you make to secure further borrowings either in the short or medium term. Credit Reference Agencies keep information relating to your payment history for six years. Even with the successful completion of the programme this might not result in an immediate improvement in your credit rating.

#### 12. Bank Account

It is quite possible that your bankers may withdraw your current banking facilities. If your current account is overdrawn the balance will need to be included in your debt management programme. If this is the case you will need to open a new basic banking account. We will advise you if we feel this is necessary and provide you with information as to how such accounts can be accessed.

#### 13. Creditor Debt we cannot deal with

Unless you have been advised that your circumstances are suitable for an IVA to be proposed to your creditors we are not able to deal with the following creditors under a debt management programme:

1. HMRC (Inland Revenue)
2. Any fines that you have incurred for example speeding tickets
3. Council tax debt
4. CSA payment arrears.

If you have debts owing to those creditors we will advise you on what you need to do on a case by case basis. Our experience of the above creditors is that they very rarely agree to be included under the debt management programme and will not accept pro-rata payments under the debt management programme. Such creditors prefer to deal directly with you although we are always available to give advice or guidance should this be necessary.

#### 14 Important Information for IVA Clients

An IVA must be approved by the majority of your creditors in order for you to deal with your creditors in this way.

- 1) If you owe more than 75% of your debt to one creditor then that creditor must agree to the proposal if they vote at your creditors meeting.
- 2) If you own your own property and there is equity in it you may be required to release part of the equity in year 4 of the arrangement.
- 3) The arrangement usually lasts for five years but occasionally six. During this period you will be expected to manage your finances effectively to ensure that for the duration of the arrangement all your surplus income is available to your creditors.
- 4) If your IVA is refused by creditors we may advise you to file for your own bankruptcy or your creditors may take this step themselves. Creditors will only do this if they feel that they would gain more from you being bankrupt.

#### 15. Correspondence/Contact with your creditors

You should not ignore correspondence or other contact from your creditors or their representatives. It is very important that you forward correspondence to us and keep us informed of any contact you have had with your creditors. We will advise you accordingly.

#### 16. Duration of the debt management programme

We have given you an approximate estimate of how long it will take for you to repay your debt under the programme. Until we finalise your financial statement and secure your creditors agreement to freeze interest and charges we can not be any more accurate about the duration of your debt management programme. This will periodically be reviewed and we will write to you when a more accurate time scale can be given. Once we have reviewed your documentation and reassessed your financial position if it becomes apparent to us that your case is not suitable for a debt management programme or another solution is more appropriate for you we will revise our advices to you.

#### 17. Disbursement of your payments to your creditors

Once you have made your third payment to us we will deduct from it our monthly management fee (currently 17.5% of the monthly payment or £25 whichever is the greater) and distribute pro-rata the balance of the payment to your creditors. The Office of Fair Trading by whom we are licensed to provide debt management services requires us to disburse the cleared payment you make to us within 5 working days at

the latest. In accordance with this requirement we usually disburse cleared payments to our client's creditors every Wednesday. If we are unable to disburse your payment we will inform you of this. For our clients who have opted to pay weekly as opposed to monthly, we will disburse every 4<sup>th</sup> cleared payment to creditors.

18. Cashing of cheques and delays by creditors

We will make every effort to ensure the monthly payment you send to us, minus our management fee, is sent promptly to your creditors, currently by post, each month. On occasion there are factors beyond our control and through no fault of our own that may result in charges and / or interest being applied to your account, for example where there has been delay with creditors dealing with payments we send them. Should this arise, we will endeavour to liaise with your creditors to seek a refund of any additional interest and charges.

19. Our Clients Account

Any money that you pay to us is deposited into our firm's Client Account pending disbursement to your creditors. No interest accrues on this account.

20. Your current and ongoing relationship with your creditors and/or their appointed representatives.

If you wish to discuss/correspond with your creditors directly regarding your financial position you are perfectly entitled to do so. All that we ask is that you keep us informed and forward copies of any letters you send to them to us. We will update you on any correspondence we receive from your creditors and provide you with copies of key correspondence arising whilst we have conduct of your debt management programme. By the same token we ask your creditors not to contact you directly. However some may continue to contact you in spite of our request not to do so. In our experience when the programme is running and the creditors are receiving a regular payment this should diminish the level of contact.

21. Annual Reviews

We will carry out an annual review of your financial circumstances. This will involve us reviewing your income and expenditure and updating your schedule. We are under a duty to verify your financial position by having access to your documentation where it is available. Estimates can only be used when such documentation is not available. Your creditor schedule is updated upon our receipt of correspondence or communication from your creditors. We will reassess your position to see whether your payments to your creditors can be increased in order to reduce the period of time that you spend under the programme in other words, so that your creditors can be paid in the shortest possible time. Should you experience any changes in your financial circumstances please contact us and we will carry out the review to reflect your current position. This may involve us advising you to reduce/increase your payment to creditors and/or recommending alternative solutions if appropriate. More often than not your creditors require us to carry out 6 monthly reviews. Where this is required we will contact you for the relevant information so we can undertake this on your behalf. We are in the creditors hands in this regard.

22. Direct payments to your creditors

During the set up period (i.e. the first two months of the programme) where payments you make to us are in respect of our costs and no monies have been disbursed to your creditors, if you can make a token payment to your creditors we would recommend that you do this. Upon receipt of your first payment into the debt management programme we will write to your creditors immediately so that they will be aware of your position and our involvement. We have advised you to stop making direct payments to your creditors as you will not be able to set up a debt management programme through ourselves and pay what you can to your creditors at the same time. Of course, non-payment of the required monthly payment will result in interest and default charges being added to your account thus increasing the level of debt that you owe.

23. Review of your creditors acceptance or otherwise of the programme.

We will keep under review your creditors decision as to whether or not to freeze interest on your agreement. There may be circumstances where the pro-rata payment that you make to your creditor under the debt management programme may be less than the sum added to your account in interest and charges. This will mean that the debt you have with that particular creditor will increase. If this becomes apparent we will speak to your creditor to see if they will agree to freeze the interest on a periodical basis. This will always depend on your creditor receiving payment under the programme regularly and on time. If they are unwilling to do this we will inform you of this and ask you if you want to increase your payment to that particular creditor. This may cause problems with your other creditors particularly if they take the view that the creditor in question is acting unreasonably or feel that the unreasonable creditor is being treated preferentially. The only other alternative in such circumstances would be for you to take the creditor off the programme and for you to manage that creditor independently (i.e. make direct payments to them). Depending on the reason for the refusal to freeze the interest we will advise you of the best way forward.

24. Internal Audit Procedures

We constantly strive to improve our service to you. We have an ongoing 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.

25 Office Hours

Our office is open between 9am and 8pm Monday to Thursday each week and 9 am to 5pm on Friday. Our office is also open on a Saturday morning between 10am and 2pm albeit with reduced staffing levels. Our office is closed at all other times including bank holidays and during Christmas week each year for the firm's annual shutdown.

26. Equality and Diversity

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.

27 The storage of letters and statements that we received from your creditors.

The salient information contained in any correspondence we receive about your accounts from your creditors is entered onto our computer systems. Thereafter the correspondence will be retained securely at either our premises or at another secure location during the term of your programme with us.

On termination of the programme, if you so wish, we will return all paperwork retained by us to you. If you want us to do this you must inform us during the term of the programme or on termination in writing. If you do not want this paperwork returning to you we will place it in secure storage for a period of 12 months following the termination of your programme. After this period we will destroy the paperwork in line with data protection guidelines.

28. Money Laundering Regulations

The Money Laundering Regulations 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 as to the source of the funds paid to us. In order to comply with these regulations, we need to ask you for proof of ID 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 over rule the normal confidentiality rules. Under the Proceeds of Crime Act 2007 and the Money Laundering Regulations 2007 we may be obliged without reference to you to make disclosure to the National Criminal Intelligence Service (see [www.ncis.co.uk](http://www.ncis.co.uk)). We have the right to give such NCIS notice as we deem appropriate without recourse to you.

29. Your Rights in Cancelling the Contract within 14 days of payment

This agreement will start when you accept (i.e. sign) the firm's terms of business and returning the client authority form to us.

If you wish to cancel your financial management programme, you are entitled to do so at any time by giving us 14 days notice from the commencement date. If you have already paid us the set-up fees we will only refund these to you if the programme has been cancelled in writing within 14 days of commencement. This period of time is the "cooling off period" to give you an opportunity to consider your position. If you provide us with notice in writing within 14 days we will provide you with a full refund.

Upon cancellation of your agreement our authority for dealing with your creditors would be withdrawn and your creditors will continue to deal with you directly. We will notify your creditors that we are no longer acting for you.

### 30. Terminating this Agreement

30.1 We may terminate the agreement on giving you seven 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 stop your payments to us. We will refund any undistributed funds to you less our charges.
- (iv) The company reserves the right to terminate this agreement at any time giving seven days notice at its own discretion.
- (v) If you breach your responsibilities to us as set out in paragraph 3 of our terms and conditions.

30.2 You may cancel/terminate your debt management programme at anytime however you would not be entitled to a refund of the set up costs you have paid to us (unless we have acted in breach of the firms terms of business). If we are holding any funds that are due for distribution to your creditors that have not been distributed then providing you notify us within 7 days of the distribution date those funds can be refunded to you.

### 31. Service Standards

We will:

- i) Update you regularly on the progress of your programme
- ii) We will communicate with you plainly
- iii) We will explain to you by phone or in writing the decision regarding your debt as and when matters arise.
- iv) We will update you on the disbursement of your monthly payment on a monthly basis.

- v) We will continue to review your case and update you if our views change as to the progress of your case
- vi) Always treat you fairly and act honestly

### 32. Complaints

We sincerely hope and expect that you will be totally satisfied with the work and the service you receive from us. However, if you are unhappy with any aspect of the service provided during the conduct of your debt management programme it is important that you raise any concerns that you have initially with the customer services advisor dealing with your case. If you require clarification on any issue or in the event that you are still unhappy you can raise your concerns with Emma Carroll, our Customer Liaison and Compliance Manager. She will do her best to address any concerns that you have promptly. In the unlikely circumstance that Emma cannot deal with your complaint you may raise your concerns with Ken Finney, our Operations Director. On receipt of your complaint he will carry out a full investigation and provide you with a full written response. He 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 to improve our service to you. If for any reason we are still unable to resolve the problem you may refer the matter to the Financial Services Ombudsman. Their phone number is 0845 606 1234. Full details for the FSA can be found at [www.fsa.gov.uk](http://www.fsa.gov.uk). A copy of our complaints procedure is available on request.

### 33. Other Guidance

Other guidance material to help you deal with your creditors is freely available online. The insolvency service publish a guide to help people in debt called “In Debt? Dealing with your creditors” the contents of which we have discussed with you and is available for you to review in full at [www.insolvency.gov.uk](http://www.insolvency.gov.uk)

### 34. About Us

We are a debt management firm licensed by the Office of Fair Trading in the provision of debt management services. We have extensive experience of helping people with their financial difficulties. Our consumer credit licence number is: 600458. We do not provide legal advice. We are not a firm of solicitors regulated by the Solicitors Regulation Authority.

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.