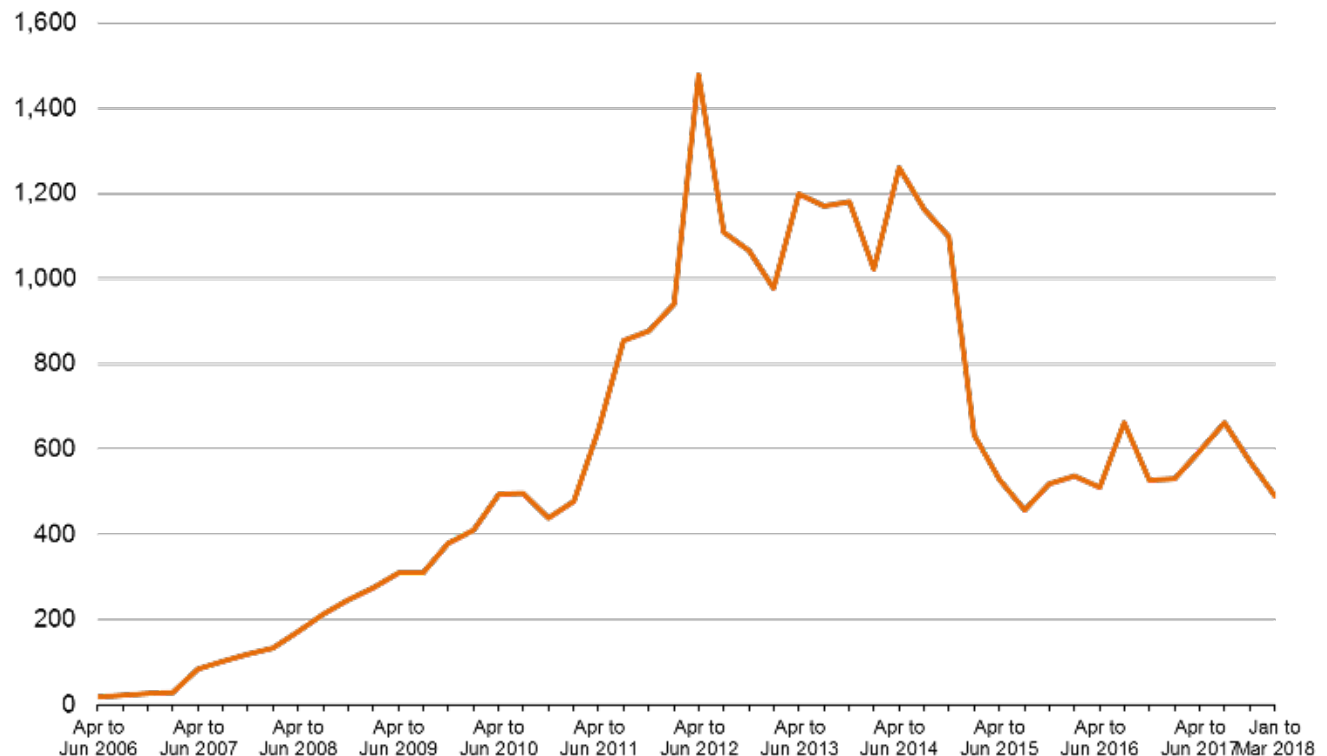


das

Digest

DAS enjoys strong year

Approved DPP under DAS



The latest figures published by Accountant in Bankruptcy show there have been welcome signs people struggling with debt in Scotland are turning to DAS, with a 4.0% increase in the number of debt payment programmes approved.

For the full 2017-18 year, 2,322 DAS debt payment programmes were approved, helping those in debt to take control without facing insolvency and protected from further action being taken against them.

The number of DAS programmes completed rose to 1,681 from 1,603 in 2016-17, a 4.9% increase. A total of £37.6 million was repaid through the scheme in the last year.

However, the figures for the final quarter of the year, which covers January to March 2018, show a drop in approved DAS programmes, with 490

for the quarter compared with 531 in the same period a year ago.

There were 404 debt payment programmes under DAS completed this quarter, a 4.5% decrease compared to the fourth quarter of 2016-17.

Debtors repaid £9.3 million in the quarter under DAS, similar to the £9.2 million repaid in the same quarter in 2016-17. Through DAS, creditors receive a minimum of 90% of the debt owed to them from debtors (after the DAS Administrator and payment distributor fees). After these fees have been deducted, £8.6 million was paid to creditors in Q4 of 2017-18.

A debt payment programme reaches completion when the debt in the programme has been paid in full, minus the fees paid to the DAS Administrator and the payments distributor.

During the quarter, 485 applications to vary a debt payment programme under DAS were approved while 21 were rejected. The number of approved variations was 3.9% of live DAS cases. A total of 330 applications to revoke a DAS debt payment programme were approved over the quarter, with 240 rejected. Overall, 2.4% of live DAS cases were revoked during the fourth quarter of 2017-18.

Commenting on the latest figures, Scottish Government Minister for Business, Innovation and Energy Paul Wheelhouse said: “Here in Scotland, we are working hard to be at the forefront of debt relief policy across the world and we will shortly be seeking to introduce further measures to widen the access to our successful Debt Arrangement Scheme.”

DASH replacement hits major milestone

The first release of the DASH replacement system eDEN has been received by AiB and the Efficiencies and Technology team is now putting it through its paces.

Although this is not an official test process, the team will expand shortly with new testers recruited to fully analyse the next release in July, which should include the new process for variations.

This present release features:

- login
- logout
- personal application
- personal application search
- quick search (ref number only)
- settings – management only
- users
- user registration
- organisation
- document type management
- organisation type management
- document upload, view, search, download, attach, detach
- notes

Variations

Progress is being made on the development of the system to take into account variations and developer Leidos has completed the first set of case documents to inform what is required. These are back with AiB for clarification and once signed off, the development will begin.

Revocations

A workshop was held on 15 May to discuss revocations and representatives from StepChange and HMRC attended to give their point of view.

AiB Visits

The project team is arranging visits to money advisers CARF and payments distributors Carrington Dean to discuss the new system. These visits will allow stakeholders to feed back any issues they currently experience to allow the team to avoid them in the development of eDen.

External Group

The third meeting of the external group will take place on 20 June, when the variation screens and revocation process will be demonstrated. Visits will also be arranged to creditors and other payments distributors to ensure all stakeholder group requirements are captured.

Interface

The interface to connect external systems with eDen was discussed at the last external board meeting. This enables information to be sent to eDEN without logging in and avoids double keying. This does require development for your own IT provider to be able to send and receive the necessary information. Leidos will be producing a specification once the development is complete. If anyone would like to discuss this please get in touch.

Those attending AiB’s annual stakeholder events around Scotland in May this year will hear first-hand about DAS regulation changes and will get the first glimpse of eDEN. Leidos will be in attendance at these meetings attendees are invited to come and say hello to the team.

If you have any feedback on the DASH replacement project development, please email brian.kennedy@aib.gsi.gov.uk

DAS set for boost following review

Minister for Business, Innovation and Energy Paul Wheelhouse has announced a raft of improvements to DAS which seek to make the scheme even more of an appealing product to those in Scotland struggling with problem debt.



Paul Wheelhouse Minister for Business, Innovation and Energy

DAS was launched by the Scottish Government in 2004 and is administered by Accountant in Bankruptcy. Since the process was reformed in 2011 to widen access to the scheme, over £200 million has been repaid through DAS.

AiB carried out two consultations into DAS during 2016 and 2017 to review the changes to the legislation made in 2013 and 2014.

Responses to these consultations broadly agreed the changes introduced in recent years had met their intended outcomes. However, some industry respondents also recommended a number of improvements.

Feedback suggested that the compulsory inclusion of mortgage and rent arrears could result in debtors facing difficulties in their housing situations and proposed debtors should be able to exclude these debts if they so wish.

The consultations also highlighted the requirement for all surplus income to be included in a debt payment programme be removed.

In future, to strike the right balance of fairness to both creditors and debtors, debtors will be able to choose the level of payment they offer to the scheme and creditors will be able to consider this sum when choosing to accept or reject the proposal.

It is anticipated these changes will be enacted in October 2018.

The Minister said: “The Debt Arrangement Scheme is currently the only statutory debt management programme in the UK and has proven to be a valuable tool for helping people suffering from unsustainable debt back onto their feet.

“It is a testament to the remarkable success of DAS that the UK Government is looking to introduce a scheme which freezes interest rates and charges on debts and gives debtors much-needed breathing space across the whole of the UK, very much modelled on DAS.

“This demonstrates that Scotland continues to lead the way when it comes to issues of personal debt management and debt relief.

“Over £200 million has now been repaid through DAS since the new regulations opening the scheme up to more people who need help were seven years ago.

“But we refuse to take the success of DAS for granted, which is why we’re introducing changes to exclude housing debts from debt payment programmes should debtors wish, and remove the requirement for debtors to contribute every penny of their surplus income.

“These changes make DAS more flexible and will help encourage more people to consider the scheme as a viable method for bringing their finances back under control.”

DAS Case Reviews and Decisions

Following feedback from readers, it's clear there's an appetite for more examples of real cases to illustrate the DAS Administrator's decision making process. In particular, you have asked for more information regarding cases submitted for review.

Revocations

Case A



- Six years and two months into a seven years and 11 month debt payment programme.
- Revocation application submitted by creditor due to the debtor's failure to pay a continuing liability.
- The debtor failed to respond to the letter notifying them the debt payment programme was to be revoked and provide their comments.

- The DAS Administrator noted there were two previous occasions when revocation action commenced due to a failure to pay the DAS payment, but revocation was rejected on both occasions to give the debtor the opportunity to get their affairs in order. The debtor was advised that further failure to adhere to the standard conditions in the programme may lead to the debt payment programme being revoked.
- The DAS Administrator revoked the debt payment programme.
- The debtor applied for a review, claiming they did not receive the revocation notification letter.
- The review was not upheld and the DAS Administrator's original decision to revoke the debt payment programme stood.

Case B



- Three years and five months into a 10 years and seven month debt payment programme.
- Revocation action commenced by DAS Administrator following notification by a creditor that the debtor had failed to pay a continuing liability.

- The DAS Administrator noted that previous revocation action for non-payment of a continuing liability had been rejected to allow the debtor to get their affairs in order.
- The money adviser asked if the further debt due, in respect of the continuing liability, could be included in the debt payment programme. They were advised the DAS regulations don't allow for this.
- The DAS Administrator revoked the debt payment programme.
- The debtor requested a review and it was noted the outstanding sum due to the creditor included some arrears which could have been included in the debt payment programme. A proposal was made to repay this and the continuing liability.
- The creditor, with whom the debtor had subsequently reached a repayment arrangement for the arrears, confirmed to the DAS Administrator they would have no objection to the DAS DPP being reinstated.
- The review was upheld and the decision to revoke this debt payment programme was overturned.

Fair and reasonable test

Case C



- Total debt £12,781.38 and term of proposed debt payment programme was three years and eight months.
- No discretionary condition was noted on the application.
- One creditor, owed 8% of the total debt, rejected the proposal as they did not believe the statement of the debtor's income and expenditure was accurate.

- The money adviser provided evidence used to verify the debtor's income and expenditure which confirmed the claim of the creditor, who rejected the proposal.
- The DAS Administrator approved the programme as the term of the debt payment programme was considered fair and reasonable, but included a discretionary condition that a variation application must be submitted within six weeks of approval to increase the instalment amount.
- The debtor applied for a review of the discretionary condition, claiming the inflated income was as a result of working overtime, which was not guaranteed.
- The review request was not upheld, as the evidence provided showed the debtor's income was higher than originally stated. However, a short extension was agreed to enable the debtor to meet the discretionary condition.

Case D



- Total debt of £60,204.17 and term of proposed debt payment programme was six years and 10 months.
- No discretionary condition was noted on the application.

- One creditor, owed 4% of the total debt, rejected the proposal as the debtor only had a short term remaining on their mortgage and their interest was a secured loan, to which the debtor had ceased payments and they believed this should take priority over the unsecured debt.
- The DAS Administrator considered this creditor's response, along with those of the other creditors and noted the debt was composed of arrears of a secured loan. While it could be included in the debt payment programme, it would extend the repayment term of the mortgage.
- Taking these matters into consideration, the debt payment programme was rejected.
- The debtor applied for a review of this decision and provided evidence to show that the total debt had decreased by over £12,000.
- The review application was upheld and the DAS Administrator's decision was overturned, as the reduction in the total debt reduced the term of the debt payment programme to five years and five months, which was felt to be fair and reasonable.

DASH MESSAGES

A round up of the messages on DASH since the last issue of the DAS Digest.

Housekeeping Exercise – Discretionary Conditions

In preparation for eDEN, we are currently undertaking several items of housekeeping on DASH which includes expired discretionary conditions. We will therefore be contacting advisers and debtors where a discretionary condition has expired.

CMA DASH step-by-step user guides updated

Please note the CMA step-by-step user guides have been updated to specify that the relevant

notification letters should be issued to the debtor and creditors within two working days of the automatic approval or DAS Administrator decision. Updated versions of these user guides can be found in the DASH Help section.

For the attention of payments distributors

Payment Break Ending We are aware of an issue with restarting some DPPs when a payment break has ended. We are working on a solution to this issue, and will provide an update as soon as possible. We apologise for any inconvenience in the meantime.

GDPR update



The General Data Protection (GDPR) comes into force on 25 May. As a result of this AiB has updated their privacy statement to be in line with the new regulation. The statement is available to read on our [website](#).

AiB will continue to send you information for business reasons relating to AiB or DAS in accordance with this. If you don't want to continue receiving such information from us please email Suzan.Gunn@aib.gsi.gov.uk and you'll be removed from our list.



Scottish Government
Riaghaltas na h-Alba
gov.scot

Please provide any feedback on this newsletter to the **DAS team**.

Tel: 0300 200 2770

DAS Administrator

Accountant in Bankruptcy

1 Pennyburn Road

Kilwinning

KA13 6SA