

# DMP FACTSHEET (DEBT MANAGEMENT PLAN)

## WHAT IS A DMP?

A DMP (Debt Management Plan) is an **informal debt solution**, that could help you are having difficulty keeping up with monthly debt repayments.

In a DMP, you repay your debts by means of reduced monthly payments. Your affordability for these payments is determined by taking a look at your debt level, income, your circumstances and determining what money you have left over each month, after all household expenses have been considered. This is known as your disposable income.

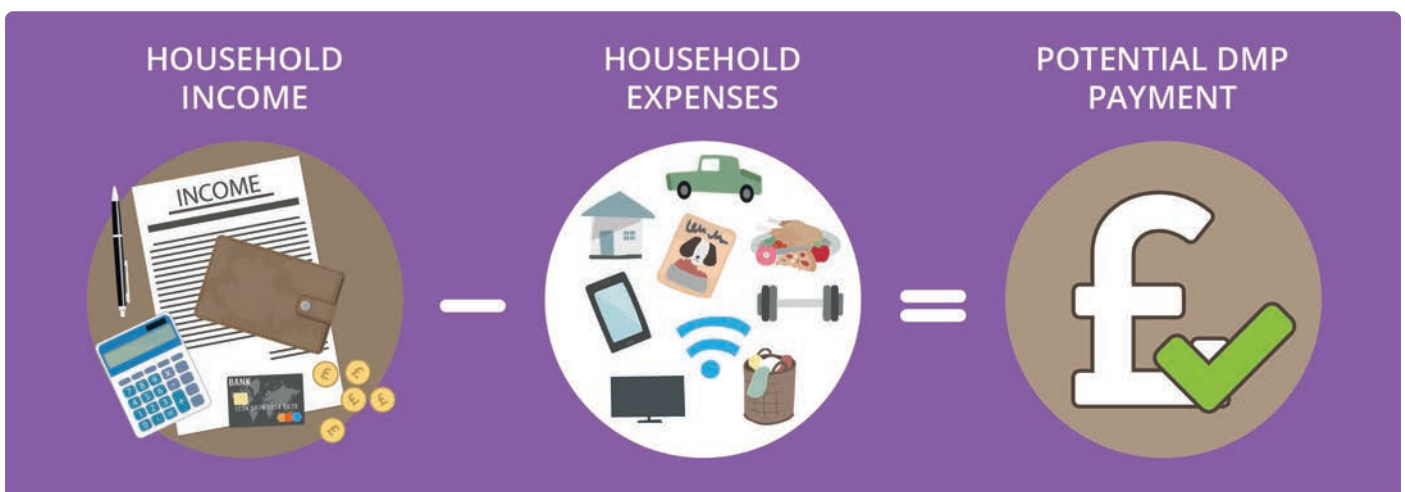
You can negotiate your own DMP with your creditors (the people you owe money to), or you can use a regulated Debt Management company, like ourselves, to set up and manage a DMP on your behalf.

The duration of the plan will depend on how much your debts are, how much you can afford to pay and how long you feel you need to stay in the plan. You can continue until your debts are paid in full, or until your circumstances change, or until you decide you want to opt out of the plan. It is completely flexible.

## HOW DOES A DMP WORK?

In order to enter into a DMP you must be able to demonstrate that you cannot afford your current debt repayments. Every DMP is unique and your proposed monthly payment will depend on factors such as your employment status, household income, expenses, your total amount of unsecured debts, number of creditors etc... Your DMP repayments are calculated by analysing all of these factors and determining how much money you have left over each month to pay towards your debts.

When your monthly DMP payment is determined, we can then negotiate your plan with your creditors and distribute and manage your payments to them each month. DMP payments are reviewed annually during the term of the plan.



## ADVANTAGES OF A DMP

- An Informal agreement that can be stopped at any time as your circumstances change (for better or worse).
- Interest & Charges could be frozen if creditors agree.
- Creditor pressure eased as you can direct them to your case manager.
- 1 easy monthly payment to cover all unsecured debts.
- A debt management company will negotiate with creditors on your behalf, so offers are more likely to be accepted and interest frozen than if you try to do this yourself.
- A debt management company will help you prepare your plan, including agreeing the level of your household and personal spending based on guidelines, which can then be used to put your case to the creditors.

## DISADVANTAGES OF A DMP

- Can remain on credit file for sometime after completion if a default notice has been issued.
- If your creditors refuse to freeze or reduce interest this can lead to increased debt level as repayments are less than original contractual payments.
- Debts will be repaid over a longer period of time than if contractual payments were made.
- You will repay debts until they are paid in full or until you decide to opt out.
- Repaying debt over a longer period may increase the total amount to be repaid.
- Your ability to obtain credit will be affected in the short term and might be affected in the medium to long term.

## DEBTS THAT MAY BE INCLUDED IN A DMP

Debts that may be included in a DMP are listed below. This is not an exhaustive list.

- Loans
- Overdrafts
- Credit Cards
- Utility arrears
- Council tax arrears and current year
- Catalogues
- Store Cards
- Payday loans
- Some debts owing to HMRC for tax and national insurance arrears or tax credits overpayments
- Debts to family and friends
- Debts for professional services, i.e. solicitors, accountants, vets etc.

## DEBTS THAT MAY NOT BE INCLUDED IN A DMP

Debts that may not be included in a DMP are (please note that you will remain liable for some of these debts after the completion of your DMP):

- Mortgages and secured loans
- Student loans
- Court fines
- Hire purchase agreements
- Child support arrears
- Social fund loans

## IS A DMP RIGHT FOR ME?

We assess your situation and advise on all suitable debt solutions available to you. It will be your choice in deciding if a DMP is the best option. Below are some points that might help you in deciding.

A DMP may be a suitable option for you if:

- Your disposable income is sufficient to service a DMP – this will depend upon both how much you can afford to offer each month and how much debt you owe in total.
- You want a plan that is flexible and informal with an option to adjust payments or cancel at any time.
- You have a debt level unsuitable for an IVA.
- You believe that an IVA is too formal for your situation and you would prefer to address your debts with an informal plan.
- You are unable to obtain a consolidation loan or if you cannot raise enough to repay your debts in full.
- You wish to avoid any adverse effect that bankruptcy may have on your employment/career prospects.
- You wish to avoid any adverse effect that bankruptcy would have on your ability to trade your business.
- You are/or will be a Company Director and do not want to lose your directorship as a result of bankruptcy.
- You wish to avoid the publicity and perceived stigma associated with bankruptcy.
- You do not require or want formal protection from your creditors.

### DMP EXAMPLE



Mr S was struggling to stay afloat with his debt repayments of £170 per month on various unsecured debts totalling approx £3,795. He contacted us and we discussed his options. He decided that a DMP was his best solution.

We negotiated his new payment with his creditors and managed to agree that his interest & charges were frozen on his debts. The creditors agreed to his plan and he is now making much more affordable payments towards his debts of £90 per month.

He can continue with his plan, until his debts are repaid in full, or until such times as he decides he doesn't require our services.

He can also look at increasing or decreasing his monthly DMP payments, should his situation change at any time.



Grateful and satisfied customer.

Grateful for all your patience and understanding. A heavy weight was lifted from me when you took me on. Over the years you helped me out when I struggled to make payments by deferring or reducing my agreement. Couldn't of asked for a better service. Thankyou!!

I've now fully paid off my debt with your help and you should all be very proud of yourselves for being such a kind and considerate company. Not once did I ever regret coming to you for help.

Sharn | TrustPilot Review

## DEBT MANAGEMENT FEES

We strive to provide you with the most competitively priced debt management plans in the industry. If you choose to do a plan with us, we charge a setup and management fee.

- Our setup fee will be deducted from the first 6 monthly payments you make into your plan. This fee is charged at 40% of your payment but is capped at £120/pm.
- When your setup fee is complete, we will begin deducting your management fee from your payment. Our management fee is charged at £30 per month plus £2 per line of credit. (capped at £75 per month).
- Our fees cover the ongoing work involved in setting up and keeping your debt management plan running smoothly. This includes:
  - Reviewing your draft payment programme
  - Figuring out the new repayment proposals
  - Preparing your financial statement
  - Talking to your creditors - renegotiating your monthly debt payments
  - Making the agreed payments to each of your creditors
  - Answering phone calls and letters from your creditors
  - Creating the detailed payment statement you will receive every quarter
  - Carrying out an annual review of your circumstances (or sooner if you have any significant changes in circumstances).
- Your fees also cover a personal case manager who will be responsible for making sure your plan runs smoothly. If it looks like you cannot afford your monthly payments any more, we can renegotiate with your creditors - they may agree to accept smaller payments if it looks like the best way of bringing your debt management plan to a successful conclusion.
- Our Debt Management Plans are provided by our debt management company National Debt Relief who are licensed to carry out these activities.
- All monies held on your behalf will be kept in an account and will be used solely for
  - Payments to your creditors
  - Payments of our fees
- We will distribute payments to your creditors within five working days of receipt of cleared funds.
- Any Debt added to the plan after the commencement of your agreement will incur a single fee of £30 per debt / account. This allows us to reassess your payments and where necessary negotiate terms with your creditors.

## Fees & Key Info

We are happy to provide you with debt advice only. We only charge a fee if you opt for one of our debt solutions. Fees will depend on which debt solution we provide and what your personal circumstances are. All fees will be discussed prior to commencement of any service or debt repayment plan. See previous page to read our fees and key info. Please note: From time to time we may refer you to other services providers or charities such as the CAB.

## Money Advice Service

You can get free debt advice from the Money Advice Service – an organisation set up by the Government to offer free and impartial advice to those in debt. [Click here](#) for more information.



Company Registration Number : NI051195 | Data Protection Registration No : ZA274007

National Debt Relief is authorised and regulated by the Financial Conduct Authority. Financial Conduct Authority Number : 671114

A fee is only payable where further services are requested. All fees will be explained in detail and discussed prior to commencement of any debt repayment plan. Repaying debt over a longer period may increase the total amount to be repaid. Creditors must deal with us for all aspects relating to your debt, but may still contact you with promotions.

Phonecalls: Calls from a landline are normally free. Please consult your provider if you are unsure. Calls from a mobile may be subject to charges.

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