ndr nationaldebtrelief

DMP FACTSHEET
(DEBT MANAGEMENT PLAN)

WHAT IS A DMP?

A DMP (Debt Management Plan) is an informal debt solution, that could help if 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.

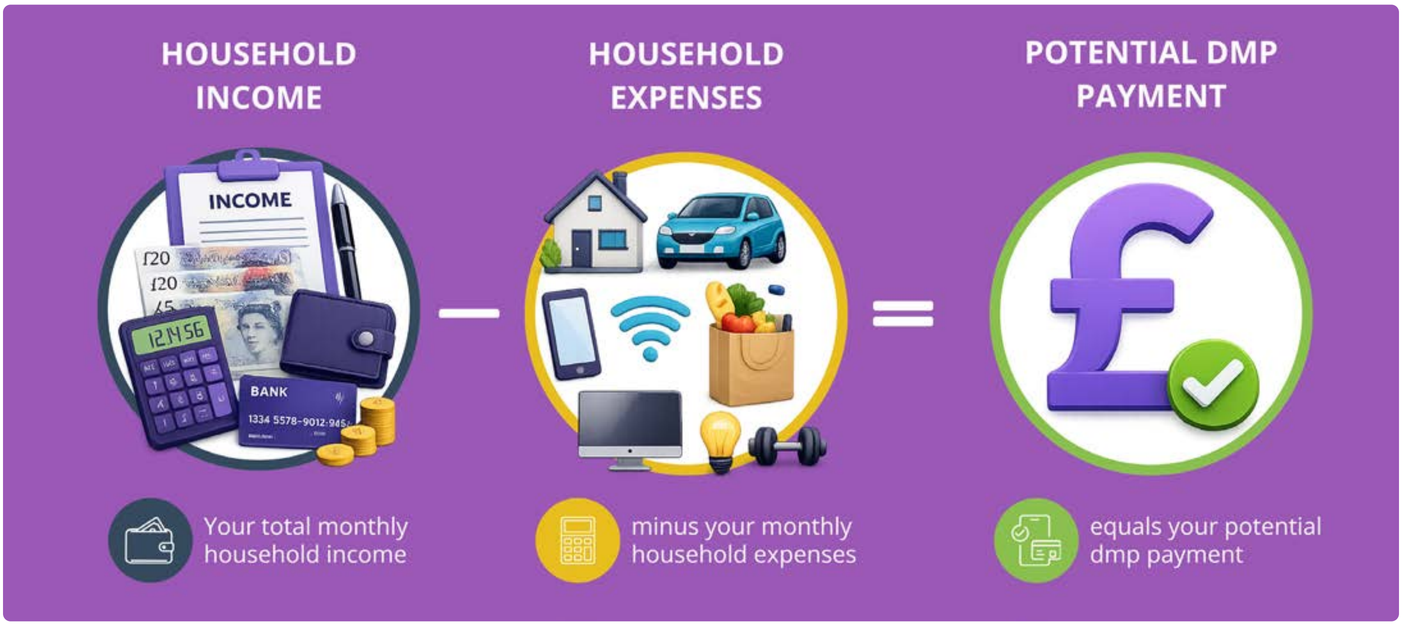
You can negotiate your own DMP with your creditors (the people you owe money to), or you can use a regulated Debt Management company, like ourselves, to set up and manage a DMP on your behalf.

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, flexible arrangement. You can stop it at any time if your circumstances change, or continue until your debts are repaid in full.
- Interest and charges could be frozen if your creditors agree.
- Creditor pressure eases. You'll deal with your case manager, not your creditors directly.
- One easy monthly payment covers all your unsecured debts, distributed to your creditors on your behalf.
- A regulated debt management company negotiates with your creditors for you, giving you a better chance of your offer being accepted and interest being frozen than if you approached them yourself.
- Your provider helps you prepare your plan, including working out your household and personal spending based on standard guidelines, to support your case with creditors.
- DMPs are a well-established, widely used solution that creditors are familiar with.

DISADVANTAGES OF A DMP

- Your debt management company cannot force creditors to accept your proposal or to freeze interest and charges.
- Creditors who don't participate in the plan aren't bound by it and could still take legal action against you.
- If creditors don't agree to freeze or reduce interest, your debt level could increase, as repayments are lower than your original contractual payments.
- Debts are repaid over a longer period than if you kept up original contractual payments, which can increase the total amount repaid.
- You remain responsible for your debts until they're paid in full.
- A DMP can run for several years, and some creditors may only agree to freeze interest for a limited period during that time.
- Your credit rating will be affected in the short term, and may be affected in the medium to long term. This can remain on your file for some time after completion if a default notice has been issued.

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

CLIENT NAME : MR S	TOTAL MONTHLY REPAYMENTS BEFORE DMP	TOTAL MONTHLY REPAYMENTS AFTER DMP
Total Debts of £3,795	**£170 per month**	**£90 per month**

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 Helper

Free and impartial debt advice, guidance and information is available from MoneyHelper.

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