national debt relief

DRO FACTSHEET
(DEBT RELIEF ORDER)

WHAT IS A DRO?

A DRO (Debt Relief Order) is a formal Insolvency solution, that could help you if you cannot afford to pay your debts. It is designed for people with debts below a certain amount, who have very little or no assets and a low disposable income.

In a DRO, you state your inability to pay your debts. Your debts, interest & charges are frozen for 12 months and if during this period, your circumstances do not change, then the debts included in the DRO are legally written off. The creditors (the people you owe money to) listed in the DRO will not be able to take any action against you.

HOW DOES A DRO WORK?

When you first seek debt advice, you are normally assessed to see what options are best for your situation. If you are eligible to apply for a DRO and feel like it is the best course of action for you, then an approved intermediary can help you with the application. This will be someone who is approved by a competent authority chosen by the government. The application is an online form.

Once the application is made it will be reviewed by a government official (also known as The Official Receiver) and if appropriate, they will grant the DRO. It normally takes about 10 working days for a decision to be made. The DRO will last for 1 year, and once your DRO has ended you are released from your debts (with certain exceptions).

The cost of a DRO application is completely free.

THE CRITERIA FOR A DRO

- Your debts must not exceed £50,000
- Your assets must not exceed £2,000 (certain assets do not count, for example clothing, furniture and a vehicle worth less than £4,000); and
- Your surplus income must not exceed £75 a month after paying your essential personal and household bills

ADVANTAGES OF A DRO

- Most of your debts are written off at the end of the DRO, with some exclusions (see disadvantages).
- Creditors listed in your DRO application cannot take further action against you without the court's permission.
- You'll no longer have to deal with your creditors directly.
- It's free to apply for a DRO.
- A fresh start after just 12 months.
- You can keep your car if it's worth less than £4,000, and other assets worth up to £2,000 in total.
- An approved intermediary checks you meet the criteria for a DRO and ensures you get appropriate advice throughout the application.

IS A DRO RIGHT FOR ME?

A DRO will only be suitable for you if you suit the criteria. It is important that you speak to someone who is qualified and authorised to advise you on all options. There may be alternatives to a DRO that are more suitable.

We will assess your situation and advise on all suitable debt solutions available to you.

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

DISADVANTAGES OF A DRO

- Your DRO is entered on a public register and advertised.
- You cannot apply for a DRO if you're a homeowner.
- You cannot apply for a DRO if you have an existing bankruptcy order, an IVA, are subject to bankruptcy restrictions, or have had a DRO in the last 6 years.
- You'll remain liable for certain debts, including student loans, fines and some debts arising from family proceedings.
- Your employment may be affected - check with your HR department before applying.
- You cannot act as a company director, or be involved in creating, managing or promoting a company, without court permission.
- Your DRO could be revoked if you don't cooperate with the Official Receiver during the year it is in force.
- It is an offence to obtain credit of £500 or more without disclosing that you are subject to a DRO.
- If you're found to have acted irresponsibly, recklessly or dishonestly, the Official Receiver may apply for a Debt Relief Restrictions Order - placing similar restrictions to a DRO on you for a longer period of 2 to 15 years.

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