Your Guide to Debt Solutions
Scottish Trust Deed
(Scotland Only)

In Scotland, a repayment plan, allowing people with unmanageable debt to repay an affordable and realistic monthly payment to clear unsecured debt is known as a Trust Deed.

How can a Trust Deed Help?

- Debtors must pay a monthly sum that is realistic and affordable
- The monthly repayment is based on income and expenditure
- This type of debt repayment plan is generally spread over a period of four years
- At the end of the four year term, any outstanding unsecured debts are legally written off

Debtors will be asked to make one affordable monthly payment, based on their income and expenditure. All Trust Deed costs are paid from this sum of money and the remainder is divided between creditors. The creditors must agree to the financial arrangement. Once agreed, the deed becomes protected. Lenders are unable to take action against anyone who has entered into a Trust Deed. By law, the persons concerned must abide by the terms of the Trust Deed to prevent creditors from taking further action.

Is a Trust Deed Right for Me?

This type of financial agreement is ideal for those who are unable to clear outstanding debts within the set time frame. Entering into this type of debt repayment plan allows you to make a regular monthly payment to repay unsecured debt.

In certain circumstances, homeowners may be asked to release home equity to repay unsecured debts. It is also worth noting that a Trust Deed will affect your credit rating. It is vital to make the repayments agreed, failure to do so, could result in bankruptcy.
Debt Arrangement Scheme
(Scotland Only)

A debt arrangement scheme could help you to get back on your feet. Existing debts often snowball as they incur higher interest rates.

How can a Debt Arrangement Scheme Help You?

- Once agreed by your creditors, the repayment plan is binding
- Creditors are not permitted to contact you or harass you for money
- Neither can they take further action against you
- You will have no dealings with your creditors and agents as long as you meet the monthly payments agreed
- Enter into a DAS (debt arrangement scheme) and all charges and interest is frozen
- Overall debt levels reduce faster when interest is frozen
- All of your unsecured debts are added together and your income and expenditure are taken into account to form an affordable monthly payment
- This could mean your monthly payments are substantially reduced

Is a Debt Arrangement Scheme Right for Me?

DAS schemes are particularly helpful for people who cannot meet their contractual monthly payments. The scheme allows you to create an affordable monthly contribution towards your outstanding debts. However, entering into such an arrangement will have an adverse effect on your credit rating.
Debt Management Plans are informal agreements between creditors and debtors. The repayment plan allows you, the debtor, to make affordable monthly payments towards the debt.

**How can a Debt Management Plan Help?**

- In general, creditors agree to freeze interest for those entering such a plan; therefore your outstanding debts remain the same.
- Affordable monthly debt repayments free money for general living expenses, making daily life more bearable.

**Is a Debt Management Plan Right for Me?**

High unsecured debt repayments are financially crippling. If you find it impossible to meet high monthly loan payments, but can make smaller repayments, this may be the ideal plan for you. We cannot guarantee your creditors will accept the terms of the plan and it is worth noting the increase in the repayment period could increase the total sum repaid. Please note a debt management plan will have an adverse effect on your credit rating.
You could pay off all current debt with a Debt consolidation loan. Use a debt consolidation loan to pay multiple creditors, enabling you to make a single monthly payment.

How can a Debt Consolidation Loan Help?

- Your repayment period increases and your monthly payments decrease. Lower monthly payments could ease the strain on your budget.
- You will have one larger debt, instead of several smaller debts, so budgeting should be much easier.
- Consolidate debt to reduce interest rates. For example, payday loans and credit card interest rates are exorbitant. Apply for a consolidation loan at a lower rate of interest to repay these expensive loans.
- A longer payback period could mean you pay back more in the end.

Is a Debt Consolidation Loan Right for Me?

This type of payment plan is ideal for people with manageable debts. However, those who find it difficult to meet their monthly payments may not benefit from this type of loan. Securing the unsecured debt against your home may be an option. However, your home could be repossessed if you fail to meet the repayments.
MAP or the Minimal Asset Process is a form of bankruptcy that used to be known as LILA. Under this process, people on a low income with no disposable income may be allowed to write off unsecured debts. Applicants must prove they have no monthly disposable income after living expenses are deducted. This process is designed to help those living on benefits too.

Is MAP Bankruptcy Right for Me?

- MAP bankruptcy is for people living in Scotland
- You cannot be a homeowner
- You cannot apply if you have been declared bankrupt in the last five years
- Your total assets must be worth less than £2,000
- No single asset should be worth more than £1,000
- Your vehicle must be worth less than £3,000
- You have debts between £1,500 and £17,000
- You have no disposable income

The Benefits of MAP Bankruptcy

Unlike full bankruptcy, the process lasts for six months. By law, your lenders cannot contact you. Your debts, including most unsecured debts are written off when the process is complete. The set-up fee is £90, whereas sequestration charges amount to £200.

The Disadvantages of MAP Bankruptcy

Your personal details are added to a public register known as the Register of Insolvencies or the ROI. The process will impact on your credit score for six years.
Bankruptcy

If you have unsecured debts you cannot afford to pay, you may decide to go bankrupt.

How can Bankruptcy Help Me?

- Lenders can take no further action against you if you declare yourself bankrupt
- Unaffordable debt is written off. Bankruptcy discharge normally takes a year. After that time, unsecured debts you cannot afford to repay are legally written off
- Living expenses are treated as priority

Is Bankruptcy Right for Me?

Bankruptcy is an option for those who will never manage to repay their debts in a realistic period of time. However, bankruptcy has a major impact on your credit rating. An asset such as your home or your car may be sold to repay the unsecured debt. Entrance onto the public register may affect your future employability.

Individual Voluntary Arrangement (IVA)

An IVA is another form of debt repayment plan. People with unmanageable levels of debt can enter into an IVA to make realistic and achievable monthly repayments.

Is an Individual Voluntary Arrangement Right for Me?

- Enter an IVA to make monthly payments affordable
- The money paid each month covers the Trust Deed costs and payments to creditors
- Unaffordable unsecured debt is legally written off when the agreement ends
- Lenders cannot take further action if you enter into an IVA providing you abide by the terms agreed

Is an IVA Right for Me?

Individual Voluntary Arrangements are ideal for people who are financially overstretched. You can repay the debt, but you are unable to do so in the set time frame. Enter into an IVA and you will be expected to make a smaller monthly payment towards the unsecured debts.

Homeowners may be asked to release the equity in their property to repay the unsecured debt. Entering into this type of debt plan will affect your credit rating. You could be declared bankrupt if you fail to stick to the terms agreed.

We have given you an insight into the types of debt repayment plans available in Scotland. We hope you find this guide useful. People seek debt advice for many reasons; however, major reasons include credit card debt, council tax arrears, catalogue debts, debt through divorce, personal loans, benefit overpayment and store card debt. People struggling to repay debt or those who find it hard to meet contractual payments should seek advice sooner rather than later. On the whole, money advice is free; it costs nothing to take control of your debt and many who struggle are eligible for free debt counselling.
Getting Started With Debt Solutions

You’ve come this far, now there are just a few steps left to start getting you back on your feet with your finances

**Step 1 - Check If You Qualify**

Complete our simple application form to see what solution you qualify for. Our unique calculator ask you a series of questions and based on the information you provide will offer an instant recommendation on what debt solution is suitable for you.

**Step 2 - Book Your Consultation**

Once you know which solution you potentially qualify for, book a consultation with one of our dedicated debt advisors to begin the process. Because of the legal nature of some debt solutions, you can only make an application through a qualified Insolvency Practitioner (IP). An IP is a trained accountant specialising in insolvency, and who knows all the legal ramifications and pitfalls of entering into such agreements.

Our advisors will go through the pros and cons and double check that the selected debt relief programme is right for you. They will then work with you to calculate an affordable repayment based on your total debt level, income and expenditure.

Your budget will be carefully created to allow you to have a comfortable standard of living without being extravagant, but you must be realistic. Although it is tempting to cut expenditure to the bone, what is just about manageable with some degree of difficulty by the end of the first year will be unbearably restrictive by the end of the fourth.

The last thing creditors want is for you to default on repayments so it’s important to remember that the reduced repayment amount is affordable and you can still live comfortably whilst on a Debt Relief Plan.

**Step 3 - You Decide**

Once we have advised you of your options, you decide what you want to do. Our advice is free, confidential and no obligation. Guaranteed. If you decide to proceed our advisors will collect any documents you have relating to your debts and then send out a proposal for you to sign.
What Happens Next? - The Process

Once you have signed and returned the proposal, you need to;

Get All Your Paperwork Together
To consider whether you are suitable for a debt relief programme your
Insolvency practitioner will need to look at all your financial papers. This
will include information about your income and debts, including your
secured debts such as mortgage, car loans or HP agreements. They will
also ask for a list of all your assets.

Start Reading Up About Moneysaving And Budgeting
While your IP drafts a payment proposal and negotiates with your
creditors, it would be a good time to start finding websites and
information about how to manage the budget you will be living on. You
may never have had to live to a budget before so it’s crucial that you do
your homework and prepare yourself for a new life without credit. You
may have to learn how to cook from scratch, shop carefully for deals and
be able to spot when something is a bargain...and most importantly when
it is not! All of this takes time so the sooner you start the better.

If Your Debt Relief Programme Is Approved...
If your creditors agree to your proposal your IP will start putting into
place everything you need to begin your payment plan. You will have a
new basic bank account opened and a regular payment set up to your IP.
If you have equity in a property you may be asked to put this towards
your repayment.

You’re Up And Running
A single direct debit will be setup from your account and monthly
repayments will begin on the date agreed with your insolvency
practitioner. On receipt of payment the IP will minus any fees off and
distribute the remaining to your creditors. No more creditors ringing. No
more worrying about how to keep up with your payments, it’s all done
automatically. All you must do is keep on top of your spending and stick
to your budget. It will take commitment and perseverance, but it can be
done.

Programme Completion
After completing your reduced set repayments for the duration of the
programme and remaining debt is then legally written off. Your IP will
sort out the final paperwork, tie up all the loose ends and issue you with
discharge certificate. Then all your salary and income is yours.

Now go out and celebrate (but don’t blow your budget!)

To find out more about debt relief programmes and whether they are right
for you, call now and speak to one of our experienced debt advisers now on;

0800 193 1024
CLICK BELOW free online calculator to see if you qualify

DO I QUALIFY?