

THE NORTHERN IRELAND INSOLVENCY SERVICE

www.insolvencyservice.detini.gov.uk

Intermediary Guidance Notes

How to Complete the Online “Debt Relief Order” Application Form



INVESTOR IN PEOPLE

CONTENTS

PART I: INTRODUCTION

Background to Debt Relief Orders	4
Criteria for DRO applicants	4
Duties imposed on a debtor in relation to DRO Proceedings	6
Effect of a DRO on a debtor	7
Restrictions imposed on a debtor subject to a DRO	11
Method of application for a DRO	12
Approved intermediaries	14

PART 2: GUIDANCE ON COMPLETION AND SUBMISSION OF THE DRO ONLINE

APPLICATION FORM

2.1 Introduction	15
2.2 Preliminary Action	15
2.3 Completing Applications – General	16
2.4 Further Information	17
2.5 Logging in to the online application form	19
2.6 Completing the form	20
2.6.1 Initiating an application or updating an existing one	20
2.6.2 General principles when completing the online form	21
2.6.3 Detailed Instructions for completing each section of the Application	22
Section 1 of the Application - Personal and Contact Details	22
Section 2 of the Application - Insolvency History	27
Section 3 of the Application - Employment Details	31
Section 4 of the Application - Previous Trading Details	33
Section 5 of the Application - Assets	34
Section 6 of the Application - Property Transactions and Preferred Creditors	42
Section 7 of the Application - Creditors	46
Section 8 of the Application Income and Expenditure Account	53

2.6.4 Hire Purchase agreements	54
2.7 Submitting an application	55
2.8 Submission Form	55
2.9 Allowing a debtor to complete a previously created application	57
2.10 Resetting your password	59
2.11 Viewing the status of applications	61

GUIDANCE IN RELATION TO FEE PAYMENTS

How to pay	62
What Happens Next	63
Flow Chart – Additional Information that applicant may require	64

GLOSSARY ⁶*Please note that throughout the following intermediary guidance notes, the term “you” is used in relation to the intermediary*

PART 1: INTRODUCTION

Background to Debt Relief Orders

The Debt Relief scheme has been set up to help those who are unable to access other forms of debt relief such as bankruptcy due to the costs involved.

The Debt Relief Act (Northern Ireland) 2010, which came into force on 30 June 2011, introduced a new form of debt relief called a Debt Relief Order (DRO).

In contrast to other forms of debt relief, DROs are delivered in partnership with debt advisors, primarily from the advice sector. The advisors act as ‘approved intermediaries’ and assist debtors who are applying to the Northern Ireland Insolvency Service for DROs. The intermediaries apply for the DROs on behalf of the debtors via an online application form. DRO applications are dealt with by the Official Receiver, not the Court. This has made it possible to keep the cost of accessing debt relief low and thereby meet the needs of those people who would otherwise be without any other form of debt relief.

Criteria for DRO applicants

Eligibility criteria

DROs are not a suitable method of debt relief for all debtors. A debtor will only be eligible for a DRO if they fall within the specified criteria¹.

If debtors have assets or surplus income, or there is a possibility that their financial circumstances may improve in the near future, a DRO is not an appropriate solution, and you and the debtor should consider other forms of debt relief. Certainly if a debtor has total gross assets exceeding £300 (not counting assets which are excluded), or monthly disposable income greater than £50, or total

¹ Secondary legislation to reference

liabilities (not including unliquidated or excluded debts) exceeding £15,000, you should warn the debtor that the application will not meet the criteria for a DRO and will be declined by the Official Receiver.

A debtor has to satisfy all of the requirements if their DRO application is to be successful. The criteria are as follows:

- The debtor is unable to pay their debts;
- The debtor's total liabilities (not including unliquidated or excluded debts) must not exceed £15,000;
- The debtor's total gross assets (not counting assets which are excluded) must not exceed £300;
- The debtor's disposable income, following deduction of normal household expenses, must not exceed £50 per month.
- The debtor must be domiciled in Northern Ireland, or in the last 3 years have been resident or carrying on business in Northern Ireland.
- The debtor must not have been subject to a DRO within the previous 6 years.
- The debtor must not be involved in any other formal insolvency procedure at the time of application for a DRO, such as:

- a) An undischarged bankruptcy order;
- b) A current Individual Voluntary Arrangement;
- c) A current Bankruptcy Restrictions Order or Undertaking; d) A current Debt Relief Restrictions Order or Undertaking; e) An interim order

If the debtor currently has a debtor's bankruptcy petition pending against them their application would be declined unless they have been referred to you by the Court for the purpose of applying for a DRO.

If the debtor currently has a creditor's bankruptcy petition pending against them their application would be declined unless they have obtained the creditor's permission to enter the DRO process.

If the debtor has given away any property or sold it for less than its true value in the last 2 years, this may affect the determination of their application.

If the debtor has preferred any creditors over others in their payments within the last 2 years, this may affect the determination of their application.

Application fee

A debtor must pay a fee for entry into the DRO procedure before the Official Receiver will consider their application. The current fee is £90.00, but is subject to change. To establish what the current application fee is, please see the following website: www.insolvencyservice.detini.gov.uk

Once an application for a DRO has been submitted and the fee paid in full, the

fee is non-refundable, regardless of whether the Official Receiver approves or declines the application. It is therefore very important that all details provided by the applicant are true and correct with no omissions and that the applicant is satisfied that they meet all the qualifying conditions prior to submitting the application form for consideration.

In order to meet the various time constraints contained within the automated process, it is recommended that the DRO application fee should be paid on the same day as the application is submitted. Failure to pay it on that day could result in the application being cancelled.

Duties imposed on a debtor in relation to DRO Proceedings

The duties in this section apply to the debtor once an application for him to be granted a Debt Relief Order has been made. The debtor must notify the Official Receiver of any change in circumstances between the application date and the determination date that would affect (or would have affected) the determination of the application.

An Individual when applying for and subject to a DRO must:

- Ensure that they provide a complete and accurate disclosure of their affairs and comply with any request by the Official Receiver to provide further information. The Official Receiver may not need to contact the debtor. However, applicants should be prepared to cooperate fully with the Official Receiver if they are requested to provide further information in addition to their application form.
- Provide the Official Receiver with a full list of their assets and liabilities, including to whom the liabilities are owed (this information is collected via the online application form).
- Inform the Official Receiver of any property or increases in income that they receive whilst subject to a DRO, for example lump sum cash payments, windfalls, property and money left in a will.
- The Insolvency Legislation requires a debtor to notify the Official Receiver if there is an increase in their income during the moratorium period applicable to their order.
The legislation is in force to detect when an individual no longer meets the parameters for a DRO e.g. their disposable income exceeds the existing parameter (currently £50 per month).
Whilst debtors are clearly required to comply with the legislation, they should not worry unduly about small increases in income affecting their eligibility, as, provided the increase in benefits or income does not increase their income to the extent that the parameter is breached, no further action will be taken by the Official Receiver.
- Not make payments to creditors scheduled in the DRO, although there are some exceptions such as rent arrears. You should provide further advice to the debtor in such circumstances.
- Keep the Official Receiver informed of their whereabouts at all times during the course of the moratorium period. Not being able to contact the debtor if he

needs to do so, because the debtor has not kept him informed of their whereabouts, may lead to the Official Receiver revoking the Debt Relief Order.

The consequences of omission from the application form of information which is required by the Official Receiver to grant a DRO, are varied.

If it is discovered at the time the application is being considered that the debtor has omitted information the Official Receiver may decline to make a DRO. If a DRO has been approved and it is subsequently discovered that the debtor has omitted key information, the Official Receiver may revoke the DRO. This would result in the debtor once again being vulnerable to actions from their creditors. If the Official Receiver considers that the omission to be sufficiently serious, the debtor may be subjected to criminal and/or civil sanctions, such as a Debt Relief Restrictions Order (DRRO).

Effect of a DRO on a debtor

Moratorium period

The principal effect of a DRO is to create a moratorium period in respect of the debts owed by the debtor, which are scheduled in the DRO. During the moratorium period a creditor to whom a qualifying debt is owed:

- Has no remedy in respect of that debt
- May not commence insolvency or other proceedings to recover that debt without the leave of the Court and on such terms as the Court may impose.

Once this period has expired (in most circumstances 12 months from the date of the order, although there may be exceptions to this time period), the debts scheduled in the DRO will be discharged and the debtor will be free from those debts.

It should however be noted that any debts incurred as a result of fraud or fraudulent breach of trust to which the debtor was a party will not be discharged at the end of the moratorium period.

With regards to Enforcement & Distress the legislation is quite clear in that no creditor with a qualifying debt has any remedy without the leave of the Court and this must include the right to seek to have a debt enforced or to levy distress. However please see page 11 "**Payments to Creditors**" with regards to **rent arrears**.

Unlike bankruptcy, there is no early discharge for a debtor from the DRO process. However, should a debtor's circumstances change sufficiently to allow them to make contributions to their creditors, the Official Receiver will need to consider whether or not to revoke the DRO. If the change in circumstances occurs close to the end of the 12-month moratorium period, the Official Receiver can extend it by up to three months before taking revocation action to allow the debtor to come to an arrangement with their creditors. During this extension time a debtor will be subject to the same restrictions, and will enjoy the same protections, as they experienced during the first 12 months of the DRO.

Payments to creditors

If the Official Receiver approves the debtor's application and a DRO is granted, the qualifying creditors scheduled in the DRO application will all be notified that a DRO has been made. They will also be informed that as a result of the DRO, the debts scheduled as owing to them are irrecoverable. This being the case, the debtor must not make any further payments to those creditors.

If the debtor receives any requests for payment during the period of the Order from creditors whose debts are scheduled within the DRO, the debtor should indicate that they are subject to a DRO, and that the creditors have no remedy in respect of these debts.

Social Security Agency Recovery of overpayment of benefits and social fund loans:

Where the DRO application is submitted on or after 24 December 2013 the liability to repay monies owed to DWP regarding a budgeting or crisis loan (granted from the Social Fund) is an excluded debt.

Note: The Insolvency (Amendment) Rules (Northern Ireland) 2013 (2013 No. 278)

With regard to **Joint debts**, including joint bank accounts, the making of a Debt Relief Order will not protect or write off the liability of any joint debt holder, or anyone who has guaranteed the debts of an individual who is the subject of a DRO.

Intermediaries should advise debtors that they may, in certain circumstances continue to receive communications from some of their creditors, whilst the moratorium period is in effect.

As there is provision within the DRO legislation for a DRO to be revoked, creditors have advised the Insolvency Service that pursuant to the Consumer Credit Act (CCA), there is a necessity to maintain contact with the debtor in the form of notification/s confirming the outstanding liability/s during the moratorium period.

Whilst they are subject to a DRO, debtors need not take any action in relation to continuing correspondence from creditors scheduled as qualifying creditors in their DRO and under no circumstances should they make any payments to such creditors.

A debtor should seek their own independent advice as to their position regarding payment of any rent arrears.

As in bankruptcy there are some debts for which the debtor will remain liable and which are not capable of being scheduled within a DRO. The debts which are non-qualifying for DRO purposes are:

- Any obligations arising from an order made in family proceedings or under a maintenance assessment made under the Child Support (Northern Ireland) Order 1991.

- Any fine imposed for an offence

The definition of a “fine” (which can be found in Article 2 of the Fines and Penalties (Northern Ireland) Order 1984) for the purposes of the Insolvency Rules (Northern Ireland) 1991 is:

“-----a pecuniary penalty but does not include a pecuniary forfeiture or pecuniary compensation;”

Roads Service parking penalties are not fines for the purpose of Article 2 of the Fines and Penalties (Northern Ireland) Order 1984. They should be treated as qualifying debts and will be released at the end of the moratorium period.

- Student loans cannot be included under a DRO. The debtor remains responsible for repaying these within the terms of the loan agreement.

NB: Liabilities and overpayments in respect of Student Grants are however qualifying debts for the purposes of a DRO application.

- Any obligation arising under a confiscation order made under Article 4 or 5 of the Criminal Justice (Confiscation) (Northern Ireland) Order 1990 or under Parts 2, 3 or 4 of the Proceeds of Crime Act 2002.

- **Damages** - any debt which consists of a liability to pay damages for negligence, nuisance or breach of a statutory, contractual or other duty, or to pay damages under Part 2 of the Consumer Protection (Northern Ireland) Order 1987 (which deals with product liability) – being in either case damages in respect of the death or personal injury (including any disease or other impairment of physical or mental condition) to any person is an excluded debt.

Secured Creditors: The rights of Secured Creditors to deal with their security are unaffected by the making of a Debt Relief Order. However, it should be noted that if a debtor owns secured property it is unlikely that they would qualify for a Debt Relief Order, as their gross assets are likely to exceed £300.

LOG BOOK LOANS:- Where the Bill of Sale has been properly registered with the High Court (and generally the log book loan companies do register bills of sale properly) the lender is a secured creditor in that a debt is secured to the extent that the person to whom the debt is owed holds any security for the debt (whether mortgage, charge, lien or other security) over any property of the person by whom the debt is owed.

Please note that secured creditors (or the secured element of any debt) must be listed on the application and identified as a secured debt by marking the relevant tick-box. If the value of a secured item is less than the total amount of the debt secured on it, the balance of the debt will be treated as unsecured. The unsecured element of the debt would form part of the DRO, and must be scheduled separately as an unsecured debt on the application.

You should advise the debtor that they must carry on paying for ongoing commitments, such as rent and utility bills, during the period of the DRO and that they will be responsible for any debts that they incur after a DRO has been

approved.

You should note that if a DRO is approved by the Insolvency Service, and the debtor is subsequently faced with action from a creditor to recover a debt which was not included within the DRO application, the DRO will not cover the omitted debt. The debtor will be responsible for the omitted debt and as a result the creditor will be able to seek to recover it.

In a situation where a debtor forgot to include a debt in their application for a DRO and their application has been approved, provided their total liabilities would still have been less than £15,000 had the debt been included, the above principle regarding omission would still apply, and the creditor would be able to claim for the omitted debt. However, if a debtor fails to include a debt in their DRO application form, which, if they had included it, would have resulted in their total liabilities exceeding the £15,000 limit, the debtor should inform The Insolvency Service immediately. The Official Receiver would then consider revoking the DRO. Failure to disclose the additional debt could result in criminal and/or civil sanctions.

Debtor's estate and assets

DROs differ substantially from bankruptcy in that there is no debtor's estate held in trust under a DRO. This means that the Official Receiver has no claim over the debtor's property and will not seek to realize assets or pay dividends to creditors as he/she would under the trustee function in bankruptcy. It is a fundamental requirement under the DRO eligibility criteria that the debtor does not possess assets in excess of the £300 parameter or surplus income to make any realistic contribution towards their debts. This is in contrast to the bankruptcy regime in which debtors may be required to make payments to their creditors via income payment agreements/orders.

Investigation

Unlike in bankruptcy, the Official Receiver does not have a statutory duty to investigate the affairs of debtors subject to DROs. However, the Official Receiver does retain significant powers of enquiry and enforcement under the DRO regime. These range from revocation of the DRO to criminal and civil sanctions if the information provided by the debtor proves to be untrue, as previously outlined, or if it is found that the debtor has failed either to disclose assets, liabilities or income in their application for a DRO, or to disclose assets acquired or increases in income during the period when the DRO is in force.

Supporting Paperwork

The debtor should be able to produce documents confirming the information recorded in the application, in particular relating to assets, liabilities, income and expenditure. As part of your duty to ensure the accuracy of applications, you may wish to check this documentation carefully before submitting them. You must also advise the debtor that they are required to retain all paperwork relating to their financial affairs i.e. Accounting Records, Bank Statements, Invoices etc for a minimum of 15 months. However, there may be certain circumstances where the debtor will be required to retain such paperwork for a longer period.

Restrictions imposed on a debtor subject to a DRO

Whilst DROs are aimed at providing a cheaper and therefore more accessible form of debt relief, they should not be seen as an easier option for resolving indebtedness. DROs provide an alternative remedy for those who are seeking debt relief because they are not able to repay their outstanding debts.

Debtors who have had their DRO applications approved are subject to the same restrictions as bankrupts. The main restrictions are as follows:

- The debtor must not obtain credit of £500 or more, either alone or jointly with another person, without disclosing to the lender that they are subject to a DRO. This restriction applies not only to borrowing money or entering into a specific agreement to take credit but also to obtaining credit by making a statement or engaging in conduct with the object of securing credit. This would include, for example, ordering goods without requesting credit and failing to pay for the goods when they are delivered.
- The debtor may not carry on a business (directly or indirectly) in a name which that is different from the name under which they were granted a DRO, without telling all those with whom they do business the name under which they were granted a DRO.
- The debtor may not be involved (directly or indirectly) with the promotion, formation or management of a limited company, and may not act as a company director, without the Court's permission.
- The debtor may not hold certain public offices⁶, or hold office as a trustee of a charity or a pension fund.
- The debtor will not be eligible to apply for a DRO again for six years.

The Operation of Bank Accounts

A debtor is permitted to open a new bank or building society account after the granting of a DRO. However the bank or building society may require the debtor to disclose that they are subject to a DRO. It is then a policy matter for the individual bank or building society as to whether or not they permit the debtor to open an account, and, if they do, whether or not they impose any conditions or restrictions on the debtor's use of the account.

You should advise debtors that, depending on their bank's policy, the making of a DRO may affect their bank accounts and that they must make their own arrangements as regards the operation of any bank accounts they have following approval of their DRO application. The granting of a DRO does not necessarily lead to a debtor's bank account being frozen. It is for the bank or building society to decide whether or not to allow the debtor to continue operating the account. Although the making of a DRO is a matter of public record, the Insolvency Service will **not** contact a bank or building society **unless** they are a creditor. You should also remind applicants that any money in the account will, on

⁶ Please see the Secondary Legislation for an explicit list of these offices.

application for a DRO, be regarded as contributing towards the total level of assets after deduction of normal living expenses.

You should remind applicants there will also be a lasting impact on their credit rating and that the DRO will be displayed on the Register of Debt Relief Orders⁷. The debtor will remain on the Register of Debt Relief Orders throughout the time that the order is in effect (usually one year), plus an additional three months.

Debt Relief Restriction Orders/Undertakings

If, during the course of any enquiries, the Official Receiver finds that a debtor has been dishonest either before or during the period of their DRO, or that the debtor has behaved irresponsibly, the Official Receiver may apply to the High Court for a Debt Relief Restrictions Order (DRRO). Alternatively, in such circumstances the Department of Enterprise, Trade and Investment may accept an Undertaking (DRRU) from the debtor with similar effect. Debt Relief Restrictions Orders and Undertakings are similar to Bankruptcy Restrictions Orders and Undertakings, and result in the debtor remaining subject to the same restrictions as they were under while they were subject to a DRO for an extended period of between 2 to 15 years after the date of the DRO. If the debtor has a DRRO/DRRU issued against them, they will be put on the Debt Relief Restrictions Register⁸ and will remain on it for the duration of the order/undertaking plus an additional three months.

Method of application for a DRO

A debtor can only apply for a DRO via an approved intermediary. Further, the application form that needs to be completed is only available online. You will need to download and print the Submission Form after the application form has been filled in and pass it to the debtor to sign. You should post the form duly signed and dated by yourself and the debtor, to the DRO Unit at the Insolvency Service in Belfast, using one of the pre-paid envelopes provided.

The address of the Unit is:

The Debt Relief Order Unit
Insolvency Service
4th Floor, Fermanagh House
20A Ormeau Avenue
Belfast
BT2 8NJ
Tel: 02890548603
Fax: 02890548548
Email: john.crealey@detini.gov.uk

⁷ Electronic Register of Debt Relief Orders, available at www.insolvencyservice.detini.gov.uk

⁸ Electronic Register of Debt Relief Restrictions Orders and Undertakings, available at www.insolvencyservice.detini.gov.uk

The seeking of debt advice

Debtors may only apply for a DRO via an advisor who has been approved as an intermediary by a 'competent authority'. If the debt advisor from whom an applicant initially seeks advice has not been designated by a competent authority to act as an intermediary, they must refer the debtor to an approved intermediary before the debtor can apply for a DRO. An advisor who is not an approved intermediary will not be able to help a debtor to obtain a DRO, as they will lack the accreditation details necessary to complete the online application form.

If a debtor wishes to apply for a DRO and you are an approved intermediary you should first of all draw the debtors attention to various matters, including the entry criteria and the possible consequences of misrepresentations or omissions in the application and then create an application and submit it to the Insolvency Service.

The Official Receiver

The system for applying for a DRO has been designed to be as automated as possible. This has enabled the cost of applying for a DRO to be set at a level that will make the process accessible to individuals who are unable to afford other forms of debt relief. Once the web application form has been submitted and the fee paid in full, the Official Receiver will process the debtor's application and will issue a DRO if appropriate.

The debtor should be advised that the Official Receiver will have the power to decline a DRO application, or may choose to delay making a decision pending receipt of further information from the applicant. The applicant should therefore be made aware that submission of the application form to the Official Receiver will not automatically result in the applicant being granted a DRO, even if the application fee has been paid. Advice on how to pay the application fee is given in the "**How to Pay**" section at page 64 of this guide.

The Official Receiver is also able to investigate the affairs of a debtor, either on his own initiative or as a result of an objection by a creditor, and is able to revoke the DRO if it is found that the debtor has understated their assets or income, or has not disclosed liabilities, or does not meet the entry criteria or does not cooperate with the Official Receiver's enquiries.

The Insolvency Service will carry out verification checks with an approved Credit Reference Agency in respect of each application submitted and by agreeing to the submission of an application for a Debt Relief Order, the applicant confirms their understanding and agreement that these checks will be undertaken. You must therefore inform the applicant that these checks will be carried out.

Approved intermediaries

An 'approved intermediary' is a skilled debt advisor who has been approved to act as an intermediary by a "Competent Authority". A person may become an approved intermediary by application to a Competent Authority.

A Competent Authority is a body designated by the Department of Enterprise, Trade

and Investment as being able to authorize intermediaries. It is the Competent Authorities who in turn decide whether to grant individuals authorization to act as intermediaries. Each Competent Authority is responsible for ensuring that the intermediaries it authorizes have the appropriate training and experience, as well as ensuring that the appropriate complaints and equal opportunities procedures are in place. An organization can become a Competent Authority by application to the Department of Enterprise, Trade and Investment⁵.

A list of competent authorities can be found on the following web-address:
www.insolvencyservice.detini.gov.uk

The role of the approved intermediary is to act as an agent between individuals seeking DROs and The Insolvency Service, and to facilitate this relationship by advising on and completion of DRO application forms. It is recommended that you complete basic checks on the information provided by the debtor, such as considering paperwork and evidence of income and liabilities. If, after having been presented with the various debt options available, the debtor wishes to proceed with an application for a Debt Relief Order, you will then assist the debtor with the completion of the online application.

Intermediaries hold a pivotal position in the DRO process and must therefore ensure that the debtor's attention is drawn to, all the qualifying conditions, the effects of a DRO, including the duties and restrictions on the debtor as well as the moratorium period and discharge from the qualifying debts and the possible consequences of providing false information or omitting information from a DRO application, such as revocation of the DRO (and the consequences of that in relation to their creditors) plus possible criminal and/or civil penalties such as a DRRO.

PART 2: GUIDANCE ON COMPLETION AND SUBMISSION OF THE DRO ONLINE APPLICATION FORM

2.1 Introduction

The purpose of this document is to offer guidance to approved intermediaries on how best to complete the online application form.

2.2 Preliminary Action

If it appears that your client is likely to meet the eligibility conditions for a DRO and they would like to apply for one you should first of all explain to them what a DRO is, what conditions must be met to qualify for one and the duties and restrictions which will apply to them if granted a DRO.

The Insolvency Service strongly recommends that you give each client who is thinking of applying for a DRO a copy of the Insolvency Service publication "Guide to Debt Relief Orders – When, Where, How, Who, What".

Under Rule 5A.6 of the Insolvency Rules (Northern Ireland) 1991, you must draw their attention to,

⁵ The Debt Relief Orders (Designation of Competent Authorities) Regulations (Northern Ireland) 2011

“(a) all the conditions to which an application for, and the making of, a debt relief order is subject;

(b) the possible consequences of the making by the debtor of any false representation or omission in the debtor’s application; and

(c) the fact that verification checks will be made for the purpose of verifying that the debtor complies with the conditions to which the making of a debt relief order is subject and the requirement for the debtor to consent to such checks being made.”

You should explain that even if they get a Debt Relief Order they will still remain liable for certain categories of debt such as court fines, student loans and child maintenance payments.

You should ask your client if to confirm if they have £90 available with which to pay the application fee.

If your client is in employment you should advise them to check to ensure that a DRO would not affect their job. You should suggest that they check their terms and conditions of employment, and speak to their union representative or Human Resources Department.

You should inform them that if they obtain a DRO they will not be able to act as a director of a limited company or take part in the management of one, and that they may not be able to hold certain public offices. If they have a joint account or one guaranteed by another person the making of a DRO will result in the joint holder or guarantor becoming solely liable for the entire balance outstanding on that account. If they obtain a DRO they will not be allowed to make any further payments on any hire purchase agreements they have. Depending on what the agreements say they may have to return the goods.

Applications for a DRO can only be made on an individual basis; joint applications are not permitted.

You should then give your client an appointment to attend to complete an on-line application.

You should ask them to obtain a copy of their credit file from a credit reference agency and to bring it with them to their appointment along with,

- proof of their income eg copies of their three most recent payslips, or their benefit books, or a letter from the Benefits Agency confirming the total amount of benefits they receive
- a recent statement for each debt, showing the balance due and the account or reference number. If they do not receive statements they should ask the creditor for a letter showing these details and bring it instead
- a note of the make, model, year of first registration and registration number of any vehicles they own, together with their own estimate of their condition (poor, fair or good) and value
- the contract documents for any private or occupational pensions they have
- a note of their tax reference (from payslips or tax documents)
- the address of their tax office
- if they are employed, a note of their employer’s name and address and the date they began your employment

- a note of their national insurance number

Please note that this list is not intended to be exhaustive and your client may need to bring other documents and information with them depending on their circumstances.

Either you can create and complete an application on the debtor's behalf using information he or she gives you or you can create an application and let the debtor complete it. For information on how to set up an application so that the debtor can complete it see Subdivision 2.9. Only you, not the debtor, will be able to submit the application.

2.3 Completing Applications - General

This application must be completed accurately. This will benefit the applying debtor by making it easier for the Official Receiver to come to a decision on whether to approve or decline a debtor's application for a DRO.

All information provided by the applicant within the online application, including amounts owing to creditors and values placed upon assets should be the correct figures as at the date of submission, however, see the guidance given in Subdivision 5.1 about how cash in hand and cash in a bank or building society should be treated.

You should where possible inspect the documentation which you asked the applicant to bring with him to the appointment to check that the information he is providing is correct. For example you should be able to check the accuracy of his stated figures for income and the amount due to each creditor. You should also cross check his figures against what is shown on the credit reference file which he has obtained.

It is the debtor's decision to submit a DRO application. However it is assumed that you will already have completed checks, or be satisfied that checks have been carried out, on the information provided by the debtor. Such checks may include considering paperwork relating to the debtor's income, assets and liabilities. It is further assumed that you will have already made a decision as to the suitability of a DRO in view of the debtor's circumstances prior to completing the debtor's online application form. Whilst there is nothing preventing an intermediary creating an application form and completing parts of it before realizing that it would fail, and then advising that it be discontinued, it would be a waste of both time and resource if the intermediary did not review the information supplied by the debtor before initiating the application.

Intermediaries are allowed to complete application forms without having the debtor present. This is to accommodate debt advisors who operate a telephone-based service. For information on how to submit an application form when the debtor is absent, as well as how to submit the form in the normal way, see the information under the heading "Submission Form" in Section 2.8.

Experiencing difficulties

If you experience difficulties with the guidance notes or completion of the

online application form, please contact your Competent Authority who may wish to seek clarification or guidance from the Insolvency Service.

If you are experiencing technical difficulties with the Web Application, please contact the Debt Relief Order Unit whose contact details are set out below.

2.4 Further Information

If you would like to know more about the work that the Insolvency Service is involved in, or require further information, please see below for helpful contacts and links.

The Insolvency Service website:

www.insolvencyservice.detini.gov.uk

The Insolvency Service Enquiry line:

Tele: 028 90548531 (9am – 5pm, Monday – Friday)

Email: insolvency@detini.gov.uk

Other Insolvency Service Publications:

<http://www.detini.gov.uk/deti-insolvency-guidance.htm>

The Debt Relief Order Unit

Insolvency Service

4th Floor, Fermanagh House

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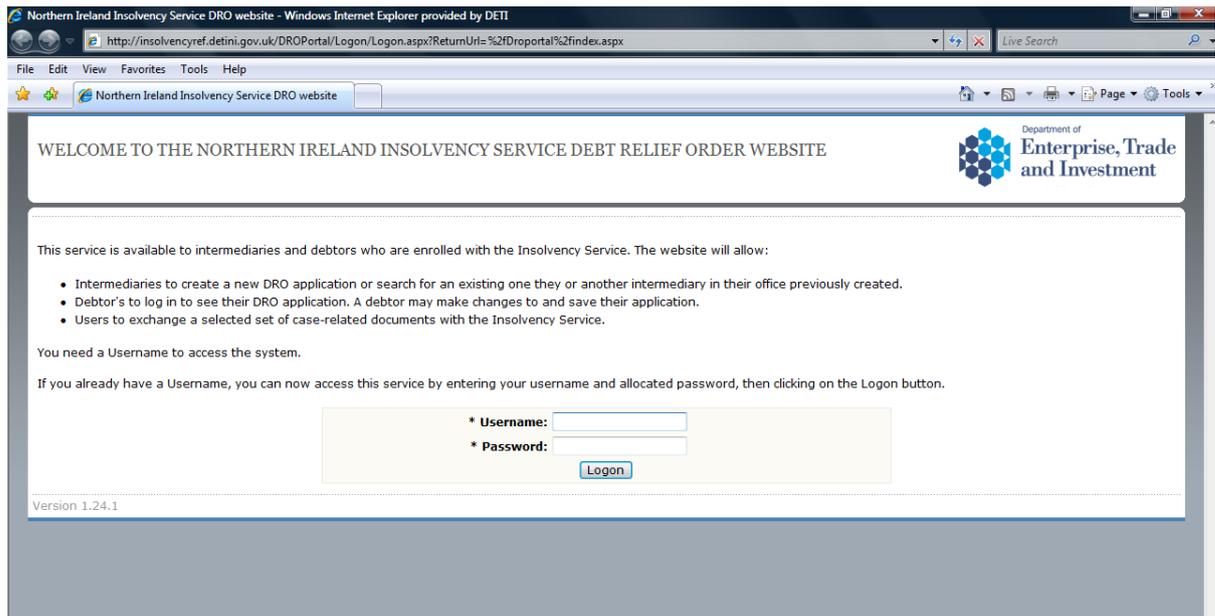
2.5 Logging in to the online application form

Once the Insolvency Service has been notified of your details as an approved intermediary by a Competent Authority, they will provide you with a **unique Username/ID** via your competent authority and will also separately e-mail you a **password** to enable you to log in to the web application.

To log in, navigate to the following website address:

<TBC>

You will see the DRO log in screen (below).



The screenshot shows a web browser window displaying the login page for the Northern Ireland Insolvency Service Debt Relief Order (DRO) website. The browser's address bar shows the URL: <http://insolvencyref.defini.gov.uk/DROPortal/Logon/Logon.aspx?ReturnUrl=%2fDroportal%2findex.aspx>. The page title is "Northern Ireland Insolvency Service DRO website". The main content area features the following text:

WELCOME TO THE NORTHERN IRELAND INSOLVENCY SERVICE DEBT RELIEF ORDER WEBSITE

This service is available to intermediaries and debtors who are enrolled with the Insolvency Service. The website will allow:

- Intermediaries to create a new DRO application or search for an existing one they or another intermediary in their office previously created.
- Debtor's to log in to see their DRO application. A debtor may make changes to and save their application.
- Users to exchange a selected set of case-related documents with the Insolvency Service.

You need a Username to access the system.

If you already have a Username, you can now access this service by entering your username and allocated password, then clicking on the Logon button.

The login form consists of two input fields: "* Username:" and "* Password:". Below these fields is a "Logon" button. The version number "Version 1.24.1" is displayed at the bottom left of the page.

Enter your Username and password in the boxes provided and click Logon.

In the unlikely event that you forget your ID or password, you should contact the DRO Unit, who will provide details of how to deal with a password reset.

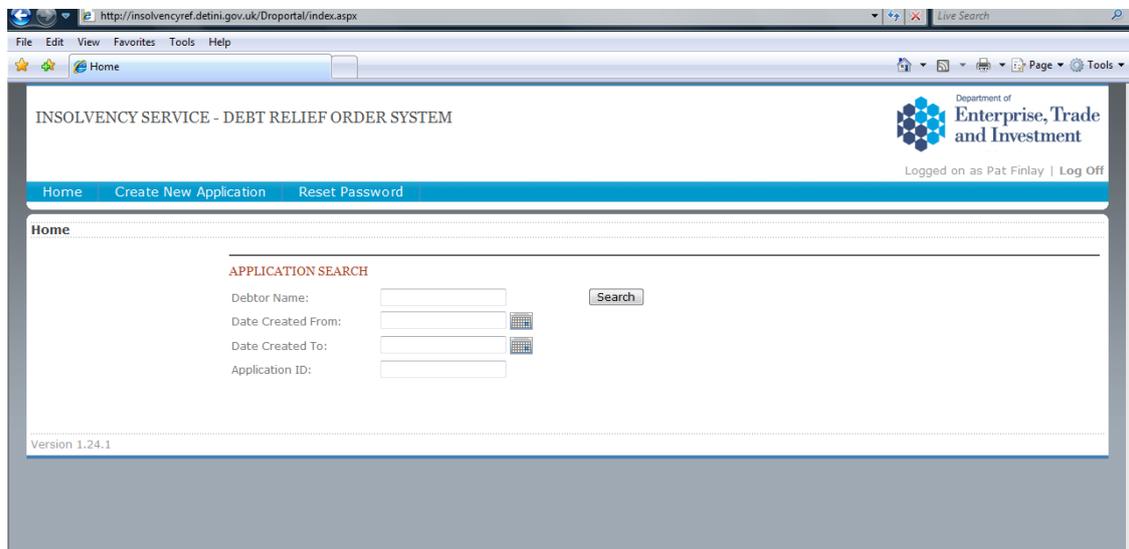
Note that, upon logging in for the first time you will be required to change your password and the format must be **at least 8 characters in length, with 1 upper case, 1 lower case and must include a number.**

If you have three failed attempts to log on, you will be automatically locked out and can either wait 1 hour for your password lock to be unset automatically or, alternatively, you can contact the Debt Relief Order Unit to have your password reset.

2.6 Completing the form

2.6.1 Initiating an application or updating an existing one

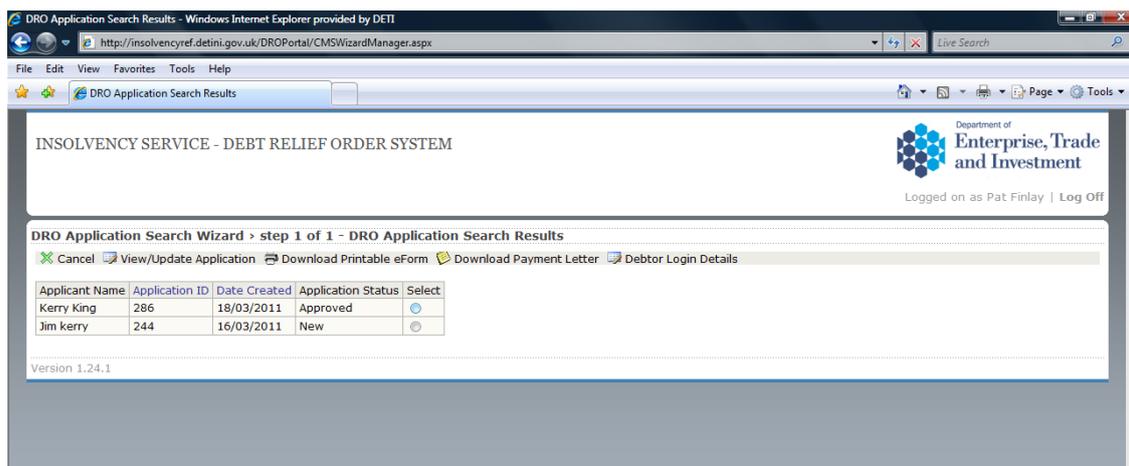
Once you have successfully logged in, the DRO Home page will appear. Here you can create a new DRO application or update one that was previously created by you or by another intermediary in your office.



The screenshot shows the 'INSOLVENCY SERVICE - DEBT RELIEF ORDER SYSTEM' home page. The user is logged in as 'Pat Finlay'. The page features a navigation bar with 'Home', 'Create New Application', and 'Reset Password'. Below this is an 'APPLICATION SEARCH' section with input fields for 'Debtor Name', 'Date Created From', 'Date Created To', and 'Application ID', along with a 'Search' button. The version number 'Version 1.24.1' is visible at the bottom left.

a. If you wish to create an entirely new DRO application, select **Create New Application** from the options in the deep blue area. A blank application form will open at **Section 1 Personal and Contact Details**.

b. If you wish to edit a previously created application, enter some criteria (e.g. surname) in the boxes provided and press **Search**. Any matching applications will be found and presented as follows:



The screenshot shows the 'DRO Application Search Results' page. The user is logged in as 'Pat Finlay'. The page displays a table of search results with columns for 'Applicant Name', 'Application ID', 'Date Created', 'Application Status', and 'Select'. The table contains two rows: 'Kerry King' (Application ID: 286, Date Created: 18/03/2011, Application Status: Approved) and 'Jim kerry' (Application ID: 244, Date Created: 16/03/2011, Application Status: New). The version number 'Version 1.24.1' is visible at the bottom left.

Applicant Name	Application ID	Date Created	Application Status	Select
Kerry King	286	18/03/2011	Approved	<input type="radio"/>
Jim kerry	244	16/03/2011	New	<input type="radio"/>

Select the one you wish to edit by checking the **Select** box alongside and selecting **View/Update Application**. The partially completed application form will open at **Section 1 Personal and Contact Details**.

Please note that only applications with a status of **New** or **Submission Rejected** may be edited.

Whether creating a new application or editing an existing one, the following instructions apply.

2.6.2 General principles when completing the online form

1. The application form may be completed by the intermediary or by the debtor once it has been created by the intermediary. However, only the intermediary will be able to submit an application. For details of how to allow a debtor to complete a previously created application see section 2.9 below.
2. All mandatory fields must be completed on the application form before it can be submitted electronically to the Insolvency Service for determination. The questions with an asterisk (*) denote the questions that are mandatory, and therefore must be completed. You may SAVE an application without having completed all the mandatory fields, the only exceptions being Surname and All Forenames.
3. The application form is divided into 8 main sections which may be completed **in any order**. To move from section to section either use the NEXT or PREVIOUS buttons or click on the section dropdown list, select the section you wish to go to and click GO. Within a section, you can complete the entries in any order. Simply place the cursor in the box you wish to complete.
4. If at any point during the application you wish to stop, please select the **“save” button and then the “cancel” button**. By selecting this, the application will be saved and you will be able to access it at a later date. You may wish to do this for example if the debtor cannot provide all the information required to complete the application, or because of time constraints.
5. At a number of places in the form, you can enter more than one record e.g. aliases, previous addresses, realisable assets, debts. Where you need to add more than are allowed for on the screen, simply click the **Add** button beside the information group and new entry fields will open up. If you wish to delete a record that you have entered, click on the **Mark for Delete** button beside the item and click the **Delete** button.
6. As with many online systems, the web application that you will use to complete a Debt Relief Order application contains a timeout feature set at 1 hour. However your own IT system may have a shorter timeout function. You should therefore be aware that if for any reason you leave an application unattended or fail to input any data for any length of time, your session will be timed out and you may lose any unsaved data. Therefore please ensure that you **save** the application at regular intervals. You should of course adhere to your organisation’s normal security protocol, in relation to data protection.

Please Note: The web application requires the JavaScript application on your IT system to be turned on in order to operate some of the validation and navigation functions. This application should be activated by default by your own IT system, however if this function has been switched off you will need to ensure the JavaScript application has been turned on.

2.6.3 Detailed Instructions for completing each section of the Application

Section 1 of the Application - Personal and Contact Details

Subdivision 1.1 Personal Details

Surname*

Enter the surname of the debtor.

All Forenames*

All forenames used by the debtor should be entered including middle names.e.g.
Robert John

Title*

The title of the debtor should be selected from the drop-down list.

Are you, or have you previously been, known by any other name? *

Please select 'Yes' or 'No'

If you have answered 'Yes' to the previous question, please provide all names by which the debtor is/has been known, including abbreviations of their forename or surname in the box provided. An example may be the debtor's maiden name, or an old name that the debtor has changed in law.

It is not necessary to include nicknames by which the debtor is known to family or friends unless the debtor has incurred debt in that name, or has used that name in public records or in agreements for credit.

Date of birth*

Please enter the debtor's date of birth using the calendar dropdown boxes.

Town of birth

The town or city in which the debtor was born should be entered.

Gender*

Please indicate whether the debtor is 'Male' or 'Female'

Marital Status*

Please select the debtor's marital status from the drop-down list.

Number of dependent children*

Please enter the number of dependent children that the debtor is responsible for. If the debtor does not have any dependent children, please insert a '0'.

A "dependent child" is defined as a child of whom the debtor is the parent or legal guardian, and who the debtor contributes financially towards regardless of whether or not the child resides in the same property. The child must be under the age of 16, or

between the ages of 16 and 18 if the child is in full-time education and has never married.

Subdivision 1.2 Home address and contact details

Please indicate whether or not you own your own home *

Please select the appropriate radio button

IMPORTANT: Please note that if the debtor indicates that they own their own home, it is likely that their gross assets will amount to more than £300 and, they will therefore **not** be eligible for a DRO.

If a debtor owns a lease, the value that must be provided is the lease's gross resale value. That is to say that the lease's financial worth is its value on an open and free market, without having secondary charges, such as a mortgage, deducted from it. To obtain this value, an intermediary may assume that the debtor's valuation is correct. However, it is anticipated that an intermediary will have documentation from the debtor supporting their claim. It is also likely that the gross value of the lease will be greater than £300, in which case the application would be declined.

It may be the case in very rare instances that the debtor is not the owner of a lease but is entitled to an interest in it. This interest may be of nominal value, that is to say of no real worth. As such, this interest may not affect their gross asset value to any great extent, possibly resulting in the debtor falling within the £300 criteria.

Ownership of a home includes an established beneficial interest in freehold or leasehold property, whether solely or jointly owned, and whether the property is mortgaged or otherwise. It may also include property, which is owned via a shared ownership scheme, such as with a local housing association. Please refer to the glossary for a description of these terms if you are not clear about the concept of ownership.

The debtor should be made aware that their application will be declined by the Official Receiver if their gross assets amount to more than £300. If they choose to submit the application form and this is the case, they will lose their application fee.

Address Line 1, 2 etc

Please enter the debtor's address in the fields provided. Please provide the full address including town, county, postcode and country.

Please note that the debtor must inform the Official Receiver of any change of address from that contained within the DRO when it was issued (i.e. if they move during the period in which the DRO is in force).

Prison Addresses

Intermediaries should not schedule former prison addresses in the debtor's DRO application.

Home Telephone Number *

Please enter the home telephone number of the debtor. If none, type 'NONE'

Mobile Telephone Number

Please enter the mobile telephone number of the debtor if any.

Daytime Telephone Number *

Please enter the debtor's daytime telephone number. If none, type 'NONE'.

Please try to include at least one telephone number on which the Official Receiver may contact the debtor.

Email address

Please provide the debtor's email address, The Official Receiver may use this email address to contact the debtor in the future. As such, it is important that the debtor should be able to check their email account on a regular basis. If the applicant does not have an email address, please leave this box empty.

Subdivision 1.3 Domicile Status

Do you currently live, or is your principal place of residence in Northern Ireland? *

Please select either 'Yes' or 'No' to this question.

Have you lived or had your principal place of residence in Northern Ireland in the past 3 years? *

Please select either 'Yes' or 'No' to this question

Have you carried on business in Northern Ireland in the last 3 years? *

Please select either 'Yes' or 'No' to this question

*In answer to this question 'carrying on business' means being self employed, including being a trader of any description. A debtor who is **not** self-employed must by definition select '**No**' in answer to this question.*

IMPORTANT *If '**No**' is selected for all three of the domicile status questions, the debtor will have failed to meet the domicile criteria for debt relief orders and their application will not be eligible for a DRO and the Official Receiver will decline their application if it is submitted. The debtor will lose their administration fee if the application is declined. The debtor should be advised of this before proceeding.*

Subdivision 1.4 Previous Addresses

Have you had any other addresses in the past 6 years? *

Please select 'Yes' or 'No'.

If 'Yes' is selected, please enter details in the boxes provided

*Please ensure that **all** of the debtor's previous places of residence throughout **the last 6 years** are accounted for.*

Up to 3 previous addresses may be entered on the screen as it stands but more may be added by pressing the **Add** button. A previous address may also be deleted by clicking the **Mark for Delete** button alongside and pressing the **Delete** button.

Subdivision 1.5 National Insurance and Tax

National Insurance Number

Please provide the applicant's National Insurance number.

The debtor will be able to establish their National Insurance number from their wage slips, tax returns, employer, Medical card or from their benefit claims/forms. If the debtor is still unable to obtain their National Insurance Number the Inland Revenue National Insurance Contributions Office will be able to provide this information to the debtor.

The Inland Revenue National Insurance Contributions Office

Benton Park View

Newcastle-upon-Tyne

NE98 1ZZ

Telephone: 0845 302 1479

Opening Hours: 8.00am – 5.00pm Monday to Friday

Tax Reference

Enter the debtor's tax reference in the field provided. This should be available from the debtor's correspondence with the tax office (e.g. wage slips, tax returns). If the debtor has never been in employment there may be no tax reference available in which case please leave blank.

Tax Office

Please indicate the debtor's tax office. You will be able to ascertain this from the debtor's correspondence with the tax office (e.g. wage slips, tax returns).

Subdivision 1.6 Monitoring Information

Please indicate which community you are a member of:

Please select the category that the debtor considers most appropriate.

Please select your Ethnic Origin:

Please select the category that the debtor considers most appropriate.

If none are applicable, select 'Other' and supply details in the box provided.

Do you consider yourself to have a disability?

Please select 'Yes' or 'No' to this question

If 'Yes' is selected, please answer the following two questions on the screen

- What was the nature of the disability?

Select the nature of the disability from the dropdown list provided.

Did your disability cause you any problems in accessing this form of debt relief?

Please select 'Yes' or 'No' to this question.

If 'Yes' is selected, please enter brief details of the difficulties encountered in the box provided.

By providing The Insolvency Service with this information, we will be able to cater better for applicants with similar disabilities in the future.

Section 2 of the Application- Insolvency History

This section is required to allow the Official Receiver to determine the eligibility of the applicant for a DRO with regards to their insolvency history. As such, the debtor should be advised that if they are involved in any **formal insolvency proceedings** at the time of application, a DRO will not be granted by the Official Receiver and any fee paid will not be refunded.

For the purposes of this section only, definitions of **formal insolvency proceedings** include the following:

- a) Undischarged Bankruptcy Order
- b) Interim Order
- c) Individual Voluntary Arrangement (IVA)
- d) Bankruptcy Restriction Order (BRO)
- e) Bankruptcy Restrictions Undertaking (BRU)
- f) Debt Relief Order (DRO)
- g) Debt Relief Restrictions Order (DRRO)
- h) Debt Relief Restrictions Undertaking (DRRU)

For the purpose of clarity, **informal insolvency proceedings** include:

- a) Debt Management Plans
- b) Informal Arrangements with Creditors.

For more information on the above proceedings, please refer to the glossary.

Subdivision 2.1 Current Insolvency Procedures

Are you currently subject to a formal insolvency proceeding? *

If the debtor is subject to any of the formal insolvency proceedings detailed above, please select '**Yes**' for this question. Otherwise answer '**No**' and proceed to **2.2 Pending Bankruptcy**.

If '**Yes**' is selected, select which insolvency proceeding the debtor is currently subject to from the drop-down menu and provide the date on which the selected insolvency proceeding started. You may enter as many proceedings as are required by clicking the **Add** button..

Depending on which type of formal insolvency proceeding the debtor is subject to, the date on which the insolvency proceeding commenced may differ (please see below). This date should be noted on the formal insolvency proceeding document itself.

Formal insolvency proceedings and their relevant commencement dates :

- a) **Undischarged Bankruptcy Order** – the date on which the bankruptcy order was made
- b) **Interim order** – the date on which the interim order was issued
- c) **IVA** – date on which the IVA was signed by the Supervisor of the IVA
- d) **BRO or BRU** – date on which the BRO or BRU was issued
- e) **Debt Relief Order** – the date on which the making of the debt relief order was entered in the register of debt relief orders
- f) **DRRO or DRRU** – date when on which the DRRO or DRRU was issued

If the debtor is subject to a current formal insolvency proceeding, they should be advised that their application would be declined by the Official Receiver.

Subdivision 2.2 Pending Bankruptcy Procedures

A pending bankruptcy petition occurs when a petition has been presented to the Court requesting that the debtor be made bankrupt, but the Court has not yet decided whether or not to impose a bankruptcy order.

There are 2 types of pending petition:

- a) **A pending debtor's petition** – when a debtor petitions for their own bankruptcy and is awaiting a hearing date.*
- b) **A pending creditor's petition** – when a creditor lodges a petition for the debtor's bankruptcy and the debtor has received notice of a bankruptcy hearing in respect of this submission.*

If the debtor has a pending debtor's petition and the Court has not referred them to the DRO process, the Intermediary should ensure that the debtor is directed back to the Court, to ensure that the petition is disposed of by way of dismissal/withdrawal, and that any deposit or Court fee paid has been returned to the debtor prior to an application being submitted to the Insolvency Service.

Where the Court considers that it may be in the debtor's interest it may well refer the debtor to the DRO process without dismissing the petition. In a scenario such as this if, after receiving advice and should a DRO be made, the debtor should request the Court to dismiss the debtor's petition. It should however be noted that if the deposit and Court fee are funds belonging to the debtor that the issue of gross assets amounting to over £300 may arise.

When referring a debtor to the DRO process the Court must ensure that the Order of adjournment clearly states that the debtor is being referred for a DRO.

If a pending creditor's petition has been presented against the debtor, the petitioning creditor will need to consent to the debtor's application for a DRO. If 'Yes' is answered to this question the Official Receiver will carry out manual checks to satisfy himself that consent has been granted.

Is there a pending bankruptcy against you? *

Please select '**Yes**' or '**No**' in response to this question.

If '**No**' proceed to subdivision 2.3 Debt Management Plan.

If '**Yes**', please answer the subsequent question, namely:

Did you present the petition yourself? *

If the debtor presented their own petition to the Court (a debtor's petition), please select '**Yes**' in answer to this. If the petition was presented against the debtor (in other words, a creditor's petition), please select '**No**'.

If '**Yes**' is selected (i.e. this is a debtor's petition), then the applicant needs to indicate whether or not the Court has referred them to the DRO process.

If 'No' is selected, (i.e. this is a creditor's petition) the applicant will need to enter the name of the creditor who filed the petition. The applicant will also need to indicate whether or not the creditor has consented to the debtor applying for a DRO.

Subdivision 2.3 Debt Management Plan

Are you currently subject to a Debt Management Plan?*

Please select either 'Yes' or 'No'

If 'Yes' is selected, please complete the following. Otherwise go to 2.4 Administration Order

Name (of Debt Management Organisation)

Address (of Debt Management Organisation)

Organisation Reference (the Debt Management Organisation's reference number for the plan)

Subdivision 2.4 Administration Order made by the Enforcement of Judgments Office

Are you subject to an Administration Order made by the Enforcement of Judgments Office (EJO)?*

Please select 'Yes' or 'No'

If 'Yes' is selected, please supply the EJO case number in the box provided. Otherwise proceed to 2.5 Previous Insolvency Procedures.

Subdivision 2.5 Previous Insolvency Procedures

Have you been subject to any type of Insolvency Procedure before? *

Please select 'Yes' or 'No' in answer to this question

If the answer to this question is 'Yes' then you need to supply details of any previous Insolvency procedures in the boxes provided. To do so, select the type of procedure from the dropdown list :

- Bankruptcy Order
- Bankruptcy Restrictions Order
- Bankruptcy Restrictions Undertaking
- Debt Management Plan
- Debt Relief Order
- Debt Relief Restrictions Order
- Debt Relief Restrictions Undertaking
- Enforcement of Judgments Office Administration Order
- Individual Voluntary Arrangement

After the selection has been made, please enter the start date of the proceeding.

IMPORTANT Please note that this question relates to **previous** insolvency proceedings in which the debtor may have been involved, and therefore does not relate to any current insolvency proceedings (the details, if any, of which will have been provided in the previous questions). Answering 'Yes' or 'No' does not affect a debtor's eligibility to enter into a DRO.

Subdivision 2.6 Main Reasons for Debt Problems

Please select the main reason for your debt problems;*

The debtor will be asked to select the option from the available drop-down list which best describes how their current financial situation arose.

The available options are as follows, of which the debtor may pick one:

- a) Relationship breakdown
- b) Significant reduction in household income
- c) Loss of debtor's employment
- d) Living beyond means
- e) Illness/accident
- f) Business failure
- g) Increase in household expenses
- h) Other

Section 3 of Application - Employment Details

This page asks about the debtor's current employment or business.

Subdivision 3.1 Current Employment

Are you currently employed?*

Please select '**Yes**' or '**No**' in answer to this question

If the answer is '**No**', move to subdivision **3.2** Currently Self Employed or Trading

If the answer is '**Yes**', please complete the subsequent details within subdivision 3.1 i.e.

- Name of Employer
- Address of Employer
- Job Title (of debtor)
- Occupation type and subtype. When you reach the question requesting **Your occupation**, please select the most appropriate item from the dropdown list. Repeat this for **Occupation Subtype** to select a more precise description of your job.
- Date Employment Started

Subdivision 3.2 Currently Self Employed or Trading

Are you currently self employed/trading?*

Please select '**Yes**' or '**No**' in answer to this question

If the answer is '**No**', proceed to subdivision 3.3

If the answer is '**Yes**', please complete the details within the Business Details box i.e.

- The type of business, trade or profession
- The full trading name of the business
- The trading address
- Whether the centre of main activity for the business is in the UK
- Whether the business is an insurance undertaking.
- Whether the business is outside the EC.
- Whether the business is being carried on alone

Note that, if the applicant has more than one business, you may enter details of these by clicking on the **Add** button above the Business Details box. Please note that you will have to scroll down to access the new entry fields.

As with bankruptcy and BROs, whilst the debtor is subject to a DRO, DRRO or DRRU, it is a criminal offence for the debtor to carry on business (directly or indirectly) in a different name from that under which they were granted a DRO, without telling all the people the debtor does business with the name under which the DRO was granted.

If the debtor tells you that he is both employed and self employed, you should select 'yes' in answer both to the question about whether he is currently employed and to the question about whether he is currently self employed or trading. You should also complete the requested details for both. The debtor's combined income from both their employment and their self employment/trading should be entered under monthly income details in the Income and Expenditure account

Company director/promoter

One of the restrictions of a DRO is that a debtor who is granted a DRO may not act as a company director and may not be involved, directly or indirectly, in the management, promotion or formation of a limited company without the Court's permission.

If the debtor indicates that they are currently a company director or promoter, they should be advised that if the Official Receiver grants their application for a DRO, they would no longer be permitted to continue as a company director or promoter, unless they obtain the Court's permission to do so. Should the debtor need to do this, the debtor should seek legal advice.

If the debtor chooses to seek further legal counsel and then apply to the Court for permission to act as a company director or promoter, the debtor must inform the Official Receiver of this decision, and provide the Official Receiver with the Court reference.

Subdivision 3.3 Employment Status

If you are neither employed nor self-employed, please select the option that best describes your current status?

Please select the option that best describes the debtor's current employment status from the dropdown list.

Please note that this question should be completed **ONLY** if the debtor has answered 'N' to both ***Are you currently employed?*** and ***Are you currently self employed/trading?***

Section 4 of Application – Previous Trading Details

Subdivision 4.1 Previous Trading Names

Have you had previous trading names? *

Please select 'Yes' or 'No' in answer to this question

If the answer is 'Yes', please complete the details in the Business Details box for each previous business.i.e.

- The full trading name of the previous business
- Date trading ceased
- The trading address
- Whether the business was being carried on alone

If the debtor has had more than one previous business, please enter further businesses by clicking the **Add** button above the Business Details box. Note that you may have to scroll down to access the new entry fields.

Section 5 of Application - Assets

This page records the debtor's assets. All the assets that the debtor owns should be included on this form, and the debtor should be actively encouraged to disclose all relevant information in respect of these assets to the Official Receiver. Clothing, bedding, furniture, household equipment and provisions as are necessary for satisfying the basic domestic needs of the debtor and his or her family are disregarded when calculating the total value of assets and should therefore not normally be listed as assets in the application. Such items should only be listed if their realizable value would exceed the cost of a reasonable replacement. In such a situation it is only the value of a reasonable replacement which can be disregarded by the Official Receiver.

Unlike in bankruptcy, the Official Receiver will not assume control of the debtor's assets as a trustee in bankruptcy would, as there is no vesting of the debtor's estate under a DRO. However, this part of the application form enables the Official Receiver to determine whether the debtor meets the DRO entry criteria in relation to the £300 gross asset maximum.

If a DRO applicant has gross assets exceeding £300, their application will be declined and the debtor will lose their application fee.

The value of all assets should be recorded in whole numbers. Please do not include any pence in the valuations of the debtor's assets.

Please note that it is imperative that the debtor is made aware that the information they provide for this section is both accurate and true. If a debtor fails to provide an open and honest account of their affairs, and this failure in disclosure is later determined by the Official Receiver to be a deliberate undervaluing or a deliberately inappropriate description of their assets when a description is required, the Official Receiver may revoke the DRO. The debtor may also face criminal and civil sanctions in respect of the provision of data subsequently found to be incorrect.

Subdivision 5.1 Assets (general)

Cash in hand (£)

Please indicate how much money the debtor has access to without visiting a bank, building society or ATM Cash Machine. This should include money not just on their person, but money in their possession (for example, at home). This value should be the total worth of all notes, coinage and foreign currency.

IMPORTANT *Cash in hand refers to free capital and would not include funds that are due to be paid out for living expenses, in the normal course of events.*

Should any funds held by the debtor represent funds arising as a result of the receipt of a lump sum benefit payment, then these should not be shown as cash in hand, as it would be classed as income apportioned over the period to which the payment related.

Cash in bank or building society (£)

Please indicate how much money the debtor holds in all their bank and building society accounts, including current and savings accounts, ISAs etc. Please provide this value as a lump sum.

Cash at bank or building society refers to free capital and would not include funds that are due to be paid out for living expenses, in the normal course of events.

Should any cash at bank or building society represent funds arising as a result of the receipt of a lump sum benefit payment, then these should not be shown as cash at bank, as it would be classed as income apportioned over the period to which the payment related.

Money owed to you (£)

Please indicate how much money any other person or organisation owes to the debtor.

For example, family or friends, an employer or previous employer, or someone with whom the debtor has done business, may owe money to the debtor. The total amount of monies owing to the debtor should be provided in answer to this question.

If the debtor has taken steps to recover money owing to them, but they have been unsuccessful, then, provided that the debtor is able to document their unsuccessful recovery attempts, the debts may be classed as bad and irrecoverable, and there would be no necessity to schedule such debts as assets. However the commentary box should be used to explain any such omissions.

Tools of trade

Tools, books and other items of equipment as are necessary to the debtor for use personally by him in his employment, business or vocation can be disregarded when calculating the total value of the debtor's assets.

However you should still give a description and valuation of any tools or other equipment used by the debtor in the course of their employment, be it business or vocational. The debtor may provide the valuation of the tool, but this valuation should be based upon its resale value, and not its purchase value. This might include the make, model and age of the tool, but not its colour for example. The debtor should also provide details of the source used to justify the valuation. If the debtor does not own any tools in respect of their trade, please leave this box blank.

An intermediary may assume that the valuation provided is correct without further enquiry.

Do you own any motor vehicles?*

Please indicate whether the debtor owns a registered motor vehicle. For the purposes of a DRO, a 'motor vehicle' includes a car, motorbike, scooter or any other form of motorised vehicle.

If the debtor owns a motor vehicle, please select '**Yes**' in answer to this question.

If the answer is '**Yes**', please complete the details in the boxes provided for each vehicle that the debtor owns:

- Make
- Model
- Year of first registration
- Registration number
- Condition
- Value of the vehicle.

The screen, as stands allows for 3 vehicles but you may add more by clicking the **Add** button above the Motor Vehicles box.

You will note that the likely value of each vehicle from a DRO perspective is automatically shown in the box headed Added as Asset to Application. This valuation is based on the rules below

VALUATION OF MOTOR VEHICLES FOR DRO PURPOSES

Circumstances in which value will be reduced to zero for DRO Purposes

Single vehicle used for domestic purposes

If a debtor owns only one motor vehicle and it is used for domestic purposes and it is worth less than £1,000, it will not be counted as an asset and will not be taken into account by the Official Receiver when determining the debtor's total gross assets for the purposes of a DRO. However full details for the vehicle, including its value, should still be included when answering the question about Motor Vehicles. Entry of any amount up to 1000 in the column headed "Motor vehicles value (£) will result in "0" being entered automatically in the column headed "Added as asset in application (£). You should make the applicant aware that their estimate of the vehicle's value is subject to checking by the Official Receiver, and if he discovers that a vehicle of that description would be worth more than £1000 the application will be declined and the debtor will lose their application fee.

Vehicles Adapted for Disabled Use

It is possible that if a debtor owns only one motor vehicle and it has been specially adapted for his use because he has a physical disability which has a substantial and long-term adverse effect on his ability to carry out normal day-to-day activities, it will not be counted as an asset and will not be taken into account by the Official Receiver when determining the debtor's total gross assets for the purposes of a DRO. For this to happen the Official Receiver must be satisfied that the vehicle's value lies within what is reasonable. If it appears to the Official Receiver that the vehicle is worth more than what would be regarded as reasonable, he will treat the amount by which the value of the vehicle would exceed the cost of a reasonable replacement as an asset and will take that amount into account when determining the debtor's total gross assets for the purposes of a DRO.

The debtor should answer 'Yes' to the question about motor vehicle ownership if he owns any vehicles that have been modified for disabled use,. The debtor should then provide the same details for the modified vehicles as required for any other vehicle (make, model, year of first registration, registration number, condition, value of the vehicle). The debtor should click 'Yes' in the column headed "Modified for disability". It is to be noted that this will always result in "0" being entered automatically in the column headed "Added as asset in application (£)", and this is so irrespective of any decision taken by the Official Receiver following submission of the application with regard to whether the vehicle's value lies within what would be categorized as reasonable.

You are entitled to assume that the valuation of the modified vehicle provided by the debtor is correct. Again however, you should, at the time the debtor is providing you

with the valuation, warn him or her of the possible consequences of submitting incorrect information.

Circumstances in which value will not be reduced to zero for DRO Purposes

A vehicle worth less than £1000 will only be treated as worth nothing for the purpose of deciding eligibility for a DRO if it is being used solely for domestic purposes. The full value of any vehicle being used in connection with a trade, employment or business will be taken into account even if it is worth less than £1000.

Only one vehicle worth less than £1000 can be disregarded and this is so even if each vehicle is worth less than £1000. In a case where there is more than one vehicle each worth less than £1000 the vehicle with the highest value will be disregarded.

If the applicant owns two vehicles, one of which has been modified for disability use, the full value of the one which has not been modified will be taken into account.

Cars- Valuations of cars, taking into consideration their age, mileage and condition, can be obtained using the online Parker's Guide website.

Please navigate to this site via the following link:

<http://www.parkers.co.uk/cars/prices/>

You should where possible verify the debtor's valuation of their car using this website before entering the value of the vehicle on the application form.

You should accept the debtor's description of the vehicle's condition when deciding which value to use from the guide e.g. Private Good or Private Poor.

Parkers website only provides free valuations for cars registered from 2002 onwards.

In the case of older cars, you are permitted to accept the debtor's own valuation for the purposes of the application. However, you should make the applicant aware that the Official Receiver may make enquires as to how the valuation was arrived at, and if the Official Receiver determines that a deliberate undervaluing has taken place this may result in the revocation of the DRO and criminal or civil sanctions.

Care should also be taken in relation to classic cars. For example, vintage Rolls Royce and MG classic cars will usually be worth considerably more than £1,000. You may accept the integrity of a debtor who provides the valuation of a classic car and should advise accordingly whether the £1000 exemption limit has been breached. Again however, you should warn the debtor of the possible consequences resulting from the provision of information that is subsequently found to be incorrect (revocation of the DRO, and/or civil and criminal sanctions).

Motorbikes- The Parkers website also provides valuations of motorbikes free of charge for motorbikes registered from 1994 onwards. The website can be found at the following link:

<http://www.parkers.co.uk/motorbikes/used-prices/>

In relation to older and classic motorbikes, the same principle applies as for older and classic cars i.e. that you may assume the debtor's valuation to be correct, but if the Official Receiver finds that it is too low this could lead to the DRO being revoked and the possibility of civil or criminal sanctions. .

Valuation of other kinds of Transport -The debtor may own forms of transport, other than cars or motorbikes, for which no means exists by which they can be accurately valued. The intermediary should accept the debtor's valuation and local publications may assist the debtor and the intermediary in confirming an accurate assessment of the value of similar vehicles. However, you should again advise the debtor of the consequences of providing information to the Official Receiver that is consequently found to be incorrect.

Motability Vehicles - Vehicles that are subject to the "Motability Scheme" are subject to a lease hire agreement and should therefore not be classed as an asset when applying for a DRO. However, payments under a motability agreement are an allowable expense where the vehicle is being leased under a Mobility Scheme and should be scheduled in the list of outgoings. Similarly any allowance received for payment towards the Motability scheme, should be shown in the income element of the income/expenditure section of the application.

Subdivision 5.2 Pensions

This part of the application form requires the debtor to provide information on any pension held which they have yet to receive payments from (income already in receipt from pensions should be included in income on section [8] of the application form). Pensions which are "**approved**" are excluded from the calculation of assets in the DRO application. The total value of any "**unapproved**" pensions must be entered on this page. It is likely that if the debtor has an unapproved pension they will not qualify for a DRO because of the £300 asset limit.

Do you have a pension other than a state pension or one approved within the meaning of Article 12 of the Welfare Reform and Pensions (Northern Ireland) Order 1999? *

Please answer '**Yes**' or '**No**' in response to this question

This mandatory question requires the debtor to disclose the existence of any pensions (other than the basic state pension) which have not been approved within the meaning of Article 12 of the Welfare Reform and Pensions (Northern Ireland) Order 1999 to which they have an entitlement. All pensions in which the debtor has an interest other than the basic state pension, pensions which are in payment, or pensions which have been approved within the meaning of Article 12 of the Welfare Reform and Pensions (Northern Ireland) Order 1999 must be disclosed.

If Yes, please enter the total value of the unapproved pension(s) (£):

If you responded '**Yes**' to the previous question, please enter the total amount of the pension.

Approved pension arrangements are any occupational or personal pension schemes registered with HM Revenue and Customs for tax purposes including all

retirement annuity contracts and stakeholder pensions. The definition includes the most common pension arrangements found in the UK. It will be rare for a debtor seeking a DRO to have rights in an unapproved pension.

In summary, approved pensions are defined as:

- a. Any pension scheme registered under section 153 of the Finance Act 2004 (essentially schemes registered with HM Revenue and Customs (HMRC) plus annuity contracts purchased to secure benefits under a registered pension scheme which do not provide for immediate payment of benefits and annuities in payment before 6 April 2006 which was purchased to secure benefits under an occupational pension scheme, a retirement annuity contract established before 4 January 1988 or a personal pension scheme (including a stakeholder pension scheme) approved before that date by HMRC)
- b. an occupational pension scheme set up by a government outside the UK solely or mainly to provide benefits for its employees.

It can be assumed by the debtor and the intermediary that a pension is **approved** if one or more of the following are true:

- the pension is an occupational pension scheme with nationally or internationally based organisations (such as the armed forces, local government, Civil Service, National Retailers, High Street Banks, Utility companies)
- where the policy is operated by a major pension provider/insurer (such as Scottish Widows, Scottish Equitable, Standard Life, Prudential, Scottish Life, Aviva, Aegon, Skandia, Legal and General, Axa, Zurich)
- the annual pension statement sent to the debtor identifies that the scheme or policy is registered for tax purposes under section 153 of the Finance Act 2004.

If there is no evidence at all to suggest whether the scheme or policy is approved because it is not one that is run by a well-known organisation or major pension provider then the debtor may have to seek and provide further evidence before the application can proceed. This can be achieved by the debtor writing to their employer/former employer, scheme operator, or pension provider asking for confirmation that the pension is an approved pension scheme as defined by Section 11(2) of the Welfare Reform and Pensions Act 1999 and registered for tax purposes under Section 153 of the Finance Act 2004.

Pension becoming payable during the DRO moratorium period

If a debtor becomes eligible to begin receiving pension payments during the DRO period, they must inform the Official Receiver when it becomes payable. It may be that the debtor is no longer eligible for a DRO if the income and expenditure criteria are no longer met and the DRO may be revoked as a result.

Pension listed as “approved” subsequently found to be “unapproved”, or pension not disclosed

If the debtor wrongly lists a pension as approved and it is later found to be unapproved, or is found to have a pension that was not disclosed (other than the basic state pension entitlement or an approved pension) the Official Receiver may revoke the DRO. If it is found that there is misconduct on the part of the debtor by not

disclosing a pension, the debtor may be the subject of a Debt Relief Restrictions Order.

Excessive Pension Contributions

If it is found that the debtor has made excessive contributions into any type of pension arrangement, and that, in making these payments, the debtor unfairly prejudiced his/her creditors, they may be subject to a Debt Relief Restrictions Order.

In considering whether the pension contributions were excessive, the court will consider:

- a. whether any of the pension contributions were made to put assets beyond the reach of the debtor's creditors, and
- b. whether the total amount of contributions was excessive considering the debtor's circumstances when they were made.

If the official receiver considers that the creditors have not been unfairly prejudiced or the loss to creditors is not significant, no further action will be required.

Subdivision 5.3 Freehold or Leased Property

Do you own any freehold or leasehold property*?

Please indicate whether the debtor owns any freehold or leasehold property by selecting 'Yes' or 'No'.

Ownership of freehold or leasehold property includes any property, whether solely or jointly owned and whether the property is mortgaged or otherwise. It may also include property that is owned via a shared ownership scheme, such as with a local housing association.

If 'Yes' is selected and the debtor does own freehold or leasehold property, please provide the approximate value of that property.

IMPORTANT Please note that if the debtor indicates that they own a property, it is highly likely that their gross assets will be worth more than £300. ***If this is the case and if the application is subsequently submitted the application will be declined and the debtor will lose their application fee.***

It may be the case, in some rare instances, that the debtor's interest in a property, such as a lease, is of nominal value, and does not therefore greatly affect their gross asset value.

Subdivision 5.4 Other Realisable Assets

Do you have any realisable assets? *

Please answer 'Yes' or 'No' to this question.

If 'Yes' is selected, please supply a concise description and approximate value for each asset in the boxes provided. If you fill up all the lines, you may add more by clicking the **Add** button. If the debtor has no other realisable assets, leave the box empty.

These assets would include items that have a resale value (the total proceeds that the debtor would receive if they sold the goods) that would impact on the overall asset limit, but do not include basic household items such as cutlery, crockery, cookers, televisions, beds or furniture. Therefore assets with a realisable value may include for example shares, stocks, premium bonds, antiques, or collections etc.

Intermediaries should exercise discretion when advising what household items should be classified as basic and therefore not requiring declaration as assets with realisable worth. Luxury Items should be included on the application form.

Please provide what the debtor considers to be the value of the realisable asset in pounds. However, whilst this value will be taken as true and correct on application, the Official Receiver may make further enquiries. If it is found that the debtor did not provide accurate information in answer to this question, the DRO may be revoked and the debtor may face criminal and civil sanctions.

Please note: Assets purchased recently may well have not lost any value and could well impact on the asset limit of £300.

Asset Total

A total for all the assets entered will be shown here. Note that this takes into account the rules governing the valuation of motor vehicles for DRO purposes. You cannot change this total. If you feel it is incorrect, please review the constituent figures provided by you.

Subdivision 5.5 Commentary Box

A commentary box is included at the end of the Assets section. The debtor may use this box to make any comments about their assets that they feel would be relevant to their application for a DRO. A debtor may for example wish to declare ownership of assets which they believe to be of no realisable value. A debtor should also in this situation provide a reason as to why they believe this to be the case.

Section 6 of the Application – Property Transactions and Preferred Creditors

This section requires information on any property transactions or preferential payments to creditors undertaken by the debtor in the 2 years preceding their DRO application. Whilst entry into a property transaction or preferential payments to creditors will not automatically result in the application being declined, you should make the debtor aware that the Official Receiver may make his own enquiries into these transactions. The Official Receiver may then refuse the DRO application on the basis of these transactions, and make any further enquiries into the debtor's affairs that s/he deems necessary.

Antecedent Transactions

Guidance in relation to preferences and undervalue transactions

What are antecedent transactions?

The word "antecedent" is defined as "going before". In a very basic form, the provisions of the legislation relating to antecedent transactions allow the Official Receiver to decline a Debt Relief Order (DRO) application when it was inappropriate, unfair or wrong for the said transaction(s) to take place.

If something has been done in the run-up to insolvency which results in one creditor being treated more favourably than the others, or where a person other than a creditor benefits from the actions of the debtor and the creditors suffer as a result, the official receiver may decline an application for a DRO. For example, where one or more debts have been paid or substantially reduced in preference to others.

One overriding principle of insolvency proceedings is that, once commenced all creditors are treated equally and fairly. The principle of antecedence is a way of extending that principle of equality back two years before the commencement of those insolvency proceedings.

Once identified, the Official Receiver may conduct an inspection of the debtor's paperwork and/or banking records and may wish to obtain confirmation of the events that took place from creditors, suppliers or other persons capable of giving relevant information.

In addition to considering the period when the preference was given and that a creditor or guarantor has benefited, it is also necessary to consider the context of the transactions and the debtors intentions at the time, for example whether they intended to put a person in a better position than they would otherwise have been in during the normal course of the debtor's insolvency. It is not necessary for the intention to put one person or group of people in a better position to be the dominant intention of the debtor.

These transactions are defined in schedule 2ZA to the Insolvency (Northern Ireland) Order 1989 at paragraphs 9 & 10.

What is a preference?

The relevant sub-paragraphs define that giving a preference is the doing of anything by an individual or the suffering by an individual of anything which has the effect of putting either one of their creditors or someone who is a surety or guarantor of one of their debts in a position which, in the event of the individual having a Debt Relief Order approved, will be better than the position he would have been in if that thing had not been done. An example of giving a preference may be the payment in full of a creditor, where if that had not been done, the individual would have only been able to pay a small percentage of that debt, by ensuring that a pro rata distribution was made where all creditors are treated equally. That creditor is clearly better off, as is any guarantor of that debt.

Effect of pressure by creditor(s)

When an individual has made a preference by paying a debt because of threats by a creditor to commence legal proceedings for a recovery, it may be construed that the intention was to eliminate that threat and not to prefer the creditor.

However, pressure from creditor(s) is not necessarily a good defense where it was not the only motive. Even when an individual was subject to a court order, the preference may be challenged especially if it is obvious that the individual failed to defend the proceedings to the advantage of the creditor. As regards suspect transactions, consideration should be given as to whether the intention was to maintain good relations with a particular creditor (e.g. a bank or supplier). The motives of preferring a creditor and maintaining good relations can co-exist with the latter being evidence of the former.

Types of undervalue transaction

The Order defines transactions made by an individual which may be defined as an undervalue transaction. Firstly, there is a gift or transaction for which the individual received no consideration. This appears to be straightforward to understand, where no benefit has been derived from the payment or transaction, but it is necessary to know whether any indirect benefit has been derived or consideration less than market value.

Secondly, there is a transaction which the debtor has entered into in consideration of marriage or the formation of a civil partnership.

Thirdly there is a transaction whereby the individual has received inadequate consideration. It is necessary to establish what consideration was received and what ought to have been received and to decide whether the discrepancy in value is "significant". There is no guide in deciding if the disparity is significant. As far as Debt Relief Orders are concerned, it is provided that a transaction in consideration of marriage is to be regarded as a transaction at an undervalue.

Debt Relief Orders and Antecedent Transactions

When assessing a debtor's affairs with a view to determining a DRO application, each case will be judged on its own merits, on a case by case basis. To assist intermediaries in

this area, there follows a list of the types of questions that need to be considered and will possibly be asked by the DRO Unit once an application has been submitted.

Therefore debtors should be encouraged to retain all documentary evidence that might support their responses and also be aware that the Official Receiver will thoroughly investigate all such matters, before determining an application, and may require sight of this documentation.

Preferences

- Was the debtor insolvent at the time the payments were made?
- Why did the debtor make the payment/s?
- To whom did they make payments?
- Dates the payments were made and amounts?
- Was there any agreement drawn up with respect to the payments?
- Why didn't the debtor distribute the funds to all of their creditors pro rata?
- Was there any creditor pressure?
- If a preference has been made to an associate (relative) is there any documentary evidence that the funds repaid, were in fact owed?
- How did the debtor obtain the funds in order to make the payment/s i.e. what was the source of the funds?

Undervalue Transactions

- Was the debtor insolvent at the time of the transfer?
- Why did the debtor transfer the property in question?
- When did they transfer the property and to whom?
- Was it valued at the time of transfer and if so provide documentary evidence?
- What was the value of the property transferred and any evidence to support this valuation?
- How much consideration, if any, did the debtor receive and evidence to support this?
- What has the debtor done with any funds received?
- Did the debtor seek legal advice in relation to the transfer?
- Does the debtor retain any interest in the property in question?

Subdivision 6.1 Property Transactions

Have you given away any property or sold it for less than its true value in the last 2 years? *

Please select 'Yes' or 'No' as appropriate in answer to this question.

If 'Yes', the debtor must provide the following details for each transaction:

- What was the asset that the debtor sold or gave away.
- The date when the asset was sold or given away
- Why the debtor sold or gave away the asset
- The full name of the person or organisation to which the asset passed.

- The value of the asset. Please provide what the debtor considers to be the value of the asset in pounds. However, whilst this value will be taken as true and correct on application, the Official Receiver may make further enquiries into the value given. If a DRO is granted and it is subsequently found that the debtor did not provide accurate information in answer to this question, the DRO may be revoked and the debtor may face criminal and civil sanctions.

Particular attention should be given to any items that have been purchased by way of credit and subsequently gifted to friends or relatives.

The screen allows for 3 transactions but you may add more by clicking the **Add** button above the Property Transactions box

Subdivision 6.2 Preferred Creditors

Have you preferred any creditors over others in your payments in the last 2 years? *

Please select 'Yes' or 'No' as appropriate.

An example of a preferential payment could be when a debtor pays a creditor in full without paying his other creditors anything at all, thus placing one creditor in a far better position than the others.

If 'Yes', the debtor must provide the following details for each preferential payment:

- Name of the preferred creditor
- Date of the payment to the preferred creditor
- The amount that was paid to the preferred creditor.

The screen allows for 3 transactions but you may add more by clicking the **Add** button above the Property Transactions box

Section 7 of Application – Creditors

General Principles

If the Official Receiver approves the debtor's application for a DRO, he will need to inform the debtor's creditors who are owed qualifying debts, that the DRO has been granted, and as a consequence they are unable to take any further action against the debtor in respect of their debts.

It is therefore, important that the debtor provides the full names and addresses of all those people to whom he or she owes money, including any account, agreement or reference numbers if possible.

The debtor must be clearly instructed to include **all debts** that they owe, on the application form, including any rent or utilities arrears.

A debtor must not have total liabilities in excess of **£15,000**. This total includes any secured debts but does not include un-liquidated sums or other excluded debts. It should also include any interest or charges added to the amount owed.

Unsecured and secured debts should be listed and are taken together in calculating the £15,000 liability parameter. Any unsecured element of a debt owed to a creditor holding security should be separately listed as an unsecured debt. All unsecured debts (which are not excluded debts) listed on the application will be scheduled as Qualifying debts on the Debt Relief Order if approved.

Only the sums scheduled as qualifying debts will be subject to the moratorium period and discharge under the terms of a Debt Relief Order.

Therefore creditor information, particularly the up-to-date total owing, must be fully and accurately recorded on the application so that the Official Receiver can verify that the debtor meets the DRO criteria.

When seeking details of current indebtedness from creditors, the financial sector have stated that it is important for debtors and intermediaries to request the "total amount outstanding" rather than a "settlement Figure", which will by its nature ordinarily be a lesser sum than the total amount outstanding.

Examples of debts that the applicant may owe include:

- Rent
- Electricity
- Water rates and sewerage charges
- Gas
- Telephone
- Domestic and business rates
- Tax and National Insurance
- Credit Cards
- Overdrafts
- Loans
- Goods or services that the debtor has received
- Benefit Overpayments and social fund loans
- Money owed to employees
- Hire purchase and Conditional sale
- Customers who have paid for goods or services that the debtor has not supplied
- Creditors claiming their own goods are in the debtor's possession

Water Rates

Water and sewerage services in Northern Ireland are provided by Northern Ireland Water which is a government owned company.

Water for domestic consumption is provided free of charge in Northern Ireland. Businesses and farmers have to pay for their supplies.

It is possible for an applicant for a DRO to have either been, or to still be in business and to owe money to Northern Ireland Water as a result.

Northern Ireland Water operates two billing systems. Some customers are billed 12 months in advance. Their bills are made up of a standing charge based on the Net Annual Value of their property, plus an amount for consumption estimated according to whatever water and sewerage facilities are provided.

Other customers have a metered supply and are billed every six months.

If a customer has a liability to Northern Ireland Water the approach you should take will depend on which billing system applies.

If the customer is billed 12 months in advance you should list Northern Ireland Water as a creditor for either the whole charge for the year, or, if any of it has been paid, the unpaid balance at the date of the application, plus any arrears from previous periods. This is because as the whole debt became due prior to the insolvency, it is a qualifying debt.

If the customer has a metered supply you should ask him to contact Northern Ireland Water to arrange for his meter to be read and an up-to-date bill issued.

You should point out to the debtor that he will be responsible for paying for any new supplies provided after the date of the DRO.

Rates

The Debt Relief scheme will not be open to home owners. However an applicant could have a liability for rates, if they are renting a property and rating legislation or an agreement with Land & Property Services, acting on behalf of Department of Finance & Personnel, makes them responsible for paying the rates. They may also owe rates arrears in respect of previous ownership of a home or incurred as a result of having been in business.

Rates become due at 1 April for the year ahead. The amount which should be listed in the application form is the full sum currently due plus any arrears from previous years. If the debtor has not paid anything since receiving their bill for the year from 1 April the full amount will need to be included in the application. If they have paid off some of the bill, for example by direct debit, the balance outstanding should be included.

If the applicant indicates that they owe rates you should always check the total due with Land & Property Services as this is the only way to establish the amount for certain.

You should make your enquiry to,
Land and Property Services, telephone 101 or by e-mail to rating@lpsni.gov.uk

Subdivision 7.1 Creditors

Name of creditor *

Please select the name of the creditor from the drop down list.

IMPORTANT: If the creditor you require appears on the dropdown list, you should select that creditor. If, and only if, the name you require is not in the dropdown list, you may click on the **Add Central Creditor** button to enter a completely new creditor (see **Add Central Creditor** below).

Please Note If a debt has been assigned/sold to a debt recovery company, the applicant should schedule the details of the creditor who has most recently corresponded with them.

Roll or account number *

Please provide the account\roll number or reference that the debtor has for this creditor.

Failure to provide full and accurate account numbers may result in continued communications from your creditors.

Where applicable please also include details of any account / reference numbers in relation to any collection agency that may be involved in recovery proceedings.

Amount owed to creditor *

The application should specify the up-to-date balance owed, as only those sums listed on the application will be scheduled as qualifying debts in the order, and consequently be subject to the moratorium period and discharge. If a creditor is owed more than is scheduled on the order at the date of determination, they may continue to pursue the debtor for the remaining balance. Please specify how much money the creditor is owed by the debtor in pounds and pence, should any debt owed by the applicant be in a foreign currency, a conversion to pounds sterling will need to be calculated by the intermediary/debtor using the prevailing exchange rate at the date of application.

Where an applicant disputes a debt, they must be advised that they should schedule the amount that the creditor states is owed to them and not make any subjective decisions in this regard.

Is this an excluded debt?*

If any of the debtor's creditors fall within the category of an excluded debt, you should select 'Yes'. Please note that excluded debts will not count towards the overall total of unsecured liabilities. If the debt is not an excluded debt select 'No' and continue.

Is this a secured debt? *

If the creditor to whom the debtor owes the money holds any form of security please select 'Yes'. If the debt is not secured, please select 'No'.

If 'Yes' is selected, please state

- the item on which the debt is secured e.g Garden Shed
- the value of the item

Please note that secured creditors (or the secured element of any debt) must be listed on the application and identified as a secured debt by marking the relevant tick-box. If the value of a secured item is less than the total amount of the secured debt,

the balance of the debt will be treated as unsecured. This unsecured element of the debt would therefore form part of the DRO, and must be scheduled separately as an unsecured debt on the application.

It should be noted that if the debtor has assets worth more than £300, irrespective of any amounts secured on those assets, they will not be eligible for a DRO.

Is there an attachment of earnings order associated with this debt? *

An attachment of earnings order is an order made by the Enforcement of Judgments Office which results in money being deducted from the debtor's salary / wage by their employer. This deducted money is then given to the Enforcement of Judgments Office so that some of the debtor's debts can be paid.

Please answer 'Yes' or 'No' to this question.

If 'Yes', please supply

- details of the order (including details of the employer making the deduction)
- the Order amount (£) Please provide the amount of money covered in the order in whole pounds. The value entered should be the amount that is deducted from the wage each month.

Please Note if an applicant confirms that they have an Attachment of Earnings Order, in the event that the DRO application is subsequently approved by the Official Receiver, he will notify both the employer and the Enforcement of Judgments Office of the making of the Order. However, once an order is approved the applicant may also wish to notify their employer that no further deduction should be made from their salary and may support their claim by the production of their Debt Relief order.

If the debtor wishes to add details of further debts, please click the **Add** button (**NOT Add Central Creditor**) to the top left of the Creditor box. A new box will open up to allow you to enter details of the debt. Please note that you will have to scroll down to access these entries. Repeat this until all debts have been added.

Total Amount Owed

The total amount owed will be automatically calculated and will not include any debts marked as excluded. If this figure appears incorrect, please check the amounts making up the total.

Interest and charges

When calculating how much the debtor owes to each creditor, particular attention should be paid to the amount of interest or charges that will be accruing on the debt owed.

A crucial date that should be considered is the date of determination of the application by the Official Receiver, i.e. when the DRO application is considered by the Official Receiver, and not the date when the application form was completed or submitted to the Official Receiver. This is because the overall amount of debts owed by the debtor must not exceed £15,000 at the date of determination of the application.

As a result, although the applicants debts may not exceed £15,000 when the application form is completed or submitted to the Official Receiver, any time delay (such as a delay in the debtor paying their fee, during which time the Official Receiver will not be able to process the application) may mean that further interest accrues on the debts owed. This added interest may then push the overall level of debt over the

£15,000 threshold. Therefore, when the Official Receiver comes to determine the application, the level of debt may exceed the maximum level for a DRO. The Official Receiver will then decline the debtor's application, and the fee will not be refunded. An estimate of the likely interest and charges accruing on the debts is therefore important in determining the speed and urgency with which a completed application is submitted to the Official Receiver. A debtor whose overall level of debts, including interest and charges, is close to £15,000 should be encouraged to avoid any delays in paying their application fee in full, in order that their application may be submitted to the Official Receiver, for determination.

Add Central Creditor

If, when entering details of a debt, the creditor you require does not appear in the dropdown list, you should select the **Add Central Creditor** button. This will allow you to enter details of an entirely new creditor. When you select this button, the following screen will appear.

INSOLVENCY SERVICE - DEBT RELIEF ORDER SYSTEM

Department of Enterprise, Trade and Investment
Logged on as Jim Loughanint | Log Off

DRO Application Search Wizard > DRO Application Wizard > Add Party Wizard > step 1 of 1 - Add Party

Cancel Finish

* Party Type: Person Organisation

* Name:

* Organisation Type:

* Forename:

* Surname:

* Gender:

Email:

Telephone:

* Address Line 1:

Address Line 2:

Address Line 3:

Town:

Postcode:

You should complete it as follows:-

***Party Type:**

Select '**Person**' or '**Organisation**'. Only select 'Organisation' where the creditor is not a private individual e.g. is a company, bank or government body. Note that a default of 'Person' is set.

The information you are required to supply will be dependent on the Party Type you choose. Non applicable items will be 'greyed out'. Mandatory items are preceded by an asterisk.

* **Name:** Please enter the name of the creditor.

***Organisation Type:** Select the most appropriate description from the dropdown list.

***Forename:** Please enter the forename of the creditor.

***Surname:** Please enter the surname of the creditor

***Gender:** Please indicate whether the creditor is male or female

Email: Please enter an email address for the creditor if available

Telephone: Please enter a telephone number for the creditor if available

***Address:** Please enter the creditor's address details.

When you have entered all the details, select **Finish**. You will now be returned to the main application form and the creditor just entered will be selected in the dropdown list. You should now enter the details of the debt as usual.

If at any point while adding a new Central Creditor you wish to leave the screen without saving the entries made, select **Cancel**. This will return you to the main application form where you may continue to enter details.

Section 8 of Application – Income and Expenditure Account

This part of the application form requires information about the debtor's total monthly income and expenditure.

It is an eligibility requirement for a DRO that the debtor does not have a disposable monthly income, following deduction of normal household expenditure, of more than £50 per month. The Income and Expenditure Account on the application form therefore provides a calculation of how much money the debtor has to spare each month (if any), and stemming from this, whether they are eligible for a DRO.

The Income and Expenditure Account is based on the summary page of the Common Financial Statement used by many debt advisors. It is anticipated that in most cases, the intermediary will already have completed a version of the Common Financial Statement (or similar document) following initial consultation with the debtor regarding their financial affairs.

Subdivision 8.1 Monthly Income Details

Please indicate on the application form the debtor's total net monthly income following deduction of tax etc.

The debtor's income could derive from various sources, including wages, benefits and pensions. **All** benefits should be scheduled, including DLA (in the case of DLA, it is acceptable to record an identical amount as expenditure). The debtor may also receive income from other sources, such as rental income, which should also be included on the form in the "Monthly Total Other Income" field.

The system will automatically calculate the debtor's total monthly income (stated in the "**Total Income**" field) based on the figures included on the form.

Subdivision 8.2 Monthly Expenditure Details

Please include all of the debtor's monthly expenditure on the application form.

If any of the debtor's expenditure does not fit within the categories provided, please enter the amount of expenditure in the "Monthly Total Other Expenditure" field, and briefly describe the nature of the expenditure in the free-text box at the end of the page.

The system will automatically calculate the debtor's monthly expenditure (stated in the "**Total Expenditure**" field) based on the figures included.

The system will automatically calculate the debtor's surplus income by deducting their total expenditure from their total income. This value is then stated in the "**Income less Expenditure**" field. The debtor's total surplus income must be £50 or less in order for the debtor to be eligible for a DRO.

Subdivision 8.3 Additional Comments

Please feel free to use the free text box at the bottom of the page to provide further information, commentary or to elaborate on any unusual income or expenditure entries.

2.6.4 Hire Purchase Agreements

Outstanding balances on hire purchase agreements are not an excluded debt and will contribute to the £15,000 total liability parameter. It should be noted that the subject vehicle or goods should not be declared by the debtor as an asset, as they do not belong to the debtor until all of the payments due under the hire purchase agreement have been paid to the finance company. A debtor only becomes the owner of a vehicle or goods subject to HP/Conditional Sale once all of the terms of the agreement have been met.

Hire purchase agreement installments should not be shown in the expenditure section of the application form as hire purchase liabilities must be scheduled within a DRO, and once a DRO has been approved the debtor would no longer be allowed to make payments under any such agreement.

2.7 Submitting an Application

Pre-Submission Checks

When you feel that you have entered all the required information, you should submit the form by selecting the submit button at the top of the screen.

The system will then carry out an overall validation check of the form to ensure that all **required** information has been supplied in the correct format. If issues are found, you will receive appropriate error messages (in red at the top of the screen) and should rectify these problems before attempting to submit again. You may need to revisit various sections of the application form to fix the problems.

If no validation issues are found, the system will check the form and generate a **pre-submission page** giving a summary of any instances where the data entered fails to meet the DRO criteria.

If **no** issues are found, a message '**Pre-submission checks all passed**' will appear. If issues **are** found, the system will generate a warning statement as follows:

“For the reason(s) stated above it is possible that your application may be declined by the Insolvency Service when it is received by them. This warning is to advise you that if you do decide to submit the application and it is declined your application fee is non refundable”

If you have made the debtor aware that they will lose the non-refundable application fee should they fail to meet the DRO criteria and they still wish to proceed with the application and submit it to the Official Receiver, please select “**Next**”.

This will bring up a page headed “**Intermediary Submission Form**”.

Alternatively if the debtor decides that they don't want to go ahead with the submission you should either select '**Cancel**', which will exit the form or '**Back**', which will allow the information entered on the form to be revisited

Please Note that when submitting an application, you should also print a hard copy of the same. You can print a hard copy of the application just before you submit it by selecting **Download Printable Form** when you are in the page headed “Intermediary Submission Form”. Alternatively you can print a copy afterwards by finding the application on the DRO **Home** page and selecting **Download Printable Form**.

2.8 Submission Form

This is the last section that is required to be completed before the application form can be sent to The Insolvency Service for consideration of a DRO.

This form is normally accessed as follows,

- On clicking on “Submit” after filling in an application, a screen headed “Pre-submission Check Results” appears. If all is well the message “Pre-submission checks all passed” will be displayed.
- You should then click on “Next”. This brings up the Submission Form under the heading “Intermediary Submission Form”.

How the form is brought up in cases where there are issues are dealt with in the preceding section.

It is a requirement that all applicants for a DRO sign and date a hard copy of this **Submission Form** before their application is submitted. You as intermediary must print a copy of the form, and pass it to the debtor to sign. You must sign and date the 'Intermediary Declaration Statement" on the Submission Form'. You should read the declaration carefully before you sign it. If the debtor is not present, please ensure that the 'debtor not present' tick box is selected. This box should be selected where the form has been completed via telephone.

You should, without delay, sent the Submission Form as signed by the debtor and yourself, in the ordinary post, using the pre-paid envelope provided, to the DRO Unit, at the following address:

The Debt Relief Order Unit
The Insolvency Service
4th Floor
Fermanagh House
20A Ormeau Avenue
Belfast
BT2 8NJ

Intermediaries are asked to ensure that this part of the DRO application process is adhered to rigorously. In cases where they don't have the debtor present in their office to sign the Submission Form, and are instead dealing with the need to have it signed by forwarding a hard copy to him or her for signature, they should include a covering note explaining the importance of ensuring that the Submission Form is duly signed and returned to the intermediary without delay. Applications should not be submitted to the Official Receiver unless and until the debtor has signed and dated the Submission Form.

As an intermediary, you will also need to enter your password again, this time in the box provided at the foot of the Submission Form. Once you do so you can submit the form. If you are submitting the form against advice given to the debtor, please select the '**Submit against Advice**' button. Otherwise select '**Agree to Submission**'. In either case, you should receive a message back stating that the DRO form has been successfully submitted.

If it is decided at this late stage not to proceed with submission, select '**Submission Rejected**'. This will exit the form.

You should always advise debtors that by authorizing you to submit their DRO applications to the Insolvency Service for consideration, they are agreeing to the Insolvency Service checking the information that they have provided, using external data sources. You should also advise debtors that in applying for a DRO, they are authorising the data that they have provided in the application form, to be sent to appropriate external parties in an unencrypted electronic format.

Intermediaries will note that there is a commentary box below the Intermediary Declaration Statement. Intermediaries should use this box to make any further comments that they feel may assist the Official Receiver with the determination of an application. Matters to consider including would be for example, the exceptional case of a debtor requesting an **address to be withheld, where a person is at risk of violence**. Please note that the Official Receiver would not agree to an address being withheld where the debtor was unable to substantiate their claim, or the grounds submitted were merely a preference that an address should not be published.

Any decision by the Official Receiver to accede to a request to withhold an address from the Register of Debt Relief Orders will only hold good for a short period. The debtor will need to apply to the High Court, Chancery Division (Bankruptcy) if they want to have their address withheld for a longer period. The application would be made on court form 7.01, which should be available from the High Court and can be downloaded from the Insolvency Service's website at www.detini.gov.uk/insolvency. The completed form must be accompanied by an affidavit, which includes a reference to Insolvency Rule 5A.22, which is the rule under which a client can apply for this protection. Practice direction 5/2005 together with Order 41 of the Rules of the Court of Judicature 1980 (formerly the Supreme Court Rules) cover what information should be included in an affidavit. When making an application, a client must also provide any evidence they have to show that there is a risk of violence and that rule 5A.22, therefore, applies.

The current fee for such an application is £150, although this would be subject to remission should the individual's circumstances dictate.

Prison Addresses

Where a debtor is incarcerated at the time of applying for a DRO, intermediaries should mark the "address withheld" box and this will trigger the Official Receiver's internal protocol for dealing with prison addresses. Unless the prisoner is at risk of violence, no subsequent application to Court is necessary. Provided the "address withheld" box is selected, reference to any prison address will be removed from the debtor's description and excluded from any documentation sent to creditors. As soon as all of the relevant notices have been issued to creditors, the address withheld flag will be removed from the case.

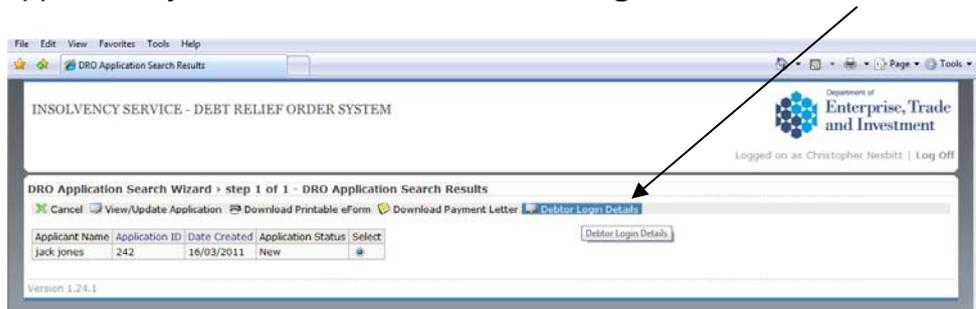
2.9 Allowing a debtor to complete a previously created application

An intermediary may in appropriate circumstances, such as where a debtor's affairs are not too difficult or complex, allow the debtor to complete the DRO application form themselves. The debtor will need to have internet access to do this.

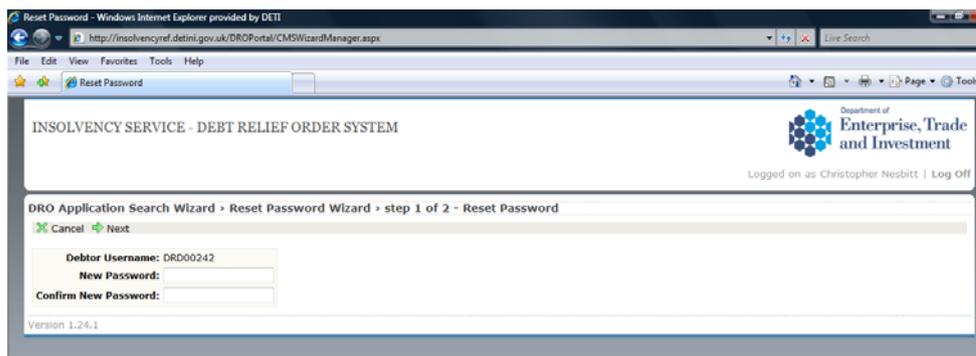
If you decide to let a debtor complete an application form themselves you should again advise the debtor about the consequences of providing incorrect information. You should also check that the information entered by the debtor is correct by auditing the application form prior to submission.

The application form can only be accessed by one user at a time, which means that an intermediary and a debtor cannot access it simultaneously. To prevent any problems with access arising, users should ensure that they exit the application correctly once they have finished working on it.

- a. Find the application from the DRO **Home** page by entering relevant criteria and pressing **Search**.
- b. When the Search Results are returned, check the **Select** button alongside the application you want and select **Debtor Login Details**.



- c. You will now come to a screen where you can enter a password for the debtor.



- d. Take a note of the Debtor Username and enter a password in the **New** and **Confirm Password** boxes. The password must be at least 8 characters long, contain at least one uppercase, one lowercase letter and one digit (0-9)
- e. Press **Next** and you should receive a message telling you that the password has been successfully set.
- f. Advise the debtor of the username, password and the website address for accessing the system.

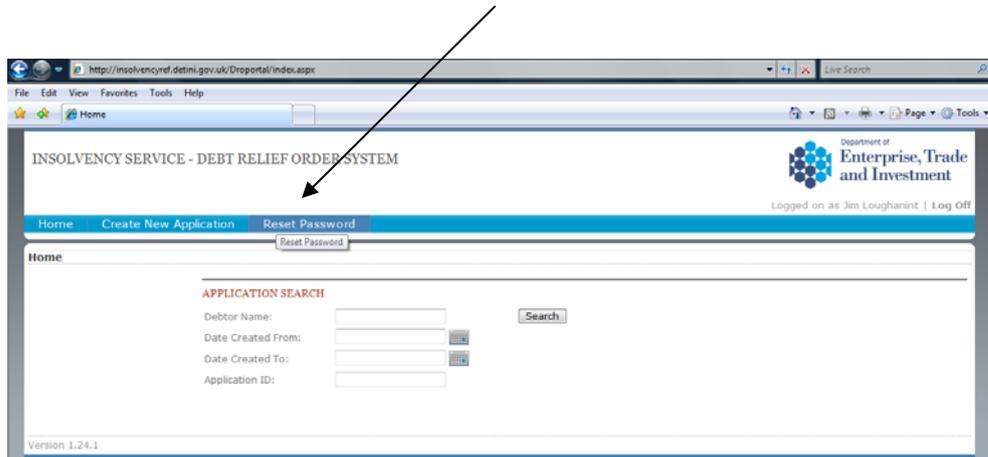
When the debtor uses these details to log in to the system, their application will open automatically. The debtor will be able to complete the application as usual with two exceptions

- S/he will not be able to add new central creditors.
- S/he will not be able to submit the application

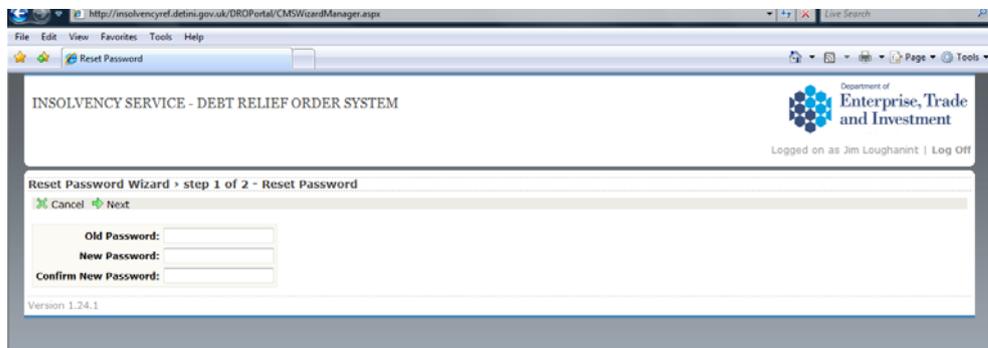
If the debtor forgets their password, you may allocate them a new one by repeating steps a. to f. above. If you have failed to take note of the debtor username, you can access it again by finding the application and selecting **Debtor Login Details**.

2.10 Resetting your password

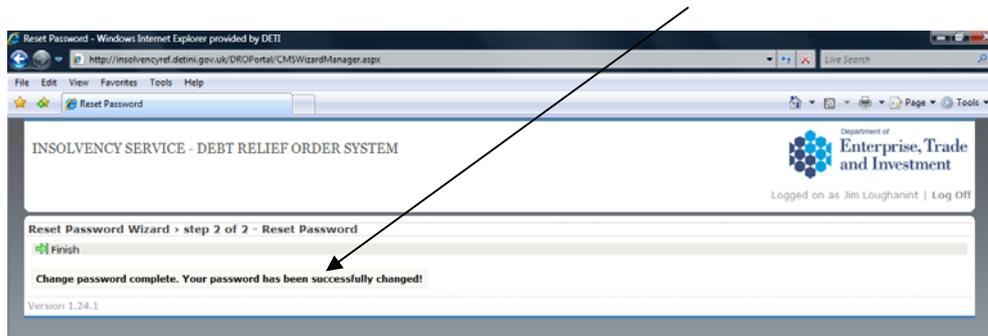
To reset your password, select **Reset Password** from the DRO Home page.



You will see the following screen.



Enter the information in the boxes provided and click on **Next**. If you have entered the details correctly, you should receive the confirmation indicated.



Click on **Finish** and this will return you to the DRO Home page.

Note that passwords must be at least 8 characters long and contain one or more upper case letters, one or more lower case letters and one or more digits (0 -9).

2.11 Viewing the status of applications

The Search Results page shows a status for each application found. The possible status values are as follows:-

Status	Meaning
New	The application has not yet been submitted to the DRO Unit
Pending	The application has been submitted but payment has not yet been received
Cancelled	The application has been submitted but <ul style="list-style-type: none">- payment has not been received by the deadline, or- an underpayment has been received
Automatic Checks Failed Automatic Checks Referral Manual Checks Ongoing Manual Checks Referral Manual Checks Failed Manual Checks Passed	These statuses indicate that payment for the application has been received on time and various checks are now ongoing in the DRO Unit. They should NOT be taken as an indicator of whether the application will be approved or declined.
Declined	The application has been declined by the Official Receiver
Approved	The application has been approved by the Official Receiver

Please note that if an application is cancelled, declined or approved, the intermediary who submitted the application will receive an email automatically.

GUIDANCE IN RELATION TO FEE PAYMENTS

You should advise each applicant that the Official Receiver will only deal with their application once it has been submitted and the Insolvency Service has received full payment of their application fee.

Once the application has been submitted and the fee has been received by the Insolvency Service, the automated system will recognize these facts and will automatically forward the application for consideration by the Official Receiver.

You should strongly advise applicants to pay the fee on the same day that you submit their application. This is because it can take several days for payments to reach the Insolvency Service, and an application is treated as void if the Insolvency Service does not receive the fee within 20 days of the date on which the application is submitted.

The fee must be paid in one single payment in cash.

You should explain that once it has been paid no refund will be made.

You should alert applicants to the possibility that any delay in payment of the fee could result in extra interest and charges pushing their total indebtedness above the £15,000 eligibility limit for a Debt Relief Order. An applicant obviously runs the risk of having their application declined, resulting in them losing their fee, if their total liabilities are so close to the £15,000 limit that, that there is a reasonable and real prospect of them exceeding that limit by the time the application fee is received by the Insolvency Service. In such circumstances you should advise the applicant to think seriously about whether or not to go ahead with their application, and emphasize to them that should they decide to do so it will be doubly important that they pay the application fee without delay.

If the debtor completes their application over a number of visits you should update any liability figures on the application form to take account of any further accrued interest or charges, which may have increased the debtor's overall liabilities during the intervals between visits.

IMPORTANT Please note that if the debtor's liabilities have risen above the £15,000 threshold, the debtor will not be eligible for a DRO.

If the debtor's liabilities are still within the £15,000 limit on their return visit, the application form may then be submitted to the Insolvency Service.

How to pay

Payment has to be made through Paypoint or the Post Office.

Paypoint facilities are widely available in Northern Ireland. There are nearly 1,000 Paypoint terminals Northern Ireland, providing flexibility as a result of their long opening hours and accessibility. Outlets that have Paypoint terminals are clearly marked outside with Paypoint logos.

For more information please visit the following website:

www.paypoint.co.uk/

Post offices are of course widely available in Northern Ireland and details of local branches can be found by accessing the following website:

www.postoffice.co.uk and using the branch finder facility.

To pay the application fee at a Payzone terminal or Post Office the debtor has to present a bar-coded letter issued to them by their intermediary. You must therefore print off and give a copy of this letter to each debtor once you have submitted their application. The procedure to print this letter is, to search for the debtor's application on the DRO Home Page. Once you have turned up the application simply click on "Download Payment Letter" to print a copy of the letter, and give the copy to the debtor.

You should apprise yourself as to which neighboring outlets which have Payzone terminals.

It will not be feasible for intermediaries who deal primarily with telephone interviews to ascertain the location of outlets for their clients; however they may wish to advise their clients to make enquiries to find out which outlets in their area have Paypoint terminals.

The barcode generated on each printed letter is unique to the debtor and they will be able to use the letter make their payment at any Paypoint facility or Post Office. The fee amount has to be paid in one single lumpsum, in cash. The payment is made over the counter at the outlet which has the Paypoint facility or at the Post Office, as would be done when paying a utility bill or purchasing a mobile phone top up.

If a charity is paying the application fee they should use exactly the same method.

What Happens Next?

Once an application for a Debt Relief Order has been submitted to the Insolvency Service for consideration and the application fee has been paid, the Official Receiver will determine the application by either approving or declining it. He may seek additional information before he makes his decision.

The applicant will be informed in writing if his or her application is approved, and notification of the making of the Order will be sent to all the creditors who were scheduled in the application and to the intermediary.

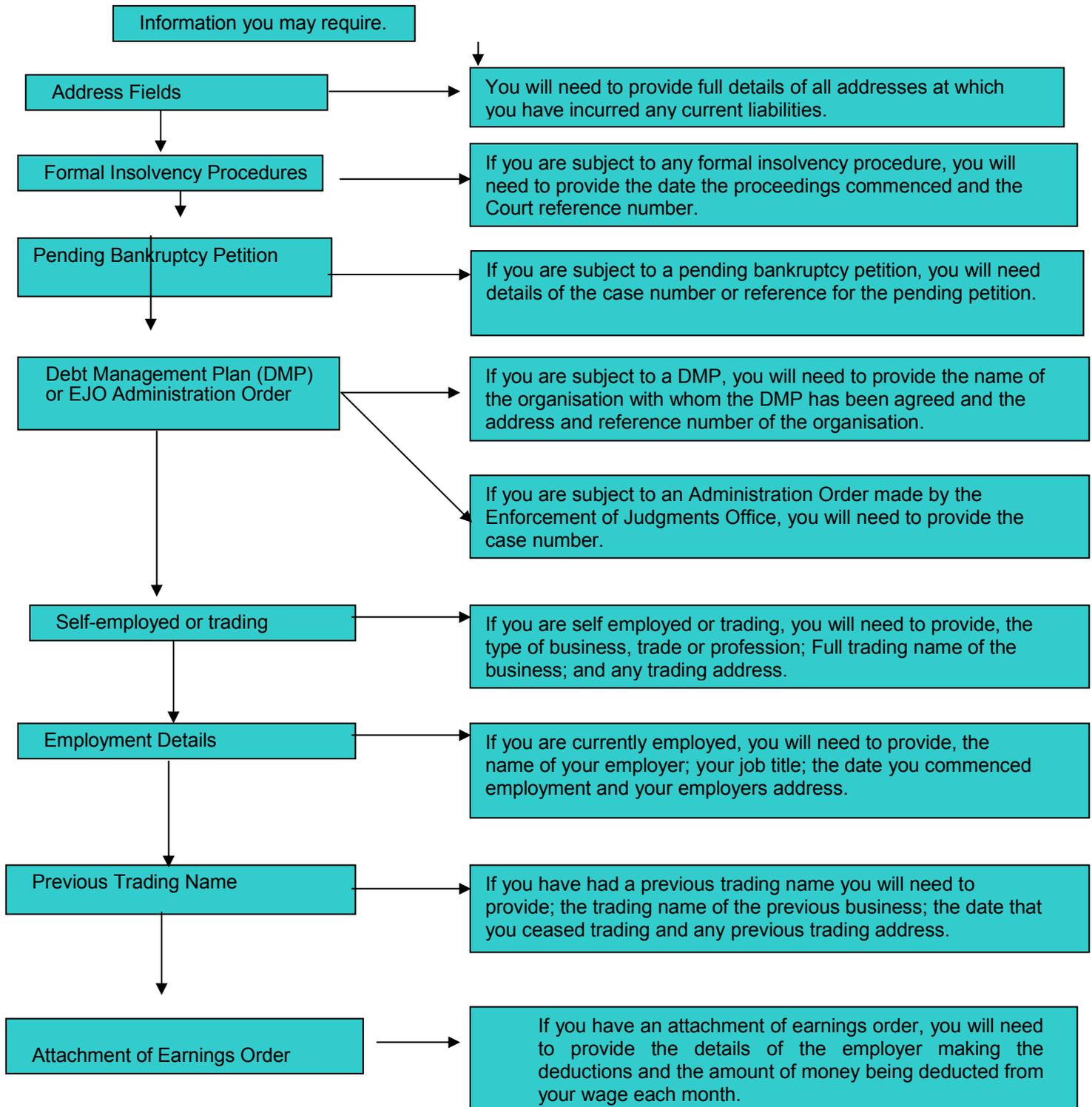
If an application is declined, the applicant and their intermediary will be informed and advised of the reasons e.g. liabilities exceeded.

If the Official Receiver requires further information, to determine an application, he may contact the applicant for it, and wherever possible the applicant should assist the Official Receiver with his enquires.

Debt Relief Orders

Web Application Information Requirements

The following flow chart provides guidance on the type of additional information your intermediary may require, to enable them to help you complete your online application for a Debt Relief Order.



Glossary

Administration Order – A formal insolvency proceeding where the Enforcement of Judgments Office issues an order for regular payments to be made by the debtor to that Office. The Court takes a 10% administration fee and divides the rest of the payment among the creditors on a pro rata basis. To qualify for an administration order a debtor must be unable to pay forthwith the amount recoverable on foot of a money judgment for an unsecured debt, and his total unsecured debts must not be more than £5,000. Once an order is made, creditors cannot take action against the debtor without first asking the Office. See Part 6 of the Judgments Enforcement (Northern Ireland) Order 1981.

Approved Intermediaries – Members of the debt advice sector who are permitted to act as debt relief order (DRO) advisors. They will give advice to debtors and help them to complete the online application for a DRO. Approved Intermediaries are the only people who can submit a DRO application online, so they will submit the completed application on behalf of the debtor. Approved intermediaries are authorised to act as such by competent authorities.

Approved Pensions – most occupational or person pension schemes found in the UK. They include occupational pensions from large organizations and personal pensions from well known insurance companies.

Asset - Anything that belongs to a debtor that may be used to pay their debts.

Bankrupt – A debtor who has been made bankrupt by the High Court because they are unable to pay their debts.

Bankruptcy - One way of dealing with debts that someone cannot pay. The bankruptcy proceedings free a bankrupt from overwhelming debts so they can make a fresh start. Bankruptcy makes sure that a bankrupt's assets are shared out fairly among their creditors.

Bankruptcy Restrictions Order (BRO) or Undertaking (BRU) - A formal insolvency procedure whereby a bankrupt may have a Court order made against them, or they give an undertaking, that will mean certain restrictions continue to apply for a specified period of between 2 and 15 years.

Charge – A security interest such as a mortgage, taken over property by a creditor, to protect against non-payment of a debt. If the debtor does not pay the debt, the creditor has the right to take the property. Charges are always attached to specific assets.

Competent Authorities – Debt and financial advice organisations designated by the Department of Enterprise, Trade and Investment to authorise members of the debt advice sector to act as approved intermediaries.

Conditional Sale Agreement – An agreement to buy goods by instalments where the buyer can take possession of the goods but will only own them on the condition that they have paid all the installments. The agreement may also have other conditions to be met before ownership can take place. See also HIRE PURCHASE.

Creditor – An individual or body to whom money is owed.

Creditor's Bankruptcy Petition – A formal application to the High Court by a creditor for a debtor to be made bankrupt.

Debt Management Plan (DMP) – The debtor, with the help of the debt advice sector, sets out a schedule for the repayment of their debts to their creditors, which involves regular payments to an agent.

Debt Relief – A process that is put in place to stop creditors taking action against a debtor to recover what is owed to them.

Debt Relief Order (DRO) – A new formal insolvency proceeding that offers debt relief to a specific group of debtors who have total liabilities not exceeding £15,000, total gross assets not exceeding £300 and a monthly disposable income not exceeding £50. A DRO can be issued by the Official Receiver on behalf of the Insolvency Service. The debts owed by a debtor included in a DRO cannot be recovered by a creditor and will usually be discharged after a year.

Debt Relief Restriction Order (DRRO) or Undertaking (DRRU) – A formal insolvency proceeding, similar to a BRO or BRU, whereby someone who is subject to a DRO may have a Court order made against them, or they give an undertaking, that will mean the restrictions of a DRO continue to apply for a specified period of between 2 and 15 years. If it is found that that a debtor has failed either during the course of their application for a DRO, or, after their DRO has been approved, to provide an open and honest account of their financial affairs or has not co-operated with the Official Receiver, the debtor may have a DRRO made against them.

Debt Relief Restrictions Register – An online database containing names and other details of individuals subject to debt relief restrictions orders and undertakings. The register can be accessed by the public.

Debtor – An individual or body who owes money (a debt).

Debtor's Bankruptcy Petition – A formal application to the High Court by someone who wants to be made bankrupt because they are unable to pay their debts.

Default – Failure by a debtor to meet their obligations, usually in the terms of a repayment.

Department of Enterprise, Trade and Investment (DETI) - The Government Department of which the Insolvency Service is a branch.

Discharge – The process by which a debtor can be freed from bankruptcy debts (with certain exceptions) or freed from the restrictions of bankruptcy.

Domiciled

In regard to Debt Relief Orders, domiciled means do you live or is your principal residence in Northern Ireland.

Estate – The sum total of a bankrupt's property available for distribution to their creditors. The degree, quantity, nature and extent of an interest that a person owns in real and personal property

Freehold – A form of legal title to land that means absolute ownership of the property and the land it stands on, for an indefinite period. It is also known as a “life interest”.

Hire-Purchase Agreement – An agreement that is a secured loans that gives the provider of the goods certain rights over the goods until the hire-purchase agreement is finished. The goods are hired for the term of the agreement at which point the person who is hiring the goods can opt to buy them. This means that until the end of the agreement the hirer is not allowed to sell the goods as they are not the owner and they must abide by the terms of the hire- purchase agreement. See also CONDITIONAL SALE AGREEMENT

Gross Assets – The total value of an individual’s combined assets before all charges and other fees requiring repayment have been deducted.

Individual Voluntary Arrangement (IVA) – A formal version of a DMA or DMP that is legally binding on the debtor and all of their creditors. If a debtor, who makes a proposal on how they will pay all or part of their debts, has 75% of the creditors who are present or represented at a meeting to consider the proposal agree to accept it, it is binding on all of the debtor’s creditors. The supervisor of an IVA must be an insolvency practitioner. If someone has been made bankrupt they can enter into a Fast Track Voluntary Arrangement (FTVA). An FTVA works in a similar way to an IVA but the supervisor must be the Official Receiver.

(The) Insolvency Service – A branch of the Department of Enterprise, Trade and Investment, one of whose staff, the Official Receiver administers and investigates bankruptcies and compulsory liquidations, administers DROs and supervises FTVAs.

Interim Order – An order of the Court for a short period, pending a final outcome. An example is an order giving a moratorium for a debtor who is intending to make a proposal for an IVA.

Judgment – Order of the Court in a civil or criminal proceeding.

Judgment Creditor – A creditor who has a judgment which they can seek to enforce through the Enforcement of Judgments Office.

Lease –A contract granting use or occupation of property during a specified period in exchange for a specified rent.

Leasehold – The right to an estate or interest held under a lease

Moratorium Period - A length of time during which the debts owed by a debtor are protected from the claims and actions of their creditors. Creditors cannot continue or commence legal action against the debtor for repayment of these debts, without leave of the Court. After the moratorium period has come to an end, these debts would usually be discharged. If the moratorium period is terminated by the Court or the Official Receiver, the debtor will again be subject to the actions of their creditors.

(The) Official Receiver – An officer of the Court and civil servant in the Insolvency Service, who administers and investigates bankruptcies and compulsory liquidations, and administers DROs and FTVAs.

Preferential Creditors – Certain unsecured creditors, in bankruptcy and liquidations, who receive priority payment over other unsecured creditors in the event of a distribution.

Qualifying Debts- A list of the debts that have been scheduled in an application for a Debt Relief Order. Please refer to the guidance notes as to the definition of a qualifying debt.

Register of Debt Relief Orders – An online database containing names and other details of individuals who have obtained Debt Relief Orders. The register can be accessed by the public, and each individual's record remains on it throughout the moratorium period which follows the making of a Debt Relief Order and for three months thereafter.

Revocation Of Debt Relief Order- This is the process whereby the Official Receiver or Court, may terminate a Debt Relief Order.

Secured Debts- A debt that entitles the lender to take possession of a specified piece of property if the debtor cannot repay the secured debt. An example would be a mortgage, whereby a house is considered collateral (an asset) towards the debt. If a debtor defaults or fails to meet one of the terms of repayment, the bank may seize the house to sell, using the proceeds to settle the debt.

Secured Creditors – Creditors who have a specific claim over one or more of the debtor's assets, such as a mortgage or charge over a house.

Unencrypted Electronic Format

Unencrypted is something that has not been encrypted, which means: to alter a file for example using a secret code so as to be illegible to unauthorised parties.

Undischarged Bankrupt – A debtor who is currently subject to a bankruptcy order and its restrictions.

Unsecured Creditors – Creditors who do not have a specific claim over the Debtor's assets for all or part of the sum owed to them. Some unsecured creditors may be preferential or judgment creditors.

Unsecured Debts – Debts that do not identify specific assets that the creditor is entitled to where the debtor fails to meet the terms of repayment (or defaults), such as bank loans, credit cards, unpaid utility bills, income tax and any shortfall to secured creditors, once the value of their security is taken into account. Only unsecured debts are qualifying debts for a DRO, but not all unsecured debts will be qualifying debts (see qualifying debts).

Index

Address Withheld	Page 49
Bank Accounts	Page 11
Bar Coded Letter	Page 63
Creditor Communication	Page 8
Debt Relief Restrictions Orders/Undertakings	Page 12
Excluded Debts	Page 10
Fraudulent debts	Page 7
Hire Purchase	Page 56
Interest and Charges	Page 51
Investigation	Page 10
Joint Debts	Page 9
Logbook Loans	Page 10
Official Receiver	Page 16
Omitted Debts	Page 12
Pensions	Page 40
Rates	Page 49
Recovery of Benefit Overpayments	Page 9
Rent Arrears	Page 8
Restrictions on Debtor	Page 13
Secured Creditor	Page 9 & 41
Supporting Paperwork	Page 11

