

News



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Special points of interest:

- *Debt Relief Orders still on schedule for April 2009 launch*
- *Details of Queen's Speech and Pre-Budget Report*
- *Government and lenders hold credit card summit*

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Debt Relief Orders update

As reported in previous editions of *GLOMAS News*, the Insolvency Service is launching a new type of insolvency procedure known as the Debt Relief Order (DRO) in April this year. It will be accessible to those who have "no income and no assets".

In order to be eligible for a DRO, clients must: -

- Have debts of less than £15,000
- Have less than £50 available income per month (using Common Financial Statement principles)
- Have assets worth less than £300 (£1,000 for cars)
- Not own their own

home

- Pay a £90 application fee.

Clients will only be able to access DROs via an 'approved intermediary' who acts as a 'conduit' and helps the client with their application. Intermediaries are designated to act via a 'Competent Authority' (CA).

Several organisations including Citizens Advice and the Institute of Money Advisers have already received authorisation from the Insolvency Service to become a 'competent authority'. This official acceptance enables them to approve and appoint 'DRO intermediaries' (subject to statutory

criteria and conditions). Such 'intermediaries' will be authorised to offer and complete a DRO application for eligible clients from April 2009.

The Money Advice Trust is offering training for DRO intermediaries. The deadline for booking a place is 23 January 2009. Money advisers who are interested in booking a place should contact the relevant competent authority.

For further information about DROs see <http://www.insolvency.gov.uk/insolvencyprofessionandlegislation/debtrelief.htm>.

Government u-turn on SIVAs

In a somewhat controversial move, the Insolvency Service has withdrawn the legislative reform order which had been presented to Parliament to amend sections of the Insolvency Act 1986 aimed at simplifying IVAs

(individual voluntary arrangements) and enabling authorised persons specialising in one form of voluntary arrangement, i.e. individual or company.

The apparently successful operation of the IVA

Protocol is the reason given for this u-turn. According to the Insolvency Service, the protocol has resulted in many of the desired improvements in the IVA marketplace being implemented without the need for further legislation.

Rules on service of claim forms change

On 1 October 2008 a new version of Part 6 of the Civil Procedures Rules (CPR) came into effect, changing the rules on the service of claim forms. There are new Practice Directions, and other parts of the CPR have also been amended.

Service is now deemed by reference to "business days". A business day is defined as any day except Saturday, Sunday, bank holidays, Good Friday and

Christmas Day.

This means that a claim form served by first class post will be deemed to be served on the second business day after posting. Before these changes were introduced, deemed service was the second day after posting. This does not apply to claim forms served by the Claims Production Centre, where deemed service remains five days after the date of issue.

Important changes have also been made concerning the defendant's address for service of a claim form, and Rule 6.9 introduces new provisions covering situations where the claimant has reason to believe that the defendant no longer lives at the last known address.

The new rules can be found at: http://www.justice.gov.uk/civil/procrules_fin/contents/parts/part06.htm.

"This is another step towards the provision of impartial guidance on money matters that so many people desperately need in today's difficult circumstances."
Chris Pond,
Financial Services Authority

Money Guidance partners announced

The first group of partners who will help to deliver the new £12 million Money Guidance pathfinder, have been announced by HM Treasury and the Financial Services Authority (FSA). The Money Guidance pathfinder, based in the North West and the North East of England, will provide impartial financial guidance from this spring to up to 750,000 people in these regions. It will be deliv-

ered by telephone, face to face, and on the internet.

The face-to-face partners, selected through competitive tender, are A4E, Citizens Advice, Knowsley Advice Forum and Liverpool Money Talk Consortium (RAISE).

The telephone partner will be Teleperformance, a leading provider of outsourced contact centre

solutions who currently work with the FSA on its consumer contact centre.

In addition to its existing service, the Consumer Credit Counselling Service, an experienced debt management organisation, has offered to provide telephone-based Money Guidance to its own clients.

Lone parent changes

The Social Security (Lone Parents and Miscellaneous Amendments) Regulations 2008, SI 2008 No. 3051, came into effect on 24 November 2008.

From this date, *new* lone parent claimants with a youngest child aged 12 or

over are no longer eligible for Income Support on the basis of being a lone parent. From 29 October 2009, the youngest child age limit will be reduced to 10 or over, and from 25 October 2010 it will be reduced to 7 or over.

Other rules provide for work-focused interviews for lone parents and for restrictions on availability for work, being treated as available for work and for good cause for refusing to carry out a jobseeker's direction.

Pre-Budget Report

Alastair Darling, the Chancellor of the Exchequer, gave his much anticipated pre-budget report to the House of Commons on 24 November last year.

Key points of interest to money advisers were: -

- A funding boost of £10 million to Citizens Advice Bureaux
- The £600 increase in the income tax personal allowance is to be made permanent,

with a further increase of £130, which means that basic rate taxpayers will pay £145 less tax per year in 2009/10

- April's increase in child benefit has been brought forward to January 2009, worth an additional £22 on average to families
- £60 was paid to pensioners in the New Year, equivalent to

bringing forward the April increase in the basic state pension to January

- A new lending panel will be created, to improve monitoring of lending to households and businesses, and provide help through mortgage rescue and support for mortgage interest schemes to eligible householders in difficulty.

The full report is available at www.hm-treasury.gov.uk.

Credit card summit

Secretary of State for Business Peter Mandelson and Consumer Affairs Minister Gareth Thomas have secured agreement from the credit card industry to help borrowers struggling with their credit card bills over the coming months.

At a summit held on 27 November 2008, the industry

agreed that where a not for profit debt advice agency has formally notified that a consumer is in serious discussion with that agency on a draft debt repayment plan then the credit card company will suspend collections activity whilst these discussions continue provided that they are concluded within 30 days, with

the option of extending a further 30 days subject to demonstrable progress being made but not yet concluded.

"We want to work constructively with industry to draw up a set of principles that will ... ensure borrowers are treated fairly and in a way that best helps them pay off their debts"
Gareth Thomas

Queen's Speech

The Queen's Speech on 3 December 2008 announced the Government's legislative agenda for the following year. Bills of interest to money advisers include the following: -

- A Banking Bill, which will allow the

Bank of England and other authorities to intervene when a bank gets into severe difficulties

- A Child Poverty Bill, which will enshrine in law the Government's commitment

to eradicate child poverty by 2020

- A Saving Gateway Accounts Bill, and
- A Welfare Reform Bill, which will abolish Income Support and move claimants to either JSA or ESA



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**Free training
available—
flyers enclosed!**

GLOMAS provides money advice expertise to voluntary and statutory agencies in Gloucestershire in the following ways: -

*Our **telephone consultancy** service is available on Mondays to Fridays from 9.00 a.m. to 5.00 p.m. to all agencies in the County. We can help advisers on a wide range of issues including benefits, bankruptcy, court procedures and consumer credit.*

*We offer two **training programmes** a year on a wide range of money advice and welfare benefits topics.*

*We undertake **specialist casework** and can accept referrals of complex cases, especially those involving business debt.*

*We run a **duty advice desk** every week at Gloucester County Court in partnership with Shelter and can represent clients in rent and mortgage possession proceedings.*

*We run a quarterly **money advice forum** for advisers in Gloucestershire.*

... and it's goodnight from him

As many of our readers will already know, after nearly nine years as Manager David Hawkes left GLOMAS on 16 January to take up the position of National Money Advice Co-ordinator with AdviceUK.

On leaving, David said: "I have really enjoyed my time at GLOMAS and would like to take this opportunity to thank all those organisations and individuals with whom I have worked for their support over the years."

We are sure that you will

want to wish David every success in his new role.

Charlotte Bentham has taken on the role of Acting Manager and will be working full-time from 19 January.

Recruitment is under way for the position of Locum Money Advice Specialist. We hope that the successful candidate will be in post by the end of February 2009, when we will be able to accept new client referrals.

We will also be considering future training

courses for 2009. If you have any suggestions for courses that you would like us to run, please do contact Charlotte. You can ring her on (01242) 224859 or email her at charlotte.bentham@glomass.org.uk.

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