

# Chapter 8

## Debt advice

## 8.5 Financial statements and debt repayment offers

**8.5.1** **R** A *firm* must ensure that a financial statement sent to a *lender* on behalf of a *customer*:

(1) is accurate and realistic and must present a sufficiently clear and complete account of the *customer's* income and expenditure, debts and the availability of surplus income;

[Note: paragraph 3.24 of *DMG*]

(2) state any fees or charges being made by the *firm*;

(3) is sent only after having obtained the *customer's* consent to send the statement and the *customer's* confirmation as to the accuracy of the statement;

[Note: paragraph 3.26f and g of *DMG*]

(4) is provided to the *customer's lenders* as soon as practicable after the *customer* has confirmed its accuracy; and

[Note: paragraph 3.26e of *DMG*]

(5) is also sent to the *customer*, together with any accompanying correspondence.

[Note: paragraph 3.26h of *DMG*]

**8.5.2** **G** The format of the financial statement sent to *lenders* on behalf of the *customer* should be uniform and logically structured in a way that encourages consistent responses from *lenders* and reduces queries and delays. *Firms* may wish to use the Common Financial Statement formerly facilitated by the Money Advice Trust, the Standard Financial Statement (SFS) facilitated by *MoneyHelper*, or an equivalent or similar statement.

[Note: paragraph 3.24 of *DMG*]

**8.5.3** **G** (1) Where a *firm* makes an offer to a *lender* to repay a *customer's* debts on behalf of a *customer*, the offer should be realistic, sustainable and in accordance with **CONC 8.3.2 R** should, in particular, have regard to the best interests of the *customer*.

- (2) A sustainable offer should enable the *customer* to meet *repayments* in full when they are due out of the *customer's* disposable income for the whole duration of the repayment proposal.
- (3) Setting the offer should take full account of a *customer's* obligations to pay taxes, fines, child support payments and those debts which could result in loss of access to essential *goods* or services or repossession of, or eviction from, the *customer's* home.
- (4) In considering what are essential *goods* and services, the *firm* should consider the *customer's* personal circumstances, for example, for disabled persons debts for telecommunications services are likely to be essential.

[Note: paragraphs 3.25, 3.26c and 3.28d of *DMG*]

8.5.4

**R**

A *firm* must:

- (1) take reasonable steps to verify the *customer's* identity, income and outgoings;

[Note: paragraph 3.26a of *DMG*]

- (2) seek explanations if a *customer* indicates expenditure which is particularly high or low; and

[Note: paragraph 3.26b of *DMG*]

- (3) where applicable, notify a *customer* that a particular *lender* will not deal with the *firm* (for whatever reason), as soon as possible after the *firm* becomes aware that the *customer* owes a debt to that *lender*.

[Note: paragraph 3.26l of *DMG*]

8.5.5

**G**

What are reasonable steps for verification of the identity, income and outgoings of a *customer* depends on the circumstances of the case and the type of service offered by the *firm*. Estimates of expenditure would be reasonable where precise figures are not readily available. The Common Financial Statement includes expenditure guidelines, but where a *firm* uses the Common Financial Statement or an equivalent or similar statement which includes such guidelines, the use of expenditure guidelines needs to take into account the individual circumstances of the *customer*.

**Note:** paragraph 3.26a (box) of *DMG*