

Chapter 7

Arrears, default and recovery (including repossessions)



7.14 Settlements, disputed and deadlocked debt

Disputed debt

7.14.1

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(1) A *firm* must suspend any steps it takes or its agent takes in the recovery of a debt from a *customer* where the *customer* disputes the debt on valid grounds or what may be valid grounds.

[Note: paragraph 3.9k of DCG]

(2) Paragraph (1) does not apply where a *customer* under a green deal consumer credit agreement (within the meaning of section 189B of the CCA) alleges that the disclosure and acknowledgement provisions in Part 7 of the Green Deal Framework (Disclosure, Acknowledgement, Redress etc) Regulations 2012 (SI 2012/2079) have been breached, but the *lender* reasonably believes this not to be the case.

7.14.2

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Valid grounds for disputing a debt include that:

- (1) the *individual* being pursued for the debt is not the true *borrower* or *hirer* under the agreement in question; or
- (2) the debt does not exist; or
- (3) the amount of the debt being pursued is incorrect.

[Note: annex A3 of DCG]

7.14.3

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Where a *customer* disputes a debt on valid grounds or what may be valid grounds, the *firm* must investigate the dispute and provide details of the debt to the *customer* in a timely manner.

[Note: paragraph 3.9i of DCG]

7.14.4

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Where there is a dispute as to the identity of the *borrower* or *hirer* or as to the amount of the debt, it is for the *firm* (and not the *customer*) to establish, as the case may be, that the *customer* is the correct *person* in relation to the debt or that the amount is the correct amount owed under the agreement.

[Note: paragraphs 3.9j of DCG and 7.11 (box) of ILG]

- 7.14.5** **R** A *firm* must provide a *customer* with information on the outcome of its investigations into a debt which the *customer* disputed on valid grounds.
- [Note: paragraph 3.3g of DCG]
- 7.14.6** **R** Where a *customer* disputes a debt and the *firm* seeking to recover the debt is not the *lender* or the *owner*, the *firm* must:
- (1) pass the information provided by the *customer* to the *lender* or the *owner*; or
- [Note: paragraph 3.23h of DCG]
- (2) if the *firm* has authority from the *lender* or *owner* to investigate a dispute, it must notify the *lender* or *owner* of the outcome of the investigation.

Settlements and deadlocked debt etc

- 7.14.7** **G** A debt repayment is deadlocked where the *customer* (or the *customer's* representative) has acknowledged the *customer's* liability for a debt and has proposed a repayment plan, but the proposed repayment plan is not acceptable to the *firm* seeking to recover the debt.
- [Note: annex A4 of DCG]
- 7.14.8** **R** A *firm* must give due consideration to a reasonable offer of repayment made by the *customer* or the *customer's* representative.
- [Note: annex A5 of DCG]
- 7.14.9** **R** Where a *firm* rejects a proposal for repayment from a *customer* in default or in arrears difficulties or from the *customer's* representative, the *firm's* response must include a clear explanation of the reason for the rejection.
- [Note: paragraph 7.16 (box) of ILG]
- 7.14.10** **R** If a *firm* rejects a repayment offer because it is unacceptable, the *firm* must not engage in any conduct intended to, or likely to, have the effect of intimidating the *customer* into increasing the offer.
- [Note: annex A5 of DCG]
- 7.14.11** **G** Examples of conduct that may contravene **CONC 7.14.10 R** would, depending on the circumstances, include where following an unacceptable offer a *firm* immediately:
- (1) sends field agents to visit the *customer* or communicates to the *customer* that it will do so;
- [Note: annex A5 (box) to DCG]

(2) substantially increases the rate of interest or imposes a substantial charge or communicates that it will do either of those things.

7.14.12 **G** In considering the *customer's* repayment offer, a *firm* should have regard, where appropriate, to the provisions in the Common Financial Statement or equivalent guidance.

[Note: annex A6 of DCG]

7.14.13 **G** (1) Merely making a counter-offer to a *customer's* repayment offer or merely taking steps to enforce an agreement would not contravene ■ CONC 7.14.10 R.

(2) A *firm* which makes a counter offer to a proposal made by or on behalf of the *customer*, should allow the *customer* or the *customer's* representative, a reasonable period of time to consider and respond to the counter offer.

[Note: paragraph 7.16 of ILG]

7.14.14 **R** If a *firm* accepts a *customer's* offer to settle a debt, it must communicate formally and unequivocally that the offer accompanied by the relevant payment has been accepted as settlement of the *customer's* liability.

[Note: paragraph 3.3h of DCG]