

# Chapter 8

## Debt advice

## 8.8 Debt management plans

### 8.8.1

**R**

A *firm* in relation to a *customer* with whom it has entered into a *debt management plan* must:

- (1) maintain contact with the *customer*;  
 [Note: paragraph 3.44 of *DMG*]
- (2) regularly monitor and review the financial position and circumstances of the *customer*;  
 [Note: paragraph 3.44 of *DMG*]
- (3) adapt the *debt management plan* to take into account relevant changes in the financial position and circumstances of the *customer*;  
 [Note: paragraph 3.44 of *DMG*]
- (4) inform the *customer* without delay of the outcome of negotiations with *lenders*, in particular, where the *lender* has:
  - (a) refused to deal with the *firm*; or
  - (b) returned payments to the *firm*; or
  - (c) refused the debt repayment offer; or
  - (d) refused to freeze interest or charges accruing;
 [Note: paragraph 3.45a of *DMG*]
- (5) inform the *customer* of any material developments about the relationship between the *customer* and the *customer's lenders*;  
 [Note: paragraph 3.45b of *DMG*]
- (6) provide the *customer* with copies of correspondence or documentation relating to material developments relevant to the relationship between the *customer* and the *customer's lenders*;  
 [Note: paragraph 3.45b of *DMG*]
- (7) where the *firm* makes *repayments* on behalf of the *customer*:
  - (a) monitor the *customer's repayments* for evidence which suggests a change in the *customer's* financial circumstances;
  - (b) review, and amend or terminate, where appropriate, the *customer's debt management plan* at the earlier of:

- (i) each anniversary of entering into the plan; or
- (ii) as soon as the *firm* becomes aware of a material change in the *customer's* circumstances; and
- (c) inform the *customer* of the outcome of any reassessment;

[Note: paragraph 3.45c of *DMG*]

- (8) provide a statement to the *customer* at the start of the *debt management plan*, and at least annually or at the *customer's* reasonable request, setting out:
  - (a) a balance showing the amount owed by the *customer*, including any interest charges at the beginning of the statement period;
  - (b) fees, charges and other costs applied over the period of the statement, including any upfront fee or deposit, such as an initial arrangement fee, an arrangement fee, any periodic or management or administrative fee, any cancellation fee and any other costs incurred under the contract;
  - (c) a narrative explaining the type of fee applied, how the fee is calculated and to what it applies;
  - (d) the duration or estimated duration of the contract;
  - (e) the total cost of the *firm's* service over the duration or estimated duration of the contract; and
  - (f) *monthly* or other periodic payments made to *lenders*;

[Note: paragraphs 3.45cde of *DMG*]

- (9) maintain adequate records relating to each *debt management plan* which the *firm* has administered for the *customer* until the contract between the *customer* and the *firm* is completed or terminated;

[Note: paragraph 3.45i of *DMG*]

- (10) check the accuracy of the details of the *customer's* accounts; and

[Note: paragraph 3.45j of *DMG*]

- (11) use reasonable endeavours not to send inaccurate information to *lenders*.

[Note: paragraph 3.45j of *DMG*]

## 8.8.2

**G**

- (1) Evidence that there may have been a material change in a *customer's* financial circumstances is likely to include where a *customer* who has not previously missed payments under a *debt management plan* misses such payments.

[Note: paragraph 3.45ci of *DMG*]

- (2) Where the *firm* informs a *customer* of the outcome of a review of a *debt management plan*, it should seek to discuss with the *customer* any changes to the plan or to the *firm's* service at the earliest reasonably opportunity.

[Note: paragraph 3.45ciii of *DMG*]

- (3) In ■ CONC 8.8.1R (6) correspondence or documentation relating to material developments would include, for example, the issue or threat of issue of default notices or legal proceedings.

[Note: paragraph 3.45b of *DMG*]