

Debt ER Terms and Conditions of Agreement

Debt Management Plan

Important note

We want your decision to use Debt ER to be based on transparent information supplied by us. These terms and conditions fully explain our obligations to you and your obligations to us therefore please take your time to read them carefully. You should pay particular attention to clause 2 headed 'Agreement' and clause 3 headed 'What You Pay' to ensure you are fully happy with them before signing. Once you sign these Terms and Conditions you are agreeing to be bound by them therefore, if there is anything you don't understand you should seek advice.

Once **you** have fully read the Terms and Conditions, should **you** wish to go ahead please sign, date and return them to **us**. You will then need to make arrangements with **us** to pay the **Initial Fee**.

When is the contract valid from?

On the date **we** receive your signed copy of these Terms and Conditions and payment instructions for the **initial fee** the contract between **you** and **us** will commence. Our services will start upon receipt of your initial fee in cleared funds.

What are our fees?

You will pay **us** an **initial fee** and thereafter a monthly **management fee**. You will be sent a **summary of estimated payments and fees** which will detail the **monthly payment, estimate of total fees, estimate of term and estimate of total amount repayable**.

1 Definition of terms

'**We, us**' means Debt ER

'**You**' means the person or persons who are named on the **Declaration**.

'**Agreement**' means the agreement made between **you** and **us** based on the **Terms and Conditions**.

'**Creditors**' means all the companies or people that **you** have told **us** **you** owe money to and who are included in the **payment plan**.

'**Cleared Funds**' means a) any cash, postal orders or bankers drafts made payable to **us** by **you**, b) any money we have received in our **client account** from **you** by electronic transfer ie bank standing order, direct debit) and which have not been returned unpaid within four working days

'**Service**' means the service **we** will provide to **you** under this **agreement**.

'**Client Account**' means the account where any monies held on behalf of our clients are kept and our **fees** will have been deducted.

'**Disposable Income**' means the amount of money **you** have available to pay to your **creditors** each month once reasonable living expenses and any secured credit repayments have been deducted from your net income.

'**DMP**' means the Debt Management Plan

'**Summary of Estimated Payments and Fees**' is a detailed summary which outlines what **we** estimate **you** will pay in **payments** and **fees** over the **term** of our **agreement**. This estimate is based on information supplied by **you** to **us** and on balances supplied by **you/your** creditors. It does not include any future interest/fees/charges that may be applied to your outstanding debts hence why this is an estimate.

'**Initial Fee**' means your first two **monthly payments** which is paid by **you** to **us** as an initial fee for our **services** and is not used to pay your **creditors**.

'**Management Fee**' means the monthly fee payable for our **services**. This is an amount equal to 17.5% of your monthly payment subject to a minimum of £35 and a maximum of £120. Should **you** pay a reduced or increased monthly payment **we** will adjust our management fee accordingly. We reserve the right to vary the management fee at our discretion upon 2 month's written notice to you.

'**Fees**' means the **initial fee** and the **management fee**. An estimate of the total fees payable by **you** to **us** in accordance with this **agreement** will be sent to you in a summary of estimated payments and fees. We calculate the total fees by multiplying the monthly **management fee** by the number of months in the **term** and adding the **initial fee**. It is important **you** understand that the total fees is an estimate.

'**Monthly Payment**' means the total amount which is paid every month by **you** to **us** throughout your **payment plan**. Apart from your first two monthly payments which is the **initial fee**, this monthly payment is made up of the **monthly repayment** to your creditors and our monthly **management fee**.

'**Monthly Repayment**' means the part of the **monthly payment** which is paid by **us** to your **creditors** on your behalf.

'**Payment Plan**' means the plan of **monthly payments** of which **you** repay your **creditors** through **us** and pay for our **services** and includes any changes made to the plan.

'**Total Amount Repayable**' means an estimate of the total amount **you** will pay to **us** over the **term** to complete your **payment plan**. This is calculated by adding the total **fees** to your outstanding debts.

'**Term**' means the period we have estimated that it will take you from commencement of this **agreement** to repay all of your creditors in full by using the **monthly payment plan** based on the information **you** have given to **us**.

2 Agreement

2a **You** have appointed **us** and **we** have agreed to act on your behalf with a debt management plan.

2b This agreement will start on the date **we** receive the Terms and Conditions signed by **you** along with arrangement for the Initial Fee to be paid. Once the Initial Fee has been received and has cleared our Service to **you** will commence. **We** may stop our Service to **you** if we do not receive the signed Terms and Conditions, Initial Fee and any supporting evidence **we** have requested in order to calculate your Disposable Income.

2c This **agreement** will continue for the whole term unless ended early by **you** or **us** as set out in clause 8 and 9.

2d **You** have a cooling off period of 7 working days from the date we receive the signed **terms and conditions**. If you wish to cancel the agreement at this stage you need to do so in writing to our address. Upon receipt of this we will refund to you all monies held which you have paid to us and which have cleared, including the **initial fee**. You may also cancel this agreement outside of the cooling off period at any time by writing to us with 2 weeks notice. The **initial fee** will not be returned if **you** cancel once **you** are outside of the cooling off period however, any other monies held on your behalf which have cleared and not been distributed to your creditors will be returned to you.

2e Our total liability for all claims of any kind under this agreement are limited to an amount equal to the initial fee you make to us.

3 What You Pay

3a **You** will pay **us** the **initial fee** and thereafter the **monthly payment** which incorporates our monthly **management fee** and the **monthly repayment** to your **creditors**, the amounts of which are outlined in a letter to you.

3b If **you** pay **us** more or less than the **monthly payment** in one month then we will adjust our **management fee** accordingly.

3c If the DMP does not go ahead for some reason once the cooling off period has expired and assuming **you** have not exercised your rights to cancel then **we** shall be entitled to retain the **initial fee**.

3d The figures outlined in the **summary of estimated payments and fees** may change if your circumstances change and your **disposable income** increases or decreases which results in a different monthly payment being agreed. Also, if creditors apply charges, interest or fees after your payment plan has started hence why the **term** and **fees** are estimated.

4 Effects a DMP may have on your credit profile

4a When **you** enter into a Debt Management Plan **you** may fall further into arrears with your creditors due to a) the time it will take us to negotiate the new payments with your creditors and b) the new payments will be at a lower amount and therefore will take you longer to repay. Whilst we will ask your creditors to freeze any interest, not apply any further charges or fees and not take any further action for recovery of the debt we cannot guarantee that they will do this. Your credit rating may be detrimentally affected by falling further into arrears. However, your credit rating may have already been adversely affected if you have arrears or a history of later or missed payments and you need to consider this before entering into the plan.

5 What We Will Do

5a Upon receipt of the signed **terms and conditions** and based on information provided by **you** to **us**, **we** will review your income, outgoings and living expenses to determine your disposable income. **We** will then review the draft **payment plan** to include all creditors that do not fall into the exclusions as set out in clause 6d and amend accordingly. This will include a **monthly payment** based on your **disposable income** along with a summary of estimated payments and **fees** over the estimated **term** of the plan.

5b Upon receipt of the signed **terms & conditions** we will notify your creditors we are dealing with your financial affairs on your behalf. Based on information provided by you/creditors we will amend the draft payment plan to an actual **payment plan** based on actual figures which will also include a

summary of estimated payments and fees. We will attempt to negotiate reduced repayments to your creditors based on your **disposable income** and will also ask that they freeze interest, do not apply any charges/fees and cease any planned recovery action. We will also ask that any contact made from your creditors is made directly to ourselves for us to deal with on your behalf.

5c We will keep in contact with you throughout the negotiations and advise you of any developments. We will also deal with all communications from your creditors directly to us or to you and passed onto us promptly and efficiently.

5d Upon receipt of your **monthly payment** we will hold this in our **client account** until it has cleared. We will deduct our **monthly management fee** and then distribute the **monthly repayment** amongst your **creditors**.

5e We will review your circumstances periodically (normally every 12 months unless something changes in your circumstances before that) and re-negotiate with your **creditors** should your **disposable income** have changed.

5f We will provide you with a statement every 12 months which will detail your **creditors** along with **monthly repayments** made to them and **fees** we have charged you.

6 What We Won't Do

6a We cannot lend you money or give you any kind of credit facility.

6b We are not solicitors and therefore cannot give you legal advice.

6c We cannot issue payments to your creditors until we have received the **monthly payment** in cleared funds from yourself

6d We will not usually negotiate for reduced payments on secured creditors such as hire purchase or mortgages, rent (including rent arrears) or utility bills including council tax and their arrears. However, we will take these payments into consideration when we calculate your **disposable income**.

6e Whilst we will ask your creditors to freeze/reduce interest, stop any charges/fees and cease any recovery action we cannot guarantee that they will do this. If they do not do this it could result in an increase in the total debt you have to repay, an increased term and/or added costs which would be added to your debts.

7 What You Will Do

7a You will provide us with all relevant information we request in order that we can fully assess your financial situation. This will include providing us with documentary evidence to prove your income and outgoings such as payslips, bank statements and details of **creditors**. You will also provide us with details of any judgements against you or pending/threatened court proceedings and you will supply us with copies or originals of documents relating to any such action.

7b You will try to ensure that at all times the information you provide to us is accurate to the best of your knowledge.

7c You will make the agreed monthly payment to us every month by the agreed date and will continue to do so until your **creditors** included in the **payment plan** have been repaid in full (including any added charges or interest they have applied after the payment plan started).

7d You will allow us to negotiate with your creditors on your behalf and will send us copies or originals of any correspondence you receive so that these can be held on file. If you receive any communications from your **creditors** you will direct them to contact us for us to deal with on your behalf.

7e You will not make any payments directly to your **creditors** or negotiate with them directly during the **payment plan** unless you have notified us in writing that you wish to do so and we have agreed as this could prevent us from fulfilling our obligations under this agreement.

7f You will not use or apply for any further credit facilities during the term of this **payment plan**.

7g You must liaise with us if your circumstances change and you can either afford to increase your **monthly payment** or if you cannot afford the **monthly payment** and it needs to be reduced and re-negotiated with your **creditors**.

7h You will accept that the initial fee is retained and will not be paid to your creditors.

8 How You May End This Agreement

8a You have the right to cancel this agreement under clause 2d.

8b You also have the right to cancel this **agreement** at any time after your cooling off period by writing to us with two weeks notice. Please note that after the cooling off period, should you cancel this agreement we reserve the right to retain the **initial fee**.

9 How We May End This Agreement

9a We may end this agreement at any time by giving you 2 weeks written notice if any of the following happens:

1 You fail to make 2 successive **monthly payments**

2 You file for or become bankrupt or apply for an IVA

3 You fail to do what you have agreed to in clause 7 unless we have agreed to it

4 You fail to pay the **initial fee** within an agreed and realistic time frame

5 If the information given to us or to your creditors in order to acquire credit is subsequently found to be fraudulent.

6 If we are affected by Force Majeure

7 If you die or (if more than one person) one of you dies

10 How We Handle Your Money

10a All monies you pay to us will be held in a **client account** which will also hold other customers' monies. Once the money has cleared we will deduct our **monthly management fee** and transfer that amount out of the **client account**. The remaining **monthly repayment** will then be distributed between your **creditors**.

10b The **initial fee** will not be held in the **client account**.

10c We will make every effort to distribute your **monthly repayments** amongst your **creditors** in accordance with your **payment plan** within 5 working days of your received monthly payment clearing. However, if there is any delay which is not beyond our control we will take appropriate action to put you in the same position you would have had the payment been distributed within the 5 working days and make good any additional interest or fees that have accrued as a result of the delay.

10d In the event of our insolvency all of the money held in our **client account** (less any management fees due to us) would be distributed to our customers in accordance with their payment plan terms. On an annual basis we will pay interest on a pro rata basis for monies held from yourself in our client account.

11 Effect Of Ending This Agreement

11a When this **agreement** ends our duties and obligations under this **agreement** will also end. We will return any monies being held that have not yet been distributed to your **creditors** excluding the **initial fee**.

12 Other Information

12a We agree to keep information about your financial and personal circumstances and all such information you give to us will be confidential. We will not pass this information onto anyone else without your express permission except in accordance with our data protection statement in clause 13 or to your creditors/third parties as detailed in your payment plan to allow us to negotiate reduced repayments on your behalf.

12b If at any time you are not happy with our service please contact us directly in order that we may look into your concerns or alternatively write to us. A copy of our internal complaints procedure is available upon request. We are subject to the jurisdiction of the Financial Ombudsman Service (FOS). Should we have not been able to resolve your complaint to your satisfaction and you wish to contact the FOS you can do so at Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London, E14 9SR.

13 Data Protection Statement

13a All information we hold about you which has been supplied by both you and your **creditors** will be subject to the Data Protection Act 1998.

13b We will use your personal information in order to provide our service to you, namely to prepare your payment plan and negotiate with your creditors. By signing the **declaration and customer authority form** you are giving us consent for your details to be used as stated.

13c Other than as outlined in clause 13b, we will only disclose your personal information if required by law or court order.

13d You can write to our Data Protection Manager should you require a copy of the information we hold about you. Please note that under the Data Protection Act 1998 we may charge you a maximum fee of £10 for this service. If you want to amend any inaccurate information held by us about you please send a written request to the above address.

14 Other Terms

14a We may amend the terms and conditions from time to time and will write to give you 30 days notice of any such changes.

14b Nothing in this agreement affects your legal rights.

14c This agreement is governed by English law.

Declaration and Client Authority Form (Form A)

- a) **I/we** accept and agree to the Terms and Conditions of Debt ER as outlined on the following pages and confirm **I/we** have read them.
- b) **I/we** confirm that all information given to Debt ER, to the best of **my/our** knowledge, is correct and will inform you of any changes.
- c) **I/we** appoint Debt ER as **my/our** representative and give full authority to act on **my/our** behalf in order to discuss/negotiate with **my/our** creditors how payments are rescheduled.
- d) **I/we** authorise Debt ER to discuss any aspect of **my/our** financial affairs with **my/our** creditors.
- e) **I/we** authorise Debt ER to provide personal financial data in the way of an income and expenditure to **my/our** creditors.
- f) **I/we** authorise **my/our** creditors, including their employees, agents and officers to disclose any aspect of **my/our** financial affairs in order to help sort out **my/our** financial problems along with providing personal financial data (including all details of all accounts) in order that Debt ER may help sort out **my/our** financial problems.
- g) **I/we** authorise Debt ER to send/fax this authority to **my/our** creditors and that all creditors should accept this as **my/our** authority as outlined above.

Name:		Date:	
Signature:		Date:	
Name:		Date:	
Signature:		Date:	