



The Debt Arrangement Scheme – quick guide for creditors

This guide gives a brief introduction to the Debt Arrangement Scheme (DAS). Much of its content derives from leaflets prepared by the Accountant in Bankruptcy, whose permission to reproduce their materials has been granted.

DAS is a new debt management tool introduced by the Scottish Executive in November 2004. It is to help people with 2 or more debts who want to pay what they owe by giving them more time. Its purpose is that you, as a creditor, will get most of your money back.

If you have any questions about DAS please email Stephen Cowan on scowan@yuill-kyle.co.uk or call him on 0141 572 4251.

Who is a DAS For?

Your debtor can only apply for a debt payment programme (DPP) if they are either an individual or sole trader whose business debts can be included.

A debtor can only apply for a DPP if:

- they live in Scotland (it doesn't matter where creditors are based);
- they have more than one debt; and
- they have some money to spare after paying their normal living expenses.

Who is DAS not for?

DAS is not for everyone. A debtor cannot apply for a DPP if:

- they are bankrupt or have signed a trust deed or are subject to a bankruptcy restriction order or undertaking;
- they are paying debts under a conjoined arrestment order (with one exception); or
- they have no money to spare after they have paid their normal living expenses.

How does DAS work?

Someone who is approved for DAS is put on a DPP. The DPP allows the debtor to make regular payments to a payments distributor. This money is then distributed to the creditors.

Setting up a DPP

If one of the people who owes money to you is thinking of a DPP they must have a money adviser. The money adviser should make contact:

- to tell you that the debtor is unable to meet their contractual obligations; and
- to ask you to confirm several details about the original debt.

It is probable they will discuss with you whether you would be willing to waive or freeze interest. You are not obliged to agree to this.

If they decide they want to proceed with applying for a DPP, the money adviser will put a proposal to you on a form 4. You have 21 days to respond. There are four possibilities:

- 1) you can consent or agree to the DPP;
- 2) you can fail to respond. This will be counted as agreeing to the DPP;
- 3) you cannot consent if you do not agree to the DPP for any other reason other than the objections below; or
- 4) you can object because you consider the debtor should be sequestrated (made bankrupt) or because they have heritable property (freehold) with substantial equity.

- If you object the case will go to a sheriff and you will be cited to go to court to substantiate your objection.
- The DAS administrator or a sheriff will consider the DPP. The money adviser will tell you whether or not it becomes approved. If the DPP is approved, the money adviser will give your details to the payments distributor, who will contact you to arrange how payments will be made and how you will make payment to the payments distributor for their services in distributing the money owed. This will cost you no more than 10% of each transaction.
- The DPPs will be approved if they are 'fair and reasonable'. The expectation is with the application having been carefully prepared by the money adviser it will meet this criteria. Accordingly, its approval will in most circumstances be an administrative exercise.

Do not Advance Further Credit

If someone is in a DPP, you are not allowed to give any other credit (except in certain restrictive circumstances). If you do so, you will not be able to do any diligence to enforce the debt until the DPP is completed or revoked.

Variation

If the debtor's money situation changes, you can apply to the DAS administrator to vary the DPP. If the debtor does not make payments or does not keep to any other agreement they made when signing the DPP application, you can apply to have the DPP revoked by the DAS administrator.

Checking the DAS Register

If the DPP is approved, it will also be recorded on the public DAS register. You can ask us to check the DAS register, which will hold a record of all DPPs. Simply fill out the DPP form on www.ykcreditcheck.co.uk and we will email you the results.

DPP Details

The information provided on each debt payment programme is:

- the debtor's name (and business name, former name, or alias if appropriate);
- the debtor's age;
- the DAS case number;
- the stage at which the debt payment programme is at from the date of application to completion or revocation;
- the home address (and business address if appropriate);

- the date of approval of the debt payment programme; and
- details of the money adviser.

Updates

The register is updated hourly. But note that new programmes are only approved at midnight.

Contact Us

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