

# Debt Solution Fees Explained

## Our Services

MoneySave Solutions offers all-round [debt advice](#) and a full range of Debt Solutions for all UK legal jurisdictions (i.e. England & Wales, Scotland and Northern Ireland), including [Debt Management Plans](#) (DMPs), [Individual Voluntary Arrangements](#) (IVAs), [Protected Trust Deeds](#) (PTDs), [Debt Arrangement Schemes](#) (DAS), [Bankruptcy Assistance](#) and [Debt Relief Orders](#) (DROs).

Alternatively, the Money Advice Service is a free and impartial service set up by the government. You can contact them online at [www.moneyadviceservice.org.uk/en/categories/debt-and-borrowing](http://www.moneyadviceservice.org.uk/en/categories/debt-and-borrowing) or by phone on 0300 330 2222. Calls cost no more than to a standard UK-wide number.

MoneySave's service is designed to be highly personalised. Historically, nearly 30% of our clients were facing legal action when they come to us and approximately 15% of our clients in a debt management plan have arrears with priority creditors (e.g. Mortgage, rent, council tax, utilities). Please note that we do not represent clients in court, though we assist with court paperwork.

Where applicable you may be referred to an alternative service provider, for example, a local DRO intermediary if a Debt Relief Order (DRO) is regarded as the best solution for your circumstances. Extreme hardship cases may be referred to their local Citizens Advice Bureau (CAB) as part of our Client Charter in dealing with vulnerable and severe hardship cases.

All fees that are associated with any debt solution that MoneySave recommends are totally transparent and disclosed orally and in writing prior to any contractual agreement being made with you. Your preferences are critical to the debt solution selected and affordability is a key criteria. We will discuss the availability of free-to-consumer services for some of these debt remedies and the role of the [Money Advice Service](#).

**All fees quoted below are applicable to new clients only at the time of enquiry**

## Bankruptcy Assistance

For clients in England & Wales, where Bankruptcy is agreed to be the best debt solution for you then we will assist you with the on-line application process for petitioning for your own bankruptcy.

We can offer expert advice on:

- The on-line bankruptcy application process
- The period of bankruptcy and the potential for Income Payment Agreements if you have a surplus disposable income
- The effects of bankruptcy, particularly on your employment and your assets
- Bankruptcy Restriction Orders (BRO), where applicable

Our authorised subsidiary Atlantic Finance (UK) Limited will charge a fee of **£150** per individual petitioning for this service, which primarily covers the time to complete the on-line application process and gather the necessary evidence to complete the application to the point of submitting and paying for the application. This fee excludes the application costs set out below.

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From 6 April 2016, The Insolvency Service launched an on-line facility to become bankrupt without the need to go to court. From 21 July 2016, the process costs £680 per individual and payment can be made by instalments, which has historically been a barrier to many indebted consumers petitioning for their own bankruptcy. We recommend taking advice before completing your application. The link below will provide you with impartial information regarding the process and the alternatives to bankruptcy.

Link: <https://www.gov.uk/bankruptcy> and <https://bankruptcy-myths.campaign.gov.uk/>

The bankruptcy guide was also updated on 6 April 2017 and should be regarded as an impartial source of information.

Link: <https://www.gov.uk/government/publications/guide-to-bankruptcy/guide-to-bankruptcy>

Any formal debt solutions will result in public record information being added to your credit file and this will be the case for 6 years from approval. This information is also held on a public register maintained by The Insolvency Service.

You will normally be discharged within 12 months of bankruptcy proceedings being concluded, though it is increasingly common to have to continue making contributions to the Official Receiver for a further 2 years if you have surplus disposable income through a formal arrangement called Income Payment Agreement (IPA).

### Debt Management Plans (DMPs)

MoneySave Solutions provides regulated debt advice and if your preference following an assessment of all the debt solutions available is a commercial Debt Management Plan then we will use the services of Atlantic Finance (UK) Limited, trading as **Atlantic Financial Management**. Atlantic is also regulated by the Financial Conduct Authority and a [DEMSA](#) member.

A Debt Management Plan (DMP) is an informal debt solution that is not binding on your creditors, though our experience is that the vast majority (i.e. over 98%) will agree to freeze interest & charges provided that you maintain payments and undertake regular reviews.

The fees that are applicable to an Atlantic Debt Management Plan are detailed in the table below and the Terms of Business that are associated with the Debt Management Agreement are available on our [Debt Management Plans](#) webpage. Our current average debt level for a DMP client is just over £17,000 with 6 creditors. We would normally expect a surplus or disposable income of over £100.

#### DMP Fees

Atlantic **does not charge a set-up fee** for a Debt Management Plan.

Atlantic does charge a higher monthly management fee in the first 6 months of the plan because of the level of work required to:

- negotiate with your creditors
- confirm your draft and final statement-of-affairs with you and your creditors
- commence payments to creditors in the first month of the plan

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- ensure that your credit report is being properly updated
- issue monthly statements
- deal with any legal paperwork
- generally monitor progress and communicate the outcome of our negotiations

The monthly fee that we need to recover in the first 6 months is based upon the number of creditors Atlantic is acting upon and the level of your disposable income. The monthly fee is reflected as a monetary amount. **The remainder is disbursed to your creditors from our client account within 5 business days of cleared funds.** If you elect to pay Atlantic more frequently than monthly (e.g. weekly) then Atlantic obtain your consent to distribute to your creditors once a month on specified date agreed with your creditors.

After the first 6 months, Atlantic charges a reduced monthly fee, again based upon the number of creditors they are acting upon and the level of disposable income available. Total fee caps apply for the duration of your Debt Management Plan with Atlantic. All fees and the estimated duration of your plan are disclosed verbally and in writing. You are subject to an advised review at least annually.

In line with the Financial Conduct Authority (FCA) consumer credit sourcebook (CONC), Atlantic operates a vulnerable client policy and a client will be assessed against this policy based upon the information obtained in your financial review with our debt adviser. In order to ensure the suitability of the debt advice, this may involve additional questions to establish whether a debt solution with Atlantic is the most appropriate advice.

### Full & Final Settlement Services

Atlantic charges a fee of **10%** of the difference between the actual balance and the negotiated balance upon Full & Final Settlement of any of your credit agreements. A minimum fee of **£25** per settled account applies. Full & Final Settlement Services are typically used several years into a Debt Management Plan and creditors will want to know the source of the funds.

### Important points regarding DMPs

- [Any fees](#) applicable will be clearly explained before you commit to any Atlantic debt solution through a written contract and you have a right to a 14 day cooling off period
- Whilst creditors are not obliged to freeze interest & charges, in over 98% (correct at November 2017) of cases that MoneySave Solutions are acting upon, they have done so. Where a lender does not freeze interest & charges the amount you owe and the period over which you repay that credit account may increase, though requests to freeze interest & charges will continue once several payments have been made to your DMP
- Whilst entering into a DMP can adversely affect your credit rating it is our experience that those who approach us already have an impaired credit record. By entering into a DMP you will be showing your creditors that you are taking a responsible attitude to resolving your financial problems and this could help you in the future. This position will improved over time, typically after 6 years on plan
- Rescheduling debts can sometimes lead to an increase in the total sum to be repaid and can extend the debt repayment period, though our experience has shown that for revolving credit (e.g. credit cards), where interest is frozen, that the opposite may be true in a DMP, with the repayment period being

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substantially shorter when compared to making minimum contractual repayments where interest rates average 23% (source FCA credit card market study)

- The pros and cons of a DMP are explained by a qualified adviser. More generally, Atlantic will make clear the actual or potential advantages, disadvantages, costs and risks of each option available, with any conditions that apply for entry into each debt resolution option and which debts may be covered by each option in the applicable legal jurisdiction (e.g. England, Wales, Scotland, Northern Ireland)
- If you are unhappy with the service then you have the right to independent redress through the Financial Ombudsman Service (FOS), which is explained in Atlantic's [complaint policy](#)
- Any changes in circumstances, positive or negative, will be taken into account with regard to the repayments offered to your creditors and the duration of your DMP
- You are required to participate in a review at least annually that will take full account of your financial position, your personal circumstances and any other relevant factors, including foreseeable events and your personal objectives and preferences. The review would reflect the progress of your plan and its on-going suitability. Non-participation in a review may result in your plan being terminated.

## Individual Voluntary Arrangements (IVA)

For clients in England & Wales or Northern Ireland, where an IVA is agreed to be the best debt solution for you then we will refer you directly to our chosen licensed Insolvency Practitioner, as we do not have an in-house Insolvency Practitioner. We operate a panel of Insolvency Practitioners covering all legal jurisdictions and they are all companies independent of MoneySave Solutions, apart from Shawcross Williams, who have a common shareholder.

The MoneySave panel is:

- Angel Advance
- Freeman Jones
- Middlebrooks
- PJG Recovery
- Shawcross Williams
- The Debt Advisor

An IVA is a formal agreement with your creditors to pay all or part of your debts. You would agree to make regular payments to an insolvency practitioner, who will divide this money between your creditors.

Link: <https://www.gov.uk/options-for-paying-off-your-debts/individual-voluntary-arrangements>

We will arrange a **SIP3** call will be arranged with the insolvency practitioner at a time to suit you.

Having this call is a legal requirement of the IVA process and helps the party drafting your IVA proposal to become familiar with your circumstances. The SIP3 call is usually informal in nature and will cover the history of your financial problems and any other aspects of the case that may have a material impact on your application.

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We try to minimise the duplication of effort in this process, as you have consented for us to share the information from our records with the insolvency practitioner firm, who have agreement in place with MoneySave Solutions.

If the IVA proposal does not progress then an alternative debt solution can be considered.

### Nominee Fee

The nominee fee is a fixed fee and covers the Insolvency Practitioner's work in setting up your IVA proposal to your creditors. The nominee fee charged by our Insolvency Practitioner is likely to be in the range of £1,000 to £3,000, with **an average of £1,200**.

We are paid a referral fee by the respective Insolvency Practitioner where the IVA is accepted. This is paid from the Nominee Fee by the Insolvency Practitioner and there is no direct cost to you.

The Insolvency Practitioner will be paid the nominee fee out of the payments you make into the IVA. The creditors are bound by the IVA proposal once approved provided that you maintain agreed payments to the Insolvency Practitioner.

It takes around 6 - 8 weeks to set up an IVA and during this period you will commence your monthly contributions into your IVA. It is likely that by the time the IVA is approved, you will have made one to two contributions which will be used as part payment of the nominee fee and count towards your total required contributions.

### Supervisor's Fee

The supervisor's fee covers the on-going administration of the IVA, disbursement of contributions to your creditors and any reviews that are required, including an annual review. The supervisor has reasonable discretion where your circumstances change without going back to your creditors and this may affect the contributions and fees. The calculation of the supervisor's costs and fees will depend on the proposal and is therefore subject to your individual circumstances. Wherever possible our Insolvency Practitioner follows the IVA Protocol, an agreed approach with the major lenders, where the supervisor's fee will usually be 15% of your monthly or quarterly payment.

For employed or retired people it will be normal for contributions to be made monthly. For the self-employed there may be flexibility in payments to allow for invoice payments by their customers. Your creditors will agree these supervisory fees with the Insolvency Practitioner and they will be deducted from the money you pay the Insolvency Practitioner for distribution to your creditors. Where you are a homeowner, there may be a requirement to make contributions for a sixth year rather than release equity from your property. A supervisor fee will be applicable on any contributions in the extended term of the IVA.

### If your IVA fails

If your IVA fails, meaning your Insolvency Practitioner formally defaults the IVA, then you will remain liable for the balance of your debt and any Insolvency Practitioner fees and costs already incurred.

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## IVA Illustration

Employed tenant who is married with no dependents and in their late thirties with total unsecured debts of £18,927 with 7 creditors and their liabilities exceed assets.

Monthly contributions 60 months @ £220 (Disposable Income) = **£13,200**

The Insolvency Practitioner (IP) fees come from these monthly contributions and are therefore suffered by the creditors not the client.

Nominee Fee	= £1,100 (5 x £220)	
Supervisor Fee over IVA term	= £1,815 [15% of the remainder (£12,100)]	
Disbursements / Costs	= £500	
<b>Total Costs</b>		<b>£3,415</b>
Net funds available to 7 creditors		<b>£9,785</b>
<b>Dividend to unsecured creditors</b>	<b>from IVA</b>	<b>51.7p in the £</b>

### From bankruptcy:

Assumptions of 36 contributions of £220 = £7,920 and minimum IP fees of £4,000.

**Dividend to unsecured creditors from bankruptcy** **21p in the £**

## Protected Trust Deeds (PTD)

For clients in Scotland, where a Protected Trust Deed (PTD) is agreed to be the best debt solution for you then we will refer you directly to our chosen licensed Insolvency Practitioner, who will act as Trustee, as we do not have an in-house Insolvency Practitioner covering Scotland. We operate a panel of Insolvency Practitioners in this legal jurisdiction and they are all companies independent of MoneySave and are members of the Insolvency Practitioners Association (IPA) or the Institute of Chartered Accountants Scotland (ICAS).

MoneySave charge no fees for the initial regional adviser meeting and our licensed adviser then acts as an agent to the nominated Insolvency Practitioner, in their capacity as Trustee. Any Fees that we are paid as the agent of the Trustee will be disclosed in the Protected Trust Deed proposal and will be collected from contributions to your Protected Trust Deed. Any work we undertake is auditable by the Insolvency Practitioner and the Scottish Account in Bankruptcy.

The fee the Trustee will charge will depend on your individual circumstances, but the average charge is between £2,500 and £5,000 plus VAT. Your Trustee will be paid before any money is made available to repay your creditors, though your creditors are bound by the Trust Deed once it becomes 'Protected'.

Click for more information on [Protected Trust Deeds](#).

### If your PTD fails

If your PTD fails then you will remain liable for the balance of your debt and any Insolvency Practitioner fees and costs already incurred.



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## Debt Arrangement Schemes (DAS)

For clients in Scotland, DAS is debt remedy operated by the Scottish government that allows you to repay your unsecured debts through a Debt Payment Programme (DPP). This allows you to pay off your debts over an extended period of time while giving you protection from your creditors taking action against you to recover the debts listed in the DPP. The DPP can last for any reasonable length of time and, if approved, will freeze all interest, fees and charges on the debts included, resulting in them being written off if you fully complete the DPP.

MoneySave charge no fees for the initial regional adviser meeting and we would refer you to our preferred DAS approved money adviser, who will provide additional debt advice and apply for a DPP on your behalf. Thomson Cooper is our preferred DAS approved money adviser.

Click for more information on [DAS](#).



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