

Debt Respite Scheme: Breathing Space Moratorium

Please be aware that at the end of the Breathing Space, creditors can:

- start applying interest, fees, penalties and charges to their debt from the date of the end of the Breathing Space
- take action to enforce their debt, including contacting you directly
- resume or commence legal proceedings against you regarding the debt

Creditors cannot take enforcement action if you have already entered a debt solution, such as a Debt Relief Order (DRO) or Bankruptcy. They also cannot take action if you have made a formal arrangement with your creditors to deal with your debt, such as an Individual Voluntary Arrangement (IVA).

If you would like more information about Breathing Space or any of the different debt resolutions options available, please talk to your adviser.

Centre contact details:



cma

Freedom from debt
Hope for the future

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Breathing Space is an opportunity for you to have 60 days where the people you owe money to cannot chase for any repayments, court action or bailiffs (enforcement), if you are working with a qualified debt advice service. This process provides you with legal protection and all action will be put on hold along with any interest and charges. This is to allow you time to get debt advice and to look at the options are available that may help you get your debts sorted, as well as to initiate whichever option you choose.

Your CMA debt adviser will discuss your circumstances with you, find out if you qualify for and ask you if you would like to enter into a Breathing Space Moratorium. (A moratorium is a legal authorisation allowing people who owe money to postpone payment).

Should you wish to apply for a Breathing Space, your adviser will need to input the following information into the Breathing Space 'portal'.

- Your full name, date of birth & current address (you can authorise your address to be withheld from the register in certain circumstances. Speak to your adviser)
- If you are a sole trader & would like your qualifying debts to go into the Breathing space your adviser will input any trading names and relevant business addresses
- Details of all your debts including name and addresses of creditors and account/reference numbers

Once all the information required has been entered into the system and accepted, your Breathing Space Moratorium of 60 days will begin the following day. Your creditors will be contacted automatically and

informed that you are in a Breathing Space Moratorium. They will have to stop any action, fees and charges on your account. Breathing Space can only be used once in a twelve-month period.

Once your adviser has triggered the 60 day Breathing Space, it is really important that you work closely with them throughout this period and ensure that you attend all of your appointments, to maximise the opportunity that the moratorium provides. This will allow sufficient time for you to consider your debt options and with the support of your adviser, find the best way forward based upon your needs, and make all the necessary arrangements.

About half way through the 60 day Breathing Space your adviser will discuss with you the following:

- 1 **Whether or not you are complying with your obligations, including: continuing to engage with the debt advice process, regularly paying your bills and liabilities and that you have not taken out any credit over £500**
- 2 **Whether or not have decided on a debt solution**
- 3 **Provided you have met all the requirements, whether or not you would like your Breathing Space to continue**

If at any point during the Breathing Space you are contacted by one of your creditors or their representative, do let your adviser know as they will be able to deal with this.

What we expect from you throughout the process

- **That the information you give us is as accurate as possible**
- **You do not deliberately withhold information**
- **You tell us if you discover any further creditors or debts after the Breathing Space has started**
- **You tell us of any change in your circumstances**
- **You keep paying your bills and regular expenditure**
- **You don't take out more credit individually or jointly with another person (including any overdraft facility) that exceeds £500 at any point**
- **You continue to work with us to find the best solution to your debt problems**

If you fail in any of these, your adviser can ask for your Breathing Space to be cancelled at any point during the 60-day moratorium.

Excluded debts

Although the majority of debts can be included in the Breathing Space, some debts cannot be included in this moratorium. These are outlined below.

- **secured debts (like mortgages, hire purchase or conditional sale agreements) where you have to continue to make regular payments. You can however include any arrears on these debts in your breathing space**
- **debts incurred because of fraud**
- **fines imposed by a court for an offence including any interest penalties & charges not including penalty charge notices, like parking tickets**
- **obligations from a confiscation order**
- **child maintenance or obligations under an order made in family court proceedings**
- **a crisis or budgeting loan from the Social Fund**
- **Student Loans**
- **damages to pay for the death or personal injury caused to someone else**
- **advance payments of Universal Credit**
- **Council Tax liabilities that have not yet fallen due. If all instalments for that financial year have fallen due and have not been paid, these are a qualifying debt. If you have been given a 'reminder notice' to pay a Council Tax bill, the remaining liability for the financial year is a qualifying debt**

Should you have any of these debts your adviser will be able to discuss with you how to deal with them.

If you have not already embarked upon or completed a debt resolution option by the time your Breathing Space Moratorium has ended (See **Debt Options leaflet**) you will still owe your creditors as your debts will not have been written-off or reduced and must still be dealt with.

The purpose of the Breathing Space is to give you the time and space to deal with your problem debt.