

Debt Relief Order Fact Sheet



What is a Debt Relief Order?

A Debt Relief Order, (DRO) is a legal method of declaring your inability to repay your debts and offers individuals the chance of a fresh start.

Do I qualify for a Debt Relief Order?

There are strict rules that you have to meet to qualify for a DRO. **You must:-**

- Have debts under £15,000 at the date your application is approved;
- Have assets worth less than £300*;
- Not own a vehicle worth more than £1,000;
- Have less than £50 disposable income per month after paying for essential living expenses;
- Live in Northern Ireland (or have lived in, or carried on a business in, NI in the last 3 years) and
- Have not had a Debt Relief Order in the last 6 years

* Assets are properties (even if the property is in negative equity) savings, stocks & shares, premium bonds, antiques and luxury items. Not your everyday basic household goods.

Warning: If you are Bankrupt or have an IVA you may not be eligible for a DRO.

What debts are excluded?

Some debts do not count towards the £15,000 limit but they still have to be listed in your DRO application, these include: Court fines, child maintenance payments/arrears and student loans. You will still have to pay these debts in full. Hire purchase agreements are subject to different rules which our advisers can discuss with you. **Please note that if you forget about a debt it cannot be added later and you will still be liable.**

How do I apply for a Debt Relief Order?

You can only apply for a DRO through a qualified adviser called an "approved intermediary". They process your application and forward it to the Official Receiver's Office. There is no court hearing to attend. Advice4debtNI advisers have been approved as intermediaries and can assist you today on 0800 917 4607.

How much will it cost?

The fee is £90. There is no reduction for people on benefits. The fee can be paid at the post office using your bar-coded letter issued to you by your intermediary or at any paypoint facility.

What happens once my application has been submitted?

The Official Receiver will decide whether or not to grant your application. They can ask you for more information and it is important to co-operate. They will check outstanding debts with your creditors and with a credit reference agency.

If the Official Receiver approves your application they will send you a letter to confirm and a copy will be issued to all of your creditors listed in the application. The debts are then put on hold for 12 months. This is called the 'moratorium period'. You should not make any more payments to your creditor and if they were listed in your application they should not ask you for payments.

If your application has been rejected (for example if you do not meet the qualifying criteria) you will lose the fee and the Official Receiver will inform you and your intermediary of the reasons.

You must tell the Official Receiver of any changes in your circumstances at any time during the 12 month period, for example; increase in your income or if you receive any property or lump sums.

If the Official Receiver finds out that you have given incorrect information about your income, assets or debts they can impose restrictions, 'revoke' your DRO and possibly take criminal or civil action against you.

What are the effects of having a Debt Relief Order?

You will be subject to certain restrictions, similar to take in Bankruptcy.

You must not:

- take out credit of £500 or more without telling the lender that you have a DRO;
 - run a business in a different name without telling everyone you do business with the name you previously used for your DRO;
 - be involved in the management or formation of a limited company or become a company director without the permission of the court;
 - apply for a DRO again for 6 years; **and**;
- You may not hold certain public offices;
Your credit rating will be affected for 6 years;
Having a DRO may affect your employability & status.

Call us FREE on: 0800 917 4607

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