

# **keyfacts**

*About our debt management plan services*



## **About this document**

This document contains important information about your proposed debt management plan with Bright Oak.

We strongly advise that you read the full contents carefully and store the document safely so that you can refer to it again in the future.

## **Our advice**

We have based our advice on the information that you have provided to us. This includes details of your debts, your assets, your income and your expenditure.

Using this information we have reviewed the options that are available to you and which might be suitable for your needs.

Further detail regarding these options and why we are suggesting that you proceed with a debt management plan can be found on the letter that has been sent to you along with this document.

## **If your circumstances change in the future**

It's extremely important that you advise us of any significant changes to your circumstances.

Such changes may require an amendment to your debt management plan so that it remains suitable for your needs, may render your debt management plan no longer suitable for your needs, or may determine that other more suitable debt solution options have become available to you.

## **What is a debt management plan?**

Where contractual debt repayments have become unaffordable, a debt management plan facilitates the payment of an affordable sum towards your debts each month. On your behalf Bright Oak will attempt to negotiate reduced repayment agreements with your creditors and distribute payments on your behalf. We will also liaise with you and your creditors as required in the future.

### **What are the advantages & disadvantages of a debt management plan?**

Some of the advantages of a debt management plan include:

- It is flexible and can be adapted if your circumstances change.
- We will work with your creditors on your behalf.
- A budget is created to ensure that you can pay your regular bills and other expenses.
- Creditors may agree to suspend or reduce interest and other charges.

Some of the disadvantages of a debt management plan include:

- Creditors are not required to agree to the reduced offers of payment.
- There is no requirement that creditors must suspend or reduce the interest charges.
- If interest is not frozen repaying the debts over a longer period will lead to an increase in the total amount to be paid.
- The option of legal recovery procedures remains available to creditors.

### **What will you pay us for our services?**

We charge an “Initial Fee” and a “Monthly Fee” for setting up and managing a debt management plan. Details of the work that each of these fees covers are in Section 1.1 of your Terms and Conditions.

Section 1.1 of your Terms and Conditions also sets out how these fees are calculated. If your debt management plan payment changes in the future, these calculations will be used to amend the fees that you will be charged.

The specific amount that we will charge you for the “Initial fee” and the “Monthly Fee” is set out in Section 6.5 of your Terms and Conditions. Fees may change if your monthly payment changes in the future.

The total amount that it is estimated that you will be charged for the full term of the debt management plan is set out in Section 6.4 of your Terms and Conditions. The assumptions used for this estimate are also set out in this section.

### **The “initial fee” and payments to your creditors**

In section 1.1 of your Terms and Conditions the number of monthly payments that will be retained as your “initial fee” is specified. During the period that this fee is being paid to us, payments will not be issued to your creditors. This may cause your accounts to fall into, or fall further into, arrears.

Once the “initial fee” has been collected your subsequent payments will result in a distribution of funds to your creditors in line with Section 5.3 of your Terms and Conditions.

### **How long will your debt management plan last?**

The estimated term of your debt management plan is set out in Section 6.4 of your Terms and Conditions. The assumptions used for this estimate are also set out in this section. Please note that if your creditors do not all agree to freeze the interest on your debts, your monthly contribution changes, or you miss payments to the debt management plan, the estimated term will change.

Because you are making reduced debt repayments, and because you are paying fees for a debt management service, the repayment term may be longer than the original contractual repayment term set out at the time you took out a credit agreement. This may therefore result in an increase to the total sum to be repaid overall.

**What are your rights to cancel?**

As set out in Section 2.4 of your Terms and Conditions there is a 14 day “cooling off” period at the start of your debt management plan.

Thereafter you may immediately cancel your debt management plan by notifying us in writing.

**What are the risks of failing to make payments?**

If you miss a payment to your debt management plan your creditors may cancel beneficial agreements and concessions that we have negotiated on your behalf.

This could result in increased expense for you and may make the use of legal debt recovery procedures by your creditors more likely.

**How do we handle creditor payments?**

Within five working days of receiving your full monthly payment (in cleared funds) we will issue payments to your creditors.

You will be notified of the amount initially being paid to each creditor in upon the commencement of your debt management plan.

**Priority payments and debts**

During your debt management plan it is extremely important that you continue to make full payments for priorities such as your mortgage or rent, council tax, hire purchase agreements, gas, electricity, water, court fines, income tax and child support (including any arrears already incurred).

**How should you deal with contact from your creditors?**

Do not ignore letters (or other forms of contact) from your creditors or their representatives. If you make us aware of such contact we will endeavour to deal with it promptly on your behalf.

**What responsibilities do your creditors have?**

As your appointed third party representative, your creditors should work with us in connection to your accounts. Your creditors should also accept the payments made by us on your behalf.

**Can creditors take legal debt recovery action for the debts?**

A debt management plan does not prevent your creditors (or their representatives or successors) from taking (or continuing) legal action to recover or secure your debts. If they use legal action you may incur further costs.

**Referrer payments**

If you have been referred to Bright Oak there may be an agreement for part of any fees you subsequently pay to us to be passed (by us) to the referrer.

**What are the implications for your credit rating?**

Debt solutions (including a debt management plan) are likely to result in damage to your credit rating. This can cause difficulties in obtaining credit in the short term and there is some likelihood that such difficulties may continue in the medium to long term.

**If you have a complaint.**

Our full complaints procedure is hosted on our website; a copy can also be provided to you upon request.

If you are unhappy with the way we resolve your complaint you can then take the matter to the Financial Ombudsman Service or to our trade association, The Debt Resolution Forum.

The Debt Resolution Forum Code of Standards is available to review at:

[www.DebtResolutionForum.org.uk](http://www.DebtResolutionForum.org.uk)

**Sources of independent information.**

If you are resident in England, Wales or Northern Ireland you may wish to read *"In Debt? Dealing With Your Creditors"* on the Department for Business Innovation and Skills (Insolvency Service) website. There is a link to this guide on our website.

If you are resident in Scotland you may wish to read the *"Debtor's Guide"* published on the website of The Accountant In Bankruptcy. There is a link to this guide on our website.