

**Comparison Chart. Informal Options (Non-priority debts) England & Wales.**

	Negotiating <b>reduced payments</b> with creditors	Negotiating <b>reduced payments</b> with creditors using <b>CASHflow</b>	Negotiating <b>reduced payments</b> with creditors via a <b>Debt Management Plan (DMP)</b>	Request creditor <b>writes off</b> the debt	Request creditor accepts an amount in <b>full and final settlement</b> and writes off the remaining balance
<b>Key Criteria</b>	Client cannot meet minimum payments on their non-priority debts	Client cannot meet minimum payments on their non-priority debts	Client cannot meet minimum payments on their non-priority debts	Due to factors such as age, health, disability or other extenuating circumstances client cannot repay their debts	Client is able to offer a lump sum to pay off a percentage of the debt
<b>Budget Sheet</b>	Client or their debt caseworker provides creditors with a comprehensive budget to illustrate their income, outgoings and set out their offers of repayment to the creditors	Client provides creditors with a comprehensive budget to illustrate their income, outgoings and set out their offers of repayment to the creditors- THIS WILL BE PRE-APPROVED BY A CASHflow ADVISER so the creditor knows the client has had advice (Ideally a CASHflow client will have internet access so they can access their online account and manage their debts)	DMP provider sends creditors with a copy of the client's budget to illustrate their income, outgoings and set out the offers of repayment to the creditors	Client or their debt caseworker provides creditors with a comprehensive budget to illustrate their income, outgoings and demonstrate why they are requesting a write off	Client or their debt caseworker provides creditors with a comprehensive budget to illustrate their income, outgoings and demonstrate why they are offering a settlement figure
<b>Surplus income required to choose this option</b>	No minimum or maximum	More suited to clients with surplus available to negotiate with	Criteria varies, some DMP providers require the client to have at least £5 per creditor available.	N/A (If client has substantial surplus it is unlikely a creditor will consider writing off the debt)	Client will need to have a lump sum available but does not require a monthly surplus income

<b>Interest and charges</b>	Letters sent will request that all interest and charges on the debts are frozen	Letters sent will request that all interest and charges on the debts are frozen	Letters sent will request that all interest and charges on the debts are frozen	Letters sent will request that the entire debt including any interest and charges are written off	Letters sent will request that the entire debt including any interest and charges are written off once the full and final settlement amount has been paid
<b>Offer</b>	If client has surplus available they will offer each creditor a pro-rata share. If they client has little or no surplus they will request a moratorium or offer a token amount e.g. £1 per month	Pro rata offers	Pro rata offers	N/A	No set amount the client should offer, depends on circumstances and will be considered on a case by case basis. Any lump sum would usually be shared pro rata between the client's creditors.
<b>Letters</b>	Negotiations should be in writing, you may have in-house letter templates. There are sample letters on <a href="http://www.nationaldebtline.co.uk">www.nationaldebtline.co.uk</a>	Client can access suite of letters on the CASHflow website	Third party writes negotiation letters on client's behalf	Request should be made in writing and include relevant evidence (with client's permission) often write offs are requested by a third party due to the client's circumstances	Request should be made in writing
<b>Fees</b>	N/A	N/A	There are fee charging DMPs available. StepChange & Payplan provide free DMPs.	N/A	N/A
<b>Term</b>	Until debts are repaid	Until debts are repaid	Until debts are repaid	N/A	Full and final settlements are sometimes offered at a later date if funds are due to become available e.g. Due to insurance maturing.
<b>Legally binding?</b>	Not legally binding but creditor will not usually take further action if agreement is reached and client keeps to agreement	Not legally binding but creditor will not usually take further action if agreement is reached and client keeps to agreement. Creditors taking part in CASHflow have agreed to treat all CASHflow offers in the same way they would treat an offer from a case worker	Not legally binding but creditor will not usually take further action if agreement is reached and client keeps to agreement	Not legally binding but it is unlikely the creditor will change their mind if the write off is agreed in writing and client is in a vulnerable group	May not be legally binding, there is case law where creditors have sued for remaining balance after settlement is paid. This is unlikely if creditor has agreed in writing. For a large debt could get an agreement drawn up by a solicitor and signed by client and creditor but this is not normally necessary.

<b>How much does the client need to owe?</b>	No minimum or maximum	No minimum or maximum	Some organisations require the client to owe more than £5,000 to 2 or more different creditors, criteria varies.	N/A	N/A
<b>How are assets affected?</b>	N/A- unless creditor takes action in county court & seeks a charging order against client's property (charging orders are not covered in this e-learning)	N/A- unless creditor takes action in county court & seeks a charging order against client's property (charging orders are not covered in this e-learning)	N/A- unless creditor takes action in county court & seeks a charging order against client's property (charging orders are not covered in this e-learning)	N/A	If client has assets they may choose to use money from their assets to make a full and final offer.
<b>Who will help?</b>	Client could use online tool for guidance and email prompts <a href="http://www.mymoneysteps.org">www.mymoneysteps.org</a> / negotiate using advice from a self-help debt adviser or seek assistance from a caseworker who will carry out negotiations on the client's behalf	Client will need to speak to a money adviser in the first instance. Once adviser has approved client's online budget the client can use the suite of online letters to negotiate with creditors	National Debtline refer clients to the free providers StepChange or Payplan. Citizens Advice refer clients to StepChange. Other agencies can contact StepChange or Payplan directly to discuss the referral process.	Client can use the write off request and reconsider write off letters provided on the National Debtline website or seek support from a free to client money advise case worker to write on their behalf.	Client can use the full and final sample letter provided on the National Debtline website or seek support from a free to client money advise caseworker to write to their creditors on their behalf.
<b>Where are details registered?</b>	When an account is in default this information will be recorded for 6 years on the client's credit reference file from the date of default. (A default notice is not recorded on the client's file)	When an account is in default this information will be recorded for 6 years on the client's credit reference file from the date of default. (A default notice is not recorded on the client's file)	When an account is in default this information will be recorded for 6 years on the client's credit reference file from the date of default. (A default notice is not recorded on the client's file)	The account should be marked as settled on a credit reference file. The lender can also add a 'partial settlement' flag to communicate that less than the full outstanding amount (including nothing) was accepted in full and final settlement.	The account should be marked as settled on a credit reference file. The lender can also add a 'partial settlement' flag to communicate that less than the full outstanding amount was accepted in full and final settlement.

<p><b>Further information</b></p>	<p>For a step by step guide to the negotiation process refer to our online dealing with your debts booklet at; <a href="http://www.nationaldebtline.co.uk">www.nationaldebtline.co.uk</a> (copies of this booklet can be ordered to provide to clients- go to the agency information tab on the National Debtline website)</p>	<p>CASHflow is an assisted self-help debt advice resource. It works by supporting clients to make repayment offers directly to their creditors with assistance from a money advice agency. CASHflow clients need to complete a CFS as part of this process with a money adviser.</p>	<p>Ask colleagues if your organisation has a preferred free DMP provider and what the referral process is.</p>	<p>Before advising on write offs seek assistance from a more experienced adviser and read the relevant resources on the wiseradviser website.</p>	<p>Before advising on full and final settlements seek assistance from a more experienced adviser and read the relevant resources on the Wiseradviser website.</p>
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