

Debt Arrangement Scheme (DAS) - Scotland

A Debt Arrangement Scheme is a debt solutions for residents of Scotland designed to allow eligible debtors the opportunity to repay their unsecured debts over a longer period of time at an affordable monthly amount; this is referred to as a Debt Payment Programme (DPP). A DPP can only be set up on the advice of a DAS-approved money advisor who will liaise with your lenders on your behalf. 123 Debt Solutions are able to refer you to a money advisor but these can also be found by contacting Citizen's Advice Scotland.

Your creditors are granted 21 days to reply to the money advisor. Should they accept the repayment amount, they will be bound by this for as long as you maintain your payments. If they do not respond in time, they will be considered to have agreed to the repayment amounts.

If your creditors do not agree to your DPP but the money advisor finds it a fair, reasonable plan – the plan can be approved against the creditors' judgement. Once your DPP begins, your monthly payments will be disbursed amongst your lenders with regards to the outstanding balances.

Qualifying Criteria

- You are not in a protected trust deed, bankrupt, or subject to a bankruptcy order.
- You must be a permanent resident of Scotland.
- Not be able to afford your repayments for your unsecured finances.
- Have more than one unsecured debt.
- Have a reasonable minimum disposable income after living costs have been accounted for.
- You must not be in receipt of income-based benefits.

Advantages

- Your assets are not at risk.
- A DAS can stop creditors taking further legal action against you.
- You will only pay the amount you can afford to pay each month after living costs have been accounted for.
- A DAS will not affect your home as long as you maintain payments to your rent/mortgage.
- Interest and charges will be frozen.
- Your creditors cannot pursue you.

Disadvantages/Risks

- You can only make one application per year.
- You must seek help from a money advisor.
- Your payment includes fees.
- Your scheme will end once your unsecured debt is written off.
- The DPP will be on your credit file for six years.
- Your name will be added to the DAS register. This can make obtaining credit more difficult.
- You will be in debt for longer due to the lower monthly payments.
- If you do not comply with the conditions of the DPP, it can be revoked, resulting in the possibility of interest and/or charges being reapplied.
- You cannot include priority debts in your DAS.

Debts that cannot be included

All unsecured debts that you have must be included within your application for a DPP through DAS excluding the following:

Hire Purchase or Conditional Sale arrears – ONLY the arrears will be included within the DPP. Your lender will still be able to repossess the goods if you do not continue to make your repayments.

Child Support arrears – These will not be protected as part of your DPP. Your expenditure for this must form part of your Income and Expenditure.

Debt Collected Directly from Benefits – Certain benefit debts such as Council Tax arrears, fines, budgeting loans and benefit overpayments may be deducted directly from your benefits. In such instances, these would not be included within your DPP.

Student Loans – For any DPPs applied for since 27 June 2015, student loans cannot be included within these and will be deducted from your income as normal.

Costs

If you apply through our preferred partner, Wylie and Bisset, the application fee is £300 plus £25 per creditor. There is an additional £25 management fee per month thereafter. The alternative is to go through a fee-free provider or to seek advice from Citizens Advice Scotland.

Creditors will only receive a maximum of 90% of the amount owing to them. 10% will be collected by the AiB and the Payments Distribution Service.

If you have any questions relating to the above solution or you would like any further information please call us on 0151 252 0111.

Alternatively, to apply for the above solution, you can email debt.advisor@123ds.co.uk or complete an application form online at www.123ds.co.uk.