Protected Trust Deed (PTD)

A Protected Trust Deed (PTD) is a solution available to residents of Scotland similar to an IVA. It is a legally binding agreement that is proposed on your behalf by an Insolvency Practitioner (known as a Trustee). The proposed agreement outlines an affordable monthly payment you can make towards your debts over the course of the arrangement, typically, four years. After this period, any remaining debt that is included in the PTD will be written off by your lenders, as long as you comply with the terms of your agreement. As with other solutions, you must maintain your payments to your secured and priority debts as these will not be included within a PTD.

Qualifying Criteria

- You are a resident of Scotland or have been within the last six months.
- You have unsecured finance of over £5,000.
- Your monthly disposable income must guarantee at least 10% of your debts will be paid over the course of the PTD.
- You are considered insolvent (your debts outweigh your assets/you are unable to pay your debts).
- You have at least two lines of credit.
- Any equity in your home is less than your total debt level.
- You have a minimum of £100 to pay to your PTD each month.

Advantages

- You are in control of your finances so it is more flexible than other solutions such as Sequestration.
- You only make one affordable payment each month.
- Any remaining debt after the fixed term will be written off.
- The Trustee will deal with any creditor correspondence regarding your debts so you don't have to.
- Your interest and charges will be frozen.
- If you are self-employed, you can continue with this.
- You may be able to keep your property.
- You can be a company Director.
- A PTD only requires one-third of your creditors to agree to the proposal and all lenders will be bound by it.

Disadvantages/Risks

- You can only include unsecured finances in a PTD. You must maintain arrangements with secured and priority debts directly with the lender.
- Any equity in your home may have to be included within your proposal.
- A PTD will have a negative impact on your credit score.
- Your employment may be affected by becoming insolvent – you will need to check this with your employer.
- If you fail to meet your terms of the agreement then your lenders may petition for a Sequestration.
- Your monthly repayments will fluctuate as your income and expenditure changes.
- A PTD will remain on your credit file for six years from the date the arrangement is agreed.
- A PTD is a legally binding agreement unlike some alternative solutions.
- All PTDs must be a single claim, you cannot have a joint PTD.
- Details of your PTD will be published on the Scottish Insolvency Register.

Debts Included/Not Included

All unsecured debt that you have must be included within a PTD, this includes; credit cards, overdrafts, bank loans, payday loans, catalogue debts etc. A PTD will not usually include any secured debts such as secured home loans, mortgages or hire purchase agreements etc. A PTD will also not include any student loans and certain benefit overpayments.

Costs
Depending on the Trustee, these fees vary however all fees are included within your monthly payment and will not be charged in addition.

The fees tend to cover the following costs:

- Drafting and proposing the agreement.
- Liaising with all lender correspondence on behalf of the client.
- Ensuring all payments are disbursed as per the agreement and on time.
- Sending regular updates to your lenders and to the Accountant in Bankruptcy.
- Dealing with any client/creditor queries over the course of the PTD.

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.