

Dear Member

CORPORATE OVERVIEW AND SCRUTINY PANEL - THURSDAY, 25TH MARCH, 2021

Please find attached Presentation on Breathing Space Regulations.

Agenda No Item

6. **'Breathing Space' Debt Respite Protection (Pages 3 - 8)**

To receive a presentation on the new 'Breathing Space' regulations, which come into force on 4 May 2021, and will provide debt respite protection.

Yours sincerely

Committee Administrator

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Breathing Space

Corporate Overview and Scrutiny
Panel

25 March 2021

Overview

- The Debt Respite Scheme (known as Breathing Space) - 4 May 2021
- Gives someone in debt the right to protection and opportunity to take control of their finances
- Available to anyone with a problem debt who cannot or is unlikely to repay the debt
- 2 types
 - Standard
 - Mental Health – mental health crisis treatment
- Protection from creditors for up to 60 days for standard, longer for mental health
- Pause most enforcement and contact
- Authorised Debt Advisor

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Eligibility and Qualifying debts

- Be an individual and owe a qualifying debt to a creditor
- Not have a DRO, IVA or be an undischarged bankrupt at time of application
- Not had a breathing space in previous 12 months
- DA must consider breathing space is appropriate
- Moratorium - Qualifying debts include:
 - Credit and store cards
 - Loans – personal and payday
 - Utility bill arrears and overdrafts
 - Mortgage, Council Tax and rent arrears
- Excluded debts – Fraud, court fines, student loans, child maintenance
- Ongoing liabilities to be paid - Rent and Council Tax to still be paid
- J/S liability and 1 has BS - action must be paused for both

Process

- Anyone can apply – Debt Advisor considers application and initiates moratorium
- Notification from Insolvency Service
- Cascade throughout council – Revs & Bens, Rents and Parking
- Access register and provide details of all debts
- Debt Advisor to work with debtor - review after 35 days to ensure compliance
- Not a payment holiday – debtor still required to pay debts and liabilities and AOE can continue. EA action must be suspended.
- Responsibilities
 - Stop all recovery action
 - No interest, fees, penalties or charges can be paid
 - No contact about the debt
 - No requesting payment

End of breathing space

- 60 days from date started or date DA or court cancels it
- We will receive notification
- Start to take enforcement action
- Contact the debtor and agree an arrangement and/or payment plan
- Statutory Debt Repayment Plan – Regulations TBC

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