

# 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

# 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