



Press Release

23 March 2010

New initiative provides welcome relief for consumers

A new initiative to tackle short-term financial difficulties has been announced by the MOJ that will allow struggling consumers to make token payments until their financial situation has recovered. In return, their creditors will agree to freeze interest for the length of the arrangement.

Under the new initiative, the CCCS will introduce a new payment arrangement for consumers unable to meet their monthly credit commitments, with at least two unsecured debts, allowing them to make token payments of as little as £1 per debt per month. This is provided they take responsibility for their debts, pay what they can afford and engage with their creditors. The customer can benefit from this scheme for an initial six month period, after which they will hopefully be back on their feet financially and able to resume their debt repayments, or an alternative form of debt remedy may have to be considered (see [Where can I get bankruptcy information?](#) and [Is a debt management solution right for me?](#)).

David Rodger, Managing Director of Debt Advice Foundation comments: "It is well-intentioned and potentially good news for many thousands of people that are genuinely in a short-term blip, as opposed to serious, long-term financial difficulty. However, the industry needs to find a way of establishing which clients are which or the advice could see people in long-term token payment arrangements for an unnecessarily long time."

"We also have to be careful that this doesn't creep into the Advisor's tool kit as a recognised debt solution; it is not a solution, it is an interim device to provide breathing space. The other potential worry is that the wording of the release suggests that this is a voluntary code of

practice that creditors are not obligated to adhere to.”

David Rodger, Managing Director – Debt Advice Foundation

Further details about the initiative can be found [here](#).

Those who need help with debt problems can visit www.debtadvicefoundation.org/help or call Debt Advice Foundation on 0800 043 40 50 for free advice and support.

Ends

Further information:

Contact the press office on 0800 779 71 36 / 0788 973 60 44 or email pressoffice@debtadvicefoundation.org

Editors Notes

About Debt Advice Foundation

- Debt Advice Foundation’s telephone helpline service is available six days a week on 0800 043 40 50, lines are open from 8am-8pm Mon-Fri and 9am – 5pm on Saturdays.
- Debt Advice Foundation is a registered charity, with the following objectives:
 - Provide free, impartial and appropriate advice to people with unaffordable debt.
 - Help people with debt problems to gain free access to solutions that will help them.
 - Promote the education of young people in money management so as to reduce the likelihood they will mis-use debt later in their lives.
 - Undertake or fund research to understand why problem debt happens and its effect on individuals, families and the wider UK economy.
 - To use this evidence to become a force for beneficial change within the credit and debt solutions industry and to work with government to bring about legislative change to benefit UK consumers.
- Debt Advice Foundation features on the FSA (Financial Services Authority) consumer website – Money Made Clear (www.moneymadeclear.fsa.gov.uk) and Direct Gov (www.direct.gov.uk) as a source of free and impartial debt advice.