

What to do now your debt management plan has stopped

Don't worry

The Money Advice Service has worked with the leading UK debt advice charities to ensure that FREE high quality debt advice is available to help you decide what to do next.

Our partners include:

National Debtline, Shelter, StepChange Debt Charity, Advice NI and Citizens Advice.

Act quickly

You are still responsible for repaying your debts. The people you owe money to should give you time to sort out another plan but you need to act quickly.

Get advice

If you get help now you can:

- ✓ Continue to reduce your debts
- ✓ Get on-going support if you need it
- ✓ Ask your debt adviser to talk to your creditors on your behalf

Be open-minded

A FREE debt advice provider will check if there are other options for repaying your debts, which could mean you're debt free sooner than you'd planned.

Find out how to get advice that's right for you on the Money Advice Service website at [🔗 moneyadviceservice.org.uk/debt-management](https://moneyadviceservice.org.uk/debt-management)

Or by calling the Money Advice Service debt management helpline on **0300 330 2222**

Calls cost no more than to a standard UK-wide number

Frequently asked questions

What do I need to do?

A FREE debt advice provider will check if there are other options for repaying your debts, which could mean you're debt free sooner than you'd planned.

Where can I go to for free debt advice?

Go to  moneyadvice.service.org.uk/debt-management

Or call us on **0300 330 2222***

How quickly do I need to act?

You should act immediately. The people you owe money to should be sympathetic if you act quickly. If you don't, things could get worse and you may end up deeper in debt.

How can I get free debt advice?

You can get free debt advice online, by email, over the phone or face to face - so you can contact someone in the way that you prefer.

Can I trust the advice they will give me?

Debt advisers give expert advice to hundreds of thousands of people every year and will understand the situation you are in. They are highly trained and can give you impartial and confidential support to manage and reduce your debts.

Who do I contact to complain about my debt management firm?

Get in touch with the Financial Ombudsman Service who may be able to help with your complaint at:

financial-ombudsman.org.uk/contact/index.html

Frequently asked questions

What changes have happened to debt management firms?

The Government has changed how debt management firms are regulated. The Financial Conduct Authority (FCA) was set up by the Government to make sure that all firms are meeting the required standards. The FCA is now checking all firms to make sure they follow its rules and treat their customers fairly. They are doing this by asking them to apply for authorisation.

Some firms have chosen not to apply. That means they are no longer allowed to offer debt advice or debt management plans.

What is a debt management plan?

A debt management plan is a structured arrangement put in place to pay off all unsecured debts when usual contractual payments can't be made because of financial difficulties.

What do debt management firms do?

Debt management firms manage the repayment of their customers' debts to creditors, typically charging a fee for this service. The firm liaises with creditors on behalf of their customers, collects monthly repayments and distributes this money out between creditors. Typically these firms charge an administration fee and take a percentage of the repayments.

Will affected customers be told of these changes by their debt management firm?

Customers should be told by their debt management firm that they will no longer be able to manage the repayment of their debts to creditors.

Some firms may not make contact with their customers. In these cases the FCA will issue a letter informing affected customers their debt management firm has closed and will direct them to the Money Advice Service to enable access to an appropriate source of free debt advice. A debt adviser will then help the customer decide the most appropriate course of action.

In some cases the organisations that people owe money to - their creditors - may also write to their customers. We are actively working with creditor representatives in order to ensure consistency of messages.

Why are these changes significant?

A person typically signs up to a debt management plan to repay their outstanding debts. With some debt management firms no longer able to administer debt management plans, outstanding debt repayments will not be made on behalf of customers. If these debts remain unpaid, significant legal and financial ramifications could occur.

What do affected customers need to do first?

It is important that affected customers take action quickly and seek free debt advice so they can decide on their best course of action. Creditors should be more sympathetic if a client acts early and is seen to be actively seeking an appropriate solution.

Where can affected customers go to for more information?

The Money Advice Service can direct affected customers to free, high quality debt advice.

Visit moneyadviceservice.org.uk/debt-management or call 0300 330 2222 to find out how to access free debt advice.

Should customers continue with a debt management plan?

A debt advisor will be able to look at the customer's situation and decide if staying in a debt management plan is still the right thing for them. If it is, they will help them set one up for free.

Where can customers find a list of the debt management firms that will close?

A list of the firms who will no longer be allowed to manage the repayments of customers' debts to creditors will be added to moneyadviceservice.org.uk/debt-management-resources

It will be regularly updated based on data from the FCA.

Does the customer still owe creditors money?

Even though the debt management firm the customer was using has stopped administering debt management plan it does not mean the debts will be cleared. It is important to seek free debt advice to find out what steps should now be taken.

Should the customer cancel their direct debits?

If the debt management firm has closed and a direct debit has been set up with them the customer should cancel it as soon as possible. A free debt adviser will be able to tell the customer the best way to continue with debt repayments.

What about the money the customer has already paid?

Money that has already been paid should have gone to reduce the debts but the company that is owed money may have continued to add interest and charges so the overall amount may not have reduced significantly. It is important to access free, impartial advice quickly to reach a clear view of what is still owed so the most appropriate solution can be found.

What happens if a customer has received a letter from their debt management firm saying that they are closing?

Affected customers should not worry if they have received a letter from their debt management firm free high quality advice is available to help them decide on their best course of action. All affected customers should visit moneyadvice.service.org.uk/debt-management or call 0300 330 2222 for more information and to find out where they can access free debt advice.

How can a customer check if their debt management firm is still operating?

Anyone unsure of what to do should visit moneyadvice.service.org.uk/debt-management or call 0300 330 2222 for more information and to find out where they can access free debt advice.

Can anyone give debt advice?

No, you need to be regulated by the FCA to give debt advice. Debt advisers are highly trained and give expert advice to hundreds of thousands of people every year.

What should a customer expect when they are referred for debt advice?

Customers who get in touch with one of the providers we recommend will receive a confidential, high quality service. The adviser they speak with will understand the situation they are in and advise them in an impartial manner on the most appropriate solution to their debt issues. They will be able to look at the customer's situation and decide if staying in a debt management plan is still the right thing for them. If it is, they will help them set one up for free

The customer will need to provide personal information; including detailed information on their finances and this may be uncomfortable for them. They should be reassured that the adviser they are put in touch with will be sympathetic and only ask for information that is essential to enable them to provide high quality advice.

Who do customers get in touch with if they want to complain about the debt management firm?

Customers can get in touch with the Financial Ombudsman Service who may be able to help with their complaint at:

financial-ombudsman.org.uk/contact/index.html

Or call their consumer helpline
0800 023 4 567 from a landline
0300 123 9 123 from a mobile

Lines are open Monday to Friday – 8am to 8pm,
Saturday – 9am to 1pm