

MAS Conference 2008



*official banking and
insurance partner*

The Debt Arrangement Scheme

- a creditor view

Session content....

- **Introduction**
- **Content**
 - Historic context
 - Increasing activity and associated issues
 - Present position
 - Where next?

Discussion and Q & As – the interactive bit!!!

Introduction....

- David Legg: Liaison Manager, Money Advice Sector
Lloyds TSB Bank plc
- Role – relationship building with advice sector in England, Wales & Scotland – both ‘fee and free’
- Aim – working together for a better understanding of the way we both do business



DAS – historic context....

- Consultation
- Creditor involvement
- Creditor strategies developed
- DAS – what DAS?
 - few approved advisers
 - un-attractive remedy – adviser and creditor?
 - low volumes
 - low knowledge levels



Increasing activity and associated issues....

- Gradual increase in volumes but still a 'rarity', not a 'repeater'
- Increases driven by increase in Approved Advisers, changes to scheme, particularly related to charges and increased adviser commitment (?)
- Our internal strategy not working – why?
- Lack of knowledge
 - 'small' product, not mass market
 - still very low volumes overall
 - resultant risk of non-compliance and reputational status

cont'd.....



Increasing activity and associated issues....cont'd

- What were the problems.....
 - wrong contact points and...
 - product-based correspondence, not customer based
 - strategies overtaken by events
 - high volume, automated collection systems don't work well - with small, process-intensive debt remedies
 - DAS clients being treated a 'mainstream' collection clients – all round confusion
 - legalistic approach by some advisers

Present position

- We have carried out a review to assess the current position, identify problems and their causes including consultation with the AiB
- Process can work well if contact points are known externally and an internal 'centre of excellence' knows the product
- Still difficulties in separating out DAS cases from mainstream, automated strategies and processes
- Currently a need for intensely manual process management
- Still very low volumes



Where now

Creditor wish-list (practical options)

- Advisers to always use creditor's designated DAS address (where there is one)
- Advisers to look out for 'AVAs' at information gathering stage
- Include all accounts in DPP including overdrawn current accounts
- DPP variations to quote date of original DPP approval
- Creditor systems that cope with low-volume, bespoke debt remedies such as DAS – KIV forthcoming DROs in E&W (and approved DMPs?)
- AiB to ensure there is one accurate list of creditor contacts for DAS (where known), available to and followed by all advisers

Where now Cont'd

Creditor wish-list ('blue sky' options)

- DAS process post-customer interviews to be managed by AiB
- Forms 4 and 5 to be customer based, not account based (per creditor)
- 'Free' distribution of payments to creditors
- Should DPPs be registered with CRAs?