

Debt Settlement Arrangement

M^cCAMBRIDGE DUFFY
ACCOUNTANCY & INSOLVENCY



Debt Settlement Arrangement



What is a Debt Settlement Arrangement (DSA)?

The main purpose of a Debt Settlement Arrangement (DSA) is to address your unsecured debts.

A DSA is a formal debt solution designed to help people who cannot afford to repay their unsecured debts (such as loans, credit cards etc...). If you are currently struggling to keep up with debt repayments, then a DSA might be a possible solution for you.

How does a DSA work?

A DSA reduces your monthly debt repayments to an amount that is realistic and affordable. On completion of the DSA any remaining unpaid debts are written off.

In order to determine if you are eligible for a DSA, it is essential that a thorough assessment is carried out. This can only be done by a qualified professional known as a Personal Insolvency Practitioner (PIP). They will be able to determine if a DSA is suitable and what the best approach is for dealing with the debts. They are also responsible for submitting your various paperwork for your DSA application and overseeing your DSA if/when it is approved.

Most DSAs consist of manageable monthly payments that go towards your debts, usually for a period of up to 5 years. At the end of the DSA, any remaining unsecured debts are cleared, allowing you to start over.

Criteria for a DSA

A DSA is only suitable for people in certain circumstances. You must:

- Be classed as insolvent (unable to pay your debts).
- Have debt owing to at least 1 creditor.
- Not have gained 25% or more of your unsecured debt within the past 6 months.
- Not have had a Debt Relief Notice (DRN) in the past 3 years.
- Not be subject to a PIA now or in the past 5 years.
- Never have had a DSA before (with exceptions).
- Not currently be Bankrupt or discharged from Bankruptcy within the past 5 years.
- Not have a Protective Certificate issued in respect of a DSA within the last year.

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Example of a DSA

Below is an example of one of our client DSA cases, which will give you an idea of how a DSA might work for you.

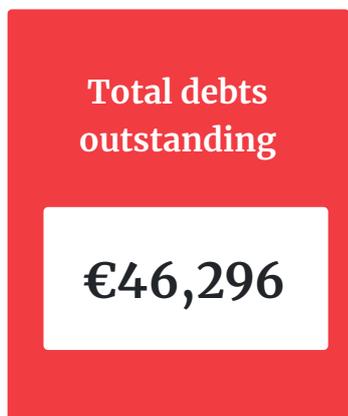
Client
A married retiree from County Wicklow.

Story
Our client, a retiree from County Wicklow, was struggling to make payments on her outstanding loans, with her pension income. She contacted us for help and advice. We were able to identify that she was in fact insolvent and a DSA looked like her best option. We put forward a DSA Proposal on her behalf, which the majority of her creditors agreed to and so her DSA was approved. She is now making payments that she can afford to her lenders.

The DSA
In the DSA, the plan was to reduced her total debts of €46,296 down to an amount that she could afford.

Her total monthly repayments were lowered from €667.12 per month to a more affordable monthly payment of €235 for the duration of the DSA (5 years).

On completion of her DSA, our client will have paid €14,100 towards her debts. The remaining unsecured debt balance of €32,196 will be written off.



Before DSA



After DSA



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Pros and Cons of a DSA

- ✓ Reduce your unsecured debts to an affordable amount.
- ✓ DSA payments are easy to manage - usually 1 affordable payment each month that is distributed to your creditors.
- ✓ Write off some of your unsecured debts on completion of the DSA.
- ✓ Complete protection from your creditors/lenders.
- ✓ Creditor pressure is stopped. Your creditors must deal with your PIP.
- ✓ All interest and charges are frozen on your unsecured debts.
- ✓ A DSA can be completed a lot sooner if you can gain access to a lump sum amount to be put towards the debt.
- ✓ You will be guaranteed a reasonable standard of living during your DSA.

- ✗ Your credit rating will be impacted during the DSA.
- ✗ You cannot obtain credit above the value of €650, without disclosing that you are currently in a DSA.
- ✗ If you have a change in circumstances, we will try and have the terms amended on your behalf. If creditors do not agree to the amended terms, your DSA could fail.
- ✗ Details of your DSA will be entered on a public register.
- ✗ You can usually only do a DSA once in your lifetime.

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Process of a DSA

If you decide to proceed with a DSA, the PIP will be responsible for working out the best approach to take in drafting your plan. Below, we've outlined a general guide to the steps involved in DSA set up, management and completion.

STEP 1 - Prescribed Financial Statement (PFS)

After consultation, the PIP will complete a Prescribed Financial Statement (PFS), which summarises any assets, liabilities, income and expenditure. The PIP will advise as to what debts will be included and not included in your solution.

You must make a declaration that everything is true and accurate in the PFS. The PFS allows the PIP to determine which, if any of the solutions are suitable for you. They will explain all options to you and make a note in writing of what they think is the recommended course of action for you to take and that in their opinion everything in the PFS is true and accurate.

STEP 2 - Protective Certificate

If you and your PIP are happy with the PFS, then the PIP will submit your application to the ISI and the Court. If the ISI and the Court are happy with your application then they will grant your Protective Certificate.

A Protective Certificate stops your creditors from taking any legal proceedings against you. It usually remains in force for 70 days, but it can be extended in some circumstances. Once a Protective certificate has been issued, another cannot be issued for at least 12 months, without order of the Court.

STEP 3 - Proposal and Creditor Negotiation

After the Certificate has been issued, your PIP will engage with your creditors during the preparation of your DSA proposal, culminating in a meeting with your creditors to decide if they will accept your DSA proposal.

Proposals may vary hugely between clients, but they usually contain an element of debt write-off as well as your offer of repayment of the balance of your debt.

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At least 65% of your creditors must vote in favour of your proposal (by debt value) in order for it to be approved.

STEP 4 - Final Review

If your proposal is accepted by the creditors, the ISI and Court carry out a final review. Once approved, your Insolvency Arrangement will become legally binding and you can start your new agreed repayments and plan for addressing your debts.

If your DSA proposal is rejected, you may be eligible to appeal for a Court review, where the rejection could be overturned and your DSA granted.

STEP 5 - Supervision and Completion

The final role of the PIP is to supervise your DSA for the agreed term, ensuring payments are made and distributing funds to creditors as outlined in your arrangement. They will retain any funds as agreed, to cover PIP fees and expenses.

Your PIP's post approval duties are extensive with a high level of oversight and administration. The operation of the arrangement is reviewed regularly and reports issued to creditors at least annually.

You will have a case manager for the duration of your DSA. If at any time the arrangement needs to be varied, due to changes in your financial circumstances, the PIP will convene further meetings with your creditors and report the outcome to you, your creditors, the ISI and the Court.

On successful completion of your DSA, your PIP reports to the ISI, your creditors and you to state that all the terms of your arrangement have been complied with, that all dividends to creditors have been distributed, and that you are now debt free. You can start to repair your credit file and resume normal financial activities.

You will be discharged from your unsecured debts. Any remaining debts will be cleared allowing you to start over.

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What our clients think

Have a look at what some of our clients think of the services we provide. These reviews are collected on independent review site TrustPilot, from clients that are currently in plans or have completed plans with us and are now debt free.

“



Given us our lifes back

McCambridge duffy have given us our lifes back after years of debt from the recession. Very professional and understanding and non judgemental. I would recommend them without hesitation if your are struggling with debt . There is light at end of tunnel.

| Christopher

”

“



Expertise

McCambridge Duffy's expertise allowed us to breath again after years of financial strain. A fantastic team lead by Ronan Duffy, an expert in DSA.

| Anon Customer

”

“



Professional Understanding People

When we were under constant pressure from debtors, threatening letters, calls etc causing life to be hell I was advised to contact McCambridge Duffy. I never looked back, so helpful understanding and professional, from then on all nasty calls stopped, they dealt with everything. Now 5 years later all debts cleared. Was reluctant to tell anyone about my financial problems for ages, what a fool I was not to contact them sooner. Highly recommend contacting them if you have financial debt issues.

| J Lonergan

”

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Fees and costs

Initial Consultation Fees

Some PIPs charge a fee for initial consultation and some PIPs offer a free consultation service. At McC Cambridge Duffy, we do not charge any upfront fees and you will never receive a bill from us. Only if your DSA is accepted will we receive any payment. If your DSA is not approved, you will not be charged for the work done on your proposal.

DSA Application Fees

The Insolvency Service of Ireland (ISI) have waived application fees for a DSA, so there is no cost for this.

DSA Arrangement Fees

If and when the DSA is approved, any PIP fees for managing the plan are usually built into the arrangement. Our fees for managing the arrangement will vary from case to case and will be built into the monthly DSA payment.

It is your creditors who will determine what fees can be charged for the work we do. We cannot draw any fees without their approval.

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Why choose McCambridge Duffy?



Free Confidential Advice / Consultation

Unlike some Insolvency companies, we offer free & confidential advice to people who are experiencing financial difficulty.



No upfront Fees

We never charge upfront fees to our clients for setting up your plan.

If your DSA is not approved, you will never receive a bill from us.



Highly Regulated

We have 5 full time highly regulated PIPs authorised by the Insolvency Service of Ireland.

We also have a dedicated team of staff who possess a wealth of knowledge and experience in insolvency.



High Acceptance Rate

We will only put forward a proposal if we believe it has a good chance of being accepted.

We also fight very hard for every client to make sure their proposal is carefully considered by the creditors with the best outcome for all.



Excellent Customer Service

We are a long-standing family run company that has been in the industry for well over 80 years.

We have a good reputation with both debtors and creditors and our advisors are knowledgeable, friendly and non-judgemental.



Insolvency Experts

Ronan Duffy, one of our PIPs has had input in the drafting of the legislation for the Insolvency Solutions in Ireland.

He has also been involved in recommending ways of streamlining the new processes to improve the current Insolvency Solutions.

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Want to discuss a DSA? We offer free, confidential, no obligation advice



Click here to fill in a form and speak to an advisor

Contact us



www.mccambridgeduffy.ie



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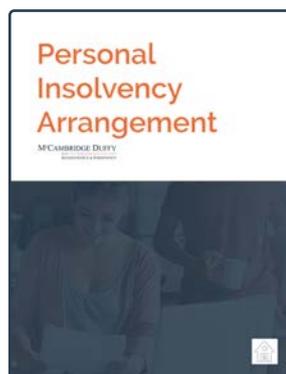
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Ronan Duffy, Daragh Duffy, Daniel Rule, James Green and Judy Mooney are authorised by the Insolvency Service of Ireland to carry on practice as personal insolvency practitioners.

Ronan Duffy, Daniel Rule, James Green and Judy Mooney are authorised to act as insolvency practitioners by Institute of Chartered Accountants Scotland.