

FACT SHEET

Debt Relief Order

A Debt Relief Order (DRO) is made by a court when they agree that an individual can't afford to pay their debts.

1. Which debts can be included in a DRO?

- Credit cards, overdrafts and loans
- Debt for rent, utility bills, telephone bills,
- Council tax and income tax
- Benefit overpayments
- Hire purchase or conditional sale agreements
- Buy now , pay later agreements
- Business debts

If you're awarded a DRO and you gained any of the above by fraud, you'll still have to pay the debt(s) when the DRO ends.

2. Which debts can't be included in a DRO?

- Magistrates court fines, confiscation orders or any fines relating to criminal activity
- Child support and maintenance
- Student loans
- Social fund loans
- Compensation for death and injury.

To find out if a debt can be included under a DRO, speak to your local Citizens Advice.

3. What happens while a DRO is in place?

You don't have to make payments towards most types of debt included in your DRO, and your creditors can't force you to pay off the debts.

4. What happens to any debt to us included in the DRO?

The DRO states how much debt is owed to us, but can only be given to an individual.

This means if you're part of a joint tenancy we'll still ask the other tenant(s) to pay the entire debt.

If you have a sole tenancy we'll move any debt owed to us in the DRO to a separate account within your overall rent account.

5. What action will we take where there's a significant debt on the rent account?

Although we can't force you to repay the rent debt included in the DRO, we can still take action to take possession of your property.

This is because – by not paying your rent – you haven't kept to the conditions of your tenancy so we can take legal action through the courts to evict you.

This means that having a DRO often puts you at more risk of losing your property. As we can't force you to pay your rent, we have to consider eviction instead. We may agree a payment plan to repay the debt included in the DRO instead.

6. What happens if a DRO is granted when a court order is already in place?

If you already have a court order when the DRO is granted, we can no longer enforce any of its repayment terms. But the debt is still valid and we can ask the court for possession of your property. If you were to continue making the court order payments, we may choose not to ask the court to evict you. We'll consider every case individually, looking at the tenancy history and your circumstances.

7. Am I eligible for a DRO?

You may be able to get a DRO if all of the below apply:

- You're unable to pay your debts.

- Your debts are worth up to £20,000 (this doesn't include debts that can't be included in a DRO).
- You've got £50 or less left over each month after you've paid household expenses.
- You don't own your home.
- Other savings or assets (things of value you own) are worth less than £1,000.
- You don't own a car worth £1,000 or more, unless it's one that's been specially adapted because you have a disability.
- You haven't had a DRO in the last six years and aren't going through any formal insolvency procedure, such as bankruptcy or individual voluntary arrangement (IVA).
- You've lived, had a property or worked in England or Wales in the last three years.

8. Is it in my interests to apply for a DRO?

A DRO can provide a way out of debt. However, getting a DRO will have an impact on your lifestyle and credit rating. This means:

- if your debts are for goods bought on hire purchase, you may need to give them back
- your DRO will stay on your credit record for six years – making it difficult for you to get credit in the future.

You'll also have to follow certain restrictions during the DRO year. This means:

- you can't borrow £500 or more without telling the lender about the DRO
- you can't be involved in promoting, managing or setting up a limited company, or be a company director, without getting permission from the court
- if you've a business under a different name from the name on your DRO, you'll have to tell those you do business with the name you used when you got the DRO
- while the DRO is in force, and for three months afterwards, your details will appear on the Insolvency Service's Individual Insolvency Register, which can be viewed by anyone. (If having your name on the register could lead to violence against you or your family, you can ask the court to order that your name

doesn't appear).

9. As a resident, can a DRO have any other impact?

Residents with a DRO won't be allowed to swap or transfer to another property until the end of the 12 month period, unless there are exceptional circumstances. If you need a tenancy reference during the 12 month period, we have to tell the other landlord about the debt.

10. How do I apply for a DRO?

If you think you may be eligible, first get advice from a money or debt advice agency like Citizens Advice or speak to your income officer.

You then need to:

- go to a DRO adviser, also called an approved intermediary, as you can't submit your own application. You can usually find a DRO adviser at your local Citizens Advice. There's a fee of £90 (correct as of April 2019). If you can't afford to pay the fee, you might be able to get help towards the cost from some charities. You can look for a charity to help with the cost of fees at www.turn2us.org.uk
- You will be told whether your application's been successful.

Before applying make sure you consider the impact a DRO will have on all areas of your life. We'd also recommend you contact us before applying, so we can explain how it might affect your tenancy.