

And finally...

The most important thing is that you give us ALL the information at the start. Then we can give you the most accurate advice and help you decide whether a DRO is right for you.

When we help someone apply for a DRO we work hard to ensure that you have a budget that is going to work for you and be manageable. If you are able to keep to that budget then you will start to feel in control of your finances again without the pressure of debt hanging over you...

...and we are always here to help you should you find yourself getting into any difficulties again.

About Us:



Money Facts...

This leaflet was developed by Rainbow Money in Scarborough, a debt support project working as part of The Rainbow Centre. For more information please go to www.therainbowcentre.org

Please Note.... this leaflet aims to provide helpful and accurate information. However this document is a guide only and we ask that you consult with a professional before making significant decisions about your finances.

Money Facts...

Debt Relief Orders...

A brief guide to DRO's

What is a DRO..?

A DRO can help you if you don't own your home, have few assets and have little income available to pay your creditors. If your application is successful your creditors won't be able to take action to recover your debts for 12 months and after that period you will be released from liability for them.

Do I qualify...?

To qualify for a DRO you must:

- be unable to pay your debts
- have assets below £1000
- have total debts under £20,000
- not have a car or motorbike worth more than £1000
- have less than £50 a month spare income
- live in England or Wales
- not have had a DRO in the last 6 years

What debts are included...?

All debts have to be included in the application although some debts do not count towards the £20k limit and you will still have to pay them. We will advise which debts you may still be liable for but you must tell us about everything you owe.

We will usually get your credit report so that we have the most up to date information as any debts missed off the application will still be payable by you.

How do I apply...?

We can facilitate the application for you at Rainbow Money. The application is made online to the Insolvency Service so you won't need to go to court. It is dealt with by the Official Receiver (OR).

The cost of a DRO is £90 which can be paid in one go or over a period of time.

What happens next...?

The application can only be made once the full £90 fee has been paid. Your application is usually approved within 48 hours. Once approved you need to sign a declaration which is posted to the Insolvency Service.

The OR will tell your creditors that you have a DRO and that they cannot continue to collect the debt.

You will receive a letter in about a week telling you what you can and can't do for the next 12 months.

If you still qualify for a DRO after a year then all the included debts are written off.

You are not allowed to pay any debts after the DRO has been approved (except rent arrears).

You must tell the OR of any changes in your circumstances such as increases in income or windfall payments (eg inheritance; lottery win) and changes of address.

NOTE - if you continue to be chased by your creditors after the DRO has been approved please tell us.

If, before you apply for the DRO, you suspect that you may receive money during the 12 month period it is vital that tell us this before we make the application.

What are the effects of a DRO...?

For the 12 month period following the DRO approval:

- You must not take out credit of £500 or more without telling the creditor you have a DRO
- You cannot run a business in a different name without telling everyone you do business with that you have a DRO
- You cannot become a company director without permission from the court
- You may not hold certain public offices
- You cannot apply for a DRO again for 6 years

Also:

- The DRO will be registered on a public register for 15 months in total
- Your bank account will only be affected if you have an overdrawn balance. Please discuss this with us
- If you have acted dishonestly or fraudulently before the DRO is approved or during the 12 month period, the DRO could be revoked and you could be subject to restrictions for more than 12 months.