

# Debt Relief Orders



**A**DRO may be able to help you if you do not own your own home, have few assets and little available income to pay your creditors. It is a cheaper option than bankruptcy. If your DRO application is successful than none of your creditors can take action to recover your debts for 12 months. The debts are then written off after the 12 months are up.

## How to apply

There is no court hearing. You can only apply through a special advisor called an 'approved intermediary' who is allowed to make applications for you. We have approved intermediaries.

## Who can apply?

**T**here are strict rules that you have to meet to qualify for a DRO. You must:

- be unable to pay your debts;
- have total debts under £20,000 at the date the application is approved by the Official receiver;
- have assets below £1,000;
- not have a car or motorbike worth more than £1,000;
- have less than £50 a month spare income after normal household expenses are taken into account;
- live in England and Wales (or have lived or run a business in England or

## What debts can be included?

You can include most types of debt as long as the total debts are less than £20,000

## Priority debts e.g

- Gas & electricity debts
- Phone & mobile phone bills
- Council Tax & business rates
- Income Tax, VAT & National Insurance

## Credit Debt

**Y**ou must make sure you include all your credit debts in your application. **If you leave a debt out it cannot be included later.**

- Water arrears
- Credit and store cards
- Bank overdraft & loans
- Loans to finance companies
- Catalogues
- Home collected credit
- Benefit overpayment
- Hire purchase
- Hire agreements
- Parking penalty charges
- Mortgage shortfalls
- Family or personal debts

You may also owe debts from your small business such as money owed to employees, suppliers or customers





**49-53 Hazelwood Road and One Stop Shop,  
The Guildhall, Northampton  
(01604) 621038  
[www.communitylawservice.org.uk](http://www.communitylawservice.org.uk)**



### What debts cannot be Included?

Some debts cannot be included although you still have to list them in the application. These include:  
Magistrates Court fines;  
maintenance and CSA; student loans; secured debt, fraudulent debt and benefit overpayment

The £90 fee. You can make payment by cash only  
You can pay in instalments but you must pay within 6 months of your on line application being started and within 10 days of your application being submitted.

### What happens next?

The Official Receiver will decide whether to grant your application. They can ask you for more information and you must be as helpful as you can.  
-The Official Receiver will check outstanding debts.  
- Your creditors may object to the order being made.  
-The Official Receiver will ask a credit reference agency for information about your credit file

You need to be careful if your debts are near £20,000 as creditors can add interest and charges up to the date the DRO is approved.

When you have completed the application with the intermediary they will send an application long with a bar code which will enable you to pay

If the Official Receiver approves your application they will send you a letter to confirm the order and write to all your creditors.

You should not make any more payments on your debts.

Your creditors will usually have to send you an annual statement.

You must tell the Official Receiver if your circumstances change after you apply for a DRO.

### What are the effects of the DRO?

- You must not take out credit of £500 or more without telling the lender you have a DRO
- You cannot run a business in a different name without telling everyone you do business with the name used for your DRO
- You cannot promote, manage or form a limited company or be a company director
- You cannot hold public office
- You cannot apply again for 6 years
- Your information will be displayed on the Individual Insolvency Register
- Credit agencies will keep the information for 6 years