On Behalf Of IMG Financial Solutions
Sent: 19 September 2013

Subject: Response to Consultation on the Authorisation Requirements and Standards for Debt Management Firms

1. Minimum Competency. The draft document indicates that the minimum qualification is a Qualified Financial Advisor. There are many QFA that know very little about mortgages and consumer credit and there are many advisors such as ourselves who have qualifications in the area of mortgage advice and consumer credit who know a lot about this area. The question I have, why the requirement for QFA when an individual can get specific qualifications in the area of loans and consumer credit from the LIA and Institute of Bankers, as these qualifications are specific to the areas we work in every day. Why is grandfathering with cpd specific to this area not acceptable.

2. We are not a debt management company and do not take money from clients every month to set up budget plans for clients. We advise and assist clients in dealing with financial institutions. Once the negotiation is done we are no longer required by the client. The question I have, why are the rules for large debt management companies who negotiate and administer budget plans on a monthly basis for clients exactly the same as for small businesses such as ourselves who simply assist clients to negotiate with their financial institution and the business relationship may finish following one meeting.

3. In relation to the PI requirement, is the requirement not the same as current regulated entity or indeed the insolvency guidelines for a PIP of 1m in the single and 1.5m in the aggregate? From what I understand you need cover for the total of all your clients debts, this obviously when totalled could amount to hundreds of millions and be totally prohibitive. Please advise if this is correct?

4. From my reading of the document where qualifications, PI cover, solvency, auditing etc everything is geared by the Central Bank towards the larger financial brokerages and accountancy practices and the requirements will rule out a lot of small businesses with vast experience and this unfortunately is exactly the reason why this country ran into the financial difficulty it did a number of years ago.

5. In relation to Section 4.6 internal audit function (option to outsource) is required. The cost to a small business of an internal audit function or outsourcing is likely to be a cost that most businesses cannot afford.

6. As a small business if you are not setting up budgeting plans for clients, which involves handling money on a monthly basis, where is the necessity for auditing and solvency and the significant regulations you are imposing?

It appears to me that the regulations being imposed on advisors in this area combined with the new legislation, which has been introduced for PIP's is effectively making it extremely difficult for small business to operate in this area.