

Debt Management Services

A Consumer Guide



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

WHAT ARE DEBT MANAGEMENT SERVICES?

This booklet provides you with important information about debt management services. It will help you to:

- » understand what debt management services are and how they might help you
- » decide whether debt management services are suitable for you.

WHAT IS DEBT MANAGEMENT?

Debt management involves:

- » Assessing consumers' financial circumstances
- » Giving advice to consumers about how to resolve their debts
- » Negotiating with creditors on behalf of consumers.

A debt management firm will charge you for their services. But you can get free advice and help dealing with your debts.

For example, the Money Advice and Budgeting Service (MABS) offers free advice for people in debt, or in danger of getting into debt, in Ireland.

MABS Helpline (0761 07 2000) operates Monday to Friday from 9.00 a.m. to 8.00 p.m. or you can send an email to helpline@mabs.ie.

For details of your nearest office, visit the [Contact MABS](#) area of its website, www.mabs.ie.

WHAT RULES APPLY TO DEBT MANAGEMENT SERVICES?

Debt management firms that are regulated by the Central Bank must follow the principles and rules set out in our Consumer Protection Code 2012 (“the Code”). The Code includes rules on, for example, advertising, complaints handling and providing information about services. For more information, you can download our Consumer Guide to the Consumer Protection Code from our website www.centralbank.ie/publicinformation.

The Code has been updated to include additional specific rules that apply to debt management firms. These rules were developed by the Central Bank to protect you as a consumer of debt management services. You can download the full version of the Code from www.centralbank.ie.

WHAT CAN YOU EXPECT FROM A DEBT MANAGEMENT FIRM?

- » A debt management firm must tell you the total cost of any fees and charges for their service before you agree to avail of any services from them
- » Most debt management firms will not make payments to your creditor for you. Before you sign an agreement with a debt management firm you should check if they provide this service. If a firm cannot make these payments, even if they agree new terms with your creditors, it will be up to you to make the payments
- » Your debt management firm must fully assess your circumstances and consider all the options available to you for dealing with your debts

- » Once a debt management firm has fully assessed your debts and the options available to you, they will give you a statement of advice. This statement of advice will:
 - » suggest a plan to help you deal with your debts
 - » explain why this suggested plan is suitable and affordable for you
 - » explain how the suggested options work and how they might impact on you
- » Once a debt management firm gives you a statement of advice, they must give you time to consider what you want to do next (a “cooling-off” period) – you do not have to agree to any further services if you don’t want to.

WHAT ELSE DO YOU NEED TO CONSIDER?

- » You may be responsible for carrying out the actions that the debt management firm suggests (for example, negotiating new arrangements with your creditors) and you can ask a third party to help you to do this
- » Your creditors do not have to accept reduced repayments or freeze interest or charges
- » Your creditors may continue to contact you about repaying your debts even though you have engaged a debt management firm
- » You can tell the debt management firm that you want to stop using the debt management service at any stage. If you do this, you may still owe the firm money for work they have already carried out for you. The debt management firm must give you details of their fees at the start of your relationship

- You should be aware that if you reduce your payments to creditors, it may take you longer to pay off your debts and you may pay more, in total, than if you paid over a shorter term
- If you own a home, you may be required, as part of an arrangement, to re-mortgage your property to pay off some or all of your debts. You may find it difficult to re-mortgage and a mortgage may only be offered at a higher interest rate
- If you own a property, you could lose your home if you fail to make the negotiated payments to your creditors
- Certain options may affect your credit rating, which may limit your ability to access credit in the future. The debt management firm must tell you this in the statement of advice.

If you are not happy with the service you receive from a debt management firm, you have the right to complain to the firm. This will be handled in accordance with the firm's complaints handling process. The Central Bank's Consumer Protection Code 2012 also includes rules that firms must follow when they handle your complaint.

If your complaint is not resolved to your satisfaction, you have the right to refer your complaint to The Financial Services Ombudsman's Bureau, Telephone: 1890 88 20 90 or 01 662 0899



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem