

Changes to Bankruptcy and other Debt Solutions

What you need to know:

Starting from 1st April 2015, the Accountant in Bankruptcy (AIB) have changed the rules regarding debt solutions that are available.

Debt Arrangement Scheme

This is a scheme unique to Scotland, it allows you to pay back your debts at an affordable rate. It will stop all interest and charges and protects you from legal consequences such as a wage arrestment.

To apply for the Debt Arrangement Scheme you must seek independent advice from an approved money advice agency (such as ourselves) or an Insolvency Practitioner.

Bankruptcy

In order to apply for your own bankruptcy you must now seek independent advice from an approved money advice agency (such as ourselves) or an Insolvency Practitioner.

Their job will be to assess your financial situation and see what other alternatives may be available to you. If, after this discussion, you still wish to apply for bankruptcy, the money advisor or Insolvency Practitioner will assess which of the following two routes into bankruptcy suits your situation;

Minimal Asset Process

This is for those who are receiving benefits (or on a low income) and have a lower level of overall debt. You will not be expected to make monthly payments.

Certificate for Sequestration

This is the form of bankruptcy for those who do not fit the criteria needed for the Minimal Asset Process. You will be expected to make monthly payments.

Moratorium

This is a new process put in place for those intending to apply for an AIB debt solution which gives you 6 weeks protection from legal consequences, such as a wage arrestment, whilst you apply (*however, this can't reverse legal processes already in place*). However, you can only make one moratorium application in 12 months so this should only be considered by those who are certain about their decision. Additionally, your name will be recorded in a public register.

To apply for a Moratorium you must seek independent advice from an approved money advice agency (such as ourselves) or an Insolvency Practitioner.