

Q. What is a Debt Relief Order (DRO)?

A. A Debt Relief Order is a form of insolvency which helps people who owe relatively little money, have little or no disposable income and no assets to repay what they owe, but cannot afford to make themselves bankrupt and need help to bring their finances under control.

Q. Who is eligible to apply for a DRO?

A. You are only eligible for a DRO if you meet all the following conditions:

- You are resident in England or Wales;
- You are unable to pay your debts;
- You owe no more than £30,000 of eligible debts;
- You have no more than £2,000 in gross assets but, if you have a motor vehicle, it must be worth less than £2,000;
- Your disposable income must not exceed £75 a month, after deducting tax, national insurance contributions and normal household expenses;
- You must not have been subject to a previous DRO within the last 6 years;
- You must not be involved in any other formal insolvency procedure at the time you apply for a DRO.

Q. How do you apply for a DRO?

A. Applications are made online through an Approved Intermediary, who will be associated

with one of the Competent Authorities, a list of whom is available on the Insolvency Service website at:

[bis.gov.uk/insolvency/personal-insolvency/dro-comp](https://www.bis.gov.uk/insolvency/personal-insolvency/dro-comp)

Q. How much does it cost?

A. A fee, £90 at the moment, is payable when a DRO is applied for. Once paid, the fee is non-refundable, whether or not the Official Receiver approves or rejects your application, so it is very important to ensure that all the details of your application are true, correct and complete before submission.

Q. Can all my debts be included?

A. In common with bankruptcy, not all debts can be included in a DRO. You will still be liable for:

- Court fines, confiscation orders and any payments due under a Child Support maintenance assessment;
- Student loan obligations;
- Secured debts, as a DRO does not affect the rights of secured creditors to deal with their security;
- Any liability to pay damages for personal injury;
- Repayment of any benefit overpayments incurred as a result of fraud;
- Social Fund loans.

Q. What happens after my DRO has been approved?

A. Creditors listed in the DRO cannot take any action to recover or enforce their debts against you for a period, usually 12 months – this is known as the moratorium period.

If there is no change in your circumstances during the moratorium period, the listed debts will be discharged and your creditors can no longer demand payment.

If your circumstances change enough for you to make payments to your creditors, the Official Receiver may decide to terminate your DRO.

Q. Are there any restrictions while I am subject to a DRO?

- A.**
- If you wish to obtain credit of £500 or more, you must first tell the lender that you are subject to a DRO.
 - You cannot carry on a business in a name which is different from that under which you were granted a DRO, unless you first tell all those with whom you do business of the change.
 - You may not be involved in the promotion, management or formation of a limited company, nor act as a company director, without the Court's permission.
 - You will not be eligible to apply for a DRO again for 6 years.

If, when enquiring into your affairs, the Official Receiver decides that you have been dishonest before or during your DRO or that you are otherwise to blame for your position, they may apply to the Court for an order that you continue to be subject to the restrictions of a DRO, for up to 15 years.

Q. What if I incur more debts after the granting of a DRO?

A. DRO's deal with your debts at the date your DRO was approved and are intended to give you a fresh start and the opportunity to manage your finances more carefully in future.

If you incur new debts, this could result in:

- A bankruptcy Order;
- Prosecution if, when you incurred debts, you did not disclose that you were subject to a DRO.

If you would like any further information or advice then contact the Midland Heart Money Advice Team on 0345 60 20 540.

Money worries? Don't know where to turn for help?
Call **0345 60 20 540** and ask to speak to a Money Advisor