

Debt Relief Order Procedure

A debt relief order is intended to give debt relief to people who owe relatively little money, have little or no disposable income & no assets to repay what they owe.

Once the debt relief order has been granted we will receive notification from the official receiver that the order has been made and no further recovery action can be taken in respect of any debts listed on the order.

If they have an outstanding account which is not listed on the order we can continue to take action in respect of that debt.

If it is a jointly liable account and an order has only been granted against one of the parties we can continue to take recovery action against the other party. A note should be placed on W2 advising which party is subject to the debt relief order and that no further action can be taken against that party. A view must be taken as to whether continuing action against the other party would be worthwhile. i.e. if husband has had order made against him and he is the sole earner there is little prospect of us collecting outstanding arrears from the wife.

If any recovery action is currently being taken against the debtor subject to the debt relief order this action needs to be withdrawn. If the account is at reminder stage or later in the recovery process the balance up until the end of the financial year will be passed for write off (providing the debt is included in the order). If the account is at pre-reminder stage then the write off will be up to the date the order was actually made. The orders should be passed to the Council Tax teams in order for the accounts to be updated.

To apply for a DRO, you must meet certain conditions:

- You must be unable to pay your debts.
- You must owe less than £15,000.
- You can own a car to the value of £1000 but the total value of other assets must not exceed £300.
- After taking away tax, national insurance contributions and normal household expenses, your disposable income must be no more than £50 a month.
- You must be domiciled (living) in England or Wales, or at some time in the last 3 years have been living or carrying on business in England or Wales.
- You must not have been subject to another DRO within the last 6 years.
- You must not be involved in another formal insolvency procedure at the time you apply.