

Our Debt Solution Fees Explained

Our Services

Atlantic Finance (UK) Limited, trading as Atlantic Financial Management, offers all-round **debt advice** and a full range of Debt Solutions for all UK legal jurisdictions (i.e. England & Wales, Scotland and Northern Ireland), including **Debt Management Plans (DMP)**, **Individual Voluntary Arrangements (IVA)**, **Protected Trust Deeds (PTD)**, **Debt Arrangement Schemes (DAS)**, **Bankruptcy Assistance** and **Debt Relief Orders (DRO)**.

From 1 January 2019, the **Single Financial Guidance Body (SFGB)** brought together as one the Government's money and pensions support services delivered by the **Money Advice Service**, Pension Wise and The Pensions Advisory Service.

You can contact the Money Advice Service for free debt advice by phone on 0800 138 7777 or online at www.moneyadvice.org.uk/en/categories/debt-and-borrowing. Calls cost no more than to a standard UK-wide number. Their website identifies a number of free-to-consumer providers.

There is no charge for the initial financial review and debt advice provided by Atlantic's debt advisers with regard to the debt solutions that may be in your best interests to resolve your debt problems. We do not charge any pre-contractual fees. Any post-contractual fees will be clearly explained. Debt advice is delivered over the telephone, where calls are recorded for training and quality purposes. You have the right to a 14-day cooling off period with regard to an Atlantic Debt Management Plan (DMP) and you have access to independent redress through the **Financial Ombudsman Service** if you are unhappy with the service we provide with regard to the provision of debt management services.

Our website at www.atlanticfinancialmanagement.com explains how each debt solution works, for example, how an **Individual Voluntary Arrangements (IVA)** works and the role of the Insolvency Practitioner.

Our service is designed to be highly personalised and offers access to a trained debt adviser and a personal case manager or supervisor for managed debt solutions like a DMP or an IVA, respectively. Many of our clients are facing legal action when they come to us and it is not uncommon for a client to have arrears with their priority creditors (e.g. Mortgage, rent, council tax, utilities). These are a priority to us and helping you deal with urgent action items is part of the fees we charge, which are set out below. Please note that we do not represent clients in court, though we assist with court paperwork. We also assist with enforcement action that may follow the judgment.

Where applicable you may be referred to an alternative service provider, for example, a local DRO intermediary if a Debt Relief Order (DRO) is regarded as the best solution for your circumstances. Extreme hardship cases may be referred to their local Citizens Advice Bureau (CAB) as part of our Client Charter in dealing with vulnerable and severe hardship cases.

All fees that are associated with any debt solution that Atlantic offers are totally transparent and disclosed prior to any contractual agreement being made with you. Your preferences are critical to the debt solution selected, where suitability, sustainability and affordability are key criteria. We will discuss the availability of free-to-consumer services for some of these debt remedies and the role of the **Money Advice Service**.

All fees quoted below are applicable to new clients only at the time of enquiry

Bankruptcy

For clients in England & Wales, where Bankruptcy is agreed to be the best debt solution for you then we will assist you with the on-line application process for petitioning for your own bankruptcy.

We would strongly recommend seeking professional debt advice before applying and paying to petition for your own bankruptcy. There may well be more suitable alternatives. A debt adviser will provide you with the benefits and disadvantages of a debt solution like bankruptcy. They will provide a record of any debt advice provided and any recommendation made, which takes into account your personal circumstances, your objectives, your financial position and any foreseeable events that may make bankruptcy unsuitable or require significant additional contributions at a later point in time. This is particularly true where unrealised assets may be involved, as assets that were part of your estate during the bankruptcy period can still be used to pay your debts.

We can offer expert advice and support on:

- ✦ The on-line bankruptcy application process
- ✦ The period of bankruptcy and the potential for Income Payment Agreements if you have a surplus disposable income
- ✦ The effects of bankruptcy, particularly on your employment and your assets
- ✦ Bankruptcy Restriction Orders (BRO), where applicable

From 6 April 2016, The Insolvency Service launched an on-line facility to become bankrupt without the need to go to court. From 21 July 2016 the process costs £680 per individual and payment can be made by instalments, which has historically been a barrier to many indebted consumers petitioning for their own bankruptcy. We recommend taking advice before completing your application. The link below will provide you with impartial information regarding the process and the alternatives to bankruptcy.

Link: <https://www.gov.uk/bankruptcy> and <https://bankruptcy-myths.campaign.gov.uk/>

Link: <https://www.moneyadviceservice.org.uk/en/articles/how-to-declare-yourself-bankrupt>

If the adjudicator makes you bankrupt:

- ✦ You will normally be discharged within 12 months of bankruptcy proceedings being concluded, though it is increasingly common to have to continue making contributions to the Official Receiver for a further 2 years if you have surplus disposable income through a formal payment arrangement.
- ✦ Any formal debt solutions will result in public record information being added to your credit file and this will be the case for 6 years from approval. Your name and details will be published in the [Individual Insolvency Register](#)
- ✦ You will [receive a copy of the bankruptcy order](#) and may be interviewed about your situation
- ✦ Your [assets](#) can be used to pay your debts
- ✦ You will have to follow the [bankruptcy restrictions](#)

Debt Management Plans (DMPs)

The fees that are applicable to an Atlantic Debt Management Plan are detailed in the table below and the Terms of Business that are associated with our Debt Management Agreement are available on our **Debt Management Plans** webpage. Our average debt level for a DMP client is currently just over £12,000 with 5 creditors.

DMP Fees & Illustration

Atlantic **does not charge a set-up fee** for a DMP. We do, however, charge a higher monthly management fee in the first 6 months of the plan because of the level of work required to:

- ✦ negotiate with your creditors
- ✦ gather and review evidence supporting your proposed plan (e.g. bank statements, payslips)
- ✦ confirm your draft and final statement-of-affairs with you and your creditors, which may require a second review appointment or several calls with an adviser
- ✦ set up your MyAtlantic account so that you can access your information and correspondence on-line
- ✦ commence payment distributions to your creditors in the first month of the plan
- ✦ ensure that your credit report is being properly updated if you have provided this to us
- ✦ issue monthly electronic statements and issue further statement-of-affairs if further changes are agreed
- ✦ deal with any legal paperwork, creditor correspondence and debt assignments, where applicable
- ✦ undertake a review of your plan 6 months into your plan to ensure its on-going suitability
- ✦ generally monitor the progress of your DMP and communicate the outcome of our negotiations

The monthly management fee in the first 6 months is based upon your circumstances and the available disposable income, as we have a commitment to identify potentially vulnerable clients and to distribute a minimum of £50 to creditors from the outset of the DMP. The monthly management fee is paid from the ring-fenced client account after we have distributed cleared funds to your creditors. **Your disposable income minus the monthly management fee is disbursed to your creditors from the client account within 5 business days of cleared funds.** If you choose to pay us more frequently than monthly (e.g. weekly) then we obtain your consent to distribute to your creditors once a month.

Monthly Management Fee Criteria	First 6 months	From month-7 based upon creditor accounts			
		2-5	6-10	11-15	16+
Lower disposable income (i.e. less than £120 per month) and at least £50 to creditors	50% of disposable income	£30.00	£35.00	£40.00	£45.00
Higher disposable income (i.e. £120 per month or more)	50% of disposable income to a maximum of £100	£35.00	£40.00	£45.00	£50.00

Atlantic Financial Management - Fee Structure

In line with the Financial Conduct Authority (FCA) consumer credit sourcebook (CONC), Atlantic operates a vulnerable client policy and a client will be assessed against this policy based upon the information obtained in your financial review with our debt adviser. In order to ensure the suitability of the debt advice, this may involve additional questions to establish whether a debt solution with Atlantic is the most appropriate advice. An assessment of a client meeting our vulnerable client policy is also undertaken on review. Sensitive personal data will be appropriately managed under our Data Protection Policy and communicated to your creditors where it is in your best interests to do so, as your creditors have a duty to take account of this information. We will always seek your permission before obtaining any sensitive data (as defined by the Data Protection Act 2018) and explain how it will be used to try and deliver positive outcomes for you.

If you are switching from a Debt Management Plan from another commercial provider then the Monthly Management Fee in the first 6 months will be the figure quoted in the matrix above from month-7 onwards (i.e. no higher initial fee). We will assess why any previous debt solutions ended unexpectedly.

In accordance with our commitment to treat customers fairly, we will undertake a client assessment in respect of the affordability, suitability and sustainability of any debt solution recommended. In accordance with regulatory requirements, this will also include customer due diligence as part of our commitment to fight financial crime. This may include a review of your credit file or seeking additional evidence to meet these requirements.

Where we are looking at progressing formal debt solutions like an Individual Voluntary Arrangement (IVA) then statutory anti-money laundering checks may be undertaken by Atlantic or the Insolvency Practitioner that we refer the case to on our panel.

EXAMPLE – client with £12,000 debt, 5 credit agreements and £110 disposable income

Each credit agreement in the plan is paid a minimum monthly payment of £5¹ with disbursements calculated on a 'pro rata' basis.

Using the matrix above, the estimated duration of the DMP in this example is 12 years and 8 months with total fees payable of £4,710. Atlantic operates a policy of capping the fees payable for Debt Management Plans at £5,000 after the first 6 months of the plan. Where the cap is projected to be met then the monthly management fee is based upon the estimated plan duration from month-7 divided into £5,000. Where material changes occur to a client's circumstances during the course of the plan then the suitability and affordability of the fees will be re-assessed. The inclusion of additional debts at a later point in the plan would require such a review. Clients are clearly warned of the risks of taking on additional credit during the course of the plan. Adverse credit history is likely to age off your credit file through the course of the plan and you may find yourself subject to credit marketing by lenders.

We aim to identify opportunities to increase your disposable income to reduce the duration of your plan, which involves regular reviews, including the on-going suitability and affordability of the debt solution. Atlantic is able to negotiate Full & Final Settlements on some or all of the debts under management during the course of the DMP. This can significantly reduce the duration of the DMP and the level of debt repayable.

¹ Where £5 per credit agreement is not possible then we will reduce the minimum payment to £2 per credit agreement where there are a large number of debts in the plan.

Full & Final Settlement Services

We charge a fee of **10%** of the difference between the actual balance and the negotiated balance upon Full & Final Settlement of any of your credit agreements. A minimum fee of **£25** per settled account applies.

Important points regarding DMPs

- ✦ Any fees applicable will be clearly explained before you commit to any Atlantic debt solution through a written contract and you have a right to a 14 day cooling off period. The statement-of-affairs supporting the Debt Management Agreement will identify the debts that we are acting upon. We will provide an *'Important Points to Remember'* pre-contractual document to enable you to make a reasonable decision with regard to progressing with a Debt Management Plan (DMP)
- ✦ Whilst creditors are not obliged to freeze interest & charges, in over 87% of cases that we are acting upon, they have done so. Where a lender does not freeze interest & charges the amount you owe and the period over which you repay that credit account may increase, though requests to freeze interest & charges will continue once several payments have been made to your DMP. It our experience that whilst some creditors may not freeze interest & charges, they will significantly reduce interest being applied from contractual rates
- ✦ By entering into a DMP there is no guarantee that any current recovery or legal action will be suspended or withdrawn, though our experience has shown that the majority of mainstream lenders and debt recovery agents will provide 'breathing space' whilst we set up the DMP and accept our offers of repayment. We encourage clients to send us creditor correspondence without delay and to treat creditor. Our advisers will explain the implications of different forms of legal enforcement (e.g. charging orders being applied to homeowners, attachment of earnings for employed people)
- ✦ Whilst entering into a DMP can adversely affect your credit rating it is our experience that those who approach us already have an impaired credit record. By entering into a DMP you will be showing your creditors that you are taking a responsible attitude to resolving your financial problems and this could help you in the future. Once an account is defaulted then it will age off your credit file in 6 years. We offer you access to your Experian credit file to monitor the progress of your Atlantic DMP, if this is your preferred debt remedy
- ✦ Rescheduling debts can sometimes lead to an increase in the total sum to be repaid and can extend the debt repayment period, though our experience has shown that for revolving credit (e.g. credit cards), where interest is frozen, that the opposite may be true in a DMP, with the repayment period being substantially shorter when compared to minimum contractual repayments
- ✦ An impartial source of information on DMPs can be reviewed at <https://www.gov.uk/options-for-paying-off-your-debts/debt-management-plans>. More generally, we will make clear the actual or potential advantages, disadvantages, costs and risks of each option available, with any conditions that apply for entry into each debt resolution option and which debts may be covered by each option in the applicable legal jurisdiction (e.g. England, Wales, Scotland, Northern Ireland)
- ✦ Free-to-consumer DMPs are available from a limited number of firms (e.g. StepChange Debt Charity) regulated by the Financial Conduct Authority

Atlantic Financial Management - Fee Structure

- ✦ Any changes in circumstances, positive or negative, will be taken into account with regard to the repayments offered to your creditors and the duration of your plan. The agreement length is always conditional on the estimated duration of the plan and you are able to cancel without penalty at any point in time. Any missed payments will be taken into account in the plan projection and the on-going suitability of the plan. This is especially true during the early stages of the plan
- ✦ We are required undertake advised reviews at least annually and to hold a financial statement signed by you after each review and this forms the basis of updated payment offers to your creditors.
- ✦ If you are unhappy with our service then you have the right to independent redress through the Financial Ombudsman Service (FOS), which is explained in our [complaint policy](#).

Vulnerable Clients

Atlantic operates a vulnerable client policy in accordance with the Financial Conduct Authority consumer credit sourcebook (CONC). Atlantic adheres to the Money Advice Liaison Group (MALG) Debt and Mental Health Guidance and our advisers are trained to deal with sensitive personal information and the Debt and Mental Health Evidence Form (DMHEF).

Critical illness (e.g. cancer) can also have a significant impact on individuals and families where there is a need for breathing space and creditor forbearance over a period of time, which may be protracted. A DMP can sometimes offer flexibility during a transitional period and mean that negotiations with creditors can be undertaken by your debt manager whilst you focus on health and carer priorities.

We have adopted the Money Advice Trust debt adviser vulnerability guide that was published on 6 June 2016. Atlantic is one of the featured case studies. Our advisers have been trained in the 'twelve steps for treating potentially vulnerable customers fairly'. This has been widely adopted by regulated debt advice agencies throughout the UK.

Individual Voluntary Arrangements (IVA)

For clients in England & Wales or Northern Ireland, where an IVA is agreed to be the best debt solution for you then we will refer you directly to our chosen licensed Insolvency Practitioner, as we do not have an in-house Insolvency Practitioner. We operate a panel of Insolvency Practitioners covering all legal jurisdictions and they are all companies independent of Atlantic.

The Atlantic panel of insolvency practitioners is:

- ✦ Middlebrooks, who are independent of Atlantic
- ✦ Shawcross Williams, a trading style of Debt Managers (UK) Limited, who share a controller with Atlantic

For more information on IVAs then access:

<https://www.gov.uk/options-for-paying-off-your-debts/individual-voluntary-arrangements>

Atlantic is paid a referral fee by the respective Insolvency Practitioner where the IVA is accepted. This is paid from the Nominee Fee by the Insolvency Practitioner and there is no direct cost to you.

Atlantic Financial Management - Fee Structure

Once you have provided all of the information required, we will pass your case to an insolvency practitioner for your SIP3 call which will then be arranged at a time to suit you. Atlantic's role is the provision of initial debt advice and assisting in the preparation of the IVA proposal.

This SIP3 call is a legal requirement of the IVA process and helps the party drafting your IVA proposal to become familiar with your circumstances. It is usually informal in nature and will cover the history of your financial problems and any other relevant aspects of the case. We try to minimise any duplication in this process, as you have consented for us to share the information from our records with the insolvency practitioner firm.

There may be financially associated parties involved in an 'inter-locking' IVA. This is most common for couples living at the same address with joint debts and shared expenditure costs (e.g. mortgage, rent).

Nominee Fee

The nominee fee is a fixed fee and covers the Insolvency Practitioner's work in setting up your IVA proposal to your creditors.

The nominee fee charged by our Insolvency Practitioner is likely to be in the range of £1,000 to £3,000, depending on a number of factors, with an average of £1,200.

The Insolvency Practitioner will be paid the nominee fee out of the payments you make into the IVA and these will not be paid to your creditors. The creditors are bound by the IVA proposal once approved provided that you maintain the agreed payments to the Insolvency Practitioner.

It takes around 6 - 8 weeks to set up an IVA.

Supervisor's Fee

The supervisor's fee covers the on-going administration of the IVA, disbursement of contributions to your creditors and any reviews that are required, including an annual review. The supervisor has reasonable discretion where your circumstances change without going back to your creditors and this may affect the contributions and fees.

The calculation of the supervisor's costs and fees will depend on the proposal and is therefore subject to your individual circumstances. Wherever possible our Insolvency Practitioner's follows the IVA Protocol, an agreed approach with the major lenders, where the supervisor's fee will usually be 15% of your monthly or quarterly payment.

For employed or retired people it will be normal for contributions to be made monthly. For the self-employed there may be flexibility in payments to allow for invoice payments by their customers. Your creditors will agree these supervisory fees with the Insolvency Practitioner and they will be deducted from the money you pay the Insolvency Practitioner for distribution to your creditors.

Where you are a homeowner, there may be a requirement to make contributions for a sixth year rather than release equity from your property. A supervisor fee will be applicable on any contributions in the extended term of the IVA.

IVA Illustration

Employed tenant who is married with no dependents and in their late thirties with total unsecured debts of £18,927 with 7 creditors and their liabilities exceed assets.

Monthly contributions 60 months @ £220 (Disposable Income) = **£13,200**

The Insolvency Practitioner (IP) fees come from these monthly contributions and are therefore suffered by the creditors not the client.

Nominee Fee	= £1,100 (5 x £220)	
Supervisor Fee over IVA term	= £1,815 [15% of the remainder (£12,100)]	
Disbursements / Costs	= £500	
Total Costs		£3,415
Net funds available to 7 creditors		£9,785
Dividend to unsecured creditors	from IVA	51.7p in the £

From bankruptcy:

Assumptions of 36 contributions of £220 = £7,920 and minimum Insolvency Practitioner fees of £4,000.

Dividend to unsecured creditors from bankruptcy **21p in the £**

Important points regarding IVAs

- ✦ An IVA is entered on a public register operated by The Insolvency Service
- ✦ Whilst on an IVA and for a year after completing it your credit rating will be affected - an IVA may last 5 years but the effect on your credit rating will last 6 years and potentially longer if the term of your IVA is extended
- ✦ Homeowners may be required to release equity to pay off some or all of their debts. Where a homeowner is unable to obtain a remortgage, the IVA can be extended for up to 12 months
- ✦ If a homeowner has to remortgage their property to release the equity, their ability to obtain a mortgage may be restricted and likely to be on less favourable terms (e.g. much higher interest rates)
- ✦ If your IVA fails, you may be made bankrupt and you remain liable for the balance of your debt and any Insolvency Practitioner fees and costs already incurred, although this is in extremely rare circumstances
- ✦ There are restrictions on your expenditure whilst in the arrangement. Expenditure allowances are generally calculated using the Step Change budget figures or the Standard Financial Statement (SFS)
- ✦ On completion of your IVA, it is important to ensure that all credit agreements are shown as 'satisfied' on your credit file and that the public record no longer shows your IVA. This is a major step to improving your credit worthiness. Satisfied default records on your credit file should be deleted six years from the date that the IVA was put in place with the court.

Scottish Debt Solutions

For clients in Scotland, the Accountant in Bankruptcy (AiB) provides general information for consumers in debt.

Link: www.aib.gov.uk/debt/deal-debt

What is best for you will depend on a number of things including your personal circumstances and whether you have any property or assets. The Scottish Government has published a booklet called [Debt and the consequences](#).

Protected Trust Deeds (PTD)

For clients in Scotland, where a Protected Trust Deed (PTD) is agreed to be the best debt solution for you then we will refer you directly to our chosen licensed Insolvency Practitioner, who will act as Trustee, as we do not have an in-house Insolvency Practitioner covering Scotland. We operate a panel of Insolvency Practitioners in this legal jurisdiction and they are all companies independent of Atlantic and are members of the Insolvency Practitioners Association (IPA) or the Institute of Chartered Accountants Scotland (ICAS).

Atlantic charges no fees for the financial review. Any fees that we are paid as the agent of the Trustee will be disclosed in the Protected Trust Deed proposal and will be collected from contributions to your Protected Trust Deed. Any work we undertake is auditable by the Accountant in Bankruptcy.

The fee the Trustee will charge will depend on your individual circumstances, but the average charge is between £2,500 and £5,000 plus VAT. Your Trustee will be paid before any money is made available to repay your creditors, though your creditors are bound by the Trust Deed once it becomes 'Protected'.

Click for more information on [Protected Trust Deeds](#).

If your PTD fails

If your PTD fails then you will remain liable for the balance of your debt and any Insolvency Practitioner fees and costs already incurred.

Debt Arrangement Schemes (DAS)

For clients in Scotland, DAS is debt remedy operated by the Scottish government that allows you to repay your unsecured debts through a Debt Payment Programme (DPP). This allows you to pay off your debts over an extended period of time while giving you protection from your creditors taking action against you to recover the debts listed in the DPP. The DPP can last for any reasonable length of time and, if approved, will freeze all interest, fees and charges on the debts included, resulting in them being written off if you fully complete the DPP.

Atlantic charges no fees for the initial debt advice and we would refer you to our preferred DAS approved money adviser, who will provide additional debt advice and apply for a DPP on your behalf. Thomson Cooper is our preferred DAS approved money adviser.



Last updated: January 2019