What is your general view on the Bill and broadly, are you supportive of it?

TDX Group welcomes the Bill and the related initiatives in debt solutions being undertaken by AiB and Scottish Parliament. Our view is that Creditors have been underserved in the past by many aspects of Scottish insolvency solutions and this Bill helps to address these concerns. We support any changes that reduce cost in the process, improve transparency, creates standardisation and supports the creditor and consumer as key stakeholders.

Did you take part in the Scottish Government's consultation on the Bill and have your views been reflected?

TDX Group responded on behalf of its creditor client base which represents circa 25 organisations engaged in Scottish debt solutions. Generally we believe that our input on behalf of our creditor clients has been recognised and incorporated.

What is your view on the following proposals within the Bill—

Advice and education

We are broadly supportive on any initiative to improve financial education and advice. Any debt solution should not be undertaken lightly by the debtor and we recognise the benefits in robust advice before accessing a repayment vehicle. Both debtors and creditors should be better served by this. Formal and informal Arrangements should in themselves provide education and rehabilitation for the consumer. The challenge is to ensure that the incremental benefit of education outweighs the cost.

Payments by debtor following bankruptcy

We welcome a standardised CFT. The purpose of which should be to improve standardisation across providers and debt solutions and thereby improving transparency and reducing cost. Creditors already support a number of ‘standards’ both operationally and technologically. We urge the selection and use of any existing ‘standard’ rather than the creation of a new calculator to reduce creditor costs and simplify existing processes. The recognition of a ‘Payment Break’ where necessary within Arrangements is welcome. Our experience within the IVA (individual voluntary arrangement) market, shows this to be highly effective to assist debtors committed to the long term plan, but affected by a sudden income shock. Some care is required as it is reported that a proportion of debtors in IVAs can expect a ‘Payment Holiday’ within the Arrangement.

Bankruptcy where debtor has few assets

We support the need for MAP bankruptcy, but have concerns on the potential 6 month discharge period and have recommended 12 months. While the outcome to creditors is similar and Arrangement costs are potentially lower, we believe that the debtor requires a period longer than 6 months to rehabilitate and remain protected within the solution.
Administration of estate
Broadly we support a more standardised process for creditors to claim and believe that it will reduce costs within the case. There are certain creditor types, for example debt purchasers where the period is unachievable because of the complexity of the debt history. We understand that the trustees will have the power to create exceptions to the 120 day requirement and would expect them to recognise these more complex creditor relationships.

Records
We fully support these administrative changes to reduce case overheads and provide more efficiencies to the system.

Functions of sheriff and Accountant in Bankruptcy in bankruptcy: transferring further bankruptcy processes from the courts to AiB; introduction of e-application process; recall of bankruptcy provisions; appointment, replacement, removal of trustee
We broadly support the e-application process via an approved money advisor. The level of information supplied should be comparable to the hardcopy procedure and the debtor should be presented with delays in accessing the solution.