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Press Release

Happy Birthday Debt Relief Orders (for the young and single)

On the first anniversary (April 6 2010) of the introduction of Debt Relief Orders (DRO), leading debt charity Consumer Credit Counselling Service (CCCS) says it has recommended DROs as a new form of debt relief to 12,696 people in the past year. DROs are a form of "bankruptcy lite" aimed at people with low incomes and low assets. CCCS statistics show that they are successfully reaching people in severe need for whom bankruptcy did not work.

Of CCCS clients recommended bankruptcy, only six percent were 25 or under. By comparison 20 percent (2,539) of people recommended DROs were 25 or under. There was also a markedly higher proportion of single people, 75 percent (9,522) for DROs as opposed to 55 percent for bankruptcy.

CCCS says that the comparatively high recommendations of DROs to young and single people, two groups with lower than average insolvency rates, shows they are helping new groups of people.

CCCS Chairman Malcolm Hurlston says: "As anticipated, this form of "insolvency lite" is helping many people who have, for whatever reason, got into a position where they can no longer repay their debts. Debt blights lives and DROs offer people a chance for rehabilitation.

"The success of DROs shows the need for the Insolvency Service - on behalf of all government departments - to carry out a thorough-going review of debt solutions so they can be complete and meet people's real needs."

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Notes for editors:

1. To be considered for a DRO your situation must fit the following criteria:
 - You owe less than £15,000 in unsecured credit debts
 - You are not a homeowner
 - You have no more than £300 assets (Although one car up to the value of £1000 will be exempt)
 - You have less than £50 a month income left over after you've paid all of your living costs
2. DROs help people in severe financial difficulties who have a low income. They are a cheaper alternative to bankruptcy as the cost for a debt relief order is £90.
3. Your debts are frozen for a period of twelve months. During this time your creditors agree not to pursue you for the outstanding debt, nor add further interest on the balances. If, after the twelve months, you still cannot pay the debts back at a reasonable amount each month, they are written off.
4. CCCS is one of the few approved organisations who can submit a DRO application.
5. CCCS's ethos is to help the "can't pays", not the "won't pays", and does not condone debt avoidance. CCCS always aims to help its clients pay back what they owe, in a realistic timescale and manner that is suited to each individual's situation.
6. CCCS is self-funding. Lenders share with the charity the benefit they receive from its operation, making a donation from the money repaid to them. This allows CCCS to retain its independence and ensure that its advice is always in the best interest of the client. CCCS aims to separate the "can't pays" from the "won't pays".