

## “Little interest in Debt Relief Orders”

Debt Relief Orders, a form of insolvency designed to help those who have relatively low debt, little surplus income and very few valuable assets, are not working. Thus far only about 70 applications have been granted by the Official Receiver prompting fears that the mechanism will fail.

Said Phil Wood, managing director of chartered accountants and licensed insolvency practitioners, Barringtons, “Debt Relief Orders are aimed at people with debts of less than £15,000 and with assets of no more than £300. It was hailed as the panacea for the over-indebted. Clearly in the light of the woefully low uptake the system is not working. Indeed, many predicted a massive increase in personal insolvencies this year which are now unlikely to happen until such times that the system and policies actually meet the needs of people on low incomes.”

According to Phil two vital areas were ignored. Firstly creditors are not nearly so aggressive as they once were and are willing to give people far more time to repay their debts and secondly any pension becomes part and parcel of assets which, in most cases, will take assets over the threshold. This is a highly problematic oversight which requires addressing without further delay.