

Debt Settlement Arrangement (DSA)

A solution for people with
unmanageable unsecured debt



ISI

Tackling problem debt together



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What is the ISI?

The Insolvency Service of Ireland (ISI) is an independent government body set up to help tackle personal debt problems.

It has a range of debt solutions, including a regulated network of qualified professionals, that can help you to restructure and even write off debt that you cannot repay.

How do I know if a DSA is the right insolvency solution for me?

If you have **unsecured debt** such as credit cards, loans and overdrafts, a DSA could be the right choice for you. A DSA is a formal agreement with all your creditors that will write off some of your debt.

If you have a mortgage see our booklet about PIAs. If you have debts of less than €35,000 see our booklet about DRNs.

What are the benefits of a DSA for me?

Protection from your creditors



A professional advisor (see overleaf for more information) will arrange the DSA for you and negotiate with your creditors on your behalf. This should **put an end to any demands from your creditors** for unpaid debt – no more phone calls, letters or visits.

Affordable repayments



Under the DSA you may agree to **repay a percentage of your overall debt that you can afford** in monthly payments over a given period of time.

No surprise changes



A DSA is a **legally binding** agreement between you and your creditors; this means that it cannot be changed without the agreement of both parties, so there will be **no surprise changes** such as additional interest or charges added along the way.

Reasonable standard of living guaranteed



While you are making these repayments you are **entitled to a reasonable standard of living. This includes food, clothing, education, health care and a modest allowance for savings.** Under the ISI model, this means a higher standard than merely living at a subsistence level, which people often exist on when in debt. You will not be told how you should spend your allocated reasonable living expenses, so you are still in control of your spending.

Peace of mind



Once your final agreed monthly repayment is made and you have kept to the terms of the agreement, your creditors will **write off your remaining unsecured debt.**

How do I apply for a DSA?

First, arrange to meet with a **PIP (Personal Insolvency Practitioner)**. Part of a network of qualified professional advisors regulated by the ISI, each PIP is an expert in debt advice, so don't feel embarrassed about your situation; **they can and want to help you reach a solution**. They will assess your options and prepare a tailored solution that best suits your needs.

PIPs are located around the country and contact details can be found on the 'Registers' page of the ISI's website www.isi.gov.ie or by calling the ISI's information line **076 106 4200**.



What should I do to prepare for the meeting?

Start gathering details of your debt – including a list of how much you owe and to whom, details of payments you have missed, as well as details of your income, average spending needs and any assets you may have. Bring these with you to your meeting with the PIP, and they will let you know if a DSA is the right solution for your situation.

What are the costs to apply for a DSA?

Like any other professional providing a service, a PIP may charge a **consultation fee** to go through your financial situation to determine if you are eligible to apply. After that, any PIP fees are usually built into the DSA repayment plan.

There is no application fee as the ISI has waived its fees.

What are the advantages for all the parties involved?

DEBTOR:

- gets protection from creditors
- gets a solution that has certainty
- is entitled to a reasonable standard of living
- gets a write down and/or write off of debt
- gets back on track financially.

CREDITOR:

- gets engagement with the debtor through their intermediary (the PIP)
- gets a solution to the backlog of debt
- gets certainty of a resolution
- is guaranteed some return on money lent as opposed to if the person went bankrupt
- the majority of creditors are agreeing to proposals.

PIP:

- assists distressed debtors in reaching a long-term debt solution
- may charge a consultation fee to advise the debtor
- is usually paid out of the overall sum the debtor agrees to pay to the creditor.
- deals with all creditors on the person's behalf.

If I decide to apply what will happen?

- 1** Your chosen PIP will help you to complete a form that gathers **details of your financial situation**. If the PIP agrees that you are suitable for a DSA, they will help you fill out the necessary forms.
- 2** Your PIP will then apply to the court for a **protective certificate** on your behalf. You are not required to go to court. Once you get this you will have court protection against your creditors while your DSA is being put in place. This means that **they cannot contact you** during this time – no more phone calls, letters or visits.
- 3** Your PIP will put forward the proposed DSA to your creditors. If they agree to it, and the court is happy with your application, your DSA is formally agreed. Of the thousands of cases that have already gone through the ISI's system, **the majority of creditors are accepting proposals**.

What happens if my circumstances change during the arrangement?

If your circumstances change during the term of your arrangement, affecting it either positively or negatively, **the DSA can be amended by your PIP as necessary**.

Continued overleaf.

For example, if you can no longer afford the agreed repayments due to a change in circumstances, your PIP can apply for a change to the arrangement terms. Equally, if your financial situation improves, the terms can be amended. You will have a say in any changes made to the arrangement.

You will also participate in **reviews of your DSA at least once a year.**

Will I ever be able to get credit again?



If you are currently in arrears on payments this could already be known to credit rating reference agencies. Similarly, when you are struggling to make payments on debts such as your credit card, term loan or hire purchase agreement, you may not have the capacity to take on additional debt and this would be evident to a prospective lender.

Entering into a DSA should indicate to potential lenders that **you are proactively addressing your financial situation**, and on completion of the arrangement you will be solvent, which means you could be more eligible to obtain credit in the future.

The decision on whether or not to give credit is up to the lender and this is always the case.

How long will the process last?



A DSA can be put in place to cover any period of time **up to 5 years**. The length of an arrangement is to be agreed by all parties involved and will depend on your personal circumstances and what is being proposed by your PIP.

At the end of the process you will be free from your unsecured debt.

Take the first step to getting back on track financially



Call ISI on
076 106 4200



Visit
www.backontrack.ie



Freetext ISI to
50015 for an
information pack

A detailed guide to the Debt Settlement Arrangement is available on the publications section of the ISI's website www.isi.gov.ie

This guide has been produced by the Insolvency Service of Ireland (ISI) and is intended as a general, introductory, non-technical guide for interested debtors in relation to the availability of, and the process involved in seeking a Debt Settlement Arrangement under the Personal Insolvency Act 2012. If you require further information of a general nature, please consult the ISI website, www.isi.gov.ie, or contact the ISI's office by the various means detailed in this guide.

The ISI has no role in providing legal advice or interpreting the law and this guide is not an interpretation of, or advice on the law. In addition, the ISI has no role in providing financial advice. If you are in doubt in relation to your legal or financial position, please take appropriate professional advice or contact an Approved Intermediary/Personal Insolvency Practitioner, as appropriate.



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The Back on Track publications available are:

Dealing with Problem Debt

Debt Relief Notice (DRN)

Debt Settlement Arrangement (DSA)

Personal Insolvency Arrangement (PIA)

Information about Bankruptcy

After you are made bankrupt

A Debtor's Guide to the role of a PIP