

FACTSHEET



DEBT MANAGEMENT PLAN - DMP

A DMP is an informal arrangement between you and your creditors, managed for free by PayPlan.

You pay one single monthly payment, as part of your plan, which goes towards repaying your unsecured debts. There is no guarantee that interest and/or charges will be frozen – if they aren't frozen, it will result in paying back more over a longer period of time.

DMP PROS:

Annual Review

PayPlan review your situation with you annually and make relevant updates to reflect changes in your circumstances

Request

PayPlan will ask your creditors to freeze interest and charges when sending offers of repayment
However, there is no guarantee they will be frozen

Sustainability

Monthly repayments are set at a level you can realistically afford, after all your essential living costs and any priority payments have been accounted for

Support

PayPlan will manage your debt plan and liaise with your creditors on your behalf, which should reduce the level of contact you receive from them

Fair way of sharing payments

Payments are distributed on a pro-rata basis

DMP CONS:

Excessive Expenditure

Creditors may measure income and expenditure using guidelines of what they consider to be acceptable, which means that they could query or ask for justification of any expenditure which they consider to be excessive

Credit File

Your credit file will be affected for maximum of 6 years after the DMP is completed

Protection

You will still be open to further action on your accounts, such as legal action.
There is no protection for your assets.

Repayment

You remain fully liable to pay your debts until they are paid in full. This means it is likely to take longer and cost more than alternative debt solutions

Interest & Charges

There is no guarantee that interest and/or charges will be frozen – if they aren't frozen, it will result in paying back more over a longer period of time

DMP FACTS:

Offer of Repayment

A copy of your income and expenditure will be sent to creditors so they can decide if your offer is reasonable

Flexibility

Any change in circumstances may alter the length of your plan
Reduced payment may mean a longer plan and increased payment may mean a shorter plan

Settlement

Early settlement is available if you wish to pay a lump sum off your debts or even make a full and final offer if, for example, you receive a windfall.