

Information for Creditors and Debt Collection Agencies

your
guide

- free
- independent
- confidential



mabs

Money Advice & Budgeting Service

What is MABS?

The Money Advice and Budgeting Service (MABS) is:

- Free
- Independent
- Confidential
- Non-judgmental.

The MABS service has been validated with the EFQM Gold Star Quality Mark for customer service excellence.



Many MABS staff hold or are currently undertaking the Advanced Diploma in Money Advice Practice awarded by the Ulster University.



MABS has over 60 offices around the country. We also operate a National Helpline, (Monday to Friday, 9.00 a.m. to 8.00 pm, on **0761 07 2000**).

Our website, www.mabs.ie also provides information and advice on money management and dealing with debt.



MABS mission statement

Our focus is on helping people on low incomes who are over-indebted, or at risk of becoming over-indebted.

We do this by:

- Providing a free, confidential, independent, community and rights-based Money Advice and Budgeting Service
- Identifying, supporting, educating and empowering people with debt problems
- Using the knowledge and experience we gain, through this work, to bring about policy change towards eliminating over-indebtedness.

Please note

While MABS provides advice to people who are having difficulties with managing their money we do not give out any money - nor do we give financial advice to our clients on investments or specific financial products.

Dedicated Mortgage Advice

MABS has now a Dedicated Mortgage Advice service as part of the Government's initiative to assist and support people in long term mortgage difficulty. This service is the first point of contact for free, independent advice and active support for mortgage holders in arrears who have not reached an agreed resolution with their lender and/or are in danger of having their home repossessed. Call **0761 07 2000** for more information

Court Mentor Service

MABS is now present and available to people who are in danger of having their home repossessed

- a). before the court appearance date
- b). on the day of the repossession hearing

The MABS advisers are available to give independent advice and support to people who are in or will be attending court.

How does MABS work with clients?

Becoming over-indebted exposes our clients to a range of problems. Our approach is, firstly, to protect our clients from risks like homelessness, fuel disconnection, loss of liberty etc. and, then, to help them to clear their debts. At the same time, it is important that our clients establish or maintain an acceptable or minimum standard of living. While our proposals are based on what our clients can afford to pay, we use the Reasonable Living Expenses (RLE's), set by the Insolvency Service of Ireland (ISI), as a point of reference.

MABS supports clients in five important ways:

1. We enable clients to regain control of their finances. We help them to clear their debts at an affordable rate and within a reasonable timeframe where this is possible. Where it is evident that it is not; we advise on the voluntary and statutory options available to them.
2. We educate them in essential budgeting skills and money management, so that day-to-day expenses can be met and debt can be repaid.
3. We support them in gaining access to justice and make sure their rights are being upheld
4. We identify alternative and affordable credit.
5. We raise awareness of debt issues at local and national levels.

We take a 'holistic' approach to our clients' problems. We do this by:

- Helping them to work out a budget which suits and is adequate for them and their families
- Ensuring that they are aware of and able to claim all their entitlements
- Informing them of the debt resolution options available to them
- Negotiating with creditors (when and where necessary) on their behalf

- Referring them to other support services, as appropriate
- Helping with the setting up of payment systems, when necessary
- Providing on-going support in dealing with financial difficulties.

How do people become over-indebted?

Anybody can become over-indebted. It can happen because of:

- Unemployment
- A drop in income, for example, through the loss of overtime or bonuses, short time work, or temporary lay-off
- Industrial action (strike)
- Illness
- Death in the family
- Pregnancy
- The breakdown of a marriage or relationship
- Addiction etc.

The effects of over-indebtedness can be both physical and psychological. People in serious debt can become depressed, anxious, fearful and ashamed of their situation. Conflict can arise within families and in close relationships. People may resort to excessive drinking as a way of escaping the pressure they feel. For some people, serious debt problems can even lead to suicide.

Debt can also take a physical toll, as prolonged worry and anxiety begin to damage a person's health.

What happens when a client with debt problems comes to MABS?

Most clients come to MABS because they have heard about it from others. In recent years, more people are being referred by banks, credit unions, financial institutions and other creditor groups. Creditors should always provide customers with an opportunity to sort out their difficulties before making a referral to MABS.

Many client's first contact with the MABS is through the MABS Helpline, **0761 07 2000** or through the MABS website, **www.mabs.ie**. People often go on to solve their debt problems with the information and advice they get through the Helpline or website.

If a client cannot solve the problem on their own, however, they can contact a Money Adviser.

The Adviser will:

- Explain the role of MABS and what we can do to help with the problem
- Obtain a signed Client Authorisation Form
- Establish what debts the client has and determine the priority of those debts
- Establish the client's income
- Help the client to draw up a budget
- Help the client to make contact with all creditors, find out how much is owed and if the client is fully liable for the debt
- Help the client to maximise income-particularly in relation to social welfare entitlements and tax credits

- Help the client to prepare their financial statement and determine the amount of disposable income available
- Help the client to calculate pro-rata payments and make proposals to creditors.

While this might seem like a straightforward and speedy process, it can take some time before all the relevant information is gathered, particularly if there are multiple debts and many creditors. Illness and other personal issues can sometimes delay the process.

MABS Approach to Client Support

MABS provides a service that respects the capacity (ability) of our clients to do things for themselves. At the same time, we understand the need for a professional support service. Sometimes our work involves active, ongoing, one-to-one support. But, in a large volume of cases, it can mean we actively support clients to help themselves.

If a Money Adviser considers that a client is not engaging in the process in an honest and open manner then the Money Adviser will inform the client that they will no longer be able to help them with their money issues.

The MABS service respects client confidentiality at all stages. We do not seek out information or speak to creditors without the written consent of the client. This is done through a Client Authorisation Form.

MABS is for those who can't pay.

MABS is not for those who won't pay.

When a client has signed this form, the Money Adviser can then gain access to the account information and any other paper work they need in order to work with the client in solving the debt issue. The form also allows creditors to share information with the Money Adviser.

Basis for MABS Payment Proposals

MABS advises clients to deal with priority payments first and then allocate payments to secondary creditors on a pro-rata basis.

The difference between priority and secondary payments

In working with clients we make a distinction between priority and secondary payments to creditors.

Priority Payments (these should be paid first)

- Mortgage/Rent (including arrears)
- Tax/VAT
- Secured Loan
- Utilities
- Maintenance by Court Order
- Court Fines
- Lease
- Court Orders
- TV Licence
- Some Hire Purchase Agreements

Secondary Payments (some examples)

- Unsecured Loans
- Credit/Store Cards
- Catalogue/Goods on Credit
- Some Hire Purchase Agreements
- Service Suppliers
- Friend/Family Loans

What is Pro-Rata Payment?

Pro-rata payment is the fair distribution of a client's disposable income, in order to pay debts. Payments are calculated on a percentage basis. The largest debt gets the largest portion of disposable income. The end result is that all debts and arrears get cleared at the same time.

Offers are calculated by using the following formula:

$$\frac{\text{Single Debt} \times \text{Total Offer}}{\text{Total Debt}}$$

Why do we look for the original contractual agreement?

Money Advisers need copies of the original contractual agreement in order to:

- Establish that the client legally owes the money and clarify what type of loan is involved
- Find out if there is a payment protection policy
- Find out how much was borrowed originally
- Ensure that the agreement meets relevant consumer protection legislation and codes.
- Find out how much has been paid and how much is still owed.
- Decide if voluntary or statutory solutions are the most appropriate

Why do some clients not go directly to their creditor?

MABS always encourages people to contact their creditors early but there are many reasons why people do not want to contact their creditors directly.

They may be afraid of what might happen. They may be embarrassed or ashamed and may feel uncomfortable disclosing other debts. They may also be uncomfortable about the underlying reasons for the debt, for example, addiction, relationship problems, illness etc.

A fairly common reaction to being in debt is denial and a hope that the problem will go away.

For many people, the paperwork and bureaucracy involved in trying to sort out debt is too daunting and they need active support. There may be more than one debt involved and the client may not know how best to prioritise debts and where to start.

Critically, MABS is seen as an 'honest broker', who treats all creditors equally.

Every case that we deal with in MABS is different. While most clients learn from being with MABS and go on to manage their money effectively, some clients have returned to MABS where circumstances have changed or deteriorated.

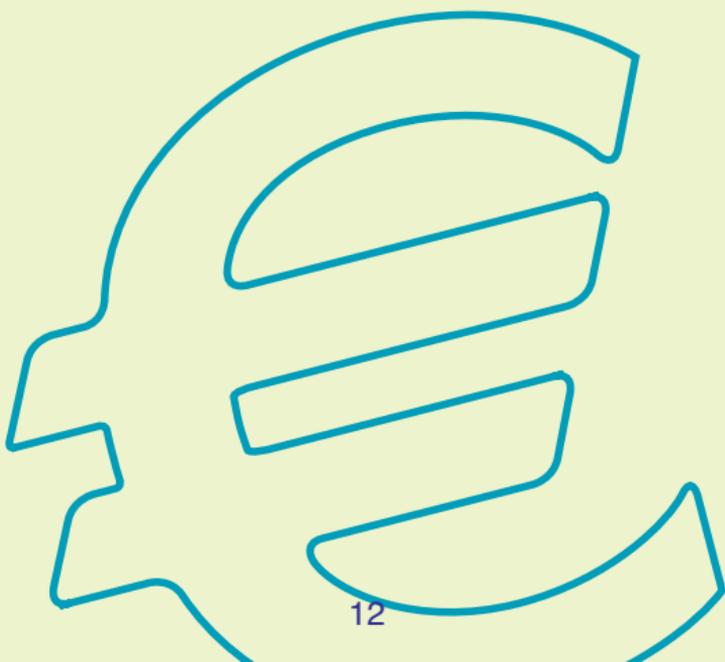
What type of relationship does MABS have with creditors?

It is vitally important that a good working relationship is established and maintained with all creditors. MABS must be seen as a fair and 'honest broker' between the client and creditors in all negotiations.

We are always focused on improving working relationships. For example, MABS has developed operational protocols with the Banking and Payment Federation of Ireland (BPMFI) and with all the major energy suppliers and other large creditors. These protocols have been developed to assist those customers who can't pay immediately to set up out-of-court, mutually acceptable, affordable and sustainable voluntary debt settlement plans.

Visit www.bpmfi.ie or www.mabs.ie for more information. We are working to develop similar protocols with other major creditors.

Creditors must bear in mind that MABS is not a debt collection facility.



When should a creditor refer their customer to MABS?

All creditors should encourage their customers to make contact with them if they are in financial difficulty. If the situation can be resolved without MABS there is no need for our involvement.

However, if the creditor feels that the situation requires more specialist support, it may be appropriate to refer the customer to MABS.

In all cases it is best to provide people with advice and information as early as possible. A customer can be referred to the MABS Helpline, **0761 07 2000** at any time

You may consider a MABS referral appropriate when, for example:

- A customer still cannot make repayments and you have already discussed alternative repayment options with them.
- A customer's arrears are building over a number of months and you have not been successful in putting an arrangement in place.
- A customer says he or she has many other debts and cannot afford to pay.

Note: In the case of Mortgage Debt, Creditors must comply with the Code of Conduct on Mortgage Arrears.

MABS is an Approved Intermediary

MABS also offers a statutory service as Approved Intermediaries processing Debt Relief Notices in accordance with the Personal Insolvency Act, 2012.

Debt Relief Notices (DRNs) are one of the insolvency options set out in the Personal Insolvency Act, 2012 (as amended) for people with low levels of debt, low income and few assets. They can only be applied for through an Approved Intermediary, a qualified person authorised by the Insolvency Service of Ireland to process applications for Debt Relief Notices. MABS is such an Approved Intermediary and engages with debtors, creditors and the ISI in respect of this process.

What does a DRN mean for me as a Creditor?

Once a DRN has been issued, both debtors and creditors are under obligations set out in the legislation for the duration of the supervision period (in most cases, this will be 3 years). For creditors, this means that you cannot:

- * commence or continue debt collection action
- * commence or continue legal proceedings for a specified debt (except legal proceedings)
- * contact the debtor about the specified debt (unless the debtor requests you to)
- * execute or enforce any judgements relating to the specified debt
- * take possession of any goods in the possession of the debtor, unless owned by you or you have security over them
- * terminate any agreement or claim accelerated payment due to DRN or insolvency

Once the supervision period has ended, the specified debt will be written off and the debtor will stand discharged of any liability in respect of that specified debt.

Can I object to this?

Yes, however the grounds for raising an objection are limited to what is set out in the legislation, namely:

- * The debtor was not eligible to apply for a Debt Relief Notice
- * You were caused material detriment due to a material inaccuracy in PFS or application documents
- * the debtor not complying with his/her obligations
- * the debtor being an undischarged bankrupt
- * the debtor has committed an offence
- * the procedural requirements not being complied with
- * the debtor arranging his/her financial affairs, within 6 months of the application date, primarily with a view to applying for a DRN

How do I refer my customer to MABS?

When you are referring a customer to MABS make it clear that:

- MABS is independent. We have no connection with you, as a creditor, and we are not involved in debt collection.
- The MABS service is free.
- The service is entirely confidential. MABS can only release a client's information and details to a creditor if the client signs an agreement (Client Authorisation Form).

It is also important that creditors do not make going to MABS a condition for their further engagement with their customer. The MABS process only works when people come willingly to us.

Here is some sample text you might use to advise a client to consider contacting MABS:

“It may be beneficial for you to contact the Money Advice and Budgeting Service (MABS). MABS is a state-funded, free, independent and confidential service for people who are in debt or at risk of getting into debt.

You can get information, advice and self-help tools on the MABS website, www.mabs.ie, or by calling the MABS Helpline, on **0761 07 2000** (Monday to Friday 9.00 a.m. to 8.00 p.m.) Alternatively, you might like to meet with a MABS Money Adviser in one of the MABS offices nationwide.

Will the customer I refer to MABS see a Money Adviser?

Not everyone needs to see a Money Adviser in a local MABS office. Many people can sort out their money issues by contacting the Helpline, or by using the self-help section of the MABS website. However, if people need to meet with a Money Adviser an appointment can be arranged for them with their local MABS Service.

It is important that creditors work with their customers in the first instance.

It is important that creditors recognise that many people can address their own situation using MABS self-help materials.

How to contact us:

Helpline: 0761 07 2000

Website: www.mabs.ie

Carlow

Carlow Town 0761 07 2070

Cavan

Cavan Town 0761 07 2410

Clare

Ennis 0761 07 2430

Cork

Charleville 0761 07 2420

Dunmanway 0761 07 2450

Mallow 0761 07 2440

Cork City (Nth. Main St) 0761 07 2090

Donegal

Buncrana 0761 07 2470

Derrybeg 0761 07 2650

Donegal Town 0761 07 2480

Letterkenny 0761 07 2460

Dublin

Ballyfermot 0761 07 2800

Ballymun 0761 07 2150

Blanchardstown 0761 07 2330

Cherry Orchard 0761 07 2110

Clondalkin 0761 07 2270

Coolock 0761 07 2290

Crumlin 0761 07 2500

Dorset Street 0761 07 2510

Dun Laoghaire 0761 07 2530

Dundrum 0761 07 2310

Finglas / Cabra 0761 07 2170

National Traveller MABS 0761 07 2230

Francis Street 0761 07 2350

Lombard Street 0761 07 2520

Swords 0761 07 2550

Tallaght 0761 07 2370

Galway

Connemara (Ceathru Rua)	0761 07 2820
Loughrea	0761 07 2580
Galway City	0761 07 2570
Tuam	0761 07 2560

Kerry

Tralee	0761 07 2190
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Kildare

Kilcock	0761 07 2590
Newbridge	0761 07 2600

Kilkenny

Kilkenny City	0761 07 2610
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Laois

Portlaoise	0761 07 2620
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Leitrim

Ballinamore	0761 07 2630
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Limerick

Upper Mallow Street	0761 07 2210
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Longford

Church Street	0761 07 2640
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Louth

Drogheda	0761 07 2490
Dundalk	0761 07 2540

Mayo

Ballina	0761 07 2660
Castlebar	0761 07 2670

Meath

Navan	0761 07 2680
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Monaghan

Castleblaney	0761 07 2690
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Offaly

Tullamore	0761 07 2710
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Roscommon

Abbey Street	0761 07 2720
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Sligo

Fish Quay	0761 07 2730
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Tipperary

Tipperary Town	0761 07 2130
Clonmel	0761 07 2750
Nenagh	0761 07 2760
Thurles	0761 07 2740

Waterford

Canada Street	0761 07 2050
Dungarvan	0761 07 2770

Westmeath

Athlone	0761 07 2400
Mullingar	0761 07 2700

Wexford

Main Street	0761 07 2780
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Wicklow

Arklow	0761 07 2390
Bray	0761 07 2250

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Helpline: 0761 07 2000

Website: www.mabs.ie

Disclaimer

Every effort is made to ensure that the information in this publication is accurate. However, no responsibility is accepted by MABS National Development Limited, its funders or the MABS for any errors, omissions or misleading statements on these pages. The information is of a condensed and general nature only and can change from time to time. Readers should, therefore, verify any information on which they rely by contacting the MABS Helpline 0761 07 2000.



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log on

www.mabs.ie



phone

Helpline: 0761 07 2000



drop in

We have offices nationwide.
Our website and helpline will
direct you to your local office.

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