



What is a Debt Relief Order (DRO)?

Information for clients

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A Debt Relief Order (DRO) is a way of dealing with your debts if you don't have enough money to pay them.

It is important to speak to a qualified debt adviser when deciding how to deal with your debts. They can explain your options and help you to decide if a DRO is right for you.

How does it work?

A DRO acts as proof to people you owe money to that you cannot pay your debts. If you have a DRO, your debts may be reduced or cleared so you don't have to pay them.

You do not need to pay to get a DRO. It is free of charge. However, having a DRO will affect your credit rating. It may therefore make it more difficult for you to get credit. This could include taking out a loan or getting a credit card.

If you have a DRO, your name will also be put on the **insolvency register**. This is a list of people who have gone bankrupt or had a DRO. Anyone can look at this.

Who can get a DRO?

You may be able to get a DRO if you:

- have debts of no more than £50,000
- have savings and belongings worth no more than £2,000 (if you have a vehicle, it will usually need to be worth no more than £4,000)
- have left no more than £75 left at the end of each month after you have paid for all essential costs, including bills
- have lived or worked in England or Wales in the last three years
- have not had a DRO within the last six years.

Your debt adviser will talk with you about your situation and whether you may be able to apply.

Which debts can be cleared by a DRO?

All debts that are in your name must be listed in your application. However, not all debts can be cleared by a DRO. There are some debts that you will still need to make payments towards. This includes student loans and magistrates court fines.

If you owe money for missed rental payments (rent arrears), you may still need to make payments towards the debt.

Your debt adviser will tell you if any of your debts cannot be cleared by the DRO. They will also be able to advise you if a DRO may not be the best option for you.

Joint debts

You cannot apply for a DRO in joint names. Each person must have a separate DRO.

If you have debts that you have taken out with someone else, this means that both you and the other person are responsible for paying the debt. Your debt adviser will help you to find out if you have any joint debts and will give you full advice on your options.



How to apply

Applications for a DRO can only be made by a qualified debt adviser. Your debt adviser will work with you to fill in the application.

Your debt adviser will ask you about your income (the money you receive) and your outgoings (the money you spend on things like bills and food). They will ask you if you have a vehicle or own anything of value. You will need to check that all the information is correct. Your debt adviser will need to see your bank statements so that they can also check that all the information in the application is correct.

You should list all your debts in your application. Any debts you do not include cannot be added after your DRO is approved. Your debt adviser can support you to find information about all the debts that are in your name.

What happens next?

If your application is approved, the DRO will last for one year. This means that your creditors (people you owe money to) will not be able to ask you to make payments during this time. After this, the debts included in the DRO will be cleared.

If your financial situation changes during the year, you must declare this.

Your debt adviser can let you know about DRO restrictions (things you cannot do during the DRO period). This includes borrowing more than £500 and being a director of a company.