

## 123 Debt Solutions Ltd

Hereafter, 123 Debt Solutions Ltd. will be referred to as "123 Debt Solutions Ltd.", "Us" and "We". The Client will be referred to as "The Client" and "You". The Draft Debt Management Plan will be referred to as "The Draft" and The Debt Management Plan will be referred to as "The Plan" and The Individual Voluntary Arrangement will be referred to as "The IVA".

123 Debt Solutions Ltd are authorised and regulated by the Financial Conduct Authority. Interim Permission Reference No: 600823.

We reserve the right to amend and update these Terms and Conditions, and will provide You with 30 days written notice of any important changes. When We send You notice of any such changes We can do this either by post or by email where You have provided Us with Your email address.

### 1. The Agreement

- 1.1 The Client (You) agrees to appoint 123 Debt Solutions Ltd. (Us) to act on their behalf as debt counsellors and debt adjusters providing the services. We will be authorised to negotiate with creditors on Your behalf.
- 1.2 The Agreement will commence on receipt of cleared funds of the first payment and shall expire on the date of receipt of the last payment due as detailed in The Plan or termination in accordance with clause 4 of these Conditions.
- 1.3 Our management fee is 15% of Your monthly payment, which is not in addition to Your payment, but included in the monthly total. Our minimum fee is £35 and Our maximum fee is £125.
  - 1.3.1 Our Arrangement fees are 45% of the first six monthly payments that You make to Us. Any fees over this amount will be disbursed to Your creditors.
  - 1.3.2 Your management fee of 15% (with a minimum of £35) will commence once Your arrangement fee period has been completed.
  - 1.3.3 At an estimated plan length of 2 years and 9 month(s), You will be charged £1,585.00 in fees for the remaining duration of The Plan. These figures are likely to fluctuate based on confirmed balances from You and Your Creditors.
- 1.4 If You have provided debit card information in order for Us to take the first payment to start The Plan, You have established a Continuous Payment Authority (CPA) and We will retain this information and debit Your card on the requested date each month as Your preferred method of payment, unless otherwise instructed by Yourself.
- 1.5 Certain situations may result in additional fees being charged. These are as follows:
  - 1.5.1 If we receive a cheque from You, which subsequently bounces or lacks the required funds to process successfully, resulting in Us being charged a fee. This fee, usually £12 will be passed on to You, and deducted from Your next payment. You agree not to seek to have a payment returned or overturned without consulting Us first. This includes, but is not limited to, cancelling a cheque or disputing a debit card transaction with Your bank. Any fees that We incur due to this, usually at least £25, will be payable by You, along with a £20 fee for the time spent resolving the issue. These charges will be passed onto You and will be deducted from Your next payment. Attempting to overturn or chargeback any payments received is a violation of these terms and conditions that You have agreed to, and will not be permitted.
  - 1.5.2 If The Plan is suspended for a late payment and You wish to resume our services, a Reactivation Fee of £20 will be charged up to a maximum of 50% of Your monthly contribution. This will enable the Company to notify the Creditors and to continue to manage the Debt Management Plan. The Plan will only be suspended 7 days after a missed payment. We will notify You before the fee is charged.
  - 1.5.3 Once You have confirmed all of Your debts, We have received accurate updated balances from Your creditors and Financial Statements have been sent to Your creditors, any additional debts to be added into The Plan may be subject to a £7 one-off fee. You may also be required to increase Your monthly payment into The Plan, so not to reduce contributions already agreed with other creditors, a plan reset may be required at this point pursuant to clause 1.5.4.
  - 1.5.4 If a whole plan reset is required a fee of up to £50 will be charged. This will cover the time spent preparing offers and corresponding with each creditor to ensure the offers are accepted. We will notify You before the fee is charged. If a reset is required, the fees collected in that month will not exceed 50% of the total monthly payment. A reset will be required should there be a change in Your financial circumstances, or at least every 12 months. Only one annual reset fee will apply should more than one reset be required in a 12 month period.
  - 1.5.5 If, due to late payment, You fail to make a full Payment for more than a calendar month, then management fees pursuant to 1.3 will be recovered from Your next payment up to a maximum of 50% of Your next payment. If The Plan is cancelled and remains cancelled for more than 30 days, and You wish to reactivate The Plan, We will retain maximum 50% of Your next payment into The Plan as an Arrangement Fee.
- 1.6 A reasonable fee of £0.30 per transaction may be applied to cover failed debit card transactions, if payments are repeatedly missed.
- 1.7 If You choose to use Our document collection courier service to return Your debt management pack to Us, You will be held liable for the collection fees of £75.00 in the event that You cancel The Plan prior to completing Your first full monthly payment.
- 1.8 Debt Settlements Services and Individual Voluntary Arrangements (IVAs)
  - 1.8.1 We are licensed and authorised to negotiate settlement figures on all debts that We are acting on with the debtors consent. A settlement figure is a lump sum offering of repayment towards a debt, to clear the remaining balance in full. Typically, We can negotiate anywhere between a 10-60% reduction off the total balance of the debt assuming that You have a lump-sum to offer towards the debt. Our charges for this service are typically 18% with a minimum of £50 of the amount saved. For example, if we settle a debt with an outstanding balance of £2000 for £1000, we are saving the debtor £1000. Our fee will be £180.00. Total amount payable by You, the debtor, will be £1180.00.
  - 1.8.2 If We assist You in a successful application for an IVA at any time, we reserve the right to charge You up to one full month's contribution as an IVA arrangement fee. This fee will become applicable and distributed to Your nominated Insolvency Practice once the IVA SIP (Scheduled Insolvency Practitioner) call has been completed. At this point, Your Debt Management Plan will terminate. Should We need to reinstate Your Debt Management Plan, this fee will be recovered and distributed to Your creditors, less the monthly management fee pursuant to clause 1.3. You must ensure that You maintain Your contractual monthly payment towards Your Debt Management Plan until the chosen Insolvency Practice confirms that Your IVA has been approved.
- 1.9. Individual Voluntary Arrangements.
  - 1.9.1 If an Individual Voluntary Arrangement (IVA) is advised as the most suitable solution to The Client, the fee structure detailed in the above points 1.3 will not apply. Arrangement fees payable will be retained to cover costs if We are instructed to conduct a financial statement, research into personal financial and creditor information in preparation for an IVA.
  - 1.9.2 In order to provide The Client with the best possible opportunity to enter an IVA, detailed research and preparation will be undertaken by Us, which should last no longer than two months. All required documentation must be provided upon request. Failure to provide the required information will delay the IVA from commencing, and The Client will still be liable for the monthly payment, including Arrangement fees as per 1.3.1, until the documentation has been obtained.

- 1.9.3 If The Client successfully passes the Meeting of Creditors and enters into an IVA, no further payments will be made directly to Us. The nominated Insolvency Practitioner will administer the arrangement at this point, and make arrangements to retain monthly payments from The Client.
- 1.9.4 If The Client does not enter an IVA, for whatever reason, the Arrangement fees will not be refunded. The Client will automatically enter or remain in a Debt Management Plan with Us, unless We are notified otherwise in writing. Once first 6 monthly payments are received no further Arrangement fees will apply, and the management fee structure will mirror that of 1.3.
2. *The Services*
- 2.1 We will initially review details of the Client's income, outgoings and reasonable living expenses as provided and on the basis of these details agree an affordable monthly repayment figure which will take into account the means of the Client and the importance of meeting commitments such as mortgage, rent and utility payments.
- 2.2 We will prepare a Draft Debt Management Plan based on initial review, which will take account of the Client's income, outgoings and reasonable living expenses.
- 2.3 We only undertake to provide debt management services in relation to unsecured credit and will not usually provide services in relation to secured credit and priority debts. You should always ensure that all payments are maintained towards secured credit and priority debts. We refer to priority debts in instances such as but not limited to mortgages, rent, utility bills, Council Tax and court judgements. Failure to pay priority debts can lead to serious consequences, it is important that You prioritise payments towards these debts before making payments towards Your unsecured creditors. In instances where We cannot assist We will endeavour to signpost the relevant organisations.
- 2.4 We will negotiate with Creditors as Your agent, attempting to agree revised payment terms.
- 2.5 Our negotiations with the Creditors will be conducted having taken into account any arrears, the services provided by the Creditors to You and any legal steps that Creditors have taken or threatened to undertake.
- 2.6 We will attempt, where appropriate, to persuade Creditors to reduce monthly payments, suspend interest charges and to suspend or withdraw proceedings that are already issued, or are threatened to be issued.
- 2.7 No guarantees are given by Us regarding the outcome of any negotiations with Creditors. Clients should be aware that if We are unsuccessful in negotiations with Creditors then repayment of the same debt over a longer period of time will result in an increase to the total amount repayable.
- 2.8 Following receipt of the first payment and based upon the accuracy of information provided by You, we will commence communications with Your creditors within 10 working days. We will prepare and issue The Plan which will be revised based on information provided by You and Your Creditors.
- 2.9 The Plan and Fee may vary from the Draft Debt Management Plan depending on circumstances and the accuracy of the information originally provided.
- 2.10 The monthly repayments will be paid directly into Our client account to be distributed in accordance with The Plan within 5 working days of receipt of the cleared funds. Where We are unable to make payment within 5 working days of receipt, or where a payment is returned to Us by a creditor, We will make the payment at the next earliest opportunity.
- 2.11 Any delay in payment to creditors caused by Us shall result in Us taking appropriate action to put You in the position that You would have been in if the payment had been made within 5 working days and We shall make good any additional interest which has accrued and any default charges that have been applied to the account as a result of the delay.
- 2.12 If Your circumstances change and You are unable to meet the agreed payments set out in The Plan, We will attempt to renegotiate the terms of The Plan with You and Your Creditors. We will in any event periodically review the situation, normally every twelve months or earlier on Creditors insistence, and will revise The Plan if appropriate. Fees may be applicable, pursuant to 1.5.4.
- 2.13 We are not solicitors and cannot offer any legal advice. Clients who require legal advice should consult a qualified solicitor.
- 2.14 We will not arrange for anybody to attend a Court hearing on Your behalf.
- 2.15 We shall, at all times, endeavour to comply with or exceed the Financial Conduct Authority rules and OFT guidelines on Debt Management.
3. *Client Responsibilities*
- 3.1 You must provide Us, on the form provided, full written details of Your net income, outgoings, Creditors and dependents.
- 3.2 You must provide all details of all judgements against You and any actual or threatened Court proceedings and wherever possible You must provide copies of documentation relating to such actual or threatened Court proceedings.
- 3.3 You must make the agreed monthly payments in accordance with The Plan.
- 3.4 You undertake to keep Us informed of all contacts, correspondence, telephone calls and other communication received from Creditors. You will supply to Us copies, and where appropriate, originals of such communications as may be requested. We cannot return any copy correspondence supplied.
- 3.5 Whilst the Agreement remains in force, You must not make any payments directly to the Creditors included in The Plan, unless notification has been given in advance to Us that You propose to do so and We have agreed that such payment is appropriate.
- 3.6 If Your circumstances change and You are, or may become, unable to maintain the monthly payment agreed in The Plan, or if there has been an improvement in Your circumstances such that You may be able to increase Your level of monthly payment to Us; We should be informed immediately and in any case at least two weeks notice should be given before You amend the arrangements for payment.
- 3.7 Whilst this Agreement remains in force You may not incur any further debts, whether on credit or otherwise, other than that relating to agreed normal living expenses.
- 3.8 You should realise that You are unlikely to be able to obtain credit in the short term and there is some likelihood that You will not be able to obtain credit in the medium to long term either. Your credit rating is unlikely to improve until The Plan is complete and You should be aware that credit reference agencies retain records for 6 years.
- 3.9 We may record telephone conversations with You for training and quality control purposes. Such recordings will not be made available outside 123 Debt Solutions Ltd and will be destroyed after use.
4. *Cancellations*
- 4.1 If You wish to cancel pursuant to section 4 of these terms, You are required to inform Us stating Your reasons for cancellation, either by telephone, fax, email or post to the following address: Cancellations, 123 Debt Solutions Ltd, 10A Dryden Road, Wavertree Technology Park, Wavertree, Liverpool, L7 9PG. Telephone: 0151 252 0111. Fax: 0151 221 0893. Email: admin@123debtsolutions.co.uk.
- 4.2 You may, without liability, cancel the Agreement, pursuant to clause 4.1, within fourteen (14) days of the date of receipt of these Business Conditions. Any payments made within this period will be refunded in full.

- 4.3 You may cancel the Agreement at any time, pursuant to clause 4.1, if the fees detailed in The Plan differ significantly from the fees estimated in the Draft Debt Management Plan. In the event of cancellation pursuant to this clause 4.3, We reserve the right to retain the fee payable in the month of cancellation pursuant to clause 1.3.
- 4.4 In addition to Your rights to cancel the Agreement pursuant to clause 4.2 and 4.3, You may cancel the Agreement at any time by giving thirty (30) days written notice, pursuant to clause 4.1. In the event of cancellation pursuant to this clause 4.4, We reserve the right to retain the fee payable in the month of cancellation pursuant to clause 1.3 which includes any outstanding management and other fees due.
- 4.5 We may cancel the Agreement at any time, giving You thirty (30) days written notice. We will only serve notice to You if:
- 4.5.1 You fail to make three successive monthly payments; or
- 4.5.2 You are otherwise in serious breach of the Agreement, or have persistently committed a series of minor breaches of the Agreement; or
- 4.5.3 You become bankrupt
- 4.5.4 You refuse to co-operate with reasonable requests by the Company
- 4.5.5 You are abusive or threatening towards the Company or Individuals within the Company
5. *Effect of Cancellation*
- 5.1 If the Agreement is cancelled by either party Your liability to Your Creditors will continue to the extent that any amounts owed remain outstanding over and above the payments made under The Plan at the date of cancellation of the Agreement.
- 5.2 Responsibility for cancelling or amending any monthly payment instructions from Your bank for The Plan will rest with You.
- 5.3 If You wish to cancel the Agreement, You must do so prior to Your monthly contractual payment being due. If You cancel Your agreement after Your payment has been received, We cannot guarantee to refund any funds due to creditor disbursements.
- 5.4 If You change service providers without any prior written notification, You will be liable for all outstanding fees not limited to but including clause 1.3 and 1.3.1.
- 5.5 In accordance with industry regulations, We do not store sensitive financial client documentation in-house. This is scanned onto Our system and placed in secure storage off-site. For this reason, if You require us to return any documentation back to You, We must insist that a Subject Access Request is made, accompanied by a cheque or postal order for £10. It is in Your best interests to make a copy of any documents before sending them to Us as We cannot guarantee to return any copy correspondence supplied.
6. *Warranty*
- 6.1 You warrant to Us that all information supplied by Yourself in relation to the Agreement is accurate and truthful and You further acknowledge that We have only entered into the Agreement on the strict understanding that such information is accurate and truthful.
7. *Entire Agreement*
- 7.1 The Agreement represents the entire arrangement relating to the provisions of the Services and supersedes all and any prior agreements, arrangements and understandings between the Client and 123 Debt Solutions Ltd. You agree that You have no remedy in respect of any false statement however made by or on behalf of Us prior to entering into the Agreement upon which You relied upon in entering into the Agreement, whether such statement was made orally or in writing. Nothing in the Agreement shall be excluded or limit the liability of 123 Debt Solutions Ltd for fraudulent misrepresentation.
8. *No Assignment*
- 8.1 The Agreement is personal to You and You shall not assign or transfer or purport to assign or transfer, to any individual, any rights or obligations under the Agreement.
9. *No Waiver*
- 9.1 Failure by 123 Debt Solutions Ltd to enforce any provisions of the Agreement shall not be deemed a waiver of future enforcement of that or any other provision.
10. *Force Majeure - (Factors Outside of Human Control)*
- 10.1 If by reason of Force Majeure, We are, or anticipate that We will be, prevented or hindered from fulfilling Our obligations under the Agreement, We shall notify You immediately and You shall be entitled to cancel or suspend the Agreement by giving notice in writing to Us, pursuant to clause 5.3 and We shall be under no liability to You for any loss which may be sustainable in consequence of any such cancellation or suspension.
11. *Severability*
- 11.1 If any provision of the Agreement is found by any competent authority or a court of law to be invalid or unenforceable for any reason, the remainder of the Agreement shall continue in full force and effect.
12. *Goverened by English Law*
- 12.1 The Agreement is governed by English Law. You and We both agree to submit to the non-exclusive jurisdiction of the English Court. However, if You are a resident of Northern Ireland You may also bring proceedings in Northern Ireland.