





## The content

# Debt Advice Handbook 15th edition

## Description

With living costs and unemployment rising, budgets squeezed and problem debt on the increase, no adviser should be without this essential guide to the practice and process of giving money advice in England and Wales.

### Who's this book for?

It is essential for debt advisers, welfare rights advisers, lawyers, local authority and housing association staff, social workers and union official.

### What does it do?

The handbook provides the most comprehensive information needed by advisers on the key stages of money advice, including interviewing clients, establishing liability, prioritising debts, preparing a financial statement, negotiating with creditors and dealing with bailiffs. Fully indexed and cross-referenced to law, regulations and official guidance, and to court and tribunal decisions Includes tactical guidance and examples

### What's new?

Fully updated to cover all recent changes to legislation, caselaw and court procedure and practice Emphasis is placed on taking due care of vulnerable clients and making sure that any payment arrangements agreed are appropriate. There is a focus on sustainable credit arrangements that do not affect a client's abilities to pay essential living expenses and priority debts.

## Properties

**Author(s):**  
CPAG

**This content was last updated:**  
2025-06-26

**Print publication date**  
Feb, 2024

**Print ISBN**  
978 1 915324 11 5

# 1. Insolvency options: summary

Someone is 'insolvent' if they cannot pay their debts as they fall due. In many cases, people can resolve their financial problems by coming to the informal arrangements with their creditors discussed earlier in this *Handbook*. There are also currently four formal insolvency options that can be used to resolve their financial problems.

- **Debt relief order (DRO)** (see here). This gives the client a 12-month moratorium, during which time creditors cannot force the client to pay the debts included in the DRO. At the end

of the moratorium, the client is discharged from all the debts included in the order (other than those incurred fraudulently). DROs are suitable for clients:

- who do not own their own homes; *and*
  - whose total debts (other than some specifically excluded debts) are £30,000 or less; *and*
  - whose available income does not exceed £75 a month; *and*
  - whose total assets (apart from some motor vehicles and other basic assets) are worth no more than £2,000; *and*
  - who are not currently subject to a bankruptcy order, a bankruptcy restrictions order/undertaking, a debt relief restrictions order/undertaking, or an individual voluntary arrangement (IVA) or interim order; *and*
  - who have not had a DRO within the previous six years (unless the DRO was revoked).
- **Bankruptcy** (see here). An official receiver or an insolvency practitioner is appointed to handle the client's financial affairs for the benefit of their creditors. This person is known as the 'trustee in bankruptcy'. Bankruptcy can be requested by the client, by one or more creditors or by the supervisor of a failed IVA. Bankruptcy generally lasts for 12 months, after which the client is discharged and released from all their unsecured debts other than those specified in the legislation.
  - **Individual voluntary arrangement** (see here). This is a formal arrangement between the client and their creditors that creates a legally binding agreement. The arrangement allows the client to defer payment of their debts and/or the creditors to accept less than 100 per cent of their debts. Provided a certain percentage of the creditors agree to accept the arrangement, on its completion the balance of the debts is written off. In the meantime, the creditors agree not to take recovery action. However, secured creditors cannot be included in an IVA unless they agree. Student loans and child support cannot be included at all.
  - **Administration order** (see here). This is a county court order that prevents individual creditors taking enforcement action without permission from the court and which requires that all the debts of a person be dealt with together. 1 Once the administration order is completed, any outstanding balance is no longer payable. However, this is currently not a viable option for someone whose total unsecured debts exceed £5,000.

The legislation governing insolvency is contained in the Insolvency Act 1986 as amended, particularly by section 71 and Schedules 18 and 19 of the Enterprise and Regulatory Reform Act 2013 and the Insolvency (England and Wales) Rules 2016. The government agency that deals with insolvency-related matters is the Insolvency Service. Its website provides links to tools and information for debt advisers, including portals for making applications for bankruptcy and DROs on behalf of clients, guidance notes on DROs for debt advisers and useful forms, including a

template to appeal against the adjudicator's decision to refuse to make a bankruptcy order (available at [gov.uk/guidance/debt-advisor-tools-and-information](https://gov.uk/guidance/debt-advisor-tools-and-information)). **Note:** the Insolvency Service's *Technical Manual*, which has not been updated since 2015, is still on its website but should not be used. This manual has been replaced by the *Technical Guidance for Official Receivers*, which is available at [gov.uk/guidance/the-insolvency-service-technical-manual](https://gov.uk/guidance/the-insolvency-service-technical-manual).

---

**1** s112 CCA 1984

Printed from CPAG (<https://askcpag.org.uk>). (c) Copyright CPAG 2025. All Rights Reserved.

Please be aware that welfare rights law and guidance change frequently. This page was printed on Friday, October 17, 2025 and may go out of date.