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Debt Arrangement Scheme - Essential Details

The debt arrangement scheme is a financial tool created by the Scottish Executive (the Scottish Government) in the year two thousand and two. It was created as means to help those with debts to two or more creditors become financially educated, while avoiding bankruptcy. This agreement is available to those who live in Scotland.

Those who are at risk of losing their home are eligible to apply for the program. In addition, money must be owed to more than one creditor. It is not bankruptcy (debt relief). Rather, it is a program designed to give people more time to pay their obligations.

As soon as an application is begun, most court action taken to enforce collection of debts is put on hold. Only property already listed for auction or already seized is ineligible and will not be returned.

Once an application is sought, the debtor must obtain the services of a money adviser. One of the primary functions of this adviser is to teach money management principles.

A plan is made to repay all outstanding debt by the money adviser. Debtor income is taken into consideration, along with all obligations, such as mortgage or rent, food, and auto loans. Surplus money is then divided among creditors. After the plan is made, money is sent to a payments distributor. This distributor then makes payments to the creditors.

If payments under the agreement are met and paid on time, further legal action against the debtor may not be taken. However, if the debtor falls behind again the arrangement may be terminated, with collection efforts enforced.

Because this payment agreement seeks to avoid forcing bankruptcy, it usually works for the creditor's advantage to agree to the terms. In most instances, a debtor may feel that this is the only way to avoid a bankruptcy. Creditors lose more money most of the time during bankruptcy proceedings. Most prefer being paid late than not being paid at all.

Under the terms of the agreement, the debtor is freed from all further interest and fees. No penalty may be charged. This arrangement has the force of law. Another provision is that the repayment terms are fair and reasonable. Therefore, even if a creditor does not wish to enter into the arrangement, if the money adviser deems the terms fair and reasonable, the arrangement goes into effect.

During this process of education, the debtor, freed from past financial obligations, should have enough knowledge to keep free from debt. Once the debtor has moved through the process the former creditors may not charge any additional fees, such as interest or penalties. Therefore, once the debtor has satisfied all obligations, he or she is freed from the creditors claims.

This system was created to help people protect their homes and allows them to reconstruct their lives. Many people have been rescued from the unrelenting burden of indebtedness. The government instituted the debt arrangement scheme to prevent creditors from forcing bankruptcy upon those who owed them money but were in arrears.

You should definitely take a look at this [debt arrangement scheme](#). We can tell you about a [money adviser Scotland](#) that is going to help you now.