



# ABOUT A DEBT SETTLEMENT

## WITH TOTEMIC LIMITED (TRADING AS PAYPLAN)

### HOW DOES A DEBT SETTLEMENT WORK?

A Debt Settlement is where you offer a one-off lump sum payment to your creditor to settle your debt with them.

Choosing to have us deal with your debt settlement takes away the hassle of dealing with your creditors yourself – PayPlan will work with you to contact your creditors with an offer to clear your debts

There are a number of options depending on how much money you have available against your total outstanding debt.

### WHICH DEBTS CAN BE INCLUDED IN MY DEBT SETTLEMENT?

All the unsecured debts you've told us about will be included in your Debt Settlement – they're detailed in the Creditor List we sent you. If any are wrong or missing, please let us know.

The most common debts that cannot be included in a Debt Settlement are priority debts and priority debt arrears – including mortgages, secured loans, rent, hire purchase payments, student loans, benefits overpayments, child maintenance, Council Tax and court fines.

It is very important to make all future payments in full, and on time, for your rent, mortgage, insurances, fines, child support, hire purchase agreements, and all your household bills. If you don't keep up with these payments, you could lose access to essential goods or services, your home could be repossessed, and in some cases you could face legal action.

If you're unsure about whether to continue making a particular payment, please ask.

## WHAT ARE THE TYPES OF SETTLEMENTS AVAILABLE?

### Full Settlement

A Full Settlement is where you pay the full outstanding balance on all your accounts.

Full Settlements will show on your credit file as "Fully Satisfied", and show the balance that was paid for a period of six years.

Any default notices will show for a period of six years from the date of issue.

### Short Settlement

A Short Settlement is where we will put forward an offer to your creditors of a reduced amount to clear the outstanding balance, requesting a write-off of the remainder of the debt.

The Settlements team will negotiate on your behalf an amount that can be paid back in order to clear and close the account. Creditors don't have to accept a short settlement on an account. They are within their rights to request the full balance outstanding.

When you complete a Short Settlement your creditor could put a note on your credit file stating that the debt was partially satisfied. This will remain on your credit file for a period of 6 years from the date of the default notice, or a further 6 years if no default notice has been issued before the settlement.

### Partial Settlement

The final option available is a Partial Settlement, if you don't have enough funds to complete a Full or Short Settlement, but you still have a lump sum available to settle one or more of your accounts.

With a partial settlement, you can either settle the accounts in full or the Settlements Team can negotiate short settlements for you.

After you complete a partial settlement you can continue with your debt management plan as normal.

## HOW WILL MY DEBT SETTLEMENT BE COMPLETED?

We will arrange Debt Settlement from start to finish, supporting you every step of the way.

When your creditors have accepted the Debt Settlement, you should send us your agreed lump sum payment as soon as possible. On receipt of this payment, we will distribute the agreed amounts to your creditors.

## ARE THERE ANY FEES AND COSTS FOR MY DAS?

Your DAS provider may charge a set-up fee and/or monthly charge for managing your DAS arrangement for you. For more information, please check with your chosen DAS provider.

## I'M A HOMEOWNER – IS MY HOME AT RISK IN A DEBT SETTLEMENT?

Not if you settle in full. Your unsecured creditors can't start any legal action after your Debt Settlement is agreed. If you're a homeowner, this means your home is fully protected – as long as you keep up with any mortgage/secured loan payments. The same goes for any other properties you own.

## WHAT SHOULD I DO IF MY CREDITORS CONTACT ME DURING DEBT SETTLEMENT?

Please don't ignore any contact from your creditors – or anyone acting on their behalf. Tell them you are arranging a Debt Settlement through PayPlan – and let us know as soon as possible if they get in touch, so we can deal with it for you.

## CAN I CANCEL MY DEBT SETTLEMENT?

You can pull out of the Debt Settlement process at any time.

HERE **FOR YOU**

**payplan.com**

Call us free on **0800 716 239**. We're open 8am – 8pm weekdays and 9am – 3pm Saturdays or email our advisers, **advice@payplan.com**

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