

WHAT IS A DEBT RELIEF ORDER (DRO)?

Find out more about how a Debt Relief Order (DRO) works and which debts you can use it for. Then talk to a free debt specialist about whether it's the best way to pay off or clear your debts.

A debt adviser will:

- treat everything you say in confidence
- never judge you or make you feel bad about your situation
- suggest ways of dealing with debts that you might not know about
- check you've applied for all the benefits and entitlements available to you.

Three quarters of people who get debt advice feel more in control of their finances afterwards.

How a Debt Relief Order works

- might be possible if you're on a low income with very few assets
- freezes debt for a year then writes it off completely if your circumstances haven't changed.

Once a Debt Relief Order is agreed, you usually make no further payments to the people you owe money to (your creditors). This isn't always the case – eg if you are in rent arrears then you may be advised to carry on paying this, but this depends on your circumstances.

A Debt Relief Order is only issued if it's unlikely you'll be able to clear your debts and you meet the eligibility criteria.

Find out more about the pros and cons of a Debt Relief Order and other ways to pay off debts at [GOV.UK](https://www.gov.uk).

Can I apply for a Debt Relief Order?

You can apply for a Debt Relief Order if:

- you owe less than £50,000 and you will be able to keep any motor vehicles worth up to £4,000.
- you don't own things of value or have savings over £2,000
- you do not have enough money to make your debt repayments after paying your household bills
- you've lived or worked in England and Wales within the last 3 years.

You can't apply for a Debt Relief Order if:

- your creditors have applied to make you bankrupt but the hearing hasn't yet taken place (unless your creditors agree that you can still apply)
- you've been given a Bankruptcy Restrictions Order or Undertaking
- you've petitioned for bankruptcy but your petition has not yet been dealt with – but, this doesn't apply if you've petitioned for bankruptcy and the judge has referred you for a debt relief order instead
- you're currently bankrupt
- you have an Individual Voluntary Arrangement or are applying for one
- you've had a Debt Relief Order (see next section) in the last six years
- you've been given a Debt Relief Restriction Order or Undertaking.

Which debts can I pay off with a Debt Relief Order?

The debts you can use a Debt Relief Order for are called qualifying debts.

These can include:

- loans
- overdrafts
- catalogues
- credit cards
- rent, Council Tax
- utility and phone bills
- benefit overpayments
- in-store credit agreements
- money owed to HM Revenue & Customs, like Income Tax or National Insurance Contributions.

If you have rent arrears

It's important to set up an arrangement to pay the rent arrears before the Debt Relief Order is submitted. It's best to keep the landlord up to date with what is going on throughout the debt advice process.

If you put rent arrears into a Debt Relief Order, an arrangement between you and the landlord is usually set up so that you carry on paying off the arrears. This applies whether you're a private or a social housing tenant.

Doing this should stop any court action being taken against you.

If you don't keep up with the repayments, it's possible your landlord will start eviction proceedings.

Check your tenancy agreement

You'll need to check the terms of your tenancy agreement because it may contain an Insolvency Clause.

This means if you take out a Debt Relief Order you would be in breach of your tenancy agreement and your landlord could start eviction proceedings even if you agree to pay off the arrears.

If you have rent arrears and are considering a Debt Relief Order it's really important you speak with an experienced debt adviser first. If you can, make sure you have a copy of your tenancy agreement to hand.

If you're in social housing, your housing officer or tenancy support officer can help you too. They'll be able to find you free and confidential debt advice as well.

Which debts can't I pay off with a Debt Relief Order?

Some debts you can't put in a Debt Relief Order include:

- student loans
- Social Fund loans
- confiscation orders
- magistrates' court fines
- child support and maintenance arrears.

For all the debts you can and can't include in a DRO, get in touch with a free debt specialist.

How do I apply for a Debt Relief Order?

You can only apply for a Debt Relief Order through an approved person known as an intermediary. Most free debt advice providers have approved intermediaries who can help you.

You don't have to pay for a Debt Relief Order in England and Wales. If you live in Scotland or Northern Ireland, you can check with your local debt advice provider using our debt advice locator tool.

Once you have applied and paid the fee, an Official Receiver will grant the Debt Relief Order if you are eligible.

Free Debt Advice

Visit the Gov.UK website [here](#) to find free debt advice. It is important you seek independent advice from a debt adviser before considering any debt management solution, including an administration/composition order.

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