



Breathing Space¹ Policy

(web)

If you're struggling with debts, you might be able to get support through the debt respite scheme, also known as Breathing Space. This could give you valuable time to find an effective and long-term solution for dealing with your debts² and help you move forward

There are no charges for a customer to enter a breathing space

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This document is issued by the Compliance Department of:

Clifford Watts Limited

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¹ <https://www.moneyhelper.org.uk/en/money-troubles/dealing-with-debt/what-is-breathing-space-and-how-can-it-help-me>

² <https://www.gov.uk/options-for-dealing-with-your-debts>

Breathing Space Policy



Clifford Watts uses the Debt Respite Scheme (Breathing Space) guidance for money advisers³ produced by The Insolvency Service, who operate the hub that communicates between the debt advice sector and your creditors. This is used for prospective customers who are resident in England or Wales.

Breathing space can only be accessed through an FCA-regulated debt adviser. Clifford Watts trading as Your Debt Advice is both registered with The Insolvency Service as a breathing space intermediary and is FCA-regulated to provide debt counselling services.

There are 2 types of breathing space:

1. standard breathing space
2. mental health crisis breathing space

A standard breathing space is available to any customer with problem debt. It gives you legal protections from creditor action for up to 60 days. The protections include pausing most enforcement action and contact from creditors and freezing most interest & charges on your debts. You can only access breathing space once in a 12-month period.

A mental health crisis breathing space requires specialist support, which is covered under the Clifford Watts **Vulnerable Customer Policy**. Customers suitable for a Mental Health breathing space are referred to a [specialist provider](#) with an Approved Mental Health Professional (AMHP).

We are committed to informing prospective customer of the pros and cons of applying for a standard breathing space. There will be many situations where progressing directly to a debt solution is in your best interests. This forms part of the debt advice.

Before starting a standard breathing space, we would consider whether:

- you have funds or income available to them to pay debts as they fall due
- you would benefit from entering a debt solution, either now or in the immediate future
- a standard breathing space is necessary for us to assess which debt solution is most appropriate, to advise you on an appropriate debt solution or to put a debt solution in place

Before we start a standard breathing space, we will have given advice to you about whether or not a standard breathing space is suitable for you in durable medium (i.e. by email or letter). Most personal debts will qualify for breathing space including: credit & store cards, personal loans, payday loans, overdrafts, mortgage arrears, utility bills, hire purchase

³ <https://www.gov.uk/government/publications/debt-respite-scheme-breathing-space-guidance/debt-respite-scheme-breathing-space-guidance-for-money-advisers>

Breathing Space Policy



agreements and other secured debts, council tax arrears and most government debts, including tax and benefit debts.

Examples of good practice

Previous breathing space registration identified from checking The Insolvency Service register when initially engaging with customer. Reasons are explored with our debt adviser and the timing between previous registration and this debt advice session. The adviser will explain the restrictions of further breathing space registrations.

Debt Relief Orders (DROs)

A breathing space may sometimes be useful when considering a DRO where there may be a requirement to fully establish the eligible debts, which may include government agencies like HMRC and DWP. We may register a breathing space before referring to our chosen DRO hub (Money Wellness).

DRO criteria materially changed on 28 June 2024. This may require significant scrutiny around disposable income and vehicle assets. Care is required where there may be a motability vehicle involved or carer allowance or DLA/PIP that shouldn't be included in the disposable income calculation.

Other common reasons why breathing space may be relevant:

- You have heard of breathing space and wish to discuss the pros & cons with an adviser
- Pending enforcement action
- Your situation is complex
- Emergencies ahead of your unsecured debts
- Central (e.g. HMRC arrears) and local government (e.g. Council tax) debts

Once we have agreed that breathing space is in your best interests, we will register the breathing space through 'hub'. The Insolvency Service maintain the electronic service used by debt advisers to start the breathing space process and send notifications to creditors and agents. They also maintain a **private** register of consumers whose debts are in a breathing space or who have had a breathing space that ended or was cancelled in the previous 15 months.

The data shared with The Insolvency Service on their private register is an extension of our **Privacy Policy**. The register must contain the following information:

- your full name
- email address – so that The Insolvency Service can update you on progress
- date of birth
- usual residential address (unless you want this address withheld from creditors)

Breathing Space Policy

- any previous customer names and addresses
- trading name and address, if applicable as a sole trader
- the date the breathing space starts
- the date the breathing space ended, if it has
- Details of your eligible debts that will be held on the register. Ineligible debts listed below

We'll be able to view all the debt details, but any creditor will only be able to see information about the debts they are owed by you.

We will tell you about the impact of a breathing space on your credit file. It is our policy to obtain a copy of your credit file at an early stage in our engage with you. There is no charge to you. We just require your permission. This is regarded as a positive commitment to proceed with tackling problem debt and helps provide the credit account reference numbers and verify residency. The credit check identifies a Debt Relief Order (DRO), an Individual Voluntary Arrangement (IVA) or an undischarged bankruptcy at the time of application. Individuals who have an interim order will not be on the insolvency register, so we check this with you directly.

Your National Insurance number may be required for eligible government debts.

You are required to provide accurate information, and you should not withhold any relevant information.

Clifford Watts will undertake a review of the progress of your breathing space between 25 and 35 elapsed days after set-up.

Some debts will not qualify for Breathing Space, including:

- debts run up because of fraud
- court fines
- child maintenance payments
- crisis or budgeting loans from the social fund
- Universal Credit (UC) advance payments
- student loans
- damages for the death or personal injuries caused to someone else
- obligations from a confiscation order