**CFT Working group meeting 23.2.2023 10.30am via MS Teams**

**Attendees**

Fiona Coyle Chair (AiB)

Gemma Rowan (AiB)

Tommy Taylor minutes (AiB)

Russell Haddow (AiB)

Ged Mulvey (Money Advice Scotland)

Jamie MacNeill (South Lanarkshire Council)

Graeme MacLeod (Carrington Dean)

Jemiel Benison (CAS)

Lynne Flower (Interpath)

Jill Newbigging (Stepchange)

Debbie Smith Hynds (Abcul)

Abbey Fleming (Money Advice Scotland)

Michael Williams (HMRC)

**Apologies**

Alan McIntosh (South Lanarkshire Council)

1. **Welcome and introduction**

Fiona opened the meeting and thanked everyone for their attendance. Fiona handed over to Gemma to highlight the changes introduced by the new regulations from 06/02/2023.

Gemma stated that as part of the Bankruptcy and Debt Arrangement Scheme (Miscellaneous amendment) Regulations 2023, the following changes were introduced in relation to bankruptcy:

* No minimum debt level to access Minimal Asset Process bankruptcy.
* No application fee for bankruptcy if the applicant is assessed by the Common Financial Tool as having no surplus income.
* The fee paid by a petitioning creditor where AiB is nominated as trustee in bankruptcy following a court petition has been increased from £300 to £750.

Gemma asked the group if there were any items for discussion in relation to this. There were no questions raised.

# Utility evidence requirements from April 2023

Fiona advised that from 01/04/2023, the amount for gas and electricity (combined) where no evidence would be required would increase to £250 per month

Ged asked if the utilities cap increases during this year, would AiB seek to review this amount and increase it?

Fiona advised that should there be further increases, AiB would review the position.

No further questions were asked.

# Uprated CFT Figures from April 2023

Russell advised that the new CFT trigger figures would be implemented from 01/04/2023. An article will be published on AiB website as well as a maintenance message on BASYS.

Russell advised that the uprated figures can be obtained from Money Advice Trust. He shared the figures to the group, however advised these could not be distributed by AiB as yet.

He further advised that the figures were uprated annually based on figures from the ONS from the previous year. He stated that all categories had increased significantly; Phone by 9%, Travel by 26%, Housekeeping by 13% and Other expenditure by 14%. He advised that travel had increased by a larger amount than the other categories due to the high cost of petrol and diesel.

Russell asked the group for feedback. None was received.

# SFS Update

Fiona stated any move to the SFS would not go ahead until April 2024. The draft guidance was shared and the group asked to provide feedback by 24/03/2023.

She also advised that AiB were in the process of completing a comparison of the CFS figures against the new SFS figures. The results from this will be shared.

Fiona advised there would be plenty of lead in time to allow organisations to update software and processes prior to the introduction of the SFS

Fiona opened up for discussion:

Jemiel stated that it would be very difficult to compare them both as some of the categories in the CFS appeared in different areas of the SFS. Fiona advised that results from the comparison would be provided in due course, but agreed that is proving difficult.

Ged noted that the figures on the SFS had not been increased in line with the CFS figures and that this would hinder any move to the SFS.

Russell stated that the SFS figures were based on the last 2 years and had not taken into account inflation and the increased cost of living in the last year, unlike the CFS which is updated annually.

Graeme also agreed that providing a comparison would prove difficult and asked what evidence would be requested given the change in essential expenditure. Fiona advised that the guidance she would share contained evidence requirements.

Jemiel raised concerns in relation to the SFS having a 2 year uprating period. There could be a potential time lag due to this and using figures that are not based on the current circumstances. Russell advised the group that the SFS has a governance group that can meet to review the figures and uprate at any time depending on the cost of living. The CFT does not have a governance group and thtime figures are reviewed annually.

Graeme shared Jemiel’s concerns and asked that there be a specific governance group for Scotland, given certain differences between Scotland and the rest of the UK.

Fiona thanked everyone for their comments and reassured the group that all feedback would be taken into consideration.

# Car Valuations

Tommy spoke to the group in relation to evidence requirements to verify a value of a vehicle in a MAP application. The value of used cars has increased significantly during the pandemic meaning some vehicles will be valued over £3K.

Currently Experian provides an HPI check based on the make of the vehicle, year of registration and mileage. It provides 3 valuations - low, middle and high. Tommy advised that AiB use the middle valuation when assessing for MAP.

Tommy has received several enquiries in the last few months in relation to this and clarified the evidence requirements, as follows:

## Not acceptable

* Valuations from companies who are able to offer the owner quick access to cash, for example; We Buy any Car, Arnold Clark, Motorpoint, Motorway etc. These companies offer below book price valuations

## Acceptable

* Valuation from a reputable car dealer that clearly highlights the condition of the vehicle and the reasons for the valuation (e.g. damage, high mileage).
* Valuation from an independent car dealer, preferably on headed paper, highlighting the condition of the car and the reason for the valuation.
* Valuation from Parkers (and similar companies) who provide an online valuation).

Jamie asked if a debtor is unable to provide a valuation on headed paper as the dealer may be in a rural area what would be accepted by AiB?

Tommy advised that in this scenario, a full explanation from the money adviser detailing the condition of the car and the reason for not being able to provide a formal valuation. Tommy further advised that whilst this may go some way to progressing a case, it may not be possible in every case.

Ged advised he uses the free version of Parkers which provides a detailed valuation and asked if this would be acceptable. Tommy asked if could provide an example of this..

**AP1: Ged to provide Tommy with an example of a valuation from Parkers**

Jemiel highlighted that the low valuations of vehicles could be a safety concern as the vehicles could be deemed not road worthy. He advised that this was discussed as part of the consultation on the wider review (group stage 2) and asked what consideration had been given to increasing the minimum value of a vehicle in a MAP case.

Russell confirmed that it has been discussed and that any increase would be included in future legislative changes brought before parliament, but that that this would not be until 2024 at the earliest.

Jill asked if consideration could be given within the trigger figures for older vehicles as maintenance costs may be higher. Tommy advised that any breach of the trigger figures would have to be explained and possibly evidenced before a final decision could be made.

# AOB

Fiona thanked everyone for their input and asked if there was any other business to discuss.

Tommy wished to discuss the quality of debtor applications and the fact that a high volume of applications cannot be progressed due to missing or insufficient evidence being provided. He asked Ged if training previously discussed was in place and how it was going.

Ged advised that the training had been well received with the evidence requirements document playing a crucial part in the training of new money advisers. Ged also asked if Tommy or another team member form IRT would be able to attend any future training events. Tommy advised that this would not be an issue and stated that he had been considering offering workshops and that the upcoming Stakeholder events may be a suitable event to deliver these.

There was general discussion around the minimum debt level for MAP being removed, with the majority of the group in favour of this and believe it is a positive change for individuals.

Moratoria was discussed with the differences between the Breathing space option in England and what we offer in Scotland. Jemiel felt that the Breathing Space option of notifying creditors stopped demand letters being sent was effective. The majority of the group felt the Breathing Space process was unwieldy and what we had to offer in Scotland was simple quick and decisive.

There was no other business to discuss. Fiona closed the meeting and advised that once all feedback from the SFS guidance was received she would call another meeting to discuss further.