

To all Trustees / Money Advisers

Our Ref: AiB/RD

Your Ref:

Date 2 April 2020

Dear Trustee / Money Adviser

The Coronavirus (Scotland) Bill

The emergency Coronavirus (Scotland) Bill (the Bill) was passed by parliament on Wednesday 1 April. The emergency provisions are expected to come into force next week, the day after royal assent is granted. The precise date will be confirmed as soon as possible.

A number of amendments were made to the Bill at stage 2. The final version can be found [here](#). The key provisions:

- extend protection from eviction for tenants while confined to their homes;
- alleviate pressures on public services, business and consumers and enable continued operation of services while controls on movements are in place;
- offer an extended moratorium on debt enforcement;
- provide extended and more flexible deadlines for Freedom of Information requests; and
- suspend timescales set out in the Social Security (Scotland) Act.

The majority of these measures will expire automatically six months after coming into force. They may be extended for two further periods of six months, giving a maximum duration of 18 months. The Bill also gives the Government authority to end some or all of the powers at any point should they no longer be required, and imposes a duty on the Government to report to the Parliament on the use made of the powers after two months. A further bill is likely in around a fortnight's time.

Changes to AiB Process

Moratorium Extension

As you know, the moratorium's purpose is to grant a period of breathing space for individuals struggling to meet their debt payment obligations and need time to consider their options before potentially choosing to enter a statutory debt solution. The revised moratorium provisions afford protection from creditor debt enforcement action for a period of **six months**. The rule that currently restricts moratorium applications to one per year has also been rescinded. Moratorium applications can continue to be submitted electronically [here](#). The application page will be updated on the Bill's enactment.

Applications can be submitted directly by clients, though it would be preferable for this action to be taken after appropriate advice is supplied.

Whilst we appreciate that creditor enforcement action is less likely in the current climate, the increased moratorium period should:

- reduce stress and protect the mental health of those worried about the prospect of creditor enforcement action during a time of increased uncertainty;
- give additional time for client options to be considered properly before potentially irreversible decisions are taken, particularly as advisers may find it difficult to see the volume of clients that need help; and
- protect clients whose problem debt is a direct result of COVID-19, and whose finances will normalise after the pandemic without the need for a formal debt solution.

As creditors have introduced a number of special measures, such as mortgage holidays, to support their customers through this difficult period, it is unclear how many individuals will now seek protection through the moratorium. It is important that only those who need protection apply for a moratorium.

Publishing individuals' details on the Register of Insolvencies is a serious step that should only be taken where necessary and could affect credit ratings. We will monitor usage closely and may perform credit checks on applications. If evidence suggests the moratorium is being used inappropriately, the extended duration may be revoked.

Electronic Signatures

The Bill also introduced provisions on the use of electronic signatures. These will allow AiB to accept debtor bankruptcy application forms submitted with electronic signatures. Please note that the signature has to be created by the individual – this can be done through use of various software solutions or simply by the applicant emailing their money adviser / trustee with a simple statement averring that the relevant form is being submitted electronically with their consent. The statement must include the applicant's name, address and date of birth. This should be uploaded to our BASYS case management system along with the relevant form(s).

Further Information

We will provide a further update when royal assent is granted. If you require any more information in the meantime, please send an email to this address: - aib@aib.gov.uk. For the avoidance of doubt, the changes detailed in this article will only apply once the legislation comes into force.



A handwritten signature in black ink, appearing to read "Richard Dennis". The signature is fluid and cursive, with a prominent initial "R" and "D".

Richard Dennis
Accountant in Bankruptcy