

PTD Bulletin

PTD numbers grow

There were 1,463 protected trust deeds registered in the fourth quarter of 2017-18 up until the end of March 2018 - a 4.5% increase on the same quarter in 2016-17, according to the latest statistics published by Accountant in Bankruptcy.

PTDs have followed a similar trend to bankruptcies with a large decline during 2014 and 2015, but have been on the increase since the fourth quarter of the 2014-15 period.

As with awards of bankruptcies, the trend in PTDs registered is likely to be affected by legislative and operational changes. For example, the BADA(S) reforms, introduced from 1 April 2015 aligned the payment period in bankruptcy and PTDs to 48 months. Prior to this, those agreeing to a PTD were typically paying contributions for an additional year compared with those in bankruptcy.

These changes have likely led to an increase in PTD activity levels. In the final quarter of 2017-18, more PTDs were registered than bankruptcy awards, as has been the case since the first quarter of 2015-16.

For the 2017-18 year as a whole, there were 5,963 PTDs registered, a rise of 9.0% from the 5,470 for 2016-17.

Regarding discharges from PTDs, there were 1,121 debtors and 1,336 trustees discharged during the quarter.

Total personal insolvencies, which include both bankruptcies and protected trust deeds, rose by 4.7% in the fourth quarter of the year, driven by the increase in PTDs.

Commenting on the latest figures, Minister for Business, Innovation and Energy Paul Wheelhouse said: "These provisional figures from Accountant in Bankruptcy very much appear to be in line with the UK-wide picture, for personal and company insolvency numbers.

"The number of individuals entering insolvency continues to be lower than 10 years ago.

"However, we are under no illusion that, for some people, insolvency is the only means by which they can get a fresh start from the unmanageable burden of their debts."



Welcome Stacey

As outlined in the last edition of the PTD Bulletin, there have been a number of changes in AiB's Trust Deeds team, with Lisa Ledingham-Park moving on to take over as DAS team leader.

Since then, Stacey Dunn has joined the PTD team as team leader and has already made herself at home.

She said: "I'm very excited to be joining the trust deed team as team leader.

"I've previously worked in different departments within AiB, including Insolvency Registration, DAS and Adjudication and Supervision.

"As part of these various teams, I've enjoyed being involved in various system developments, process training and systems training for our stakeholders.

"The coming year will bring exciting developments in relation to our case management system ASTRA, including the trustee and creditor interfaces.



"We also expect to see further updates in relation to the PTD consultation, taking forward some of the suggestions we received.

"I've enjoyed working with a range of stakeholders during my time at AiB and look forward to continuing this with the Trust Deed team."

New Common Financial Statement trigger figures released

Advice agencies and insolvency practitioners are advised the new 2018 Common Financial Statement trigger figures will apply for all cases started or created on or after 3 April 2018.



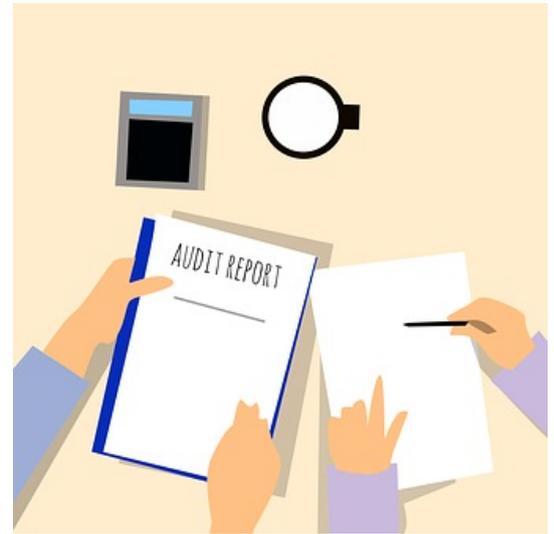
The Common Financial Statement is the budgeting tool used by money advisers and insolvency practitioners in Scotland to produce an accurate overview of debtors' income and expenditure. It is then used to determine the amount of contribution a debtor must pay if they are in a statutory debt solution or debt management product in Scotland.

More information about the Common Financial Statement is available on the [Common Financial Statement website](#).

PTD Audits and Reviews

Over the last reporting year, over £40,000 in fees has been disallowed following audits carried out by the team. Reasons have varied, but some of the most common examples were:

- no evidence – the fee will be disallowed if no evidence is available to support it in the case file or not provided when requested
- duplicate entries – where the same member of staff completes the same duty more than once. Where a different member of staff is recorded as completing the same duty, this will be queried by the team
- case reviews – where it is not shown that a review was necessary, and the file shows that several different levels of management were involved in the same review without any evidence in the case file



Need training? Let AiB build your PTD skills

Anyone who wants to learn more about the PTD process or wants some help with getting to grips with ASTRA is invited to get in touch with AiB's Trust Deeds team.



AiB's office building in Kilwinning

A number of stakeholders have already visited AiB's office in Kilwinning for some sessions job shadowing the team, which has proven a win-win: it allows the team to put faces to names, builds relationships and helps them find out the issues stakeholders face when administering trust deeds on a day-to-day basis.

Likewise, the Trust Deeds team is keen to visit stakeholders to job shadow their staff. Please contact the team if you would like to spend time with the team or receive training.

Hazel Kelly of KLM Chartered Accountants recently visited the office for training and to job shadow the team. She said: "There is no better way to learn than through the act of first hand personal experience.

"It is important to understand how things actually work and there is no greater tool of deeper understanding than the act of doing.

"As a firm believer in practical learning for proper understanding, I called Accountant in Bankruptcy and asked if I could job shadow for a day.

"This experience was beneficial to the company and exceptionally useful for me as it gave me a greater understanding of the theoretical knowledge I already had which, in turn, allowed me to learn and perform more quickly and effectively."

PTD refused? Find out why

The Trust Deeds team is often asked to explain a decision to refuse to protect a trust deed.

Simply put, the team can only make a decision based on the information available to it at the time a proposal is submitted - it cannot assume information relating to a case.

When a case has been refused protection, a letter will be issued to the trustee and a copy uploaded to the documents section of ASTRA, detailing the reason for refusal.

The most common reason for a proposal to be refused protection is where it has been established the trust deed has been incorrectly advertised.

The signed document must match the information shown on ASTRA. Where this information does not match, the team cannot be sure that creditors have been furnished with the correct information.

Examples of this include where previous addresses are not shown or full names or trading details have not been advertised. Where a case has not been protected and is being re-advertised, it is worth checking to ensure all reasons for refusal have been covered in the new proposal.



Tech news

AiB is continuing work to create the ability for creditors and trustees to communicate on the ASTRA system.

This will allow protection proposals to be issued, Form 4s and Form 6s to be sent and permit creditors to vote and submit Form 2s through ASTRA.



There will be a version of these developments on the ASTRA training site in April and trustees and creditors are encouraged to log on and offer feedback to AiB on how they find the system.

An API to allow external companies to provide data to ASTRA without having to log in will also be provided and a live version of the API is already on ASTRA for existing processes which will remain.

Any trustee companies interested in using this should ask their IT providers to get in touch with AiB.

Policy changes coming soon

AiB has carried out a review of the PTD reforms introduced in 2013.

As part of this review, a consultation was held where feedback was invited on a number of specific areas.

Responses to the consultation broadly agreed the changes introduced in recent years met the intended outcomes of making the PTD process more transparent.

Some respondents made a number of suggestions to improve the effectiveness of PTDs and address the concerns raised by stakeholders in relation to current operation of the PTD market.



AiB has evaluated all responses and is looking to present proposals to Ministers for approval.

Details of the proposed changes will be contained in a full response to the PTD consultation, which AiB hopes to publish in the coming weeks.

Third party contributions

The PTD team has been made aware of a number of cases where debtors believe they should not have been advised to sign a trust deed as they were in receipt of benefits only.

Where a debtor is only in receipt of benefits, they may not make a contribution to a protected trust deed. However, if a third party agrees to make the contribution on behalf of the debtor, the trust deed may be protected.

At the moment, AiB requests a signed mandate from the third party to confirm they are agreeing to make the payment and are not subject to any debt relief.



More stringent checks will be made in relation to this and the team will select cases randomly to check where a third party is making a payment.

AiB will request evidence of where the third party payment is being paid from as a follow up check to a Form 4. This is information trustees should hold to satisfy their own money laundering checks, meaning it should not significantly inconvenience trustee offices.

Frequently asked questions



Here, AiB considers some of the most common queries it receives from trustees in PTD cases.

Q – When completing the Form 2A income and expenditure, what information should I include in relation to the household?

A – The household make-up should be shown, for example, two adults, one child under 14. However, only the debtor’s income and expenditure should be detailed on the Form 2A. Trustees are also reminded that all evidence in relation to the income and expenditure should be held before the submission of the Form 2A.

Q – A client’s Form 3 has been rejected. I have provided further information but no further action has been taken.

A – AiB does not receive a notification when a note or document is uploaded to ASTRA. In relation to a Form 3, this would have to be resubmitted for the team to be aware further information has been provided.

Q – How long do we have to wait to accept a Form 4 after issuing to creditors?

A – When a Form 4 has been issued to creditors, the creditors have 21 days to give any comments on the information provided. After this 21 day period, the trustee has to change the status of the Form 4 from Processed to Accepted. If any objections have been received from creditors, please also ensure that these are uploaded to ASTRA.

Q – Should a Form 4 be submitted after a Form 6 has been submitted?

A – No. Where a Form 4 is due before a Form 6 is completed, the Form 4 will still have to be completed. However, where a Form 4 becomes due after the Form 6 has been submitted, you do not have to complete the Form 4.

Thanks for reading this issue of the PTD Bulletin.

**If you’ve any feedback on this issue please contact the
Trust Deed Team Leader, **Stacey Dunn**.**