

**CONSULTATION QUESTIONNAIRE (Page One)**  
**Credit Union Debts in Protected Trust Deeds**

The deadline for responses is **25 June 2007**

**Your details**

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For the purpose of analysing responses, it would be helpful if you would also indicate the capacity in which you are completing this questionnaire, please tick as appropriate.

Advice Sector	<input type="checkbox"/>	Legal Body	<input type="checkbox"/>
Business	<input checked="" type="checkbox"/>	Professional Body	<input type="checkbox"/>
Individual	<input type="checkbox"/>	Statutory Body	<input type="checkbox"/>
Insolvency Practitioner	<input type="checkbox"/>	Other (Please Specify) _____	<input type="checkbox"/>

**Questions for Consultation**

1a Do you think that cancelling debt in a Protected Trust Deed has a particularly harsh impact on Credit Unions?

Yes  No

1b If yes, what evidence do you have to support your comments?

\_\_\_\_\_ AS PER APPENDIX

1c Do you think that Protected Trust Deeds should give special protection to Credit Unions?

Yes  No

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**Credit Union Debts in Protected Trust Deeds**

2a Do you think that cancelling debt in a Protected Trust Deed has a particularly harsh impact on any other creditor?

Yes  No

2b If yes, what other creditors are affected?

— N/A.

2c Do you think that Protected Trust Deeds should give special protection to any other type of creditor and which ones?

— AS PER APPENDIX

3a Do you think that introducing special protection for credit unions (or another type of creditor) would unduly harm the interests of the rest of the creditors?

Yes  No

3b If yes, what evidence do you have to support your comments?

— N/A

4a Which of the following options do you think would be the most appropriate?

Option 1 (Do Nothing) –The intended reform of Protected Trust Deeds will be sufficient to protect the interests of all creditors, including Credit Unions.

Option 2 (Debts not Cancelled) - Debts due to Credit Unions should not be cancelled by Protected Trust Deeds.

4b Why do you think this option is most appropriate?

— AS PER APPENDIX

4c Do you have any other comments on these options that we should consider?

— AS PER APPENDIX

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Appendix

**1b.** Because we lend to financially excluded people who are sometimes a higher risk and our lending rate is capped to assist them in their borrowing, we feel that we are at a disadvantage in comparison to other lenders who can respond by increasing rates. The current trend of ever-increasing number of Protected Trust Deeds leaves us in a dilemma about being able to lend to this sector therefore forcing these people to look at borrowing from some of the less scrupulous lenders.

**2c.** Other lenders are able to adjust their rates to recover other losses

**4b.** As we are flexible to members needs and willing to negotiate terms with borrowers current situations, we feel that if we can at least be able to recover part of the debt in the longer term then at least we may be able continue to service the higher risk loans

**4c.** We feel that Debt Arrangement Schemes should be made mandatory to give us a chance of recovering some of the debt and also to give the debtor a chance of proving that they are just unable to make the agreed repayments at the present time but are willing to pay by making reductions in repayments to suit their present situation. We feel that the aggressive advertising being used at present to give borrowers a quick fix by Protected Trust Deeds does not give the borrower a chance to consider the implications on their current and future assets or the effect on Credit Unions.