

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?

Credit Union are small organisations mainly community based organisation that use the money invested by members in the local bond to lend to other members. We do not have the resrvs or the resources to write off large amount of debts in the way that large organisations like Banks can do so. We are socially responsible lenders who are sympatheic to the needs of our members and if they do fall in financial difficulties we are the one place where they can still come to for help without becoming embroiled in door to door collrection organisation with their huge rates of interest or even worse debt sharks!

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

Yes No

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

Yes No x

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?

no

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 x

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

As above These other organisations will only lend to higher socio-economic groups and build in to their interest calculations adequate a sufficient amount to cover their projected bad debts. If credit unions were to follow the same position we would have to restrict the people to who we could lend and to increase our rates dramatically

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.

x 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?

It will allow Credit Union to recover the funds of our lenders thus enabling us to pay a small dividend and to continue offering loans to our members at a responsible rate of interest e.g 12.7% per annum or 1% on the decreasing ballance

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

The survival of the CU movement in this country relies very much on trust Our nature means that we will lend amounts not financially large enough to be

vialble to other organisation in the mainstream. Our average Loan is less than £1000.00 a figure that would be unlikely to be considered by the banks assuming the member even has access to banking facility. If we are to cater to those currently financially excluded we must have this protection built into the debt system to protect us as we seek to expand our services