


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 type="checkbox"/>	Professional Body	<input checked="" 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 Credit Unions know the risk they run by offering personal loans and are therefore no more vulnerable than other lenders.

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

N/A

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

Yes No See 1a above

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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 Creditors offering personal loans etc are well aware of the risks being undertaken by doing so.

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 see 2a above.

Recent legislation has moved away from giving special status or privileges to certain groups of creditors.

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 It would depend upon which type of special protection was being considered.

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

A preferential ranking could prevent any other secured creditor from receiving a dividend in a case where there is a significant debt due to a Credit Union, whereas a deferment of the credit union debt until the expiry of the Trust Deed term would ensure that the funds recovered from asset disposal and/or contribution payments are dispersed to all unsecured creditors.

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.

Credit Unions should be treated like all other creditors.

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 stated above, Credit Unions know the risks involved in offering personal loans to individuals therefore should have no special protection over and above other unsecured creditors.

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

Part of the argument for the special treatment of Student Loans is that they are funded by Government money. This is not the case with the majority of large Credit Unions which are becoming more commercial.