



**CONSULTATION QUESTIONNAIRE (Page One)**  
**Low Income, Low Assets – a new route into Bankruptcy**

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

**Your details**

Name

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Job title (if applicable)

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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

Legal Body

Business

Professional Body

Individual

Statutory Body

Insolvency Practitioner

Other (Please Specify) \_\_\_\_\_

**Questions for Consultation**

1a Do you agree with the proposal to treat someone in receipt of an income based Social Security benefit as having no income for the LILA scheme?

Yes  No

1b Do you think £100 (gross) is the appropriate level for the purposes of calculating low income?

Yes  No

1c If not, please state what you would consider to be the appropriate level e.g. £150, £200 and why?

\_\_\_\_\_ A lone parent on benefit with 2 children would have just over £170 pw

1d How should the level determined be calculated, e.g. gross income at date of application or gross weekly income averaged over 6 month or 12 month period?

\_\_\_\_\_ Gross current income at date of application

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1e Should Child Tax Credit be disregarded in the calculation of income?

Yes  No

1f Should any other benefits or tax credits be disregarded in the calculation of income?

Yes  No

1g If so which benefits or tax credits should be disregarded?

\_\_\_\_\_ DLA (care & Mobility components) Carers Allowance

2a Do you think £1,000 is the appropriate level for the purposes of calculating assets?

Yes  No

2b If not, please state what you would consider to be the appropriate level, and why (for example, linking to other limits in use in diligence).

\_\_\_\_\_

2c Should excluded assets only be those which would be excluded from bankruptcy?

Yes  No

2d If not, which other types of assets should be included or excluded?

\_\_\_\_\_

2e Do you agree that anyone who owns their own house or other property should be excluded from the LILA scheme?

Yes  No

2f If not, why?

\_\_\_\_\_ A person could own their own home, but may be in a negative equity situation or be in receipt of means tested benefits with a low income and large amount of unserviceable debt. Someone who owns another property in addition to that which they occupy as their home, should possibly excluded from the scheme, depending on whether the property is occupied and if so by whom, or unoccupied and how long for, etc.

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3a Should there be a different debt threshold for LILA applications?

Yes  No  Depends – It is important to have consistency, however people with very low incomes should not be excluded from applying in situations where their debt threshold may be a lesser amount than that suggested.

3b If so, at what level should it be set?

\_\_\_\_\_?

4a Do you agree that a simple on-line process should be the usual means of applying for bankruptcy through the LILA scheme?

Yes  No

4b If not, what forms of applications should be allowed and why?

\_\_\_\_\_ Not everyone has access to a computer and therefore a simple paper version should be available

4c Do you think that the proposed £50 fee is reasonable?

Yes  No

4d If not, what kind of fee structure would be appropriate? (please consider issues such as deterrence, consistency with other applications, waivers for specific groups of debtors, higher costs of administering hard copy applications)

\_\_\_\_\_ In the case of a young person under 25 living on means tested benefit, a fee of £50 would be more than their total weekly income. Fee should decrease in relation to income levels.

4e Do you agree that a Statutory Declaration by a debtor should be sufficient for a debtor's application?

Yes  No

4f If not, what else should be required and why?

\_\_\_\_\_ There should be some evidence that the debtor has received ongoing money advice from a reputable organisation and that this course of action is recommended as being the most appropriate.

4g Do you have any other suggestions for the LILA process which you would like us to consider?

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5a Do you agree that there should be a delay between the date of application and an award of bankruptcy?

Yes  No

5b If no, why not?

\_\_\_\_\_

5c If yes, is 5 weeks a reasonable period of delay?

Yes  No

5d If you do not agree that 5 weeks is a reasonable period, what alternative would you suggest and why?

\_\_\_\_\_ 21 days, as 5 weeks seems excessive

5e Should the debtor be able to withdraw their application during this period?

Yes  No

5f Should the creditor be entitled to object to an application during this period?

Yes  No

5g If so, should grounds for objection be restricted to the accuracy/honesty of the debtor's averment of low income and low assets?

Yes  No  But such objections should only relate to situations where debtors are allowed to petition without having sought previous advice from a reputable organisation.

5h If not, what other grounds for objection be considered?

\_\_\_\_\_

6 Do you have any other comments?

**RESPONDENT INFORMATION FORM: LOW INCOME LOW ASSETS – A NEW ROUTE INTO BANKRUPTCY**

Please complete the details below and return it with your response. This will help ensure we handle your response appropriately. Thank you for your help.

Name:

Postal Address:

1. Are you responding: (please tick one box)
- (a) as an individual  go to Q2a/b and then Q4
- (b) **on behalf of** a group/organisation  go to Q3 and then Q4

**INDIVIDUALS**

- 2a. Do you agree to your response being made available to the public (in Scottish Executive library and/or on the Scottish Executive website)?

Yes (go to 2b below)

No, not at all

(We will treat your response as confidential)

- 2b. **Where confidentiality is not requested**, we will make your response available to the public on the following basis (**please tick one** of the following boxes)

Yes, make my response, name and address all available

Yes, make my response available, but not my name or address

Yes, make my response and name available, but not my address

**ON BEHALF OF GROUPS OR ORGANISATIONS:**

- 3 The name and address of your organisation **will be** made available to the public (in the Scottish Executive library and/or on the Scottish Executive website). Are you also content for your **response** to be made available?

Yes

No  (We will treat your response as confidential)

**SHARING RESPONSES/FUTURE ENGAGEMENT**

- 4 We will share your response internally with other Scottish Executive policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for the Scottish Executive to contact you again in the future in relation to this consultation response?

Yes

No