



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

Child Benefit, housing benefit and disability benefits (which are intended to meet specific expenditure).

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

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).

While linking the figure to the figure used in realisation of assets for bankruptcy is sensible, this figure (last revised in 2002) should be increased to £1,500.

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

Yes

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

N/A

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

No

2f If not, why?

While the debtor's house may be at risk in bankruptcy, owning one's home should not debar people from using the LILA process, especially since the home may not be a realisable asset (eg through negative or minimal equity). However, a clear health warning about the risk of losing one's home in bankruptcy should be part of the application process.

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

Yes

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

£1,500: While this may not add many to those eligible, the debt to income ratio for low income debtors would make debts of £1,500 substantial and beyond any likely possibility of repayment.

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

Yes, though a hard copy alternative should be available, and the process should include signposting towards free independent advice.

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

N/A

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

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 circumstances of the poorest debtors, setting any fee seems contradictory to the purpose of the process. Given the suggested figure of £50, any system of "hard case" exemptions or waivers could cost more to administer than might be raised.

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

Yes. (We assume that existing legal remedies would be available to creditors and the Accountant in Bankruptcy in the event of fraud)

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

N/A

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

As indicated above, there should be clear signposting towards advice provision before applications are submitted

Might debtors be asked what steps they have taken to come to an arrangement with creditors, possibly along with the possibility of slight delay where the Accountant in Bankruptcy believes such an informal arrangement might be possible?

Should there be a minimum period of indebtedness (eg three or six months since the first default)? Should there be another option (as envisaged by the working group) for those whose LILA status is likely to be temporary?

While bankruptcy (and therefore LILA) is personal, it may be hard in some circumstances to unscramble personal income and assets from household income and assets.

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

Yes

5b If no, why not? N/A

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

Yes, but see 5d below.

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

21 days would be preferable, as parallel to the DAS provision.

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

Yes

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

Yes (though it is not clear what effect such objections might have, and how they might be dealt with)