

A guide to Debt Management Plans (DMPs)

What is a DMP?

A debt management plan is a non-legally binding agreement between your customer and their creditors to repay their debts. Regular payments are made to a licensed debt management company who then allocate the funds to each of the creditors. In order for Precise Mortgages to consider lending to a customer with a DMP we will need to establish that it has been satisfactorily conducted.

Active DMP

- ▶ The DMP must have been active for a minimum of 12 months.
- ▶ The DMP does not need to be repaid on completion but must be included as a monthly commitment on application.
- ▶ Debt Arrangement Schemes (DAS) are acceptable and will be treated in the same way as a DMP (Scotland only).

We will require a DMP reference from the provider to include:

- ▶ Date of agreement
- ▶ Amount outstanding
- ▶ Details of all creditors including lender, account number, payment and balance
- ▶ Confirmation that the last 12 months' payments have been paid on time.

DMP satisfied less than 36 months ago

- ▶ We will require confirmation from the debt management company of the date the DMP was satisfied and that it was repaid in full. Satisfied DMPs do not need to have been active for a minimum of 12 months.

DMP satisfied over 36 months ago

- ▶ Standard lending policy applies. Please refer to our residential criteria guide for further details.

Applicants have the option of either clearing the DMP at completion or for the DMP to remain and the monthly repayment to the DMP Company to be included on the application as an ongoing commitment.

Points to consider:

- ▶ If a customer has had a DMP but then decides to leave the arrangement and settle the creditors directly, Precise Mortgages cannot consider lending until the debts have been satisfied for at least 36 months.
- ▶ On occasion debt recovery agencies inaccurately register an 'arrangement to pay' as a DMP. This must be removed from the customer's credit profile and registered correctly before we can accept the application.
- ▶ We are unable to consider applicants with more than one DMP.

DIP tips

1. Ensure you key the DMP into the 'Adverse' page under the 'IVA/DMP' section of the DIP. For joint applicants, only key the DMP for the main applicant to avoid duplication.
2. Add the DMP into the monthly commitments section of the DIP as a credit card or loan. If the DMP is to remain after completion this should be entered as not being satisfied.
3. If any debt within the DMP did not default before being added to the plan, the debt will need to be keyed into the commitments section of the DIP as being satisfied on completion.

Precise Mortgages accepts DMPs on our residential and Help to Buy product ranges, please see our Residential Product Guide and our Residential Criteria Guide for full details.

Get in touch

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