

## **DRO process and bankruptcy threshold to be reviewed**

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The government has announced a review into the Debt Relief Order (DRO) process, five years after its initial introduction. This will be headed by both government and the Insolvency Service seeking to establish the effectiveness of the DRO process, any improvements required and existing limits on assets, liabilities and income. Currently the limits on assets, liabilities and income stand at maximums of £300, £15,000 and a surplus of £50 per month respectively. Since DROs were first introduced almost 150,000 people have received debt relief.

It is high time then to review the effect that these Orders have had on people's lives, that of their families and creditors. Equally it is imperative at this juncture to assess whether or not changes are needed to improve how they work.

Official statistics from the Insolvency Service have revealed there were 7,008 DROs issued during the second quarter of 2014 which brings the running total to date of 13,555 as compared with 26,750 in total for the twelve month period.

This review will also consider the case for increasing the creditor petition in bankruptcy, which is currently set at £750, a level that has now remained unchanged for some 28 years and whether this is still an appropriate figure.

Although Debt Relief Orders are only a relatively new part of the personal insolvency landscape, personal debt issues move so quickly that it is appropriate to strike the right balance between assisting those who are struggling to get back on their feet on the one hand and to protect creditors from individuals accumulating and dumping high debts.

Too many people are currently unable to access an insolvency option that is right for their circumstances and by re-visiting this issue it could help achieve better results for all parties.

It is certainly pleasing that the creditors' bankruptcy petition threshold is being reviewed as this was last set in 1986 and an upwards revision is long overdue. £750 is deemed far too low an amount of debt for somebody to be made bankrupt.