

## **Appendix B**

### **The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020**

The debt respite scheme provides protections for people who are resident in England and Wales who are in problem debt and came into effect on 4<sup>th</sup> May 2021. The protections include pausing enforcement action, contact from all creditors, the freezing of interest and accrual of charges on their debts. A standard breathing space is available to anyone in problem debt who accesses debt advice and meets the eligibility criteria and conditions.

Problem debt and mental health conditions are often linked. The Government committed to develop an alternative route to access the protections for people receiving mental health crisis treatment, so that they do not have to access debt advice first.

If an Approved Mental Health Professional (AMHP) certifies that a person is receiving mental health crisis treatment, a debt advice provider can initiate a mental health crisis breathing space (MHCBS) on the person's behalf. The breathing space lasts the duration of the mental health crisis treatment, plus 30 days.

The intention of a MHCBS is to create time and space for a person to get the treatment they need, without having to worry about their debts growing or their creditors contacting them during treatment. The aim is to stall the downward spiral of chronic debt during the mental health crisis and encourage residents to seek professional debt advice when treatment has ended.

Once an AMPH certifies a person is receiving mental health crisis treatment and sends this to a debt advice provider, a debt advisor will undertake a credit check to establish which debts an individual has, and which are eligible for the scheme. Most debts qualify for inclusion, including (but not limited to) credit cards, store cards, personal loans, pay day loans, utility bills, council tax and welfare benefit repayments.

Residents can apply for the debt respite scheme themselves, or it can be the debtor's carer, social worker, an advocate, or an approved mental health professional for example.

A debt advisor will contact all likely creditors on the person's behalf, and, within 24 hours of receiving a notification, creditors must pause recovery proceedings on eligible debts until 30 days after the mental health crisis treatment has finished. A debt advisor will offer the resident debt management advice going forward and, in some circumstances, may ask creditors to write off debt or agree to an affordable repayment plan on the resident's behalf.

The overarching objective of the scheme is to provide regulated advice to residents, that will enable them to manage their money longer term and know where to find help if needed.

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