



We know that when considering the right choice in a debt solution, it is important for you to be aware of all of the factors involved. During your initial consultation over the phone with our advisors and the documentation you will receive in writing, any fees and further considerations will be disclosed fully. This document will outline the key points of a Debt Management Plan, providing an overview of the advantages and disadvantages.

#### **Debt Management Plan Advantages:**

- Your monthly payments are based upon your affordability.
- Interest payments applied by your creditors will, in many cases, be frozen.
- Correspondence from your creditors will be dealt with by us.
- The debt management plan is a flexible solution, meaning that if your circumstances change during the plans duration we will review the monthly repayment.
- A debt management plan is an informal arrangement, meaning that it can avoid the need for a formal insolvency solution like an IVA or Bankruptcy.

#### **Debt Management Plan Disadvantages:**

- It may extend the repayment period of your debts as your monthly payment will be reduced in line with your affordability. This could result in you paying more in total over a longer period.
- Your credit rating may still be affected and default notices registered against you.
- There is no guarantee the creditors will accept the arrangements.

#### **Debt Management Plan Fees:**

At Smooth Financial we hold the highest standards of client experience, this includes dealing directly with the clients, and on their behalf with the creditors. Due to this core value and regular investment into the training and daily high standards of service delivery to our clients, we have to charge for our services. These fees are outlined below:-

We retain the first monthly payment made to the debt management plan as a fee to cover the high set-up costs and initial work required on the plan. We also keep the majority of the second monthly payment (token payments of £1 are made to each creditor from the second payment). These fees will cover the initial consultation, review and confirmation of your income and expenditure together with communication with your creditors to reach an affordable repayment plan.

Within your monthly payment there is a 17.625% management fee (subject to a minimum of £35.25) for the monthly servicing of your plan. Additionally, we charge £3.50 to cover the 6 monthly reviews done for you and 2.5% of your monthly payment to the debt management plan to cover the banking charges we incur.