

**Central Bank of Ireland Consultation: Debt Management Firms**  
**Department of Finance Response**  
**18 February 2014**

***Question 1: Do you agree that the current advertising requirements under the Code adequately protect consumers from the potential for consumer detriment associated with debt management services?***

Yes

***Question 2: If you believe that additional advertising rules should be introduced for the activity of debt management services, please outline what measures you think should be considered.***

NO RESPONSE

***Question 3: Do you agree with the proposed approach relating to client leads as outlined above? If not, please explain why?***

*Yes. It is difficult to see any alternative means for the Central Bank to ensure the quality and accuracy of marketing and advertising material. It is noted that the provisions of the data protection legislation may also apply here.*

***Question 4: Do you think that these information requirements for improved transparency of charges are sufficient? If not, please outline any further measures you think are necessary in this area.***

*The information requirements as set out in the Consultation paper appear to be sufficient.*

***Question 5: Do you think that there should be a prohibition on the payment by means of credit of fees or charges for debt management services?***

*On balance, it is preferable that the consumer is able to avail of professional debt management services even at the cost of increased indebtedness rather than not have access to these services. There should be full transparency on the fees and charges associated with this credit.*

***Question 6: Do you agree that a standardised method of financial assessment is required for this sector? If not, please explain why?***

Yes

***Question 7: In respect of the potential options for a standardised method of financial assessment as outlined above, which is your preferred approach and please explain why?***

*Both the ISI Prescribed Financial Statement and the Standard Financial Statement under the CCMA aim to give a comprehensive description of the financial situation of the individual(s) and the Department would accept the use of either.*

**Question 8: What alternative measures do you think we should consider to achieve a robust and holistic approach to financial assessment?**

No alternative necessary, see response to question 7.

**Question 9: Do you agree with the proposed requirements outlined at a), b, c) and d) and with the option outlined at e) above? If not, please outline why.**

Yes

**Question 10: Do you think these protections are sufficient to address the potential conflicts of interest risks identified above? If not, please outline any further measures you think are necessary for this particular sector.**

Yes

**Question 11: Do you agree with the proposed approach relating to reviews of debt management arrangements as outlined above? If not, please explain why?**

Yes

**Question 12: Do you think that:**

**i) Such review should be allowed only at a consumer's request; or**

**ii) Such review should be allowed only when there is a change in a consumer's circumstances; or**

**iii) No limitations should be imposed on debt management firms in relation to undertaking reviews of debt management arrangements; or**

**iv) Should there be an obligation for periodic reviews without specifying the frequency of these?**

A review after 6 months would seem appropriate.

Where a consumer's circumstances change, the course of action which was most suitable at the time the statement of suitability was prepared may cease to be appropriate.

An addition to the "Information to be provided to Consumer" to highlight that

"The statement of suitability is based on an assessment of your current financial situation and should be re-examined if your circumstances change."

could be of benefit.