



Insolvency Service Launches ‘Back on Track’ Information Campaign for People in Debt following Research - ISI Eliminates Application Fees for Solutions -

- Research shows many people not seeking help and living below reasonable living standard because of commitment to paying off debts themselves
- ISI eliminates application fees for insolvency solutions to remove any perceived barriers to seeking help
- Lorcan O’Connor, ISI Director, urges people struggling with debt to seek help and visit backontrack.ie
- Quarter 3 Statistics show continuing increase in application numbers and a 72% acceptance rate by creditors

Tuesday, 07 October 2014: Many people may be living far below a reasonable living standard, paying bills based on who shouts loudest, scrimping on food and basics – yet don’t seek help because they don’t see themselves as insolvent, and are committed to paying off their debts themselves. Research undertaken by the Insolvency Service of Ireland (ISI) with people who are struggling with debt found that this mindset is among the factors contributing to lower-than-expected numbers of people seeking help. A national communications campaign in the coming months will bring home to people the simple indicators that show they need help - and should not be ashamed to take that help.

“We met many people who didn’t actually realise that they were, in fact, insolvent,” said Lorcan O’Connor, Director of ISI, commenting on the research. “They knew they were struggling. They knew they were making all manner of sacrifices, including on the basics. They felt badly for the impact it was having on their children. Yet, the last thing they wanted to do was to turn their back on their debts, or seek help. We want these people to see that there is help available, that there’s no embarrassment in seeking it and no shame in taking it. When they come to us, they will have a fresh start with some debt potentially written off, and the remainder at a manageable level.”

The perceived cost of insolvency solutions – while not the primary barrier to seeking help – was among the issues raised during research focus groups. Conflicting information was common with many people having read or heard that it could cost them thousands of euro to avail of an insolvency solution. In order to remove any perceived barrier to seeking help, the ISI has suspended all application fees for debt solutions until the end of 2015. Previously, these fees were €100 for a DRN, €250 for a DSA and €500 for a PIA.

“Application fees were raised by some people as a potential barrier,” said Lorcan O’Connor, “so we have removed them. We have tried to remove as many obstacles as we possibly can. While the majority of Personal Insolvency Practitioners (PIPs) charge a consultation fee, in almost all cases this is in the region of €100-€300 and some may not charge an initial fee at all. When a PIP takes on your case, you get protection from your creditors, you may have more to spend at the end of each week on food and day-to-day expenses, and you will be on a path to a fresh start.”

The ISI commissioned qualitative research to better understand how to reach people struggling with debt and to inform a communications campaign. Behaviour & Attitudes facilitated a series of focus groups around the country to understand from people in debt why they were not availing of State help through insolvency solutions. The reasons put forward by people included:

- An absolute commitment to finding their own way out of debt rather than seeking help
- A lack of awareness of the practical help available
- A belief that insolvency solutions were for cases more extreme than their own
- A lack of awareness of ISI and of the range of solutions

“What was most striking as I attended these focus groups was people’s reluctance to take help because of their commitment to dealing with the issue themselves,” said Lorcan O’Connor. “This was such a far cry from what many commentators were suggesting following the initial creation of ISI – that we would be deluged by strategic defaulters. The reality is absolutely the opposite – people who are insolvent, who cannot make ends meet, who will not on their own be able to solve their problems, yet don’t feel that they deserve help, or that they should take it.”

The ISI's information campaign, 'Back on Track', will feature a new user-friendly website www.backontrack.ie, with videos and personal stories from people who have gone through the insolvency process successfully. Print and radio ads will run in regional and national media, starting this week. Guides to the three debt solutions have been revised and simplified, and the ISI will host a series of townhall meetings with community leaders in seventeen venues around the country.

"This is a very specific and targeted campaign and we're hopeful that it will start to address some of the concerns that came up in our focus groups with people struggling with problem debt," said Lorcan O'Connor. "The key message here is very simple – if you're living with the distress of debt, you're not alone. There is help available and it's time to talk to ISI."

Quarter 3 Statistical Report

The ISI's Statistical Report for Quarter 3 2014 is now available on the ISI's website. Numbers are low but increasing month-on-month, with an almost two-fold increase in the number of Protective Certificates and Personal Insolvency Arrangements agreed when compared to Q2; an overall acceptance rate of 72% by creditors for DSA and PIA solutions; and a significant increase in bankruptcies. Figures also show that the ISI is dealing with nearly €1 billion of debt so far this year.

"Although the numbers are low they are increasing every month and the trend is moving in the right direction as people become more comfortable with the debt solutions available," said Lorcan O'Connor.

A copy of the ISI's Q3 Statistical Report is available for download at: [ISI Statistics Quarter 3](#)

Promoting and Supporting Greater Engagement between PIPs and People in Debt

The ISI is introducing an initiative aimed at promoting and supporting greater engagement between PIPs and people in debt. This initiative recognises the fact that a PIP will incur significant time and expense in providing independent advice to a debtor, assisting in the completion of an application for a Protective Certificate, preparing proposals for creditors to vote on and calling a creditors meeting.

The PIP is usually paid for this work within the terms of the DSA or PIA. Where a proposal is not passed at a creditors' meeting - the last stage of the application process - the PIP does not receive any fee for the extensive work they have carried out to get the case to that near final point in the process. This could, in time, affect the number of PIPs available to act on behalf of debtors. Therefore the ISI has decided to introduce a mechanism whereby a PIP can seek a supporting payment of €750 from the ISI when an arrangement has not been passed by creditors. This is subject to a PIP proposal meeting a number of conditions including, fundamentally, creditors voting against an arrangement that would have produced a return greater than would be the case in bankruptcy, had the creditors accepted it. Through the administration of this initiative, the ISI will collect a breakdown of the creditors' votes cast in respect of each proposal. This initiative will be available until 31 December 2015.

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Notes for Editors

Summary of Debt Solutions:

Arrangement*	Type of debt covered	Value	Duration	Can Only Apply through
DRN Debt Relief Notice	Unsecured (and some secured in certain cases)	Up to €20,000	3 years	Approved Intermediary
DSA Debt Settlement Arrangement	Unsecured	No limit	5 years (+1)	Personal Insolvency Practitioner
PIA Personal Insolvency Arrangement	Unsecured and secured	No limit on unsecured Up to €3m secured (though cap can increase if agreed)	6 years (+1)	Personal Insolvency Practitioner

Qualitative Research – Background:

Qualitative research was conducted by Behaviour & Attitudes on behalf of the ISI during August and September 2014. The objectives of this research were three-fold:

- to help inform the development of a communications campaign, to inform creative development and follow on assessment and analysis of materials in a secondary stage;
- to fully understand the environment and experience of those facing insolvency; to determine how debtors navigate through the waters of insolvency, with whom they consult and how they are received; and
- to gauge how best to communicate with and approach debtors, media to use, messages and language that are appropriate (and indeed those that are not).

Phase 1 consisted of 4 groups which were based in Dublin and the West of Ireland. Phase 2 consisted of 4 groups which were based in the Midlands and Dublin. Each group consisted of approximately 8 people and all had experienced or were experiencing significant debt related issues. At least half in each group had faced creditors, engaged advice or assistance. The ISI has used feedback from the qualitative research to inform its communications campaign.

About Insolvency Service of Ireland (ISI):

The Personal Insolvency Act 2012 was signed into law on 26 December 2012. The Insolvency Service of Ireland (ISI) is an independent statutory body established under the aegis of the Department of Justice and Equality. The Insolvency Service of Ireland helps restore people who are insolvent to solvency in a fair, transparent and equitable way. The ISI was commenced by Ministerial Order on 1st of March, 2013.