

PETER GIBSON MP



HOUSE OF COMMONS
LONDON SW1A 0AA

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Dear Constituent

Thank you for your email about plans for a 'breathing space' for people in debt.

Problem debt is often difficult to escape and can have a devastating impact on existing issues including family problems and poor mental health. It is only right that people who fall into problem debt are helped to find a sustainable, long-lasting plan to solve their debt problems. That is why I welcome the action being taken to protect those who find themselves in problem debt through a new breathing space scheme.

This scheme has two parts; a breathing space period and a statutory debt repayment plan. Together, these two aspects of the scheme protects debtors from creditor action, help them get professional advice on their debt problems, and help them pay off their debts in a sustainable way. Throughout 2020-21, colleagues in the Treasury invested an additional £12.5 million in order to implement breathing spaces as soon as possible.

The breathing space provides debtors with a 60-day period in which interest and charges on their debts are frozen and enforcement action from creditors is paused. During the time, debtors will have to seek professional debt advice to find a sustainable solution, encouraging them to seek advice earlier and give them the headspace to identify the right debt solution for them. The statutory debt repayment plan is a new debt solution that extends the breathing space protections to debtors who commit to fully repaying their debts in a manageable timeline.

On the wider issue of helping those who find themselves in problem debt, I am glad that an extra £37.8 million support package has been made available to debt advice providers this year and the government-commissioned Money Advice Service is spending over £56 million to provide debt advice to over half a million people in the same period. If you would like free debt advice from the Money Advice Service, you can find out more at www.moneyadviceservice.org.uk/en/tools/debt-advice-locator.

Member of Parliament for Darlington

Constituency Office: 34 Duke Street, Darlington, Co. Durham, DL3 7AQ Telephone: 01325 711711

Email: peter.gibson.mp@parliament.uk Website: www.petergibson.org



Finally, with regards to Universal Credit, I welcome that Universal Credit overpayments are included in the Breathing Space scheme from day one, and that Universal Credit advances and third-party deductions will be included on a phased basis as early as possible.

Once again, thank you for taking the time to contact me and if I can ever be any further assistance to you then please do not hesitate to contact me again.

Yours Sincerely
Peter Gibson

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