

**CONSULTATION PAPER 82 – 2ND
CONSULTATION ON ADDITIONAL
CONSUMER PROTECTION FOR DEBT
MANAGEMENT FIRMS**

IBF RESPONSE

Introduction

The IBF welcomes the opportunity to respond, on behalf of Members, to the second consultation on additional consumer protection for Debt Management Firms, published by the Central Bank of Ireland (CBI) on 20th June 2014.

We note the position of the CBI on the issues and questions raised in Consultation Paper 75.

The IBF submission is limited to providing a response to the four specific questions raised in the consultation.

Question 1:

Do you agree with approach that we now propose taking with regard to client leads? If not, please explain why.

IBF Response:

As contact by Debt Management Firms is precluded unless the consumer has given his or her specific consent (13.7), we agree with the approach proposed with regard to Client leads.

Question 2:

Do you agree with approach that we now propose taking with regard to credit as a means of paying fees for debt management services? If not, please explain why.

IBF Response:

While we believe that credit should not be used as a means of paying fees for debt management services, as included in our response to CP75, we accept the proposed approach based on the CBI requirement for the speedy introduction of additional consumer protection in this area and the prohibition of involvement by DMFs in recommending, advising or assisting in obtaining credit for the purpose of paying fees or charges for debt management services.

Question 3:

Does the approach that we now propose provide sufficient protection for a consumer?

IBF Response:

We agree that the proposed 'Cooling off' period which give a consumer 5 business days to review the statement of advice provides sufficient protection. We note that the requirement can be waived in exceptional circumstances. (13.18 And 13.19)

Question 4:

Do you agree that the above protections are appropriate and adequate to ensure transparency and control for the consumer in relation to the progress being made to resolve their problems? If you disagree, please provide the reasons.

IBF Response:

We agree with the approach outlined to require Debt Management Firms to provide Consumers with additional information including details of charges payable, consent requirements and monthly updates during negotiations (13.17, 13.21 and 13.22).

ENDS