

Guide for debt counselling on steps 1-3

This Guide is not meant to be exhaustive, but to create a foundation for what debt counselling on steps 1-3 as a minimum should contain. The common guidelines are structured towards the aim of providing debt counselling on the 3 steps. Underneath each point in the common guidelines we will give our bid on how extensive the counselling and/or the case work should be on each of the 3 steps.

Entry point on case work steps 2 or 3

The decision on whether a case should be treated on either step 2 or 3 will depend on a holistic estimate in every individual case. A number of indicators are relevant for this.

- **The professional, social and resource status and network relations.**
If it is estimated that the client does not possess the necessary resources to handle his or her own case's further developments, or if it is estimated that the client does not have a network that can help even after the support provided by the manager on step 2, the case will become a step 3 case. At TSLA the socially vulnerable clients and clients, whom the managers estimate to not have resources and preconditions to work on their own case (*e.g. the mentally ill, substance abusers and homeless*) are all clients who must receive counselling on step 3.
- **Life changing or acute crisis**
If the client has just been fired, if the client's home-situation is threatened, if the supply of electricity, water or heat is threatened, or if they in any other way have a need for acute help, this will indicate case work on step 3. In these situations the client will often be estimated to be emotionally involved and thus they will not have the resource capabilities to handle the case's developments even with the aid of the manager on step 2 counselling, and thus these clients belong to step 3.
- **Number of creditors**
If the client has five creditors or more it will indicate case work at step 3, while fewer than five will indicate case work on step 2.
- **Debt-restructuring**
If the client cannot create a general view nor procure the documentation needed for a debt-restructuring, it indicates a case on step 3.
- **Former futile attempts**
If the client on multiple former occasions in vain have tried to get their economy under control, it indicates a case on step 3.
- **Demonstrating capability and will**
If the client is him- or herself in a constructive dialog and maybe already have made deals with his or her creditors, but still needs help to create a general view and maybe to formulate a complete plan of action, it indicates minor case work on step 2.

In the individual cases some indicators may have more weight than others and this will differ from case to case. Because of this it is necessary to always make a holistic estimate of whether the client is capable of going through with any given plan of action on their own (step 2), or whether there is a need for the client that we take over the case work (step 3).

It is important that the guidelines are followed by TSLA's managers, as this will make TSLA able to distinguish between the different kinds of counsel and make the counselling more coherent and qualified counselling. The step-system will be used to estimate the extent of the different types of cases and also the time consumed on each case. The step system will furthermore be part of TSLA's documentation when filling in the final client schedule.

Initial meeting/conversation with the client

Step 1

- The manager will only counsel via phone, webcam or email.
- The manager will only provide general counselling in the form of answers on concrete economical questions or refer the client to the right authority.
- The manager does not have the possibility to go through the client's economy in depth, meaning that the manager will not be able to go through the budget, any correspondence or vouchers nor will the manager be able to contact any creditors.

Step 2

- The manager will, depending on the extent and character of the case and the geographical circumstances make an estimate on, whether a personal meeting is necessary or whether the counselling should be performed via phone, email or webcam.
- The manager will in collaboration with the client make a plan of action containing a budget, proposals to the creditors and counsel on possible cancelation schemes, based on the information about the client's economy among other the income, expenses, and creditors put forward by the client.

Step 3

- The manager will, if it is geographically possible always have one or more personal meetings with the client.
- The manager will in these meetings obtain the factual and relevant information and documents, among other things basis for agreement for the creditors' demands, the client's assets/income and liabilities etc. for use in the case work.

Power of Attorney

Step 1

- The manager will not obtain a power of attorney from the client.

Step 2

- The manager will obtain a power of attorney from the client, if the manager estimates that it is necessary for the case work. It can be estimated as necessary if the client does not possess the right preconditions or resources for the contact with the authorities and/or creditors.

Step 3

- The manager will always obtain a power of attorney from the client, which authorizes the manager to contact public authorities, creditors and make deals with them on behalf of the client.

Handling the creditors (Information search)

Step 1

- The manager does not research the client's debt situation.

Step 2

- The manager will, if the manager estimates this to be necessary, make some screenings by the public authorities. This could be necessary if there is doubt considering the size of the client's debt to the public.

Step 3

- The manager will always perform screenings by the public authorities, RKI and the debtor register to uncover all of the client's debt.

Budget and the ability to pay

Step 1

- The manager guides in client in creating his or her own household budget (based on e.g. SKAT's¹ budget schedule, a budget account in the bank etc.). Among this will also be a list of the income and expenses that should be calculated into the client's ability to pay.

Step 2

- The manager will, based on the client's own information, aid the client in creating a household budget and calculating the client's ability to pay.
- The counselling can either be done via the phone, where the manager will fill in the numbers provided by the client, or the manager will instruct the client on how to fill in the schedule themselves.

¹ The danish tax authority.

Alternatively the manager and the client can have a physical meeting where the manager and the client make the schedule together.

Step 3

- The manager and the client will create a household budget (Based on SKAT's budget schedule), the budget will be filled in with the numbers provided by the client and the information, which the manager has gathered through the screenings.
- The manager will also calculate the client's ability to pay.

Debt to public authorities (SKAT, Municipality and Police)

- Options for debt collection, e.g. SKAT's withholding of wages, the deductions of the municipalities and fines from the police.
- Any objections (e.g. obsolescence)
- Cancellation of debt to the public authorities.

Step 1

- The manager will provide general counselling on the client's debt to the public authorities and of the client's legal position.

Step 2

- The manager will provide explicit counselling on the client's debt to the public authorities and on the client's legal position based on the information provided by the client.
- If it is estimated as necessary, the manager will initiate the initial contact with the relevant public authorities.

Step 3

- The manager will provide explicit counselling on the client's debt to the public authorities and on the client's legal position based on the information provided by the client and the information found during the screenings.
- The manager will facilitate the contact and dialog with the client's public creditors.

Debt to the private creditors

- The client entering into a voluntary agreement.
- The creditor's options for debt collection (e.g. deductions, dunning letters, debt collection, bailiff's court, disbursement, foreclosure auction and bankruptcy)

- Any protest about the debt (e.g. obsolescence, expense objections (interests and fees), demands for the form of the credit agreement, liability problems).
- Cancellation of debt to the private creditors via private agreement and/or debt-restructuring.

Step 1

- The manager will provide general counselling on the client's debt to the private creditors and of the client's legal position.

Step 2

- The manager will provide explicit counselling on the client's debt to the private creditors and on the client's legal position based on the information provided by the client.
- If it is estimated as necessary, the manager will initiate the initial contact with the private creditors.

Step 3

- The manager will provide explicit counselling on the client's debt to the private creditors and on the client's legal position based on the information provided by the client and the information found during the screenings.
- The manager will facilitate the contact and dialog with the client's private creditors.

Handling the creditors (Negotiations)

Step 1

- The manager guides the client on how to handle their creditor(s), among other things how to prioritize payments and the position/techniques of negotiations.
- The client will, himself or herself, facilitate the contact and correspondence with the creditor(s).

Step 2

- The manager guides the client on how to handle their creditor(s), among other things how to prioritize payments and the position/techniques of negotiations.
- If the manager estimates it as necessary, the manager will facilitate the contact and correspondence with some of the creditors on behalf and under the authorization of the client. This could be the case if the client does not possess the preconditions or the resources to facilitate the contact.

Step 3

- The manager handles all the client's creditors.
- This means that the manager, with the authorization of the client, facilitates all contact to the creditors and assumes all correspondence with the creditors; furthermore the manager will make the prioritizations and will negotiate the future agreements of payment.

The client's assets

- Options of deductions.
- Options of subsidies.
- Voluntary sale of assets with a controlled and prioritized use of the proceeds.

Step 1

- The manager will give general counsel on the client's assets and the client's legal position.

Step 2

- The manager will give explicit counsel on the client's assets and the client's legal position.
- If it is estimated as necessary the manager will to a minor degree help the client with their assets.

Step 3

- The manager will give explicit counsel on the client's assets and the client's legal position.
- The manager will help the client with their assets, among other things aid the client in applying for deductions, subsidies and with performing a voluntary sale of the client's valuable assets.