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A handwritten signature in black ink, appearing to read 'Dear Nick'.

1 July 2019

Thank you very much for your contributions to the debate on 19 June 2019 following my Oral Statement on the introduction of the government's Breathing Space scheme.

You asked who will ensure that plans are put in place for sustainable debt resolution, and that we do not simply prolong the problem debt. This is a critical question, which gets to the heart of the aim of breathing space scheme.

The government's intention is that the 60 day breathing space will provide the time and space for individuals to identify the right long-term solution to their problem debt. During this time, they must continue to work with the professional debt adviser that entered them into the breathing space, in order to identify and enter an appropriate debt solution for them. Depending on their situation, this solution could be a voluntary repayment plan to creditors, an insolvency solution, or could indeed be a statutory debt repayment plan, once these are introduced.

As you noted during the debate, it is important that this time is not wasted. That is why we will require individuals to continue to work with their debt adviser during the breathing space period, to stay eligible for the scheme. This is the best way to ensure that individuals in problem debt can take control of their finances and move towards a more stable financial footing.

I am copying this letter to Lord Stevenson of Balmacara and will also place a copy in the House library.

A handwritten signature in black ink, appearing to read 'Lord Young of Cookham'.

LORD YOUNG OF COOKHAM