

# Scotdebt – Trust Deed

A Scottish Trust Deed is a formal financial arrangement in which, with the assistance of a licensed insolvency practitioner (who must agree to act as your Trustee) you are able to write off some of your debt.

The trustee deals with both you and your creditors in order to achieve a mutually acceptable financial outcome so that the trust deed can become “protected”. Once the trust deed is protected, you are no longer required to make payments or communication with your creditors and the trustee deals directly with them on your behalf. Your creditors are not allowed to take any further action against you, if you comply with the terms of your trust deed.

Your trustee will sell any available non-essential assets and will collect a regular contribution (if you are able to make one) from your disposable income. When the trust deed ends, normally after a period of four years, any unpaid debts are written off and your creditors cannot pursue you for any debts that were included in your trust deed.

Main advantages	Main disadvantages
<ul style="list-style-type: none"><li>▪ Once the proposals are accepted by the creditors then there is a clear outcome</li><li>▪ Lasts for a fixed period of time (normally four years)</li><li>▪ You do not have to deal with you creditors, as your trustee will do it on your behalf</li><li>▪ At the end of your trust deed you are debt free</li><li>▪ Monthly contributions are calculated on what you can afford to pay rather than on your level of debt</li><li>▪ It is a common procedure and is quick to organise</li><li>▪ Your home and certain assets may be “protected” however this is dependant on individual circumstances</li></ul>	<ul style="list-style-type: none"><li>▪ If the trust deed does not achieve protected status then your creditors can continue to pursue you</li><li>▪ In most cases, high value non-essential assets will be sold</li><li>▪ Your credit rating could be adversely affected for up to six years</li><li>▪ Some debts are not discharged by a trust deed (student loan, court fines/penalties/charges)</li><li>▪ Some jobs may have professional or professional or insurance regulations prohibit it</li></ul>

## Trust Deed FAQ

### **1. I have signed a trust deed, I was very embarrassed about it but I had no choice. Do I need to tell my employer?**

*Unless stated in your contract of employment, you are not under any obligation to tell your employer that you have signed a trust deed.*

### **2. I have obtained some information about a trust deed on the internet that I didn't really understand. How do I know if I am eligible to sign one?**

*If you need any further advice on trust deeds or to find out whether you are eligible you can contact us in the first instance at 01224 625 554.*

*A trust deed is a statutory insolvency procedure in Scotland and entails an individual (known as a debtor) providing proposals to creditors who can object if they wish. In order to be eligible and for a trust deed to be successful the debtor will have assets which can be sold for the benefit of creditors and/or be in employment such that you can pay a monthly contribution to the trust deed.*

### **3. Does my name appear in the local newspaper?**

*No, trust deeds are no longer advertised in any newspaper. The information is stored online in a public record known as the Register of Insolvencies, anyone can access this free of charge.*

### **4. How does my trust deed become "protected"?**

*Your trustee will write to all of your creditors and ask them to agree to your proposals. A significant portion of your creditors are required to agree in order for the trust deed to gain protected status.*

*Creditors who choose not to respond are deemed to have agreed.*

## **5. What happens if my trust deed is not protected?**

*A strict process is followed to try and present proposals to your creditors which minimise the risk of objections. In the event that your trust deed is not protected because your creditors have objected to it, then your creditors are able to take you to court and petition for your bankruptcy.*

## **6. How should I choose my trustee?**

*There is a lot of choice when selecting who you want to act as your trustee. No matter which company you go decide to contact, all trustees are governed by the same legislation. As payments are based on affordability, you should pay the same monthly contribution no matter who you choose. Some larger companies operate via telephone only and you're unable to meet with the individual dealing with your case.*

*Scotdebt operate a friendly and professional Aberdeen based service. You are able to come to our office in Carden Place and meet with the staff member who is handling your case should you have any queries or questions throughout the process. To find out more about whether a trust deed may be the correct option for you, call us today on 01224 625 554.*

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