

DEBT ADJUSTMENT OF A PRIVATE INDIVIDUAL



FINANCIAL AND DEBT COUNSELLING



CONDITIONS AND IMPEDIMENTS

Debt adjustment is intended for persons who have too much debt in relation to their ability to pay or whose ability to pay has deteriorated due to illness or incapacity for work, for example. Debt adjustment is applied for in a district court. A financial and debt counsellor assists with the application for debt adjustment.

The law imposes impediments on debt adjustment, but the assessment is always made on a case-by-case basis.

Debt adjustment can be granted despite an impediment if there are important reasons for it. The decision takes into account, for example, the debtor's actions for payment of debts, time passed from indebtedness, the debtor's other circumstances, and the significance of debt adjustment for the debtor and the creditors.

Impediments to debt adjustment include:

- Inability to pay is temporary. This is always assessed on a case-by-case basis.
- The actions that have led to indebtedness can be considered reckless.
- Debt adjustment has been granted to the same person before.
- The person has deliberately weakened their financial status, or given incorrect information for the purposes of debt adjustment.
- The person is liable for payment due to an offence, or under suspicion or charged with of an offence that may lead to a liability for payment.
- A significant amount of debt has been incurred in business activities where, for example, statutory obligations have been neglected for reasons other than insolvency.



APPLICATION

Debt adjustment works best when you are committed to organising your finances.

You can evaluate your situation with the financial and debt counsellor before applying for debt adjustment. The financial and debt counsellor helps you prepare your application and asks you to provide appendices for it. Debt counselling assesses your debt situation. All debts accrued before the commencement of debt adjustment are included in the debt adjustment. After you have signed the application, the financial and debt counsellor submits your application to the district court.

The district court sends your application and your debt history to creditors,

co-debtors and guarantors, and asks them to issue a statement on the case. If any of the parties objects to the application, the district court sends you a request for a statement or a summons to a hearing. The district court makes the final decision on commencement or rejection of debt adjustment.

If the district court issues a favourable decision on debt adjustment and the application included a proposed payment scheme, the district court may approve the proposal at the same time as the application. If there is no proposal for a payment scheme, the district court can appoint an administrator to prepare one.

The financial and debt counsellor assists you throughout the debt adjustment process.

PAYMENT SCHEME

In debt adjustment a payment scheme is confirmed according to which you will pay debts in the future. The payment scheme includes a calculation of available funds based on your income and expenses. Available funds indicates the sum you will have at your disposal for repaying your debts per month. If your compulsory expenses are higher than your income, your available funds are negative and a "zero scheme", where you only pay your compulsory expenses, can be confirmed.

Duration of payment scheme

- The payment scheme lasts 3 years if there is no impediment.
- The payment scheme can last 5 years if an impediment has been found and debt adjustment has been granted for important reasons.
- If the debtor retains their owner-occupied home, the payment scheme can be longer than 5 years.

Your remaining debts are forgiven once the payment scheme and any additional payments have been completed as agreed.

- The payment scheme can be changed if your ability to pay has weakened on a long-term basis, so that you cannot reasonably be expected to meet the payment liability specified in the payment scheme.
- If a debt has been left out of the payment scheme, it can be added to the payment scheme afterwards. If the debt is large, you can apply for an amendment to the payment scheme.
- If you have temporary payment difficulties, you can postpone payments by three or five months at most. Any postponement extends the duration of the payment scheme. Be sure to notify the creditors whose payments you will defer of your intention to do so.

The financial and debt counsellor will assist you in calculating the amount of the additional payment.



www.talousjavelkaneuvonta.fi