



The Insolvency
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DEAR INSOLVENCY PRACTITIONER Issue 127 – May 2021

Dear Reader

Please find enclosed the latest article by the Insolvency Service.

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Article 109	The Government response to the Debt Relief Order consultation

109) Government response to Debt Relief Order consultation

[Yesterday](#) the Government published its response to the Debt Relief Order (DRO) consultation on raising the threshold for the three monetary eligibility requirements that an individual must meet before being able to obtain a DRO. The consultation closed on the 26 February 2021 and over 140 responses were received.

Having taken account of all views expressed, the Government intends to lay legislation in Parliament at the beginning of June, to commence at the end of June, that will:

- Increase the threshold on the value of assets that a debtor can hold and be eligible to enter into a DRO from £1,000 to £2,000.
- Increase the value of a single motor vehicle that can be disregarded from the total value of assets from £1,000 to £2,000.
- Increase the level of surplus income received by the debtor before payments should be made to creditors from £50 to £75 per month.
- Increase the total debt allowable for a DRO from £20,000 to £30,000.

Most responses recommended that DROs should not be looked at in isolation and consideration should be given as to whether changes are needed to the wider personal insolvency framework. The response document therefore highlights that the Government will be looking to issue a Call for Evidence on the whole personal insolvency landscape, in due course.

These changes will apply to England and Wales only as personal insolvency is devolved to Scotland and Northern Ireland.

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