



GRIFFIN & KING

LICENSED INSOLVENCY PRACTITIONERS

News and views from the Griffin & King team

BUSINESS RESCUE, RECOVERY AND TURNAROUND

SPRING 2014

NEW RULES FOR PAYDAY LENDERS AND DEBT MANAGEMENT COMPANIES



With effect from 1st April 2014 the Financial Conduct Authority (FCA) has taken over the regulation of consumer credit, succeeding the OFT (Office of Fair Trading), with tougher rules.

The FCA boss, Martin Wheatley said "The FCA will take a tough approach to consumer credit with strong powers to clamp down on poor practice"..."our supervision of firms will be hands on and we will closely monitor how providers treat their customers, in particular, those operating in high risk sectors such as credit cards, debt management and payday."

The FCA estimates that there are around 50,000 firms in this sector lending around £2bn a year.

Some of the specific measures are;

- Limiting roll over loans to just two
- Restricting to just two the number of times a firm can seek repayment using a continuous payment authority
- Requiring payday lenders and debt management firms to tell customers how to get free debt advice
- Debt management firms are required to pass on more money to creditors from the first day of a debt management plan and to protect their clients' money

It is also proposed that the FCA will put a cap on the interest rates charged by payday lenders following annual rates being charged of over 5000%. Australia has introduced a cap at 4% per month with a ceiling on any initial fee at 20% - but there are still other charges and penalties for late payment.

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It is estimated that there are a staggering half a million DMP's (Debt Management Plans) entered into each year.



**Tim Corfield
comments
about the
new rules.**

"my biggest concern is that the new rules for payday

lenders will restrict credit and increase illegal loans to the most vulnerable of our society."

..."As for DMP's I don't know why there are so many! Formal insolvency solutions (bankruptcy and individual voluntary arrangements) have been running at around 20,000 a quarter which is a fraction of the number of DMP's. A DMP should only be used in very limited circumstances and usually only for a few months. A DMP does not provide a long term solution in most situations. I would encourage local people with debt problems to seek a face to face meeting with a suitably qualified local debt expert to carefully discuss their case - which shouldn't have a cost. Too many people just call or email a large DMP organisation and are happy to deal with them remotely without really knowing them or fully understanding the issues involved. It's so important that the debtor gets the right solution to fully deal with their debt problem and feels confident about the practitioner whom they are dealing with."

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New director rules to be introduced in 2015



Tougher rules are to be introduced by the business secretary Vince Cable for rogue directors next year.

He said "rogue directors can cause a huge amount of harm in terms of

huge financial losses, unnecessary redundancies and lifelong investments going down the drain. It is only right that we should put the toughest possible sanctions in place, make sure we stamp out unfair practices and deter those who are looking to act dishonestly."

Around 1200 directors are disqualified each year and 1053 have been disqualified in the ten months ended January 2014.

Giles Frampton, for R3 (Insolvency Trade Body) said "We're very pleased to see action from the Government in such an important area. R3 has been calling for improvements to the disqualification process for some years now and it's good to see that the Government has been listening... However, while the Government proposals may help improve performance on disqualification, there is still more work to do before reality matches rhetoric. More investment in the Insolvency Service is needed, as is reform of how rogue directors are reported.

Director disqualification is currently an area of real concern for creditors and the insolvency profession."

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For advice on insolvency issues call us on your local number opposite

www.griffinandking.co.uk | email: janet.peacock@griffinandking.co.uk

What do we do?

We find solutions for businesses and individuals who have financial problems.

SERVICES FOR LIMITED COMPANIES

- Creditors Voluntary Liquidation
- Pre-Pack Administration
- Company Voluntary Arrangement
- Administration
- Members Voluntary Liquidation

SERVICES FOR CONSUMERS, SOLE TRADERS & PARTNERSHIPS

- Individual Voluntary Arrangement (Consumer Debt)
- Individual Voluntary Arrangements (Business and/or Consumer Debt)
- Partnership Voluntary Arrangements
- Debt Management
- Informal Creditor Arrangements
- Bankruptcy Advice
- Debt Relief Orders

Are you OK with dogs?

A true story by Tim Corfield




I had a call recently from Stan who told me he was director of a security company and clearly distressed about things. Stan explained he'd had a very serious head injury when he fell off a horse a few months before. PAYE and VAT hadn't been paid and Stan wasn't able to cope with running the company

any more. Stan's injuries had stopped him from driving so we agreed I'd visit Stan at his home in Telford to discuss things.

After I'd taken Stan's address he added "you're ok with dogs aren't you?" Without thinking I said "that's fine". Stan went on to tell me a bit more about his "friendly pups" – alarm bells should have sounded when he mentioned their names were Zeus and Tyson!

Zeus was a ten month old German shepherd and Tyson a two year old Doberman. After a demonstration from Stan, in his protective clothing, as to how they would deal with a burglar we sat down on the sofa to discuss Stan's situation...that is me, Zeus and Tyson on one sofa and Stan on the other! "They like you" said Stan as they nipped my arms as I was trying to take notes and slowly used their weight to push me further and further towards the edge of the sofa..."that's a relief I thought!".

Not surprisingly, it was one of the shortest meetings I've had! We agreed the best course of action was that the company enter creditor's voluntary liquidation. I made arrangements for the contracts to be transferred to another local security company maximising the value of these for creditors. Trade ceased and Stan is now getting his life back together. Stan wanted the creditors meeting at his home but I didn't think this was a good idea!

If you have any clients or contacts, preferably without dogs (only joking), that have financial difficulties, please ask them to get in touch with me or Richard Owen for a free, confidential chat – we will be able to help! 

Business briefings

Our next seminar



Tuesday 7 October 2014 at
The Village Hotel, Inspiration Suite,
Tempus Drive, Tempus Ten, Walsall WS2 8TJ
12.30 – 2.30pm.
Full details to follow.

Please check for availability. To reserve a place email:
janet.peacock@griffinandking.co.uk
or book online at www.griffinandking.co.uk

Places limited! Book early

Signature Dinners

These exclusive Signature Dinners are held bi-monthly. The Dinners have been introduced for the benefit of Local CEOs, Managing Directors, Partners and Senior Managers to get together. They are designed to facilitate networking at a higher level and create and nurture long-standing relationships.



Forthcoming Signature dinner dates
Last Thursday in the month:

June 26th 2014, September 25th 2014
November 27th 2014



For further information email:

janet.peacock@griffinandking.co.uk

THE LAST WORD...

Marathon Woman - Well done Amelia!



Amelia Fearn proudly displaying her medal after completing the Brighton marathon in April.

"After running for little over 12 months, I took on my first marathon. Training was not glamorous; it was cold, wet and windy! I clocked up 20 miles as my longest run, during which I picked up an injury. I decided that I was going to run anyway. At 9.15am on 6 April I started the Brighton Marathon; I high-fived Paula Radcliffe and got under way! The crowds were great fun, cheering us all along. My injury was fine for the first half but became unbearable during the second and I was forced

to slow down. I finished strong and in the sunshine, proud that I had finished at all!

My chosen charity (Samaritans) was incredible; they supported all those running for their cause. I found out that they take 14,000 calls per day which I find quite impressive, they're always there, happy to talk."

If you would like to make a donation please visit the website <http://uk.virginmoneygiving.com/AmeliaFearn>



Amelia joined the team at Griffin & King on the 1st February 2010 and works as a case manager in the Corporate department.

Griffin & King Competition

Win 6 bottles of Champagne
or the equivalent in
Marks & Spencer Vouchers



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All you need to do is visit www.griffinandking.co.uk and answer the following questions. All correct entries will enter the draw.

1. How many Videos on the Video Gallery in total?

2. How many Testimonials in 2013?

3. Name all four managers, plus identify which one supports local theatre.

Competition closes on 14 July, 2014.

Please staple your business card with your entry if posting in.

Complete your details and either email to:
janet.peacock@griffinandking.co.uk or post, clearly marked for:
Janet Peacock, Griffin & King, 26- 28 Goodall Street, Walsall,
West Midlands, WS1 1QL



Griffin & King last Competition winner

Congratulations to Sam Sturdy
of Finance 4 Business, who has
chosen M & S Vouchers



Sam comments: "Always good to be a winner, but always good to do business with Griffin & King"



Good luck!