

MONEY
ADVICE TRUST

BUSINESS
DEBTLINE

NATIONAL
DEBTLINE

WISER
ADVISER

Consultation Response:

DWP PAFER Act Code of practice: Recovering debt

Response by the Money Advice Trust

Date: February 2026

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Introduction

About the Money Advice Trust

The Money Advice Trust is a charity founded in 1991. Our mission is to help prevent financial difficulty and remove problem debt from people's lives.

In 2025, our National Debtline and Business Debtline advisers provided help to 189,550 people by phone and our digital advice tool, and 53,410 people by webchat, with 2.1 million visits to our advice websites. In addition to these frontline services, our Wiseradviser service provides training to free-to-client advice organisations across the UK and in 2025 we delivered this free training to 646 organisations.

We use the intelligence and insight gained from these activities to improve the UK's money and debt environment by contributing to policy developments and public debate around these issues.

Find out more at www.moneyadvicetrust.org.

Public disclosure

Please note that we consent to public disclosure of this response.

Introductory comment

As a debt advice charity, we are limiting our comments to the code of practice on recovering debt.

We welcome the DWP Code of Practice on recovering debt. We consider that the guidance is sufficiently clear throughout. Where we have queries or suggestions, we have included these in our response to the questions below.

We are particularly pleased to see that the DWP will consider a Standard Financial Statement (SFS) produced with a debt adviser when looking at affordability and that the DWP will work with debt advice agencies to find a solution without using these enforcement powers.

Responses to individual questions

Question 34: The things described in this chapter make it clear how many times an individual will be contacted prior to the use of the powers and that this gives plenty of opportunity to agree a voluntary payment plan thus preventing a direct deduction order.

b) agree

Question 35: Please explain your response.

We agree that the guidance makes it clear how many times someone will be contacted before further action will be taken and this will be done using a variety of methods. We welcome the guidance stating that all notifications will signpost to free and independent debt advice. We would urge the DWP to make sure that this lists both the MoneyHelper debt advice locator tool,¹ and a range of free debt advice charities, to ensure that there is a wide choice of providers included. We believe the range is too limited currently. In particular, communications should include the debt advice charities currently funded by the Money and Pensions Service to provide national and business debt advice, which includes National Debtline and Business Debtline, run by the Money Advice Trust.

We welcome the guidance making it clear that there will be a dedicated contact number for both debt advisers and individuals to contact the DWP enforcement team. We are particularly pleased to see that the DWP will consider a Standard Financial Statement (SFS) produced with a debt adviser when looking at affordability and that the DWP will work with debt advice agencies to find a solution without using these enforcement powers.

Question 36: Chapter 2 makes it clear that bank charges may be applied to any Direct Deduction Order (DDO) and that by contacting DWP an individual can agree a voluntary repayment plan and avoid the use of the DDO and therefore avoid these charges.

d) disagree

Question 37: Please explain your response.

The only section in chapter 2 that relates to bank charges appears to be 2.23.

¹ [Debt Advice Locator](#) | [Syndication](#) | [MoneyHelper](#)

2.23. Use of the powers may result in additional cost to the individual, such as reasonable costs recoverable by the bank when making a deduction, or costs incurred by DWP in relation to disqualification applications. This will be clearly explained to individuals in DWP notifications.

We think that the DWP should be clearer what is meant by “additional cost” and “reasonable costs” and set out that this refers to bank charges specifically. This is a more recognisable term and more likely to be understood in relation to banking than a vaguer reference to costs. However, if there are additional costs that can be added as well as bank charges, this should be made plain in the guidance.

It is not immediately clear that bank charges can be avoided by agreeing a voluntary repayment plan. This should be spelt out in the guidance, rather than being implicitly the case e.g. if you do not have a deduction in place, the bank will not be able to add bank charges.

Question 38: This chapter makes it clear that contacting DWP to arrange a voluntary repayment plan will mean that a potential driving licence disqualification can be avoided.

b) agree

Question 39: Please explain your response.

The guidance is clear that disqualification from driving is a last resort and that the DWP preference is to put in place an affordable repayment plan instead.

Question 40: This Chapter makes it clear that the DWP will help individuals who may need alternative forms of communication to contact and engage with DWP regarding the money that they owe.

b) agree

Question 41: Please explain your response.

It is very clear from the draft guidance that the DWP is committed to ensure that people can engage in a way that suits their needs.

We have been pleased to engage with the team at the DWP to help develop notifications that are as clear and engaging as possible.

Question 42: This chapter makes it clear how an individual can make representation or ask for a review following the receipt of a Direct Deduction Notice.

d) disagree

Question 43: Please explain your response.

Representation

Step 6 is entitled “*Notifying individuals of a proposed DDO and representation window*”. Although this section contains information about representations it would be clearer if there was a separate section that covers representations “How does an individual make a representation?” or even set out the time periods allowed in a visual diagram for clarity. For example, the section on banks appealing a penalty for non-compliance is clearly entitled “How does a bank appeal against a penalty?”.

The time period allowed for a representation appears to be one calendar month. This time limit should be highlighted as well.

Whilst we appreciate the detail on how to contact the DWP to make a representation may be contained in the notification, it would be useful for the guidance to set this out too, for example, is this by way of a phone call, or a form to complete, or by another method.

Review

The time period for a review appears to be one calendar month. However, this could be highlighted as well.

Again, whilst we appreciate the detail on how to contact the DWP to ask for a review may be contained in the notification, it would be useful for the guidance to set this out too, for example, is this by way of a phone call, or a form to complete, or other method.

Question 44: The information in Chapter 5 makes clear the Penalties applicable to financial institutions and the process for appealing a penalty.

b) agree

Question 45: Please explain your response.

Section 5.36 makes it clear that the DWP may impose a penalty of £500 for failure to comply with its obligations under the Act. It also sets out clearly the reasons that a penalty might be imposed and that this is on a case-by-case basis.

The section on appeals has a clear heading and appears to set out the process for appealing a penalty clearly.

Question 46: It is clear in this Chapter that in the first instance a payment plan will be set by the Court when issuing a suspended order. Only where this payment plan is not adhered to, without reasonable excuse, can someone be disqualified from driving.

B) agree

Question 47: Please explain your response.

The guidance clearly states that a payment plan will be set by the Court when they issue a suspended order.

The guidance under section 6.4 states that *“The court cannot make the order if it considers the individual has an essential need to drive”*. However, the guidance does not set out how the essential need to drive is defined, or how the court will establish this. There is also a right for the individual to make representations to the Court before an order is made, as to why they consider they have an essential need to drive. Again, it would be helpful to set out further guidance on what constitutes an essential need to drive.

In the section on varying the disqualification order, it is not clear how the individual concerned goes about applying to the Court to vary the order, or what form to use, or if any application fee applies.

Question 48: Chapter 7 of the Debt Code of Practice makes it clear how and when an individual’s information will be processed, used and stored in a secure way, and handled with care.

b) agree

Question 49: Please explain your response.

We consider that the Debt Code of Practice makes it clear how an individual’s information will be used and stored.

However, we would urge the DWP to include more information under the section “Data subject rights” as section 7.13 merely refers to rights in other Acts. We believe it would be an improvement to include a paragraph setting out what individuals can do when they wish to find out what data is held upon them, or wish to complain about the way in which their data has been used.

Section 7.33 refers to sensitive information disclosure with others such as relatives or debt advisers. *“Notifications will state in what circumstances DWP must obtain the consent of the data subject, or person providing information, before sharing the information with other parties...”* However, it would be preferable for the guidance to include what these circumstances are, rather than leaving this to be contained within notifications that are not in the guidance.

Question 50: Chapter 8 makes it clear how and when DWP will offer support to those who have been identified as or declared themselves as vulnerable.

d) disagree

Question 51: Please explain your response.

The wording in the definition of vulnerability needs a small correction as it currently defines “vulnerability as an individual...” which does not make grammatical sense.

“8.2. The department defines vulnerability as an individual who has complex needs and requires additional support to enable them to engage with DWP. DWP knows that this definition must be flexible and where appropriate and reasonably possible the DWP Debt Enforcement Team will offer tailored support that meets individual needs and circumstances as set out in section.”

The section “Identification of vulnerabilities” says that there are robust processes in place to support the vulnerable and those struggling with debts. Section 8.4 states:

“Where individuals make contact, and where appropriate, DWP can reduce or temporarily suspend recovery depending on the circumstances. In exceptional cases, DWP can consider waiving recovery of the debt entirely...”

We would suggest that this is a practical response from the DWP once vulnerability has been identified. It should therefore also be included in the “Adjustments for those who are vulnerable” under section 8.12 as an option, perhaps following the bullet point on pausing recovery action.

Question 52: Overall, the Debt Code of Practice is easy to understand.

b) agree

Question 53: What changes, if any, would you like to see in relation to the Debt Code of Practice, please explain here.

We have made suggestions in our response to the questions above. We do not have any additional points to make at this stage.

Question 54: Do you have any other comments on the Debt Code of Practice?

We have no further comments to make at this stage.

Question 55: Is there anything that you consider has not been addressed in the Code of Practice?

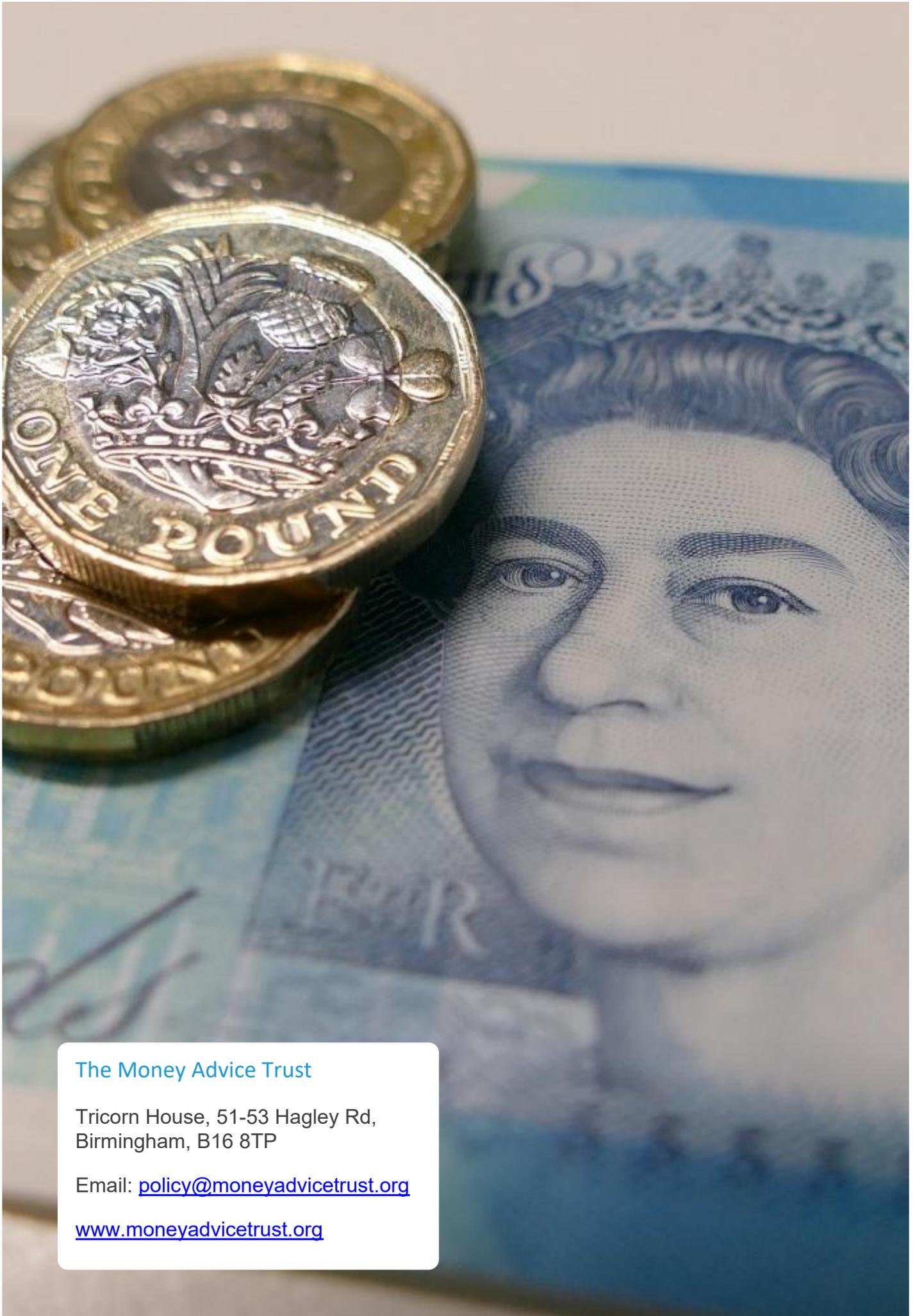
Whilst we consider that the Code of Practice is fairly easy to understand, it is constructed mainly for professional adviser use. There is a strong need for further plain English guides issued for individuals facing recovery, that cover the main points, and clearly state what steps they can take to deal with their overpayment at each stage of the process.

For more information on our response, please contact:

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