

## **Debt Managers Standards Association Limited (DEMSEA) Code of Conduct (the CODE)**

### **Contents:**

1. Introduction
2. Availability of the Code
3. Membership of DEMSEA
4. Compliance with Statutory Regulations
5. Compliance with OFT Debt Management Guidance Notes
6. Training
7. Marketing, Advertising and Publicity
8. Information to be provided to Consumers
9. Vulnerable Consumers
10. Contract Terms
11. Client Accounts
12. Debt management Services
13. Client Interests
14. Lenders
15. Redress
16. Failure of a Debt Management Company
17. Extreme Hardship Cases
18. Administration and Monitoring of the Code

### **Annexes**

19. Individual Voluntary Arrangements
20. Complaints Handling and Independent Redress
21. Compliance and Disciplinary Procedures

### **1. Introduction**

DEMSEA was established in 2000 in order to promote good practice in the debt management industry, and to protect the interests of the public and the creditors to whom they owe money.

Debt Management Companies (DMC's) act on behalf of borrowers to help them clear their debts. They do this by entering into direct negotiations with creditors in order to facilitate the repayment of debts. In return for their services DMC's may be paid a fee by the borrower.

The Code has been developed, and revised, in consultation with lenders and DMC's and will be reviewed on a regular basis with input from appropriate consumer organisations. DEMSEA is seeking approval of the code from the Office of Fair Trading under its Consumer Code Approval Scheme (CCAS), and in reviewing the Code due consideration has been given to the guidelines provided by the OFT in the "Debt Management Guidelines" document issued by them in December 2001, and subsequently updated in September 2008.

The aim of the Code, and that of DEMSEA, is to encourage DMC's to provide services of the highest standards in which the public and the credit industry can have confidence, and to provide a high level of protection to the consumer.

#### **2. Availability of the Code**

All members of DEMSEA must make available full details of the Code to consumers, on request, and without charge. The Code is also available directly from DEMSEA either by post or by downloading from the DEMSEA website, free of any charge.

### 3. Membership of DEMSA

DMC's wishing to join DEMSA and those in membership have to demonstrate that they are able to comply with the standards and requirements set out in the Code, and they undertake to comply in all aspects. DEMSA monitors and audits compliance with the Code by its members and has power to discipline any offending members **The Code should be read in conjunction with the DEMSA Complaints Handling and Independent Redress Procedures and the DEMSA Compliance and Disciplinary Procedures, which are binding on all DEMSA members.**

### 4. Compliance with Statutory Regulations

Members must be licensed appropriately and carry out their business in accordance with the requirements of the Consumer Credit Act 1974, taking account of the reforms introduced by the Consumer Credit Act 2006.

Members must also comply with any other regulations which may apply, including the Data Protection Act 1998, Consumer Protection Act 1987, Financial Services (Distance Marketing) Regulations 2004, Unfair Contract Terms Act 1977, Unfair Terms in Consumer Contracts Regulations 1999, Supply of Goods and Services Act 1982 and any further enactments thereof.

### 5. Compliance with OFT Debt Management Guidance Notes

It is a requirement of membership of DEMSA that the "Debt Management Guidance Notes" published by the OFT in December 2001, and any future issues, revisions or commentaries are fully complied with. (See Debt Management Guidance, September 2008 – OFT 366) The Debt Management Guidance places important obligations on DEMSA members, to which reference is not always made in the Code. To that end, whilst the DEMSA Code of Conduct is an extension of, and in addition to these guidelines, where any point is not specifically covered in the Code, then the relevant part of the Debt Management Guidance Notes must be applied.

The Debt Management Guidance Notes are available by following the link from the DEMSA website, [www.demsa.co.uk](http://www.demsa.co.uk) or by visiting the OFT website, [www.of.gov.uk](http://www.of.gov.uk).

### 6. Training

- Members must be able to demonstrate to DEMSA that they provide their staff with sufficient and appropriate training to enable them to carry out their work efficiently and to acceptably high standards.
- All staff employed by members must be aware of the existence and terms of the DEMSA Code of Conduct, and the Debt Management Guidance Notes, and be made aware of their specific responsibilities in ensuring that the Code and Notes are adhered to. Members must provide relevant and effective training to make sure their staff understand the Codes' provisions and their own legal obligations to consumers and responsibilities under the Code.
- Members must ensure that all staff are fully trained and equipped to deal with the needs of particularly vulnerable consumers (see [section 9](#))

## 7. Marketing, Advertising and Publicity

Members must ensure that their advertising or promotional material, whether by newspaper, TV, Radio, website or any other media form:

- Is clear, accurate and truthful, and does not in any way mislead either expressly, or by implication or omission.
- Complies with all regulations and guidelines in force from time to time
- Contains reference to their membership of DEMSA and their adherence to the DEMSA Code of Conduct, by use of the DEMSA logo.
- All literature must give details of how consumers may obtain a copy of the Code

## 8. Information to be provided to Consumers

Members must provide clients with sufficient, clearly written information to enable them to make an informed decision about whether or not they would benefit from the services the DMCs offer.

In particular the following must be covered:

- It must be made clear that administration and/or management fees will be payable, and details of such costs must be provided.
- If a first payment goes to the DMC and not to the creditors, consumers must be warned that they will go further into arrears with their creditors.
- The consumer must be advised that he will be given the opportunity to withdraw from the contract, the procedures for withdrawal from a debt management programme, and the circumstances in which costs will and will not be incurred and, if they are, what they are likely to be.
- The nature of the service to be provided by the Member: the total cost to the consumer of the service including any initial or fixed charge fee or deposit, the periodic management fee to be paid to the member multiplied by the estimated length of the contract; the amount to be repaid; and the likely duration of the contract. Where it is not possible to establish the cost or duration of a contract a best estimate of the total cost to the consumer of the service must be given. Estimates must be realistic and must be accompanied by a clear warning that it is an estimate and the assumptions it is based on.
- If the proposal is covered by the Financial Services(Distant Marketing) Regulations 2004 then the relevant information prescribed by that act, including cancellation rights must be advised to the consumer.
- Creditors are not obliged to accept reduced payments or to freeze interest and/or charges and fees and that, unless they do so, repaying the same debt over a longer period of time will increase the total amount to be repaid.

- Collection actions, including default notices and litigation, can ensue and that there is no guarantee that any existing or threatened proceedings will be suspended or withdrawn.
- The likely impact of the debt management programme on the consumer's credit rating, that they might not be able to obtain credit in the short term, and that there is some likelihood that they will not be able to do so in the medium to long term.
- The importance of prioritising debts such as mortgage, rent, council tax and utility payments and any arrears, and ensuring that an appropriate allowance is made for these payments within any debt management programme.
- The nature of those commitments that will, and those that will not be included within the repayment plan must be made clear to potential clients.
- The likelihood that existing bankers may not wish to continue banking facilities and information and advice on basic bank accounts.
- The terms and conditions of any managed or other bank account or other service offered
- Where a member of staff from a Debt Management Company recommends that, in the consumer's best interests, one of their options is a remortgage, or further advance, or consolidation loan, the DMC must disclose to the customer in writing the level of fee, commission or any other remuneration they will receive from the third party who arranges this service, if not already disclosed by the third party. Any such advice will be given with the requisite degree of care and if it is in the consumer's best interests (notwithstanding that the consumer does not take up a debt management programme with the member and does not therefore become a client).

## 9. Vulnerable Consumers

DEMSA members must offer equality of service to any person, regardless of their race, creed, sex, disability or nationality.

Members must have in place satisfactory provisions for dealing with vulnerable consumers who may include those who are disabled and/or disadvantaged in some way, for instance consumers with poor literacy skills, including difficulty with reading/writing or understanding basic mathematics, or lack of knowledge about a complex product or service, or whose first language may not be English.

## 10. Contract Terms

Contract terms and conditions should be fair, written in plain, intelligible language and easily legible, and must provide for the following:-

- Detail the nature of services being provided, ie the debts which are included, and those that will not be included in the programme.
- Where it is not possible to state firmly the cost or duration of a contract a best estimate of the total cost *and duration* of the service, based on the amount of

payment being made, the management fees charged and the amount of debt outstanding. The assumptions on which this is based should be set out.

- Contract terms must specify a period within which payments received from clients will normally be passed on. As specified under "Client Account" below payments must be made within 5 working days of clearance.
- Procedures for withdrawal from a programme.
- Compliance with the Financial Services (Distance Marketing) Regulations 2004 regulations 9 & 10 regarding the cancellation rights enjoyed by consumers, which include the right to cancel, in certain circumstances, even if written information has been received by the consumer..
- Any contract must not include any term which says or implies that there are no circumstances in which a client is entitled to a refund. For example a refund may be due to a dissatisfied client if:
  1. The member has promised more than it can deliver.
  2. The member has failed to conduct negotiations with the reasonable care and skill required by section 13 of the Supply of Goods and Services Act; or
  3. There has been a total failure of consideration
- Clients on debt management programmes must not be prohibited from corresponding with, or responding to creditors or their agents. It is reasonable for members to request that all contact/correspondence with creditors be copied to them. Members must deal with all correspondence promptly, and must keep the client informed of relevant communications.
- The contract should allow the client to withdraw from the contract where, following signing of the contract the total fee differs significantly from the estimate given prior to the contract (for example, because a full investigation of the client's circumstances reveal that the monthly payment must be larger than first thought).

## **11. Client Accounts**

- Members must maintain accurate, up to date client records that detail all client payments and written and oral contact with clients and their creditors.
- Clients' monies must not be accepted, whether post-dated or otherwise, before clients have received and acknowledged in writing the written terms of business.
- Members must demonstrate, by annual audit certificates from a chartered accountant, that client monies are held in a separate "ring fenced" bank account that would not be at risk in the event of a member ceasing to trade, and is not usable by the member for the purposes of its own business. Any interest earned on the account should accrue to the benefit of the client, not the company.
- Members must pay clients' monies to creditors within five working days of clearance.
- If clients withdraw from debt management programmes, members must refund any monies held for disbursement paid by the clients, excluding any reasonable administration fees, where these have not yet been distributed.

## 12. Debt Management Services

- Members must advise clients of the outcome of negotiations with creditors. This is not limited to the situation when creditors have refused to deal with members, or have returned payments, or have refused to freeze interest.
- Members must keep clients informed of any developments in the relationship with creditors, in particular the issue of default notices or the threat of issue of legal proceedings.
- Where the service provided by the member includes debt repayment the member must
  - take full account of debts such as mortgage payments, rent, utility payments etc including any arrears already incurred on those debts, in setting monthly repayments, and
  - reassess the payment plan and consider any necessary changes (including bringing the plan to an end) to ensure it remains in the client's best interests, as soon as it becomes aware of material change in the client's financial position. The client should be advised of any recommended changes without delay. Repayment plans should in any event be re-assessed on at least an annual basis and the client informed of the outcome of the reassessment.
  - Clients should at the outset be given a statement of how their money is being disbursed. In addition, where a plan has been agreed, the balance owed (or if an accurate figure is not known, the best estimate), the period of payment needed to clear the debts and the fee charged by the member must be included in the statement. Clients must be kept informed of any material changes to these arrangements at the time they occur. Members should meet any request by a client for a statement of his or her position.
  - Members should respond to complaints promptly and fairly. (See under "Redress").

## 13. Client Interests

- Members must demonstrate that they act solely in their clients' best interests. In doing so they must help clients to clear their debts as quickly and efficiently as possible, and must not use high pressure selling tactics.
- Members must exercise all due discretion, in the best interests of the debtor, in deciding whether or not to accept a debtor on to a debt management programme, and must bear in mind that debt management programmes are not suitable for all debtors
- A realistic assessment of the financial circumstances of the consumer must be made before advice is given. Verification of information given should be obtained in the form of pay slips etc.

- Members must keep in strict confidence information given to them by their clients, excepting the disclosure of relevant information with express consent of the client, to the relevant creditors (or exceptionally for the purpose of the independent investigation of a complaint)
- Members must advise clients on the importance of paying secured loans and prioritising debts.
- Any advice given to the client to cancel direct debits and standing orders prior to a repayment plan being agreed with creditors must be demonstrably in the best interests of the client. Members must clearly warn clients of the risks and consequences of this course of action if they advise it.
- Members must not lend money to clients for the purpose of debt consolidation. However DEMSA members may accept referrals from lenders or credit brokers, provided these are done with the informed prior consent of the consumer.
- Members must ensure that proper records are kept for all cases and that adequate electronic means of storage, capable of retrieval are in place. Upon completion or termination of a programme, members will provide the client with a full statement of the history of the programme and return any important documentation eg forms P60 etc. Any documentation, paper or electronic, should be retained for an appropriate period in accordance with Data Protection Guidelines.
- Members who provide other services or products such as Payment Protection Insurance must ensure that clients "opt in" to the purchase of such products.

#### **14. Lenders**

- Members must provide lenders with clear information about their terms of business and methods of operation, as requested.
- Members must take all steps necessary and appropriate in order to provide lenders with accurate details about their clients' income and expenditure in order to allow the creditor to make an informed judgement about proposals for repayment. If requested verification of information must be provided.
- Members must provide lenders with clear payment proposals, endeavouring to ensure pro rata distribution of funds to all creditors, excepting very small payments.
- If a client withdraws formally, in writing, from a repayment programme, members must inform the relevant lenders, in writing, within seven working days of receipt of such written notice.

#### **15. Redress**

- Clients and lenders must be advised of the Code and their right to make a complaint to DEMSA if they are dissatisfied with the service they receive.

- Members must inform clients that they have a written internal complaints procedure which:-
  1. is accessible and user friendly, and readily available to all their clients and to anyone wishing to make a complaint
  2. must detail the steps the members will take to investigate complaints
  3. must advise the complainant who will be responsible for investigating complaints
  4. ensures a response which is fair and prompt (within ten working days)
  5. records and keeps details of customers' complaints and of the action taken in response
  
- Where applicable members must be prepared to cooperate with local consumer advisers, or any other intermediary consulted or engaged by the client in the event of any dispute.
  
- Members must inform all clients of their membership of DEMSA and of the existence of the Code of Conduct and DEMSA Complaints Procedure, to enable them to be aware of their rights and remedies if they believe the code has been breached.
  
- Members must accept the terms of the DEMSA Complaints Procedure and DEMSA Disciplinary Procedures are binding upon them and they shall not be able to refuse to allow a complaint to go before the DEMSA Complaints Procedure, the DEMSA Disciplinary Procedures or to the Financial Ombudsman Service if a client so chooses. Furthermore the member shall be bound to accept a judgement made under the procedures
  
- In addition to complaints lodged by clients and/or lenders, any action committed by a member which may be construed as bringing DEMSA into disrepute will be considered as a disciplinary matter and dealt with in accordance with the DEMSA Disciplinary Procedures.

## **16. Failure of a Debt Management Company**

Members will, if asked by creditors and/or clients and/or DEMSA, assist the clients of a failed debt management company by arranging an acceptable programme, and will administer future disbursements without any up front fee being charged.

## **17. Extreme Hardship Cases**

Where it appears that applicants are unable to pay any management fees due to the severity of their financial position, members should, where appropriate recommend such clients to non profit advice centres.

## **18. Administration and Monitoring of the Code**

The DEMSA Code of Conduct is supervised and administered by the Code Administrator who is the General Secretary of DEMSA, appointed by the Board.

The Code Administrator shall:

- Satisfy himself that members' trading practices and documentation comply with the Code.
- Handle any complaints and disciplinary matters in accordance with the Procedures set out.
- Report any breach of the Code to the member and recommend any remedial action
- Investigate any failure by a member to act upon any recommendation
- Report any failure by a member to act upon any recommendation to the Board
- Review the content of the Code on an annual basis in the light of reaction to the Code and changing circumstances due to statutory and practical considerations
- Provide an Annual Report on the operation of the Code and Procedures and ensure that this is circulated to interested parties including the OFT.

**Debt Managers Standards Association Limited (DEMSA)  
Code of Conduct (the CODE)**

**19. Annex for Individual Voluntary Arrangements (IVA's)**

It has become increasingly common for debt managers, giving best advice to consumers, to offer IVA's, and this Annex is intended to broaden the Code to address this.

The DEMSA Code of Conduct in this instance seeks to address issues which arise prior to formal contract and approval of IVA's by the Court and aims to encourage the highest standards in the industry and to provide a high level of protection to the consumer.

An IVA is a formal scheme whereby debtors propose a full or partial repayment of their debts to Creditors, generally through an authorized Insolvency Practitioner. Creditors vote on whether to accept the proposal and, assuming the required majority is achieved, the scheme

is binding. The scheme is approved by the Court, who appoint a Supervisor to administer the arrangement, in accordance with Insolvency Act 1986.

This Annex should be read in conjunction with the Code but where the requirements of the Code do not apply to the operation of IVA's, as governed by the Insolvency Act 1986, may in that instance be disregarded. The clauses of the Code, however, which must at all times be observed by members when setting up an IVA are:-

6, 9, 13 (paragraphs 1,3,4,5,6,7), 15 (where applicable and not governed under the Insolvency Act 1986).

### **To be read in conjunction with Clause 7 of the Code**

#### **When advertising; marketing and giving pre-contractual advice on IVA's DEMSA members must never**

- Use statements such as "free of charge"; "at no cost to you because your creditors cover the costs" because they imply all money paid by the consumer goes towards paying off their debt, whereas a proportion of the initial payments (sometimes up to the first two years payments) is paid towards the practitioner's fees.
- Claim consumers will be debt free in five years, without explaining that although they become debt free, the effect on their credit rating will last for six years.
- Use statements such as "up to 90% of your debt may be written off" when in reality the figure is nearer 60 – 70%.
- Claim they can guarantee a favourable outcome to negotiations with creditors, or that "creditors are happy to help" where in the case of an IVA, at least 75% of creditors by value need to accept the proposal for the arrangement to be accepted.

#### **If listing benefits of an IVA's other than stating its purpose for debt reduction, DEMSA members must not:**

- Imply that fees are paid by the creditor or that the consumer does not pay any fees.
- Fail to point out that the consumer's credit rating will be affected for six years and not just for the period of the IVA, which is generally 5 years;
- Fail to inform a home owner seeking an IVA that they may be required to re – mortgage their property during the term or obtain a remortgage to realise the equity to pay off some or all of their debt.

#### **When providing pre-contractual advice and information the consumer must always be given advice that is in their best interests and should include:**

- a clear explanation of all available options open to them, such as bankruptcy, debt management plans.
- awareness of the requirements and procedures involved in an IVA proposal.
- a clear explanation about the fee payable to the nominee and supervisor of the IVA out of any repayments made.
- Awareness of the implications of entering an IVA, namely:
  - if they are a homeowner with sufficient equity they may be required to remortgage their home to release the equity to repay
  - some or all of the remaining debt
  - if the IVA failed, this could lead to bankruptcy.
  - their credit rating would be affected for six years.
  - that the decision to accept an IVA proposal is entirely in the hands of creditors.

In addition to Clause 5 of the Code regarding compliance with the OFT Debt Management Guidance, DEMSA members providing advice and assistance with IVA's should abide by and keep up to date with all industry standards, guidelines and protocols.

## **20. Complaints Handling and Independent Redress Procedures**

The aim of this procedure is to ensure that any complaint about a breach of the DEMSA Code of Conduct by a DEMSA member is investigated fairly, promptly and efficiently. DEMSA is committed to reaching an equitable solution and prompt redress to any complaint.

If a borrower or creditor wishes to make a complaint about a member, they should in the first instance address their complaint directly to the member concerned. All members of DEMSA must have a written procedure that is readily available to all their clients and to anyone wishing to make a complaint.

Members of DEMSA are obliged to inform all clients of their membership of DEMSA and the existence of the DEMSA Code of Conduct prior to arranging a payment programme.

In the event that the complainant is not satisfied with the member's response they should then inform DEMSA. Whilst DEMSA will be happy to discuss general matters on the telephone with consumers any complaint must be made in writing, either by post or electronically.

Whilst DEMSA is only able to rule on complaints about breaches of the Code of Conduct by members it will investigate complaints on other matters and, where appropriate with the member or direct the complaint accordingly.

DEMSA is committed to providing a fair, and independent, procedure for the dealing of all complaints and to this end mention is made below, in the actual procedures of the "Code Administrator" and the "Financial Ombudsman Service", which are as follows:

### **Code Administrator**

The Code Administrator is appointed by the Board of DEMSA and is responsible for the supervision and administration of the Code

### **Financial Ombudsman Service**

All DEMSA members hold a valid Consumer Credit Licence and, as such, their clients are eligible to refer unsatisfied complaints to the Financial Ombudsman Service.

### **Procedure**

- On receipt of a complaint the Code Administrator will consider whether it relates to a breach of the Code.
- If a complaint is considered not to relate to a breach of the Code the complainant will be notified in writing. Notwithstanding that it may not be Code – related the Code Administrator may decide to investigate the matter or to recommend that the complainant take up the matter with another appropriate body.
- At this stage the member will be contacted and asked to provide a report to DEMSA, giving full details of the alleged breach and how it has been or will be investigated.
- On receipt of the completed report from the member the Code Administrator will review the matter comprehensively. He will come to a decision on the matter and will communicate this decision to all parties. In the event of any material breach of the Code the Administrator will, at that time, take any necessary action as outlined in the “Compliance and Disciplinary Procedures”, and will convene the Independent Discipline Panel
- The decision is binding on the member.
- The decision of the Code Administrator, when communicated to the complainant will make it clear on what grounds the decision has been reached, what further action may be taken, and will set out the procedure to be taken, and the timescale, should the complainant not accept the decision.
- If the complainant, after considering the decision, is not prepared to accept the decision, they may refer the matter to the Financial Ombudsman Service.
- The decision of the Financial Ombudsman is binding on all parties and the procedures will only be commenced on this basis. Upon receipt of the decision of the Ombudsman, both parties will be advised accordingly and the Code Administrator may, if appropriate, take any necessary action in respect of any compliance or disciplinary issues.
- All costs relating to the Complaints Handling and Independent Redress Procedures, or case fee charged by the Financial Ombudsman Service, will be borne by the member.

### **Timetable for Complaints Handling and Independent Redress Procedures**

1. The Code Administrator will within 5 working days acknowledge receipt of the complaint
2. The Code Administrator will report details of the complaint to the member concerned and request a report from them within 10 working days.
3. The member will respond within 10 working days of receipt of the request from the Code Administrator.
4. The Code Administrator will issue his written findings within 25 working days. The complainant will be made aware of his right to access the Financial Ombudsman Service should he not accept the findings.
5. If the complainant does not accept the findings of the Code Administrator they have the right to invoke the Financial Ombudsman Service. DEMSA will ensure that a final response letter is issued, together with the reasons for rejection of the complaint
6. Financial Ombudsman Service procedures will follow the its' laid down timescale.
7. Whilst DEMSA does not impose any time limitation for the acceptance of complaints against DEMSA members it is in the interests of all parties to ensure that they are lodged, and dealt with, in a timely manner. In the event of a referral to the Financial Ombudsman Service, this has to be made within 6 months of the issue of a final response letter.

## **21. Compliance and Disciplinary Procedures and Issues**

It is a requirement of membership of DEMSA that members adhere to the DEMSA Code of Conduct in its entirety and DEMSA is charged by its members to:

- Establish the required standards and incorporate them into the DEMSA Code of Conduct
- Ensure that all members are fully aware of the requirements of the Code
- To regularly review and, where appropriate to modify and amend the Code
- To monitor, on a regular basis, adherence to the Code by members, by the means set out below
- To investigate any actual or potential breaches of the Code brought to its attention by any client of a member either by way of a formal complaint.
- To investigate any actual or potential breaches of the Code brought to its attention by any other means
- By the means of an independent panel to rule on any reported breaches and to impose sanctions as outlined below on members in the event of breaches being proven
- To ensure that reasonable time limits are set, and met, for the correction of any non – compliance issues

## **Independent Compliance & Disciplinary Panel**

An independent panel will be convened as and when appropriate to consider and rule on any perceived compliance breaches and to issue sanctions against any offending member. It is a condition of DEMSA membership that members accept the binding nature of any decisions reached by the panel. The panel will comprise of the Code Administrator and two other members both of whom will be fully independent of the Debt Management industry.

## **Regular Compliance Review**

DEMSA will undertake, either by using its own resources, or by the engagement of outside, independent professionals, regular reviews of members' compliance specifically covering the key points of the Code and the OFT Guidance Notes. The independent panel will rule on any compliance breaches revealed by this review.

## **Notification of potential breaches of the Code**

The independent panel will be convened as a consequence of acquiring information from various different sources:

- A consumer complaint
- As a result of a compliance audit
- Information obtained from a mystery shopping exercise or a consumer satisfaction survey
- A complaint from another member
- A complaint from any other source, including lenders.

## **Disciplinary Action**

Disciplinary action may be taken by the independent panel in the event of the following:

- Material and/or persistent breach of the Code
- Failure by a member to respond to complaints and investigations within a time scale specified by DEMSA
- A complaint against a member which is justified under the Complaints Handling and Independent Redress Procedures

- Bringing DEMSA into disrepute, or conduct which is prejudicial to the reputation, membership and/or objectives of DEMSA

## **Sanctions**

Sanctions against a DEMSA member may be imposed by the Independent Panel in the event of disciplinary action being taken. These may take the form of:

- Written warnings as to the members future conduct
- Undertakings to be given by members to improve/change procedures, documentation or behaviour
- Follow up inspections/audits of offending members
- Fines levied for repeated serious breaches
- Suspension of DEMSA membership until the panel is satisfied that the Code is being properly observed
- Expulsion from DEMSA. In this serious event any such expulsion may be notified to members, lenders, the media, the OFT and any other parties who may have an interest.

## **Timescales**

It is the policy of DEMSA that any breaches of compliance be dealt with and rectified in as short a timescale as possible. The following framework for the rectification of breaches has been adopted:

- On receiving evidence of a likely breach the Code Administrator will contact the member within 5 working days to request full details surrounding the alleged breach
- The member must respond within 10 working days of the request
- The member, in partnership with the Code Administrator, will have 10 working days from any instruction from the Code Administrator to rectify the breach.
- The discipline panel will be convened in the event of a material breach of the Code and when called the panel will study the details of the case, and may grant a further 10 days for any breach to be rectified or impose sanctions on the member
- Failure to meet any of these timescales will lead to the imposition of sanctions against the member as set out above.