



Provision of an European Platform for the Prevention of Over-indebtedness by the Increase Accessibility and the Improvement of effectiveness of Debt Advice for Citizens (PEPPI)



Co-Financed by the European Union



WEBINAR 1

Solving debts in the Netherlands

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Nibud

Dutch National Institute for Family Finance Information

Mission: A Netherlands without financial problems.

Advice consumers directly

Guide professionals who deal with the financial matters of private households

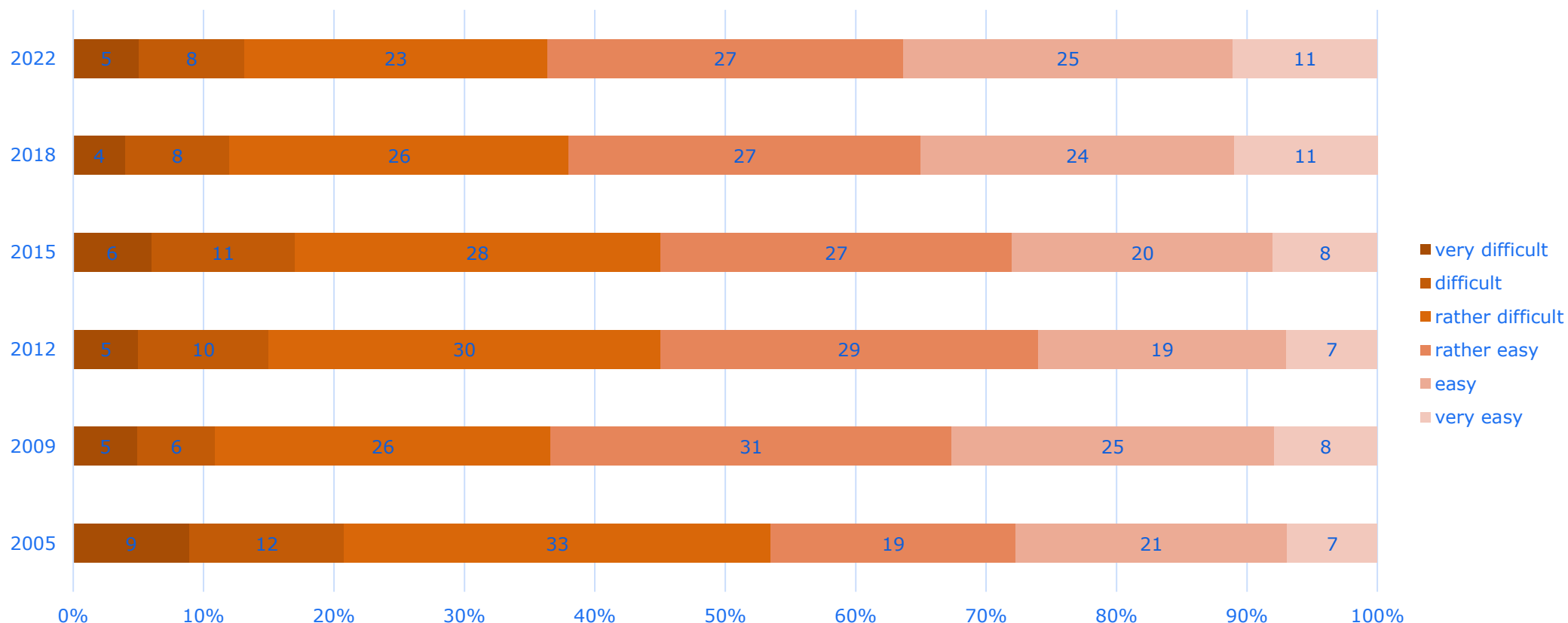
Governmental

Financial institutions



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Nibud research – making ends meet



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Debts in the Netherlands



Payment problems

- Late payment (> 3 months)
- Payment agreements
- Loan has been claimed
- >250 euro has been written off
- Debt arrangement

Debts in the Netherlands

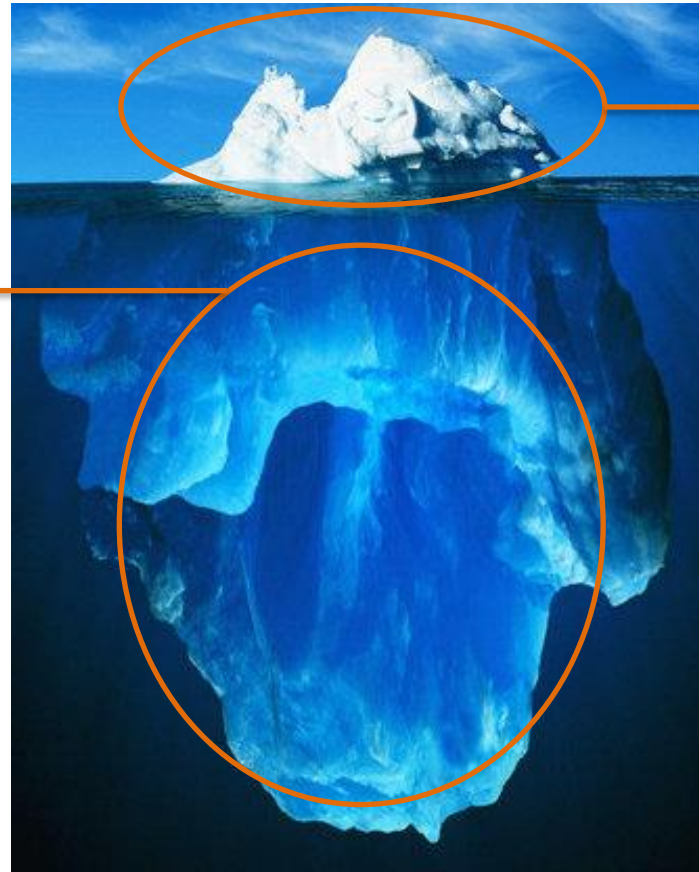


Payment problems:

- Renters
- Middle education level
- Single parents
- Regularly overdrawn
- Difficulty making ends meet
- Experienced life-event
- Increasing among 22-35

Debts in the Netherlands

- 7.800.000 with some credit
- 538.000 with registered payment problem



- 80.000 applications at NVVK-members
- 10.000 applications for WSNP
- 45.000 people have an administrator

Helping people with debts



Debt help

- **Task of local municipalities**
 - Debt advice
 - Negotiating with creditors
 - Providing restructuring credit
 - Pro-active approach at signals (early signalling)

- Own department
- Specialized (regional) institutions
 - Kredietbanken (sometimes with relief-credit (bundeling all debts in one new credit))



VROEGSIGNALERING GEMEENTEN

PROCES ONTVANGEN EN VERWERKEN SIGNALLEN VAN SCHULDEISERS



- SOCIALE INCASSO:**
- HERINNERING(EN) MET
 - AANBOD BETALINGSREGELING
 - WIJZEN OP SHV
 - GEEN REACTIE : SIGNAAL NAAR SHV
 - INSPANNING PERSOONLIJK CONTACT
 - BELLEN, BEZOEKEN, BALIE



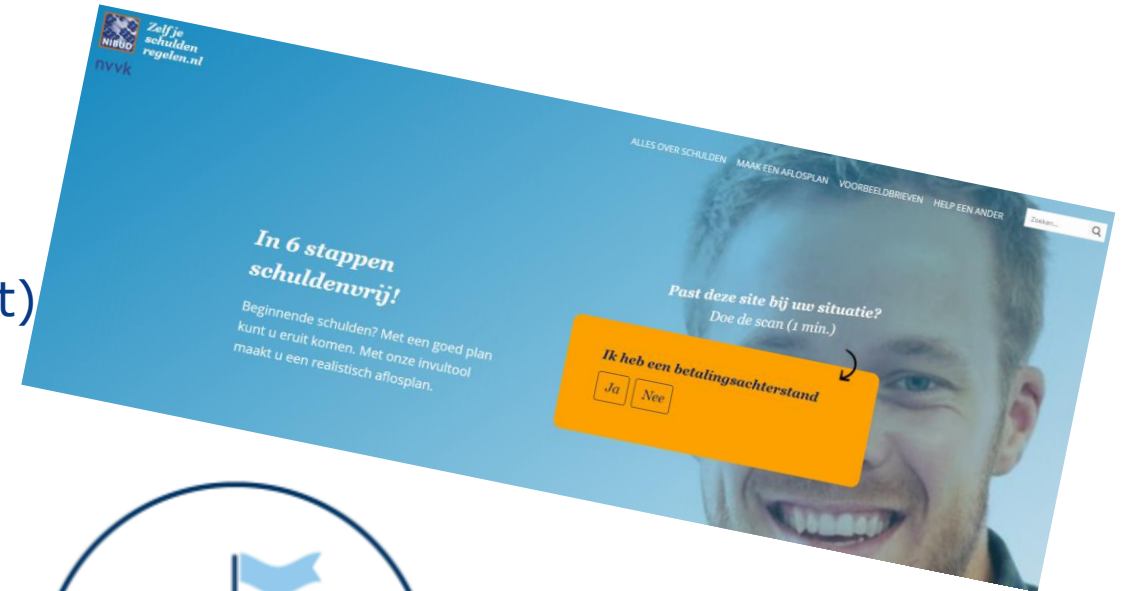
Solving debts

Beginning debts (<36 months repayment)

- Associations of volunteers
- www.zelfjeschuldenregelen.nl

Problematic debts (>36 months repayment)

- Minnelijk traject (voluntary)
- Wettelijk traject (statutory) WSNP



Solving debts – statutory: criteria

- Stable situation
 - Forbearance measures stopped
 - Income and housing situation stable
 - Other problems solved (f.e. addiction)
 - Voluntary attempt failed (declaration from municipality)
- Once in 10 years
- Bona fide / Good faith

Solving debts statutory: procedure

- Liquidating assets (savings, owned house, car,...)
- Establishing “free amount” per month
 - 95% of social minimum
 - For higher incomes: lack of income support (rent, children, health insurance)
 - (high) housing costs
 - Additional personally inevitable spendings (health, child care, car for work)
 - Judge decides
- Gathering as much income as possible
 - Full-time job (or more)
- Income -/- “free amount” for 36 months goes to creditors

Solving debts statutory

- Appointed curator
 - Reports to court
 - Has the right to open mail and to check banking accounts
 - Checks on no new debts
 - Checks on bona fide behaviour

After 36 months:

- Court decides whether procedure is fulfilled
- Remaining debt is cancelled
- Fresh start

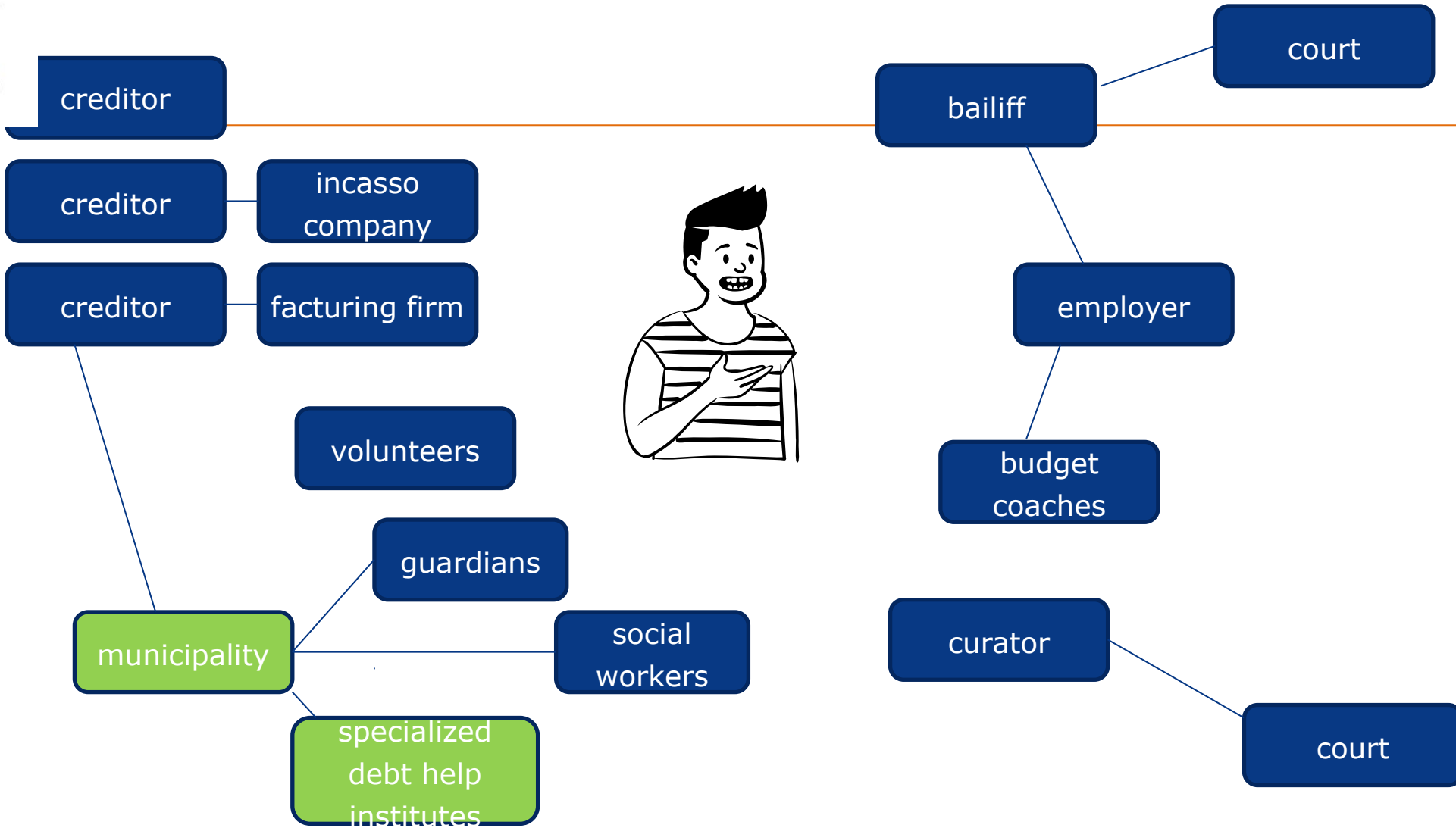
Looks good on paper, but...

People don't ask for help

- In the meantime:
 - Forbearance costs pile up
 - New debts are made
 - Competing creditors (governmental ones are worst...)

The chain is long

Creditor(s) – specialized incasso company(s) – bailiff – municipality
– specialized debt help firm – court - curator



Prevention

- Strict credit assessment rules (+ supervision)
- Credit registration
- Maximum interest rate (12% per year)

- Problem moves from regular credit to unpaid bills for other products and services