



Welkom in Deventer
Vítejte v Deventeru

Your hosts for this morning

- **Debbie Jonker, policy adviser on the subject of poverty reduction**
- **Hans van Eck, manager of Budget Adviesbureau Deventer (centre for budgetcoaching & debt settlement)**



**Budget Adviesbureau
Deventer**

Located in Deventer



The city of Deventer

- **About 100.000 inhabitants**
- **Founded in the year 768**
- **Situated in the east of the Netherlands on the river IJssel**

Netherlands



Dickens festival each december...



...attracts lots of people



Largest open air bookfair in Europe every august



Located at Town Hall



What we are

- **A department of the municipality of Deventer**
- **This means: non-profit**
- **Main purpose: helping people to prevent or solve financial problems**

Some facts about Budget Adviesbureau Deventer

- **About 65 professionals are working at our department**
- **We help about 1750 families in Deventer region every year**
- **for about 800 of them we take over all finances**
- **We make use of about 100 trained volunteers who support families**

Why we do this

- **Every inhabitant of Deventer should have a chance to take part in society**
- **Financial problems or debts are an obstacle**
 - **Practical: no money**
 - **Mentally: stress means you can't be the best version of yourself**

How we do this

- **Coaching people in how to deal with stress**
- **Eliminate the main financial stress factors**
- **Sometimes: taking over financial matters completely for a period of time**
- **Coaching families in how to cope with low income**
- **Most of the times: solving debts**

This is what we will focus on in this meeting!

Quantity of families with debts in the Netherlands

- **About 1 in 5 families have serious financial worries (pre-Covid)**
- **About 1 in 10 families have “risky debts” (can solve debts themselves at maximum effort)**
- **About 1 in 20 families have “problematic debts” (cannot provide full payment in coming years)**
- **About 1 in 40 families are known at debt counselling institutes like ours.**

Causes of problematic debts in the Netherlands

- **One of the highest amounts of debts per family in Europe. Due to high amounts of mortgages. In general: this is not seen as problematic.**
- **Major causes for problematic debts:**
 - **Living on low income for a long time (no savings vs unexpected extra costs)**
 - **Life-events (divorce/ending of a relation; losing job; birth of a child, etc.): mostly leads to loss of income or higher costs**
 - **Right now: higher costs (energy, food) but not a higher income**

Causes of problematic debts in the Netherlands

- **Personal problems like addictions (abuse of drugs or alcohol) or psychiatric problems**
- **Complexity of the way the social security benefits system is organized: when you have a low income it is not easy to apply for all possible benefits.**

The structure of debt counselling (1/7)

- **To be honest: it is difficult to explain even to my own Dutch family...**
- **I'll give a simplified version**
- **This is what you should know:**
 - **2 laws: one for amicable debtsolving (Wgs), which is executed by the municipality. When you apply to this law, a debt counselling office (like ours) tries to convince the creditors to accept a rescheduling of all debts voluntarily. This rescheduling is built up out of a few fixed parts:**

The structure of debt counselling (2/7)

- **Duration: 36 months**
- **Repayment: pay as much as you can. Broadly speaking: there is a standard amount (we call this “Vrij Te Laten Bedrag”, freely disposable amount) that is needed for paying primary costs like rent, energy, insurances and food. Sometimes extra amounts are added for special costs (i.e.: the costs of driving a car when this is needed for work, or high medical costs). The part of the income that exceeds this amount must be paid to the creditors.**

The structure of debt counselling (3/7)

- **Important obligations: put your best effort in maximizing your income and minimizing your costs; do not make new debts**
- **The debt counselling agency predicts on the base of income how much can be repaid in 36 months and makes an offer to all creditors.**
- **In this offer, every creditor gets an equal share, based on the height of its claim.**

The structure of debt counselling (4/7)

- **For example:**
- **Creditor 1: € 4.500**
- **Creditor 2: € 18.000**
- **Creditor 3: € 13.500**
- **Total: € 36.000**

Monthly payment: € 100 → 36 months: € 3.600

Offer: every creditor gets 10% of its claim (mostly: paid at once) and drops the other 90% . So creditor 1 gets € 450, cred2 € 1.800 and so on...

The structure of debt counselling (5/7)

- **Only when all creditors accept the offer, the amicable debt settlement can be completed.**
- **About 85% of all cases!**

The structure of debt counselling (6/7)

- **The other 15% can apply to court for the 2nd law: Debt Rescheduling Act for Natural Persons (WSNP).**
- **Whether the request is accepted depends on:**
 - **If debts are made “in good faith” (i.e. no debts connected with social security fraud or convictions during at least 5 years)**
 - **Behaviour during the proceedings of the amicable debt settlement**
 - **Previous applications to this law (10 years)**
 - **If the judge thinks the applicant can comply with all conditions in relation to this law**

The structure of debt counselling (7/7)

- **If accepted: procedure has same elements as amicable debt settlement:**
 - **Duration: 36 months**
 - **Repayment terms: pay what you can**
 - **Obligations: no new debts, work as much as possible**
- **Biggest difference: after period of 36 months meeting all conditions, all remaining debts continue to exist but the creditors are no longer entitled to enforce the payment. This decision is made by the judge, not the creditor**

Critical notes to the Dutch system

- **Debt settlement is a responsibility for each individual municipality. Each municipality may have it's own policy in:**
 - **Who can apply for amical debt settlement**
 - **What kind of other help is offered to people with financial problems (most of the times financial problems are one of many problems within a family)**
 - **How long it takes before one gets help and how long it may take before there is a solution**
- “post code lottery”: it depends on where you live if you get the best help**

Critical notes to the Dutch system

- **There is no real solution for those who cannot apply to the amicable nor the juridical debt settlement**
 - **Debts not made in good faith (social security fraud, traffic fines)**
 - **Not able to meet all conditions**

**Stabilizing the situation & wait for better times...
(about 5% of all that apply for help)**

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Critical notes to the Dutch system

- **Focus is on technical solutions (debt settlement), not on the impact of debts and behaviour that comes with it**
- **Many can't find the way to debt counselling agencies and those who can often wait too long**

But real improvements are made during the last years

- **Energy Companies, social housing agencies, landlords, etc are obliged to inform municipalities about payment arrears, municipalities are obliged to take action on those signals**
- **More focus on the social and psychological effects of having a low income or debts (and more understanding of how this works as a result of scientific research)**

Now that was a lot of information...

- **Questions or discussion?**
- **Can anyone tell anything of how this works in Czech Republic**
- **What can we learn from each other?**

**Thanks a lot, have a great time
and a safe journey!**