

IVA ADVISORY SERVICE TERMS AND CONDITIONS

What are the terms of our agreement?

The terms of our agreement are set out in the following terms and conditions. These are important. You should read them carefully to make sure that you fully understand them. If there is anything you do not understand you should seek independent legal advice. When you sign the Client Information Form, you are agreeing to be bound by them.

What do I have to do to begin the service?

If you want to go ahead, please sign the Client Information Form, return it to us and make the necessary arrangements to pay the IVA Advisory Service Fee.

What happens after I have returned the Client Information Form?

The agreement between you and us will commence on the date you return the Client Information Form. Once we have received your signed copy and payment instructions for the IVA Advisory Service Fee our service will begin at that time. Please note that completing the Client Information Form is not an application for an Individual Voluntary Arrangement. You will be notified separately in then Letter of Engagement and Proposal for Voluntary Arrangement by your Insolvency Practitioner. The agreement between you and us is made on the following terms and conditions.

1. Definition of terms

'We, us' means Baines and Ernst Limited (or anyone to whom we transfer or assign our rights and obligations under this agreement).

'You' means the person or people whose names are listed below.

'Creditors' means all the organisations or people, or both; you have told us you owe money to and who are referred to in the Client Information Form.

'Disposable income' means the amount of money you have available to repay to your creditors each month having taken account of your income, your reasonable living expenses and any other necessary financial commitments, including payments to secured creditors. This is calculated from the financial information that you provided to us in the application process.

'IVA Advisory Service Fee' means the amount you will pay to us in order for us to provide the IVA Advisory Service. This is equivalent to two months disposable income and is calculated from the financial information that you provided to us in the application process (please refer to the Client Information Form sent with these Terms and Conditions for further details). It will be used to cover our costs in assessing and analysing your financial position in order to advise on the most appropriate option to deal with your particular situation. The IVA Advisory

Service Fee is retained by us and will not be allocated towards your IVA or paid to your creditors.

'Insolvency Practitioner' means the licensed insolvency practitioner we introduce you to in line with clause 3a.

'IVA Advisory Service' means the services we provide to you in connection with your debts as further defined in clause 3.

2. Agreement

2a. You have asked us, and we have agreed to introduce you to an insolvency practitioner.

2b. This agreement will commence on the date you return the Client Information Form. Once we have received your signed copy of the Client Information Form and payment instructions for the IVA Advisory Service Fee, the Service will begin at that time. However, pursuant to clause 8 this agreement may be cancelled by you or us.

2c. We do not have to provide the IVA Advisory Service to you unless; you have signed and returned a copy of the Client Information Form; returned the required supporting documentation; and paid the IVA Advisory Service Fee.

3. What we do

3a. We will assemble all of the information you provide into a financial review and determine the most appropriate solution for your particular needs. We will discuss all the relevant options with you and deal with any concerns you may have regarding the IVA process. We will then introduce your case to a licensed insolvency practitioner. Once introduced to the insolvency practitioner, your case will be progressed by him/her and he/she will liaise with you and your creditors in order to prepare your IVA proposal.

3b. We will ask you to pass to us (or to any person/company/ insolvency practitioner that we nominate) copies of all correspondence you have received from your creditors and to let us know about any dealings you may have with these creditors. Using this information, your insolvency practitioner will work on your behalf.

3c. If, for whatever reason, you do not enter into an Individual Voluntary Arrangement, we may refer other services to you. Should your IVA Proposal not be accepted by your creditors we or the insolvency practitioner may also refer your case to an independent third party for further negotiation with your creditors, including ultimate referral to the Financial Ombudsman Service. Acting in good faith, we are not responsible for the acts or omissions of these third parties.

4. What we do not do

4a. We do not lend you money or give you any credit facilities.

4b. We do not give you legal advice.

4c. We do not issue payments to your creditors as part of the IVA Advisory Service.

4d. We do not give you advice on how to, or contact your creditors in order to: restructure your debts; or change your debt repayments; or settle your debts early.

5. What you will do

5a. You agree to co-operate fully with us and follow our reasonable instructions so that we can provide the IVA Advisory Service to you.

5b. You agree to refrain from taking out or procuring the advance of further credit from whatever source, or entering into any kind of credit agreement.

5c. You agree to sign any necessary forms of authority or other documents so that we may carry out our obligations under this agreement.

5d. You will promptly supply us with copies of all correspondence you have received from your creditors and let us know about any direct dealings you may have with your creditors if requested to do so.

5e. So that we may inform the insolvency practitioner on your behalf, you will provide us with any information which we may legitimately request relating to your finances or personal circumstances.

5f. You will endeavour to ensure that all information you provide to us is, to the best of your knowledge, accurate and not misleading. Such information will include, but will not be limited to details of your income and expenses, the number of dependants together with details of any assets you own; details of your creditors including any mortgages or secured loans you have; information of any judgments made or pending against you; and any other enforcement action.

5g. You agree not to ignore correspondence or any other communications from your creditors or any person acting on behalf of a creditor.

5h. Though you should not ignore creditor correspondence you agree not to enter into direct negotiations with any of your creditors (unless requested in writing by us) or act in such a way as to prevent us from fulfilling our obligations under this agreement. You must make sure that you continue to make your usual payments in full towards any mortgage or other secured loans, utility bills or council tax payments. However, we will take these payments into account when we work out your disposable income.

5i. You must inform us as soon as reasonably practicable about any changes in your finances or personal circumstances as this may impact on your disposable income and the viability of an IVA Proposal.

5j. By signing the Client Information Form, you authorise us to liaise and exchange personal information with your insolvency practitioner so that we may provide the IVA Advisory Service to you.

5k. So that we may properly instruct the insolvency practitioner on your behalf, we may need to contact your creditors in order to obtain further information about you. By signing the Client Information Form, you authorise us to contact your creditors or their authorised agents in order to obtain this Information.

5l. You agree to provide us with the necessary information and documentation to enable us to ensure that our Anti-Money Laundering verification requirements are met. We take no responsibility for any delay in providing you with our service where such verification remains outstanding.

5m. You accept that the IVA Advisory Service Fee Payment will be retained by us and will be in addition to any payments you may be required to make towards your IVA (which will be notified to you in writing by the insolvency practitioner, prior to your creditors meeting being arranged and will be detailed in your Proposal for Voluntary Arrangements). Because the IVA Advisory Service Fee is retained by us, you accept that, unless you continue to make payments to your creditors, prior to your IVA being accepted by your creditors, that you may fall behind (or further behind) with your creditors. Unless your creditors agree to reduce or freeze interest and other charges, this will lead to an increase in the total amount of debt.

5n. Based solely on the initial information you have provided to us, we will calculate the estimated monthly contribution you will be expected to pay towards your IVA. This figure may change if you later provide us or the insolvency practitioner with more detailed information about your financial circumstances which affects the accuracy of information you have already provided to us and / or following agreement with the insolvency practitioner. You acknowledge that the provision of materially inaccurate or misleading information may lead to your IVA Proposal being rejected.

What if I change my mind after I have signed the Client Information Form?

5o. Under the Consumer Protection (Distance Selling) Regulations 2000, you have a 'cooling-off' period. During the period of seven working days from the date you return the signed

Client Information Form of us, you may cancel the IVA Advisory Service by sending written notice by registered post to Baines and Ernst Ltd., Lloyds House, 18/22, Lloyd Street, Manchester M2 5BE or by Faxing us on 08448 262 622. This agreement will then be at an end and we will refund you in full, all monies which you have paid us and which have cleared through our bank account (IVA Advisory Service Fee). Please note we are unable to accept verbal cancellation instructions and we will only accept signed written notification from you.

5p. You may also end this agreement at any time and for any reason, by giving us two weeks written notice as per the details given in 5o. If you provide us with written notice to cancel outside of the 'cooling-off' period this agreement will then be at an end. However, we will be entitled to retain in full the IVA Advisory Service Fee, which you have paid and which has cleared through our bank account.

6. Fees and costs

Your attention is specifically drawn to this clause 6. At any time following expiration of the 7 day 'cooling-off' period and in the event you have not, during the cooling-off period, notified us in writing of your intention to terminate this agreement with us, if for any reason your IVA does not proceed whether by termination of this agreement or otherwise, we shall be entitled to retain in full the IVA Advisory Service Fee.

7. Our responsibility

7a. We will provide the IVA Advisory Service with reasonable care and skill, but we cannot guarantee the result of the IVA Advisory Service or guarantee that an IVA proposal will be accepted by your creditors. The insolvency practitioner's professional advice will be independent of us at all times and as such we do not accept responsibility for anything your insolvency practitioner does or fails to do, unless they are directly employed by us.

7b. Our total liability for all claims of any kind under this agreement shall not exceed an amount equal to the IVA Advisory Service Fee you make to us.

7c. In any case, we will not be responsible for any delay or other things, which happen for reasons beyond our reasonable control.

7d. This clause does not affect our liability for death or personal injury resulting from our negligence. Nothing in this agreement affects your legal rights.

8. How this agreement comes to an end

8a. Subject to clause 5o and 5p, this agreement may be terminated by you or us at any time by giving two weeks written notice. Furthermore, we may terminate this agreement with immediate effect in the event of the following.

1. If you fail in any important way to do what you agree to do in clause 5 above within seven days of us telling you about it.

2. If the information you have given us is in any material way incorrect, fraudulent or otherwise misleading.

3. If we cannot perform our obligations under this agreement because of something beyond our reasonable control. In this case, we will do everything we reasonably can to let you know as soon as possible.

4. You do or fail to do something which in our reasonable opinion could damage our reputation or that of your insolvency practitioner or otherwise bring us or your insolvency practitioner into disrepute.

5. In any event this agreement will come to an end when the insolvency practitioner has accepted your case to be put forward to your creditors.

9. Other information

9a. When you apply for our IVA Advisory Service, you will provide us with information about your financial and personal circumstances ("Personal Information"). Any information you give to us will be confidential. This Personal Information will only be passed on to your creditors, your insolvency practitioner and such third parties as are required to know it for the purposes of performing our obligations under this agreement. We will not pass this information to anyone else without your express permission except in accordance with our data protection statement.

9b. We are members of the Debt Managers Standards Association (DEMSEA) and follow the OFT approved Code of Conduct, which encourages higher standards for the benefit of our clients.

9c. If at any time you are not happy with the service that we have given you, in the first instance, please telephone the business area you usually deal with in order to explain your concerns. If you want to write to us, please send your complaint to: Compliance Department, Baines and Ernst Limited, Lloyds House, 18 - 22 Lloyd Street, Manchester. M2 5BE. A copy of our Internal Complaints Procedure is also available upon request from the contact details given above. Using our Internal Complaints Procedure will not affect your legal rights. Should the matter not be resolved to your satisfaction, you may refer the matter to DEMSEA, provided that the dispute is covered by the Code of Conduct. DEMSEA has a laid down procedure for handling such complaints. Should you require a copy of the DEMSEA Code of Conduct, please contact us at the address above or the General Secretary, DEMSEA, West Point, Westland Square, Leeds, LS11 5SS or visit www.demsa.co.uk or email info@demsa.co.uk You can also refer your complaint to the Financial Ombudsman Service (FOS), South Quay Plaza, 183 Marsh Wall, London, E14 9SR or visit the website <http://www.financial-ombudsman.org.uk> or email complaint.info@financial-ombudsman.org.uk

9d. You should keep copies of all documents that you send to us as we carry out all our work on computer-scanned document images to improve our efficiency.

9e. We may subcontract any or all of our obligations under this agreement to another person or organisation. If we do this, we will still be responsible to you under this agreement.

9f. We may transfer any or all of our rights and obligations under this agreement. If we do this, we will write to you to let you know the details.

9g. This agreement shall be governed and construed by English law and that the courts of England shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with this Agreement.

9h. Baines & Ernst Ltd is registered in England and Wales. Reg No. 03167325. Registered office address: 8 St John Street, Manchester, M3 4DU. Consumer Credit Licence No. 408014.

10. Data protection statement

10a. We know how important it is to protect your Personal Information. Any Personal Information we hold will be subject to the appropriate legal safeguards under the Data Protection Act 1998. We will process your Personal Information in accordance with the terms and for the purposes of this agreement.

10b. We may share Personal Information within our company and with any other associated company within our group in order to fulfil our obligations under this agreement and in accordance with the authorities given by you in the Client Information Form. We may communicate with you by the following means (letter, telephone, fax, email or SMS text) using the contact details that you have provided. We may also transfer your data to countries outside of the European Economic Area for the purposes of providing our service to you.

10c. We may also share Personal Information with an approved third party, should your IVA Proposal not be accepted, to enable further negotiation with your creditors on your behalf, including ultimate referral to the FOS.

10d. We may also use your Personal Information for marketing purposes to identify and provide you (by letter, telephone, fax, email or SMS text) with details of other similar products and services which we, our associated companies, or an approved third party, deem could be of interest to you.

10e. By signing and returning the Client Information Form you will be giving consent for your details to be used as stated. You can tell us if you do not want to receive marketing information from us, an associated company or a third party by ticking the appropriate box on the Client Information Form or by writing to the address below. Otherwise, we will only disclose your Personal Information in accordance with relevant laws or regulations (including fraud prevention).

10f. You may ask us for a copy of the information we hold about you. Please note that under the Data Protection Act 1998 we may charge you a maximum fee of £10.00 for this request. You may also ask us to amend your personal information if it is inaccurate. Please send requests in writing to: Data Protection Manager, Baines and Ernst Limited, Lloyds House 18-22 Lloyd Street Manchester M2 5BE.

10g. We may change our privacy policy from time to time (details of which can be found on our website www.bainesandernst.co.uk) We may record and monitor calls for service quality.