

Annex B

Undertakings provided by WKD UK Ltd

UNDERTAKINGS FOR THE PURPOSES OF THE CONSUMER CREDIT ACT 1974 (THE ACT)

I, Kevin McGrann, controller, associate and business associate of WKD UK Limited ("WKD") and I, Mark Fuller, controller of WKD and whose address is 111-115, Cavendish Street, Keighley, West Yorkshire, BD21 3DG, hereby give to the Office of Fair Trading (the OFT) the following written undertakings by way of representations under section 34 of the Act on behalf of WKD and in relation to its business activities:

1. WKD undertakes to comply fully with the OFT's current Debt Management Guidance (the Guidance)¹ and will carry out the services they provide with due care, skill and fairness.

2. WKD will arrange for its compliance with the Debt Management Guidance, and with these undertakings, to be independently audited annually and for the results of those audits to be submitted to West Yorkshire Trading Standards Service (WYTSS). The first audit is to be completed by the end of July 2009.

3. WKD will undertake an immediate review of its business processes and procedures, including staff training procedures, to ensure compliance with the Guidance. The review is to be completed within three months of the signing of these undertakings.

4. WKD undertakes to produce an Action Plan for addressing the main causes of any non-compliance issues highlighted by the aforementioned independent audit reports and/or the results of the review carried out in respect of WKD's business processes and procedures. The first Action Plan is to be produced within one month of the completion of the review referred to in undertaking 3 above. Subsequent Action Plans are to be produced within one month of each annual audit. The Action Plans shall include:

(a) details of the non-compliance issues identified through complaints received, independent audits or other monitoring carried out of the businesses processes and procedures, or from any other source;

(b) details of how these non-compliance issues have been or will be addressed; and,

¹ The latest Guidance is that published by the OFT in September 2008 – Debt management guidance, OFT 366.

(c) details of when the non-compliance issues were or will be addressed and by whom.

5. WKD will request a meeting with WYTSS at least every three months and will use its best endeavours to ensure that they meet WYTSS every three months. WKD will agree a formal minute of each meeting. The meeting shall include discussion of:

(a) the content of the Action Plans and subsequent action taken by WKD to remedy all non-compliance issues, along with the outcomes, supported by the relevant evidence;

(b) all complaints made against WKD in relation to its debt management business either directly or through the WYTSS. WKD will provide details of how each complaint has been investigated and of the outcome.

6. WKD will submit all proposed advertising and marketing material used in relation to its debt management business for the purpose of attracting new customers to WKD to WYTSS for their comment and advice at least 21 days before such material is to be used. WKD will consider any comments and advice on such material by WYTSS and act appropriately. Any decision by WKD to act contrary to advice from WYTSS relating to advertising and marketing material will be notified to WYTSS after that decision is taken and prior to such material being put into circulation.

7. WKD will put in place effective and clear procedures for dealing with complaints fairly, reasonably and promptly, as required under the Financial Ombudsman Service's detailed rules for complaints handling procedures and that all businesses with a standard consumer credit licence have to follow by law.

8. In complying fully with the Guidance, WKD will:

(a) not make misleading statements and/or give misleading advice about the service they provide, in order to induce potential clients to agree to enter into a contract - clauses 2.2 and 2.10;

(b) not pressurise consumers to sign a contract without allowing sufficient time for them to consider the consequences and costs of entering into it – clauses 2.10 – 2.15;

(c) act in consumers' best interests by not signing up consumers whose circumstances may make them unsuitable for the arrangements proposed – clause 2.27;

(d) provide debt management services as agreed with reasonable care and skill; inform clients of the outcome of negotiations with creditors; and

inform clients of any developments in the relationship with creditors, in particular the issue of default notices or the threat of issue of legal proceedings – clauses 2.36 and 2.37;

(e) ensure that, when WKD is in breach of contract, a client is refunded the money that they had paid – clauses 2.19 and 2.21;

(f) ensure that they will not take an unreasonable amount of time to carry out negotiations with creditors, finalise financial statements and put in place the debt management service it offers, leading to a delay in creditors being paid resulting in an increase in the debt owed by the consumer – clause 2.24;

(g) disburse monies to creditors at the earliest opportunity and within period of time that does not undermine customers' interests or adversely affect their financial position – clause 2.24.

9. WKD will inform all customers of a creditor's decision whether to accept or refuse a payment proposal by letter within 5 working days of WKD being informed of the creditor's decision.

10. WKD will promptly return paperwork to a client when it has been requested.

11. WKD will deal with enquiries from clients' creditors, as promised in the literature they provide to the consumer.

12. WKD will seek membership of the Debt Managers Standards Association (DEMSA) at the earliest opportunity and will report to the adjudicator on the progress of their application three months after they sign these undertakings and every three months thereafter until their application has been determined. WKD will report the outcome of their application to the adjudicator as soon as it has been determined.

13. WKD will comply with the Code of Conduct of the Debt Managers Standards Association (DEMSA), whether or not they are members of the Association, and will train their employees and representatives to comply with the standards required by the Association.

14. WKD will provide all customers with a copy of their acceptance criteria for debt management plans. This information will also be available on the internet.

15. WKD will publish a leaflet containing information about its fees ("Fees Leaflet"). The Fees Leaflet will clearly set out in a single place the different types of fees payable in relation to a typical informal debt management plan and in general terms in relation to an IVA or TD and the circumstances in which each fee is payable. In relation to fees payable for an informal debt management plan, the Fees Leaflet will:

- (a) include an explanation of the full and final settlement figure (for so long as such an arrangement is offered by WKD);
- (b) include at least two worked examples based upon informal debt management plans that continue for the full term of the agreement;
- (c) explain when the first payment will be made to creditors and include a warning that only an interim payment will be made to creditors during the period that a customer is paying the initial fees to WKD and that WKD cannot guarantee that creditors will freeze interest during this period, or at all;
- (d) clearly indicate that the consequence of this is that during this period the customer's debt may increase;
- (e) state that WKD cannot guarantee that collection actions, including default notices and litigation, can be avoided; and that default notices may incur costs that will be added to a customer's debt.

16. WKD will provide all customers who are assessed as likely to be accepted for a debt management service with a copy of the Fees Leaflet and a booklet containing information about the service offered by WKD ("Services Booklet") at the earliest available opportunity following that assessment and in all cases within one working day of that assessment. Furthermore:

- (a) customers who choose to receive a comprehensive financial assessment over the telephone will be given the opportunity to be sent and/or to read the Fees Leaflet and Services Booklet prior to the financial assessment being carried out;
- (b) for customers who choose a home visit, Field Advisers will ensure that the customer has received a copy of the Fees Leaflet and Services Booklet prior to the visit and if they have not been received, will provide customers with the opportunity to read a copy of them before the assessment commences;
- (c) the Fees Leaflet and Services Booklet will be available on the internet.

17. WKD will submit any proposed changes to the Fees Leaflet to the WYTSS for their comment and advice at least 21 days before such material is to be used. WKD will consider any comments and advice on such material by WYTSS and act appropriately. Any decision by WKD to act contrary to advice from the WYTSS relating to the Fees Leaflet will be notified to the WYTSS after that decision is taken and prior to such material being put into circulation.