

# **DEBT ARRANGEMENT AND ATTACHMENT (SCOTLAND) ACT 2002**

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## **EXPLANATORY NOTES**

### **THE ACT**

#### **Part 1 – the Debt Arrangement Scheme**

##### ***Section 4 – Effect of debt payment programmes***

15. **Section 4** details the effects of an approved debt payment programme under the scheme.
16. **Section 4(2)** and **(3)** prohibit all creditors from executing any form of diligence against or seeking to sequestrate a person who has debts which are being paid by way of an approved debt payment programme under the scheme.
17. **Section 4(4)** provides that any period during which a debtor's debts were subject to an approved debt payment programme under the scheme is to be disregarded for the purpose of creditors' rights and remedies for enforcing a debt. The effect of this provision is, in particular, to suspend prescription during the relevant period. Thus debts for which creditors had not obtained decree which are included in a debt payment programme which ceases before payment is made in full, will not prescribe during the period of the programme.
18. **Section 4(5)** provides that the prohibition on creditors from executing diligence or seeking to sequestrate a debtor whilst their debts are being paid under an approved debt payment programme is restricted to not only those debts owed that are included in the debt payment programme but also to any other debts owed to creditors who have been given notice of the approval of the debt payment programme.