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FROM RED TAPE TO RECOVERY PROCEEDINGS – A study on cancelled debt restructuring as experienced by the debtor

Abstract

The study examines the reasons and consequences of the cancellation of debt restructuring as a subjective experience of the over-indebted individual, based on theme interviews of ten persons whose debt restructuring scheme had been cancelled. The aim was to see what factors had caused the cancellation and how the debtors involved had managed to cope in the various stages of the process. The research question was studied within the reference frame of life management and debt restructuring management.

The interviewees' debt restructuring scheme had been cancelled due to factors such as failure to make payments in accordance with the payment schedule or to meet supplementary payment obligations, appearance of an obstacle to debt restructuring, or violation of the obligation to co-operate in the course of the payment schedule. Management of debt restructuring involves mental, financial and judicial coping, and is affected by the individual's competence and ability to interact with the various actors related to the process – debt advice, legal assistance, court of justice, administrator, creditors, collection bureau and bailiff's office.

The individual will have to act in line with his/her own personality and competence and according to the respective situation, and it is not always possible to act rationally like the debt restructuring process would require. Different people in different life situations and with a different history of indebtedness need different kinds of advice and support. The study shows that an over-indebted individual needs many other forms of assistance and support in addition to financial and debt advice in all stages of the process. The person's entire life situation and immediate circle have to be taken into account in planning comprehensive and personal advice.

Keywords

Debts, debt restructuring, indebtedness, life management, life situation, social security

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