

# JARGON BUSTER

Here you can find our commonly used terms in relation to adverse lending and their definitions to help you with your application.



TERM	DEFINITION
<b>ADVERSE CREDIT</b>	'Adverse Credit' is a term used to describe a less-than-perfect record of repaying credit commitments. Those with 'Adverse Credit' will have negative payment information on their Credit Report, such as a Default, Arrangement to Pay, an insolvency, or a mortgage repossession.
<b>BANKRUPTCY</b>	Is the state of not having enough money or assets to pay all debts and a court has to issue a bankruptcy order.
<b>COUNTY COURT JUDGEMENT (CCJ)</b>	A ruling against a person who does not repay a debt, obtained in a county or higher court. The order details the terms under which the person owing the money is required to repay it.
<b>DEBT ARRANGEMENT SCHEME (DAS)</b>	The debt arrangement scheme is an alternative solution to Trust Deeds in Scotland, allowing you to freeze the interest on your debts and repay over a period to suit you.
<b>DEBT MANAGEMENT PLAN (DMP)</b>	A Debt Management Plan is an agreement between a client and their unsecured creditors to pay all their debts. Regular payments are made to a licensed debt management company. The company shares this money out between the creditors.
<b>DEBT RELIEF ORDER (DRO)</b>	A DRO is a simplified and cheaper alternative to bankruptcy in the United Kingdom, suitable for debtors who have few or no assets and little disposable income.
<b>DEFAULT</b>	Where a client has defaulted on a loan of credit commitment and failed to meet loan repayments. Failure to remedy a default can then lead to the client having a CCJ placed against them.
<b>INDIVIDUAL VOLUNTARY ARRANGEMENT (IVA)</b>	Alternative to bankruptcy. A formal arrangement between a client and their creditors to repay a percentage of their debt at an affordable amount.
<b>LOAN TO VALUE (LTV)</b>	Is the ratio of a loan to the value of an asset purchased.
<b>PAYDAY LOANS</b>	Payday loans a relatively small amount of money lent at a high rate of interest on the agreement that it will be repaid when the borrower receives their next wage.
<b>SECURED ARREARS</b>	Secured arrears are connected to a piece of collateral - something valuable like a car or a home. With a secured loan, the lender can take possession of the collateral if you don't repay the loan as you have agreed.
<b>SEQUESTRATION</b>	Sequestration is the legal process by which you are formally declared insolvent in Scotland, also known as bankruptcy.