Debt Management Company Gregory Pennington Welcomes New Research into the Industry

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One of the largest and longest-established debt management companies in the UK, Gregory Pennington, welcomes the independent report into the fee-charging debt management industry by accountancy firm Grant Thornton, commissioned by DEMSA (the Debt Managers Standards Association). Among the findings were:

- The profile of the average debt management customer with a DEMSA member company.
- The market share of debt management plans among fee-charging debt management companies in the UK.
- That debt management plans are not meant to be a method of full repayment, but a temporary tool that helps consumers when their circumstances take a turn for the worse.

A spokesperson for Gregory Pennington commented: "We welcome any report that provides further transparency into professional debt management companies. This third-party report also highlights that creditors acknowledge the fact that there is a place for both free-to-consumer and commercial companies in the market."

It was found that the average debt management plan lasted 47 months and that, on average, debt management companies managed to effectively reduce the initial balance of consumers' debt by 30-35%.

In fact, lenders recognise the need for fee-charging debt management companies and identified a number of advantages , such as their ability to help people begin repaying their debts again when creditors had lost contact with them.

This was a comprehensive survey of 20 debt management companies, including 14 DEMSA members . At the end of 2011 , DEMSA members alone were responsible for 220,000 debt management plans, of which 197,000 were active, representing a 34 - 42% share in the market.

The survey of industry experts and creditors found that "DEMSA members are perceived among the best in the commercial market and make visible efforts to ensure compliance with industry standards and to drive best practice." All members are committed to the terms of an established Code of Conduct, which is approved by the Office of Fair Trading.

A spokesperson for Gregory Pennington commented: "We welcome any additional transparency that a report into the debt management industry brings. Transparency is a fundamental part of how we operate - our fees are clearly advertised on our websites and customers are always aware that they pay a fee for our service, in advance of commencing it.

"Only 17% of DEMSA's annual revenue is sourced from set-up fees, which underlines the fact that legitimate debt management companies are interested in the long-term sustainability of a debt management plan."

"The average debt management customer of a DEMSA member company had an unsecured debt of £18,953. They had a net monthly disposable income of £203, of which they paid £166 to lenders.

"Gregory Pennington only takes one month's (disposable income) payment to set up a debt management plan. This reflects our confidence that we only recommend one of our plans when we believe it to be in the best interests of the client and will help them to work towards their goal of becoming debt free.

"As part of the Think Money Group, we can offer a comprehensive range of debt solutions to people who come to us for help.

"We only recommend appropriate solutions for consumers. If a client's circumstances change while they're on debt management, we will review any alternative options that may be more suitable."

-ENDS-

Notes to editors

Gregory Pennington currently helps around 50,000 people repay their debts through its Debt Management Plan. The company is part of the Think Money Group, one of the UK's leading financial solutions providers.

Gregory Pennington is a founding member of DEMSA, the Debt Managers Standards Association, which was established in 2000 'to promote good practice in the debt management industry'. DEMSA's code of conduct has received Office of Fair Trading approval, under its Consumer Codes Approval Scheme.

For more information, visit the Gregory Pennington website at http://www.gregorypennington.co.uk

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