



Debt Relief (Developing Countries) Act 2010

2010 CHAPTER 22

Relief of debts etc

3 Amount recoverable in respect of claim for qualifying debt etc

- (1) The amount recoverable in respect of—
 - (a) a qualifying debt, or
 - (b) any cause of action relating to a qualifying debt,is the relevant proportion of the amount that would otherwise be recoverable in respect of the qualifying debt or cause of action.
- (2) For the meaning of “the relevant proportion”, see section 4.
- (3) Subsection (1) does not apply in relation to an agreement (a “compromise agreement”) that compromises—
 - (a) a claim for a qualifying debt, or
 - (b) a claim in respect of a cause of action relating to a qualifying debt.
- (4) But the amount recoverable under a compromise agreement is limited to the amount that would be recoverable in respect of the claim if the agreement had not been made (and subsection (1) applied to the claim).
- (5) Subsection (1) does not apply where an agreement that is not a compromise agreement (a “refinancing agreement”) has been made—
 - (a) that changes the terms for repayment of a debt (“the rescheduled debt”) in such a way as to reduce its net present value, or
 - (b) by virtue of which a debt (“the original debt”) is replaced by a debt (“the new debt”) whose net present value is less than the net present value of the original debt.

- (6) But the amount recoverable in respect of the rescheduled debt or the new debt is limited to the amount that would be recoverable in respect of the initial debt if the refinancing agreement had not been made (and subsection (1) applied to that debt).
- (7) In subsection (6) “the initial debt” means the debt mentioned in subsection (5)(a) or (as the case may be) the original debt.
- (8) References in this section to the amount recoverable include the amount recoverable on the enforcement of any security.
- (9) This section applies even if the law applicable to the qualifying debt, or to any compromise agreement, refinancing agreement or security, is the law of a country outside the United Kingdom.

4 Meaning of “the relevant proportion”

- (1) In this Act any reference to the relevant proportion, in relation to a qualifying debt, is to be read as follows.
- (2) Where the qualifying debt is one to which the Initiative applies, the relevant proportion is—

$$\frac{A}{B}$$

where—

A is the amount the debt would be if it were reduced in accordance with the Initiative (on the assumption, if it is not the case, that completion point has been reached, for the purposes of the Initiative, in respect of the country whose debt it is), and

B is the amount of the debt without it having been so reduced.

- (3) Where the qualifying debt is a debt of a potentially eligible Initiative country, the relevant proportion is 33%.

5 Judgments for qualifying debts etc

- (1) This section applies to—
 - (a) a judgment on a relevant claim given by a court in the United Kingdom before commencement,
 - (b) a foreign judgment given (whether before or after commencement) on a relevant claim, and
 - (c) an award made (whether before or after commencement) on a relevant claim in an arbitration (conducted under any laws).
- (2) “Relevant claim” means—
 - (a) a claim for, or relating to, a qualifying debt, or
 - (b) a claim under an agreement compromising a claim within paragraph (a).
- (3) The amount of the judgment or award is to be treated as equal to the amount it would be if the court, tribunal or arbitrator had applied section 3 in relation to the relevant claim.
- (4) Subsection (3) does not apply in relation to a claim if the effect of it so applying would be to increase the amount of the judgment or award.

(5) In this section—

“judgment” includes an order (and references to the giving of a judgment are to be read accordingly), and

“foreign judgment” means a judgment (however described) of a court or tribunal of a country outside the United Kingdom, and includes anything (other than an arbitration award) which is enforceable as if it were such a judgment.

(6) This section applies to anything that gives effect to a compromise of a relevant claim as if in subsection (3) after “if” there were inserted “the relevant claim had not been compromised and”.