



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.

Status: This is the original version (as it was originally enacted).

- (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.