

HSBC Debt Consolidation Plan (DCP) Frequently Asked Questions

– General

1) **What is Debt Consolidation Plan (DCP)?**

Debt Consolidation is a debt refinancing program which offers a customer the option to consolidate all his unsecured credit facilities (such as credit cards and some types of unsecured loans) across financial institutions with one (1) participating financial institution. Certain categories of unsecured loans are excluded from DCP, such as joint accounts, renovation loans, education loan, medical loans, and/ or credit facilities granted for businesses or business purposes.

2) **Who are the participating banks?**

All financial institutions who provide unsecured credit facilities and/ or credit cards are participating financial institutions. Currently, there are 14 participants (subject to revision):-

1. American Express International, Inc.
2. Australia and New Zealand Banking Group Limited
3. Bank of China Limited Singapore
4. CIMB Bank Berhad
5. Citibank Singapore Limited
6. DBS Bank Ltd
7. Diners Club Singapore Pte Ltd
8. HSBC Bank (Singapore) Limited
9. Industrial and Commercial Bank of China Limited
10. Standard Chartered Bank (Singapore) Limited
11. Malayan Banking Berhad
12. Oversea-Chinese Banking Corporation Limited
13. RHB Bank Berhad
14. United Overseas Bank Limited

New financial institution(s) may be added and/ or substituted from time to time.

3) **Can I do a partial consolidation of my balances?**

No, DCP must be done in full with one (1) participating financial institution so that you may pay down your total outstanding amounts with a single financial institution.

– Eligibility

4) **Who is eligible for DCP?**

To be eligible for DCP, you must:

- Be a Singapore Citizen or Permanent Resident;
- Earn between S\$30,000 and below S\$120,000 per annum; and
- Have total interest-bearing unsecured debt on all credit cards and unsecured credit facilities with financial institutions in Singapore that exceeds 12 times of your monthly income.

5) **I am currently under the RAS scheme. Am I eligible for DCP?**

Yes, RAS outstanding amounts will be transferred to DCP upon approval and shall abide by DCP Terms and Conditions at new DCP interest rates.

– Application

6) **How can I apply for DCP?**

You may approach any of the 14 participating financial institutions above which offer DCP to apply for a DCP. An applicant should only apply once with one (1) participating financial institution in Singapore, as an applicant can only have one (1) DCP.

7) **Do I need to apply to all participating Financial Institutions?**

No, you only need to apply to one (1) participating financial institution to avail yourself of the DCP. You are encouraged to compare the terms and conditions from different participating financial institutions before putting through an application with the participating financial institution of your choice.

8) **Can I apply for a DCP with a participating Financial Institution that I am not a customer with?**

Yes, this is no different from applying for a new unsecured credit facility or credit card today.

9) **What documents are required for application?**

The following documents need to be submitted at the point of application:

- Copy of NRIC (front and back); and
- Latest Credit Bureau Report; and
- Latest Income Documents (refer to application form for acceptable income documents); and
- Latest credit card and unsecured credit loan statements (physical or online); and
- Confirmation letter evidencing unbilled balances for unsecured credit instalment plans (if any).
- Settlement notice from the original DC bank (only applicable to DCP refinancing applications)

¹ You can get your latest credit bureau report at www.creditbureau.com.sg.

10) **What if I have other transactions not reflected in my statement?**

You are advised to present documentation of these other transactions for the DCP application.

11) **Can I consolidate the outstanding under an existing renovation loan, education loan and joint account under DCP?**

No, the DCP excludes any renovation loan, education loan, medical loan, credit facility granted for businesses or business purposes and/or outstanding debts under joint accounts.

In recognition of the purposeful or needs-based nature of such loans, MAS has exempted them from the industry-wide and per-financial institution borrowing limits.

If you wish to have your joint account balances included in the DCP, you may apply to convert your joint account to a regular (single) account prior to application for DCP. However, please note that in the event your DCP application is rejected, the relevant financial institution may not be able to reinstate your account back to a joint basis.

12) **How long will the Financial Institution take to process my DCP application?**

For application of HSBC Debt Consolidation Plan, upon submission of DCP application form and all required supporting documents, it will take about two weeks to process the application.

– Loan amount

13) What will be the total DCP amount?

The DCP amount is equivalent to the total principal outstanding including interest and any other fees and/ or charges accruing on your statement accounts plus an additional 5% allowance over and above the total DCP amount, for the first DCP.

If the approved DCP amount is insufficient to repay your outstanding under any existing unsecured credit facilities in full, you will remain responsible for paying off the balance of these amounts directly to your existing financial institutions.

14) What is the purpose of the additional 5% over and above the total DCP amount?

It is to cater for any incidental charges (e.g. interest and fees payable) incurred from the time the DCP is approved till the time the disbursed DCP amount is received by the financial institutions.

15) Can I choose not to have this 5% allowance?

The allowance is fixed at 5% for the first approved DCP loan. It is intended as a buffer against any incidental charges that may be incurred from the time the DCP is approved till the DCP amount is disbursed to the financial institutions. Any excess from the 5% allowance will be credited/ refunded to you by the relevant financial institutions.

However, 5% allowance is not applicable for subsequent refinancing of DCP.

16) Can I request for the DCP amount to be deposited into my designated savings or current account?

No, the DCP amount will be disbursed directly to the respective financial institutions with whom you have outstanding unsecured credit facilities.

– Tenor

17) What is the maximum tenor and can I apply for the maximum tenor?

For HSBC Debt Consolidation Plan, the maximum tenor is 10 years, you can select your preferred tenor and it will be subject to review and approval by HSBC.

– Revolving credit facility

18) Why am I given the revolving credit facility?

You will be automatically given a revolving credit facility to provide you with a convenient mode of payment for managing your daily essentials.

19) Is it compulsory to have a revolving credit facility?

The revolving credit facility and the DCP are bundled together as a single product. However, you can choose not to use the revolving credit facility should you not have any need for it.

20) Are there fees attached to revolving credit facility? Do I need to pay any service fee or annual fee?

For HSBC Debt Consolidation Plan, the HSBC Visa Platinum Credit Card will be offered as the revolving credit facility. Annual fee will be waived as long as the HSBC Visa Platinum Credit Card remained as the revolving credit facility under the Debt Consolidation Plan. Other fees and charges of HSBC Visa Platinum Credit Card will apply.

21) Can I request for lower limit on the revolving credit facility?

No, it will be fixed at one (1) time your monthly income. However, you are not obliged to utilise the full limit.

22) In case of exigencies, can I request for temporary line increase on my revolving credit facility?

No, it will be fixed at one (1) time your monthly income

23) Can I apply for a permanent credit limit increase on the revolving credit facility bundled with the DCP if my income increases?

Yes, with submission of fresh income documents.

24) Can I cancel my revolving credit facility?

No, it is bundled with the Debt Consolidation Loan Account.

25) How soon will I receive the revolving credit facility?

For HSBC Debt Consolidation Plan, you should receive it within a week after the approval of your DCP.

– Early repayment

26) Can I settle the DCP balance anytime when I have available funds?

Yes. However, please note that you will need to pay an early repayment fee of 5% of repayment amount.

– Refinancing

27) Can I refinance my DCP loan with another participating Financing Institution?

Yes, but you may only do so at least three (3) months after the approval of your latest DCP and subject to an early repayment fee of 5% of repayment amount.

28) If I seek to refinance my DCP loan with another financial institution, can the applicable cancellation fee be consolidated in the new DCP loan?

The DCP is designed to help customers pay down their outstanding debts. As such, to avoid increasing the outstanding DCP loan amount, DCP customers should bear any cancellation or other fees that may be incurred in the refinancing process.

29) What will be my DCP refinanced loan amount?

You will need to obtain a settlement notice from your existing DC bank before submitting a refinancing application, which will indicate your actual outstanding principal and accrued interest up to the date of notice generation. The outstanding principal stated on the notice will be your refinancing loan amount.

You are obligated to pay all other outstanding fees/ interests due to your existing DC financier, including but not limited to any accrued interest and early cancellation/repayment fees.

Note: To avoid incurring overdue charges, you are encouraged to continue servicing your monthly instalments before the new DC bank approves and processes the refinancing disbursement.

– Existing unsecured credit facilities

30) Can I continue to use my existing credit facilities after I apply for DCP but before it's approved?

No. Further usage of existing unsecured credit facilities (including (with effect from 1 July 2017) joint unsecured credit facilities) will not be allowed once a borrower decides to take up the DCP.

If the approved DCP amount is insufficient to repay your outstanding under any existing unsecured credit facilities in full, you shall remain fully responsible for the payment of any extra costs/ expenses/ shortfall incurred in accordance with the terms and conditions governing such DCP. Your obligations under such unsecured credit facilities shall remain unchanged and continue.

31) Will I be able to continue using my unsecured credit facilities once my DCP application is approved?

No, all your unsecured credit facilities (including (with effect from 1 July 2017) joint unsecured credit facilities) will be closed or suspended once your DCP application is approved. However, you are still able to use the revolving credit facility.

32) Do I need to continue to repay my unsecured credit facilities with my existing financial institutions after I have submitted my DCP application but before it is approved?

Yes, you shall continue to be liable for your existing unsecured credit facilities with your respective financial institutions and will be bound by the terms and conditions governing such facilities, before your DCP application is approved.

Once your DCP has been approved, you need to repay your monthly DCP repayment amount to the DC Financial Institution. In the event that the 5% DC allowance is insufficient to cover all your outstanding debts, you will also be responsible for repaying the excess outstanding amounts owing to the respective financial institutions.

33) Do I need to stop my recurring/ GIRO arrangement on the designated accounts?

Yes, once the DCP has been approved, you shall be fully responsible for terminating any existing recurring/GIRO arrangements you may have on your existing unsecured credit facilities. You will also need to make alternative payment arrangements with your respective billing organisations.

34) If DCP amount is insufficient to repay my existing credit facilities, what will happen?

You will be responsible for repaying any outstanding amounts you owe to any financial institution in excess of the approved DCP amount. Your obligations under such unsecured credit facilities shall remain unchanged and continue.

35) What will happen to me if I am under DCP but fail to pay my excess/shortfall on my existing credit facilities?

If you default on the existing credit facilities, the relevant financial institution shall follow their regular collection/ remedial process.

36) Do I need to inform the Financial Institutions to close my accounts?

No. Upon DCP loan approval, the participating Financial Institution with whom you have taken up the DCP will proceed to pay down your outstanding amounts with existing financial institutions and will also notify your existing financial institutions of account suspension.

– Application of new unsecured credit facilities

37) When can I start applying for new facilities?

You can start applying for new unsecured credit facilities:



- with another financial institution (non-DCP financial institution) once your overall BTI across all Financial Institutions reduces to or below 8 times your monthly income; or
- with the DCP financial institution once your overall BTI across all Financial Institutions reduces to below 4 times your monthly income.

Note: $BTI = \text{Aggregate interest-bearing unsecured outstanding balance} \div \text{monthly income}$

– Credit Bureau report

38) How will my Credit Bureau records be impacted if I take up DCP?

Your Credit Bureau record will be updated with the "Debt Consolidation" product code as the DCP is viewed to be an unsecured credit product.

Note: To ensure that all your other accounts are not reflected as being past due, you are encouraged to continue servicing at least the monthly minimum payment amounts until the DCP is approved, and make sure that outstanding amounts (if any) in excess of the DCP amount are settled.

39) How long will the DCP account stay in my Credit Bureau report?

Credit information will stay on your Credit Bureau report for three (3) years after DCP closure, as is the practice for other products.

40) What is a DC Registry?

This is a centralised registry that helps financial institutions ensure that customers only have one active DC account at any point in time. The registry helps to prevent a situation where a borrower is on multiple DCPs with multiple financial institutions.