

Frequently Asked Questions (FAQ)

Q1. 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 1 participating financial institution. Certain categories of unsecured loans are excluded from DCP, such as joint loans, renovation loans, education loan, medical loans, and/or credit facilities granted for businesses or business purposes.

Q2. Who are the participating financial institutions?

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

- American Express International, Inc.
- Bank of China Limited Singapore
- CIMB Bank Berhad
- Citibank Singapore Limited
- DBS Bank Ltd
- Diners Club Singapore Pte Ltd
- HSBC Bank (Singapore) Limited
- Industrial and Commercial Bank of China Limited
- Standard Chartered Bank (Singapore) Limited
- Malayan Banking Berhad
- Oversea-Chinese Banking Corporation Limited
- RHB Bank Berhad
- United Overseas Bank Limited
- HL Bank

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

Q3. Who is eligible for DCP?

You need to:

- Be a Singapore Citizen or Permanent Resident
- Earn between S\$30,000 and below S\$120,000 per annum with Net Personal Assets of less than \$2 million**
- 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

** The term "Net Personal Assets" refers to the total value of the individual's assets less his liabilities. Assets should be substantiated by documents provided by the applicant

Q4. How can I apply for DCP?

You may approach any of the 14 participating FIs above which offer DCPs. You should only apply once with one participating FI in Singapore, as an applicant can only have one DCP.

Q5. 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 the new interest rates, subjected to bank's approval.

Q6. Do I need to apply to all Participating FIs?

No, you only need to apply to 1 participating FI to avail yourself of the DCP. You are encouraged to compare the terms and conditions from different Participating FIs before putting through an application of your choice.

Q7. Can I apply for a DCP with a participating FI that I am not a customer with?

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

Q8. What documents are required for application?

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

1. Copy of NRIC (front and back); and
2. Copy of valid Passport (For Permanent Residents); and
3. Latest Credit Bureau Report; and
4. Income Documents; either (a) Latest computerized / electronic payslip and Latest Income Tax Notice of Assessment or (b) Latest 12 month's CPF contribution history statement (for monthly income \leq S\$6,000)
5. Proof of Balances
 - (a) Statements evidencing billed balances;
 - (b) Online statements evidencing unbilled balances;
 - (c) Confirmation letter evidencing new balance transfers / loans; and/or
 - (d) Any other relevant documents evidencing account information or balances.

Q9. 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.

Q10. Can I consolidate an outstanding renovation loan, education loan and joint loan 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-FI borrowing limits.

Q11. 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 stated accounts plus an additional \leq 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 FIs.

Q12. 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.

Q13. Can I choose not to have this 5% allowance?

The ≤5% allowance is mandatory for the first approved DCP Loan. It is intended as a buffer against any incidental charges that may be incurred from the time that the DCP loan is approved to when the DCP amount is disbursed to your financial institutions. Any portion of the allowance will be credited or refunded to you by your DCP financial institution. The allowance will not be applicable for subsequent refinanced DCP loans.

Q14. Can I do a partial consolidation of my balances?

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

Q15. 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.

Q16. Why am I given the Revolving Credit Facility?

You will be given a Revolving Credit Facility of limit up to one time your monthly income as a convenient mode of payment for managing your daily essentials.

Q17. Is it compulsory to have a Revolving Credit Facility?

Yes, the Revolving Credit Facility (line of credit) 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.

Q18. Are there fees attached to Revolving Credit facility? Do I need to pay any service fee or annual fee?

If you use the Revolving Credit Facility, you will have to pay fees (including an annual fee which is waived for the first year) and charges in accordance with HL Bank Standard Terms and Conditions Governing Revolving Credit Facility (Line of Credit).

Q19. Can I request for lower limit on the Revolving Credit facility?

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

Q20. In case of exigencies, can I request for temporary line increase on my Revolving Credit facility?

No, it will be fixed at one time of your monthly income.

Q21. 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 recent income documents.

Q22. Can I cancel my Revolving Credit facility?

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

Q23. Can I continue to use my existing credit facilities after I apply for DCP but before it's being approved?

No. Further usage of existing unsecured credit facilities will not be allowed once a borrower decides to take up the DCP.

Q24. Will I be able to continue using my unsecured credit facilities once my DCP application is approved?

No, all your 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.

Q25. Do I need to continue to repay the outstanding balances on my unsecured credit facilities with my existing financial institutions after I have submitted by 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 it is approved, you will need to make your monthly repayment for DCP. Should the additional $\leq 5\%$ on top of your DC loan amount is insufficient to cover all your outstanding debts, you will also be responsible for repaying the excess owing amount to the respective financial institutions.

Q26. 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.

Q27. 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/shortfall of the approved DCP amount. Your obligations under such unsecured credit facilities shall remain unchanged and continue.

Q28. What will happen if you fail to pay your excess/shortfall on your existing credit facilities?

If a DCP borrower defaults on the existing credit facilities, the relevant financial institution shall follow their regular collection/remedial process.



Q29. Do I need to inform the FIs to close my accounts?

No. Upon DCP loan approval, the participating FI 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.

Q30. When can I start applying for new credit facilities?

You can start applying for new unsecured credit facilities:

- with another financial institution (non-DCP financial institution) once your overall Balance to Income (BTI) reduces to or below 8 times your monthly income; or
- with the DCP financial institution once your overall BTI reduces below 4 times your monthly income

Note: BTI = Ratio of aggregate interest-bearing unsecured outstanding balance to monthly income

Q31. Can I settle the DCP balance anytime when I have available funds?

Yes. You will need to send in your original written instruction to HL Bank at least one month before the proposed repayment date. Upon receipt, HL Bank will contact you in regards to the settlement amount you need to pay, including fees and charges (if any). No partial repayment is not allowed.

Q32. Can I refinance my DCP loan with another participating FI?

Yes, you may only do so only after 3 months from the approval of your latest DCP application. You may be subjected to any penalties or transfer fees imposed by your original DCP financial institution for early termination.

Q33. 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 a 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.

Q34. How long will the DCP account stay in my Credit Bureau report?

Credit information will stay on your Credit Bureau report for 3 years after you close your DCP account.

Q35. What is a DC Registry?

This centralized registry helps the FIs to ensure that customers only have one active DCP account at any point in time. This may prevent a situation if you are on multiple DCPs with other FIs.

Q36. How long will it take to process my application?

When we receive the completed application form with all required documentation, it will take approximately 7-14 working days for us to process.



Q37. My DCP application has been approved, when will my respective bank be informed and the amount disbursed?

When it is approved, please allow 5 - 7 working days for us to inform and disburse the amount to other financial institutions.

Q38. Who can I contact if I have further inquiries?

For other DCP related inquiries, please call our HL Bank Contact Centre at +65 6028 9800 (Monday - Friday, 9am to 6pm) to speak to our Customer Service Officer.