

Debt Consolidation Plan Relief Important Notes and FAQs

From now till Sept 2021, you can extend your Debt Consolidation Plan (“DCP”) loan tenure by up to 5 years.

- Select the tenure for extension of up to 5 years
- No change to your existing applied interest rate.

Illustration:

Existing Debt Consolidation Plan

Original loan tenure	Remaining loan tenure	Existing interest rate [^]	Original Loan Amount	Total interest payable	Monthly Instalment
6 years	5 years	3.58%p.a. (6.56%p.a. EIR ¹)	\$70,000	\$15,036	\$1,181

With DCP relief based on remaining loan principal

Extended loan tenure	New loan tenure	Existing interest rate	Outstanding Loan Amount (as of May 2020)	Revised total interest payable	New Monthly Instalment
1 year	6 years	3.58%p.a. (6.56%p.a. EIR)	\$60,393	\$17,198	\$1,078
2 years	7 years	3.58%p.a. (6.56%p.a. EIR)	\$60,393	\$19,360	\$949
3 years	8 years	3.58%p.a. (6.56%p.a. EIR)	\$60,393	\$21,522	\$853
4 years	9 years	3.58%p.a. (6.56%p.a. EIR)	\$60,393	\$23,684	\$778
5 years	10 years	3.58%p.a. (6.56%p.a. EIR)	\$60,393	\$25,846	\$719

Figures are estimates and simplified for illustration purposes only.

[^]Existing interest rate as indicated to you in the previous approval letter.

¹ Effective Interest Rate

Eligibility:

- ✓ You must have an active Debt Consolidation Plan which is not cancelled by the bank.
- ✓ Your Debt Consolidation Plan account overdue balances must be less than 90days.
- ✓ Loss in income (proof of impact on income required) since or after February 2020.

Income loss/ reduction proof submission:

- CPF statement showing contribution reduction
- Company HR letter showing the pay reduction
- Payslips showing proof in reduction
- Any other proof of income loss/reduction (for self-employed and/or commission earners)

Important Notes:

- Please note that you will not be able to change or reverse the loan tenure extension upon successful application of this DCP relief.
- The DBS/ POSB Terms & Conditions Governing Debt Consolidation Facility continue to apply.
- We wish to highlight that this Relief Term Loan is to help reduce your debt burden arising from the higher interest charges when you revolve on your credit cards and/or Cashline accounts. Please give due consideration to the interest costs you will eventually have to pay when taking up the Relief Term Loan and balance this against your need for temporary cashflow relief before submitting an appeal. Choosing a Relief Term Loan with a longer tenure will incur more interest as compared to a shorter loan tenure. You should continue to make prompt payments or settle your loan in full early if you able to do so to reduce your total interest payable and debt liability.

Important Notes on extended loan tenure for DBS Debt Consolidation Plan (DCP) Relief

1. You must continue to make payment of any finance and fee charges (if any) or such other outstanding amount in your existing DCP and on your Survival Credit Card.
2. The outstanding balances on your Survival Credit Card will not form part of the DCP relief.
3. We will use the mailing address in your existing DCP for any communications on your DCP relief.
4. Please note that you will not be able to change or reverse the loan tenure extension upon successful application of this DCP relief.
5. The Terms and Conditions Governing Debt Consolidation Facility apply. Please visit go.dbs.com/sg-dcp for the detailed Terms and Conditions.
6. If there is any inconsistency between the terms, the terms stated in the DCP Relief approval letter will prevail.
7. The DCP relief application is subject to approval.
8. We will reach out to you via email within 7 working days for your income document(s) upon submission of the application.

Frequently Asked Questions (FAQs)

Q: What is my loan amount if I apply for the DCP relief?

The loan amount is equivalent to the remaining principal of your DCP loan and includes interest payable. Interest payable would be the interest calculated based on the initial DCP loan and the interest incurred due to the extension of the loan.

Please refer to the illustration table above.

You are required to clear any arrears (overdue balances) owing prior to the relief approval.

Q: How is the additional interest computed on the extended loan tenure?

Interest is calculated on a flat rate basis multiplying the current outstanding principal by the specified applied interest rate for the extended tenure of the relief. Please refer to the illustration table above.

Example: Outstanding principal balance X applied interest rate X no. of years (extended loan tenure)

Q: Can I make changes to my preferred DCP loan tenure after I have successfully submitted the application?

Changes to the loan tenure will strictly not be allowed upon application submission.

Q: I am currently holding a DCP from another bank, can I apply for extended loan tenure with DBS?

No, the DCP relief is only applicable to existing DBS DCP customers holding an active Debt Consolidation Plan which is not cancelled by the bank.

Q: Will my monthly instalment amount change if I apply for the DCP relief?

Yes, your monthly instalment amount will change.

New instalment amount = Approved loan amount (includes interest)/number of months in new tenure

Q: How much income reduction must I demonstrate to be eligible for this DCP relief plan?

You may apply for this relief if you can demonstrate any form of income reduction since or after February 2020, and you fulfil the other eligibility criteria:

- ✓ You must have an active Debt Consolidation Plan which is not cancelled by the bank.
- ✓ Your Debt Consolidation Plan account must be overdue by at least 30 days but not exceed 90 days.

Q: If I do not have a reduction in income but my household income has been reduced, may I apply for this DCP relief?

You will be required to demonstrate any form of reduction in your personal income and fulfil the other eligibility criteria to apply.

Q: Can I request to include the outstanding balances on my Survival Credit Card as part of the approved loan amount?

No. The approved loan amount is only based on the outstanding principal in your DCP at the point of application. You must continue to make payment of any finance charges, fees and charges (if any) or other outstanding amount on your Survival Credit Card.

Q. Is there any early termination penalty fee if I intent to repay in full before the expiry of the loan tenure?

Yes, there will be an early termination fee of 5% on the outstanding balance at the point of termination. The DBS/ POSB Terms & Conditions Governing Debt Consolidation Facility continue to apply

Q. Will my credit report be impacted if I were to take up any form of assistance offered under of Special Financial Relief Program (SFRP) such as payment deferment program or lower-interest personal unsecured credit facilities?

The subject loan granted under the SFRP will not be reflected as restructured loan in your credit bureau report. Only a brief narrative description will be uploaded to indicate your participation in the programme. Your credit score will not be affected solely because of your participation in this program. To ensure good credit score, borrowers are advised to maintain a good payment record for all their credit facilities even while on this programme.

Q. What is the purpose of this narrative in credit bureau report?

The record is for analytics purpose as all credit bureau information is important to financial institutions for understanding of consumers' credit behaviour and refinement of their target market strategy. Financial institutions may leverage on some of this information to provide appropriate financial advisory or tailor make suitable financial products for their customers given short term financial condition of the individual due to Covid-19 situation. For the avoidance of doubt, taking up the SFRP will not affect your ability to take up new loans with your relief-granting bank, unless specified in the terms of the individual relief, such as SFRP (Unsecured). It will also not result in banks reducing your existing credit limits or lines with them, nor affect other banks' decision whether to grant new loans or higher credit limits to you.

Q. How will the narrative appear in credit bureau report?

The narrative is akin to a "footnote" in the credit bureau report. It will be reported by the respective financial institution once a SFRP is taken up. The narrative consists of information which represents product type, the last payment status, start date and end date of the relief program.

Q. Will the narrative remain in the Credit Bureau Report permanently?

No, all the SFRP related narratives will be removed upon closure of the underlying account / at the end of the program, whichever is earlier.