



## DEO - Self Selected - Set Up

A deduction from earnings order (DEO) is one of the preferred methods of payment from (MOPF) which the Child Maintenance Group (CMG) can use to secure payments of child maintenance and/or arrears from a paying parent's wages/earnings. A DEO schedule is calculated and issued to the paying parent's employer or occupational pension provider and the money is sent directly to the CMG.

This procedure concerns DEOs that the paying parent has chosen as their preferred MOPF, known as self selected DEOs. For enforced DEOs refer to [DEO - Enforced](#).

This procedure will also be used for setting up a DEO in response to wilful refusal to pay from the paying parent and where the paying parent doesn't respond in the timescales following the issuing of a provisional calculation.

Although a DEO can be specified as a MOPF, it cannot be used legally to collect any fees (e.g. DNA test costs, court fees etc). A DEO can only be used to secure:

- Regular maintenance (RM)
- Arrears
- Both arrears and future payments of RM

The DEO service request (SR) will deduct any fees before DEO scheduling takes place.

An indication of how the paying parent may like to pay is gathered at application stage but the MOPF is only processed once the normal deduction rate (NDR) has been negotiated with the paying parent - if the NDR cannot be negotiated with the paying parent then it should be set as per current arrears guidance.

When contacting the paying parent you should make them aware that using the CMG's collect and pay service will incur collection fees, and that they can avoid these fees by making their own family based arrangement, or by choosing direct pay. For further information on collection fees, refer to [Collection Fees - Summary](#). For further information on direct pay, refer to [Direct Pay Summary](#).

You will need to consider whether the paying parent is likely to pay maintenance before advising them about direct pay. For further information, refer to the Policy, Law and Decision Making Guidance 

Non compliant paying parents are subject to a one off charge of £50.00. A paying parent who has opted to pay by a self selected DEO/DER is not subject to any charge. Similarly if any paying parent advises the CMG of a change of employer there is no charge for re-issuing the DEO. For more information about enforcement charging please refer to the procedure for [Civil Enforcement Overview](#)

DEOs are set up by caseworkers as part of the paying parent's application process or as a change of circumstances (CofC).

Where there is a reactive transition case, you will need to ask for the arrears to be fast tracked onto the 2012 system. For more information on fast track arrears refer to [Fast Track Legacy Arrears to 2012 System](#). Although this speeds up the receiving parent arrears decision process, any further deferral rules will still apply. Due to this there is no set time frame for arrears to be sent to the 2012 scheme and the time taken will depend on each individual case.

Normally a mandatory DEO will be set using the procedure **DEO - Enforced**, however as no arrears will have accrued whilst the application is being completed, this procedure must be used.

Below is an explanation of the timescales involved in the DEO process:

The first collection on the schedule will depend on when the schedule is completed. If completing this process before 30th in 31 day months, 29th in 30 day month or 27th of February, the system will include the next available collection e.g. If completing the schedule on or before 29th June, the system will collect during July with the first collection being due by the 19th August. If completing the schedule on 30th June the first collection will be 19th September.

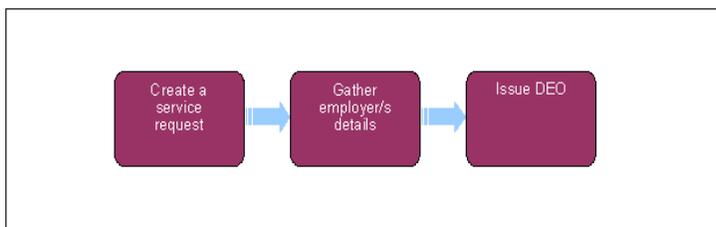
The last collection will depend on the annual review date of the case. The system will schedule two more collections after the case annual review. To work this out, check the annual review date and then count the two 19th of the month after this date. E.g. annual review is 10th June the final two collection dates will be 19th June & 19th July. If the annual review date is the 19th then this will count towards the two collections e.g. annual review is 19th June the final two collection dates will be 19th June & 19th July. Once you have the first collection date and last collection date you can work out how many collections you will have.

At annual review a new schedule is produced and issued to the employer/s. The new DEO schedule is based on the normal deduction rate (NDR). If the system is unable to complete the new schedule a manual calculation must be carried out and a perform calculation SR is automatically generated.

For more information on enforcing a DEO, refer to [DEO - Enforced](#).

For more information on the DEO process refer to the DEO: Reminder Of The Process [Fundamental](#).

For more information refer to the Policy, Law and Decision Making Guidance 



 When speaking to clients always use the new terminology. For more information refer to [Terminology Changes](#).

 This procedure uses the terms receiving parent and paying parent.

The receiving parent is the parent who receives or who is expected to receive child maintenance, known as the parent with care (PWC) or person with care (PeWC) on the system and in legislation. The paying parent is the parent who pays or who is expected to pay child maintenance, known as the non resident parent (NRP) on the system and in legislation.

 The current profile must also be checked to determine whether a MOPF is currently suspended on the case, this will need to be unsuspended before continuing. For more information please refer to [DEO - Cancel](#).

## Creating A Service Request

 When a DEO is set up on the 2012 scheme and a linked case is identified on CSA schemes the 2012 maintenance caseworker must notify the transition team. If the case is subject to reactive case closure ask for the case to be fast tracked onto the 2012 System. For more information on fast track refer to [Fast Track Legacy Arrears to 2012 System](#). Once the DEO notification has been issued to the paying parent and the employer during the calculation / schedule process send an email to the Transition team at CMG Hastings Transition Team.

For more information refer to [Employer - Triage](#).

-  Discuss the MOPF with the paying parent. Advise about the impact of collection fees and that they can avoid these fees by making their own family based arrangement or by choosing direct pay. For further information on collection fees, refer to [Collection Fees - Summary](#). For further information on direct pay, refer to [Direct Pay Summary](#). Consider whether the paying parent is unlikely to pay maintenance before discussing direct pay. For further information refer to [Unlikely to Pay Check](#).
- If there is a previous MOPF in place cancel this first by following the cancellation process for that MOPF, e.g. [Direct Debit - Cancel](#) or replace it using the **Replace MOP** option in the new MOPF SR **Action** dropdown.
- Before setting up a DEO on the 2012 scheme check whether a CSA scheme DEO is currently in place:
  - Check the **Cases - More Info** view for any CSA case details in the **Transition Details** applet
  - When 1993/2003/CCD case details are held ask a CSA scheme caseworker to confirm whether a DEO is in place
  - If a case is with the partial clerical team the CSA scheme caseworker will advise to contact them to confirm this
- The Paying Parent cannot have two DEOs on different schemes. More than one DEO across more than one child maintenance scheme is not enforceable. For further information, refer to [Dealing with DEO's set up on more than one scheme](#).

If the segment 5 compliance opportunity applies, complete the [Cross Scheme DEO Cancellation Request Template](#) and forward to [CMG Cancel Legacy DEO](#) to cancel the CSA scheme DEO. If no CSA scheme DEO is in place continue with this process.

- Create a Change of Circumstances (CofC) SR:
  - **Process = Change of Circumstances**
  - **Area = Change Method of Payment**
  - **Sub Area = Change to Method of Payment From**
  - **Source = NRP**

Update the **Status** of the SR to **In Progress**. The system generates an activity plan for you to follow. For more information on methods of payment refer to the Policy, Law and Decision Making Guidance 

 Deduction from Earnings Order/Deduction from Earnings Request (DEO/DER) setup only needs authorisation if replacing a mandatory DEO/DER with a self selected one. Activity 3 for authorisation in the service request (SR) only applies in this scenario, for all other DEO/DER set up or replace no team leader (TL) authorisation is required.

- Create a child SR if the system has not generated one to set up the method of payment from (MOPF) information with the following values:
  - **Process = Payments**
  - **Area = Method Of Payment From**

#### ■ Sub Area = DEO

The system generates an activity plan to follow. For more information on methods of payment refer to the Policy, Law and Decision Making Guidance 

 If enforcing a DEO via this process as a result of an unlikely to pay check or wilful refusal at applications stage, record this decision in **Contact Notes**. For more information on discretionary decisions including considering the welfare of the child/ren and a verbatim statement to record in **Notes** refer to Policy, Law and Decision Making Guidance 

7. Update the **Action** field to **Create MOP** to create a new method of payment, or if replacing an existing MOPF select **Replace MOP**.
8. Select the client's **Internal Account Number** and select either:
  - **Self Selected** from the **DEO/DER Type** drop down when the PP requests the DEO as a MOPF;
  - **Mandatory** from the **DEO/DER Type** drop down when the PP has Wilfully Refused.
9. Ensure that the paying parent's account is selected as the primary account, failure to do this will result in the DEO not setting up correctly.

### Gather employer details

10. Request the paying parent/s employer/s details from Her Majesty's Revenue and Customs (HMRC) by selecting the **Employer Search** button within the SR applet. If possible, contact the paying parent and confirm the employer/s details.
11. Employer/s details are retrieved from the HMRC system and displayed in the SR applet, select **CRA/Websearch** to view this. This automatically generates a link between the paying parent and their employer/s. Make a clerical note of the employer's details at this point, as they will be needed later in the process.
  -  If HMRC provides no employer/s for the paying parent the process ends and you must return to the calling process. Contact the paying parent to set up an alternative MOPF and/or set the Desire flag in the PP Contact Level - More Info tab to alert HMRC to send an automatic update when employer details become available. Once the employer details are available the Desire Flag can be removed.
  -  Where a paying parent is a member of the armed forces the SR is automatically amended to a deduction of earnings request (DER). For more information refer to [HMRC - employment details DEO/DER](#).
12. From the **Payments** tab within **More Info**, select the **Internal BaNCS Account Number** and select the employer's account to associate the employer account number to the paying parent.
  -  Ensure that the Paying Parent BaNCS account is set as the primary account at this point.
13. When the DEO is being applied due to Wilful Refusal, apply the DEO Enforcement Charge. For more information refer to [Enforcement Charge - Apply](#). Select the **Charges** tab from the **More View** tab drop down from the **Method of Payment From DEO SR**.
14. Check if the **Account** data field in the SR **Information** applet is populated. If any details are held in this data field delete the entry.
15. Update the SR **Status** to **In Progress**. The system generates an activity plan for you to follow. Update the **DEO Type**, **Current MOPF** and **Reason for Change** fields - The Resolution Code cannot be updated without entering this information. Select the **Current Payment Method** MVG to check for an existing MOP. If a MOP exists, consider whether it should be cancelled before continuing to set up a new one.
16. The system establishes whether an employer is new to the DEO process. If the employer does not exist they are created in the system, BaNCS automatically creates the employer's account.
  -  On first set up of employer an SR is automatically generated to notify the employer team who issue a welcome pack and gather further information e.g. fax number/ payroll contact details.
17. The SR request displays a list of all the employer/s linked to the paying parent. If the paying parent has multiple employers and the DEO is self selected, contact the paying parent needs to confirm which employer they want the DEO set up with.
18. Update the Resolution Code to **DEO Accepted**. Save the record then select **Send MOP** in the **Payments** tab to create the payment profile for the client in BaNCS.
19. Update the MOP SR **Status** to **Closed** and **Sub Status** to **Complete** to close the SR. The DEO is created as a payment profile in the system.
  -  When BaNCS returns a **Success** message, the **Resolution Code** must be selected and must not be set to **Transaction Rejected**.
20. Return to the CoCs parent SR and update the **Resolution Code** to **COC Accepted**.
21. Complete the calculation and [Promise To Pay Exceptions](#) process to issue the DEO to both the paying parent and the employer. For cases that are still pre initial this step should be ignored and the process of progressing the case to the initial calculation should continue.
22. A DEO cannot be used legally to collect costs however the paying parent may request to add these costs to the DEO schedule. Where a DEO is in place and costs are outstanding, ask the paying parent if they wish to pay the costs separately or add these to the schedule.
23. If the paying parent requests to pay the costs separately, calculate the costs and suspend this amount. Refer to [Suspend/Unsuspend Liabilities](#) for guidance. Create an arrears negotiation SR as follows:
  - **Process - Arrears**
  - **Area - Arrears Management**
  - **Sub Area - Arrears Review**

Update the **Status** of the SR to **In Progress** and the 2012 system will generate an activity plan.

24. In the lump sum agreements enter the negotiated amount. Refer to [Arrears \(Negotiated Payment Schedule\) - Calculate](#) to add another MOPF and complete the schedule.

#### NI Exceptions

The Charging Warm-Up lines to take for NICMS can be accessed by selecting the following link: [NICMS Charging Warm-Up Lines to Take](#).

#### Adding residual arrears to the DEO

### Workaround to add residual arrears to DEO

1. Generate an Action Missed Payment SR with the following values:
  - **Process = Arrears**
  - **Area = Arrears Management**
  - **Sub Area = Action Missed Payment**
2. Update the status of the SR to **In Progress**
3. If the full amount is to be included in the schedule add together the **Total Accrued Balance** (including Residual Arrears) and the calculated **Till Date Accrued Liability**, and input into the **Negotiated Payment Amount** field.
4. Use the ATNIC calculator to calculate the **Max NDR** and determine the **Net Deduction Rate** applicable to deduct.
 

 To calculate the amount of OGM to be deducted each period, divide the **Total O/S Amount of OGM at A/R** by the number of DEO collections. (See step 15 and 11 of the Enforced DEO procedure to source this data)
5. Subtract the OGM amount per period from the NDR amount, and this will give the Arrears Amount Per Period.
 

 Note the Negotiated Arrears Amount Per Period figure.
6. Delete the figure you input in the Negotiated Arrears Amount Per Period field.
7. Manually enter the original number in the Period To Pay Across field.
8. Multiply the revised **Negotiated Arrears Amount Per Period** by the **Negotiated no of periods to pay across** offline. Update the **Negotiated Payment Amount Per Period** field if it differs to the **Negotiated Arrears Amount**.
9. Trigger the **Promise to Pay Schedule** by selecting **Schedule Only** from the **Create SR** dropdown.
10. Navigate to the Child SR:
  - **Process = Arrears Negotiation**
  - **Area = Perform Calculation**
  - **Sub Area = Payment Plan Only**
11. Update the status to **In Progress**.
12. Go to the **Payment Schedule / NDR Details** tab and input the **Max NDR, NDR** details calculated earlier.
13. Return to the **More Info / Liability Calculation** view and select **Promise to Pay** and then select **Go**.
14. Navigate to the **Payment Schedule / Payment Schedule** subview and select **Generate Promise to Pay**.
15. Issue the appropriate DEO correspondence to the paying parent, receiving parent and the employer.

#### Arrears Overview

[Change MOPF - Summary](#)

[Change MOPT - Summary](#)

[Civil Enforcement Overview](#)

[Collection Fees - Summary](#)

[DEO - Cancel](#)

[DEO - Enforced](#)

[Promise To Pay Exceptions](#)

[DEO - Reconcile](#)

[DEO - Target Schedule](#)

[DEO - Update](#)

[DER - Enforced](#)

[DER - Self Selected - Set Up](#)

[Employer - Triage](#)

[Fast Track Legacy Arrears to 2012](#)

[HMRC - Employment Details DEO/DER](#)

[HMRC - Locate Paying Parent Employer Records](#)

[Manage Employer Overview](#)

**Terminology Changes**

[Standing Order - Set up](#)

[Suspend/Unsuspend Liabilities](#)

[Transition \(Reactive\) - Invoke](#)

[Unlikely to Pay Check](#)

[Wilful Refusal/Culpable Neglect.](#)

[Will there be any paying parents for whom HMRC will never return a record for?](#)

HMRC class some paying parents as secure e.g. HMRC employees, senior military personnel and nationally sensitive paying parents. A DEO cannot be applied in these cases as no employment record will be returned. If the paying parent is non-compliant other methods like RDOs or Liability Order/Civil Enforcement action will need to be used to secure payment.

[When can DEOs be applied?](#)

DEOs can only be applied if HMRC return, via the interface, current employment details for the paying parent. If there are delays in HMRC returning the details a DEO cannot be applied even if the paying parent, receiving parent or a third party have informed us of the employment details.

[How will the protected earnings proportion \(PEP\) be notified to employers?](#)

A schedule is sent to employers stating they need to leave the paying parent 60% of their current income. For more information refer to [DEO – enforced](#) in related items