Dealing with your debts

1. Increase your income
2. Work out your personal budget
3. Deal with your priority debts
4. Deal with your non-priority debts

Follow us on Twitter @natdebtline

For free, confidential, independent advice, call Freephone: 0808 808 4000
For more information, visit www.nationaldebtline.co.uk
To get a personalised action plan, visit www.mymoneysteps.org
Contents

Getting started
03 What this pack contains
04 Four simple steps to dealing with your debts
05 Phone advice from National Debtline
05 Online and email advice from National Debtline’s website
05 Advice if you are self-employed
05 Extra help if you have mental-health difficulties
05 Companies that charge for advice
06 Golden rules

Increasing your income
09 Benefits, tax credits and Universal Credit
11 Minimum wage
11 Tax
11 Ways of increasing your income
11 Help from grants, advances and loans

Working out your personal budget
15 Filling in your personal budget sheet
15 Working out your income
15 Your assets
16 Working out your outgoings
16 Will my creditors think my outgoings are reasonable?
16 Essential spending
18 Other spending
19 How much do I have left to pay my creditors?
19 Decide on the best way to deal with your non-priority debts
19 Working out offers of payment to non-priority creditors

Dealing with your priority debts
20 What if I already have a county-court judgment?
20 Filling in your budget summary
21 Are your outgoings more than your income?
21 Help with managing your money and budgeting

Dealing with your non-priority debts
41 What are the options for dealing with your non-priority debts?
41 What if I have some money left to pay my creditors?
42 What if I have no money left to pay my creditors?
42 Dealing with your creditors
43 Interest
43 Copies of credit agreements and account statements
43 Making payments – ways to pay

44 Reviewing your offers of payment
44 What if a creditor refuses my offer?
45 What can I do if creditors harass me?
45 Collection agencies
45 What if I have a complaint about my credit agreement?
45 What if I already have a county-court judgment?
45 Debts with your bank – overdrafts, loans and credit cards
46 Opening a bank account
47 Extra help
47 Charge cards
47 Payday loans
47 Catalogue debts
47 Personal debts to friends and family
48 Water-rates debt
48 Business debts
48 What if my creditors take court action?
50 Can I get credit again?

51 Sample letters

54 Useful contacts

55 About National Debtline
55 National Debtline and the Money Advice Trust
55 Our partners
55 National Debtline – our aims and services
55 Funding
Getting started

What this pack contains

Lots of people are in debt these days for all sorts of reasons. This pack gives you good advice on tackling your debts. There are two budget sheets included with this pack.

- You can use your personal budget sheet to work out how much money you have to pay towards your debts. This will help you decide the best way to deal with your debts.
- If you decide that your best option is to negotiate reduced payments to your creditors, you will need to send them a copy of your budget summary.

We show you how to use the information you gather in your personal budget sheet to help you fill in your budget summary.
Four simple steps to dealing with your debts

Using this pack will help you take four important steps to deal with your debts.

We explain each step in a different section of this pack.

Following all four steps will take some time. But it will help you deal with your debts. So don’t give up, and contact us for help as often as you need to.

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Increase your income</th>
<th>SEE page 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 2</td>
<td>Work out your personal budget</td>
<td>SEE page 13</td>
</tr>
<tr>
<td>Step 3</td>
<td>Deal with your priority debts</td>
<td>SEE page 24</td>
</tr>
<tr>
<td>Step 4</td>
<td>Deal with your non-priority debts</td>
<td>SEE page 39</td>
</tr>
</tbody>
</table>

Online advice from My Money Steps

My Money Steps is a secure, confidential and free online self-help debt-advice service. If you would like to use My Money Steps, you will need to enter some details about your circumstances, including your income and outgoings. My Money Steps can help you work out a budget and give you personalised advice about what options you might want to consider to help you deal with your debts.

SEE www.mymoneysteps.org

Extra help: we have included some extra information in this pack to help you deal with your debts.

Green boxes: help you move ahead and deal with your debts.

Amber boxes: tell you important things to think about before taking your next steps.

Red boxes: warn you about situations where you need to be particularly careful.

Remember: how National Debtline can help

National Debtline is a national advice service for people with debt problems. The service is free, confidential and independent.

National Debtline offers expert, professional advice online, over the phone and by email. This allows you to actively deal with your debts in an informed way and decide the best option for you to take.

Call 0808 808 4000 or see www.nationaldebtline.co.uk.
Phone advice from National Debtline

Calls to National Debtline are free from landlines. If you are calling National Debtline on a mobile phone, most networks will not charge you for the call because you are ringing a helpline.

You can call us using the Text Relay service. National Debtline also uses a telephone-interpreting service. This means our advisers always have access to professional interpreters over the phone in 100 languages. If you do not speak English, it takes just a couple of minutes to get an interpreter on the phone who will translate accurately what you and the adviser are saying to each other.

National Debtline has a proven track record and has been awarded the Advice Services Alliance ‘Advice Quality Standard’.

Online and email advice from National Debtline’s website

You may want to visit the National Debtline website at www.nationaldebtline.co.uk where you can view or print off this information pack and the fact sheets that deal with some debt problems in more detail. You can email an enquiry through the website. You can also fill in sample letters to send to creditors using our sample letter suite and fill in a personal budget sheet and budget summary online.

Advice if you are self-employed

If you are self-employed, our sister organisation Business Debtline may be able to help you. Visit their website www.bdl.org.uk, where you can:

- view an information pack and fact sheets that deal with debt problems when you are self-employed in more detail;
- use a cash-flow forecasting tool to get an idea of how much money will come in, and go out of, your business over a certain period of time; and
- complete and print off a business and household budget sheet.

You can phone Business Debtline on 0800 197 6026.

Warning: itemised phone bills

Your phone calls to National Debtline may be listed on an itemised phone bill. You need to remember this if your call is confidential and someone else may see your phone bill.

Information: confidentiality

To protect your confidentiality, National Debtline does not use ‘caller display’ equipment. This means advisers cannot see your number displayed on a screen when you ring. They also have a permanent block on the ‘caller return’ service. This means that if they ring you back, the National Debtline or Business Debtline number will not be announced as the last number to ring you to anyone dialling ‘1471’. This is in case you don’t want anyone to know that National Debtline or Business Debtline has contacted you.

You can also use My Money Steps knowing that your confidentiality will be protected. To use the service, you need to register with the website using your first name, your email address and a password. If you decide to register with My Money Steps, your personal information will be protected under our privacy policy.

Extra help if you have mental-health difficulties

If you have mental-health difficulties, extra help is available to support you.

- There are a number of organisations that may be able to provide you with different types of support.

SEE ‘Useful contacts’ on page 54.

- Extra guidelines apply to many organisations that you are in contact with. We can explain these guidelines to you and how you can use them to help deal with your debts.

Companies that charge for advice

You may come across companies who offer to sort out your debts if you pay a fee. Be very careful to look at what the company is promising to do for you before sending them any money. Some of these companies say they will get your creditors to write off part, or all, of your debts. Unless you have special circumstances, this is unlikely to happen.

- Ask the company if they have a consumer credit licence.
- The Office of Fair Trading has issued Debt Management Guidance on minimum standards for debt-management companies. See www.oft.gov.uk. You can use the guidance to make a complaint if the company does not follow it.
- You can make a complaint to the Financial Ombudsman Service if you are not happy with the outcome of your complaint to the company.

SEE ‘Useful contacts’ on page 54.

- Professional advice on dealing with your debts is always available free from agencies such as Citizens Advice, money advice centres, or by ringing National Debtline. Remember, you could better spend the money you pay in fees by paying off your debts.
Golden rules... ✓

If you follow these golden rules, you won’t go far wrong.

• It is never too late to get advice. Remember, we are here to help and you are not alone.

• Don’t borrow money to pay off your debts without thinking carefully. Get advice first. If you own your home, this kind of borrowing could lead to you losing your home.

• If you have lost your job or are off work because of illness, check whether your payments are covered by payment protection insurance. Check your credit agreement. Contact the insurance company or your lender to find out more details about how to claim.

• Check you are claiming all the benefits and tax credits you can.

• A personal budget sheet is an essential tool when dealing with your debts. Use this pack to help you work out what you have coming in and going out.

• Once you have finished your personal budget sheet, use this pack to work out the best way to deal with your debts. If you are unsure, contact us for advice.

• Make sure that any money you receive (for example, wages or benefits) goes into an account at a bank or building society that you don’t owe any money to. This means the bank or building society will not be able to take any of your income to pay your debt to them.

• Use this pack to work out your budget summary.

• Use the sample letters to write to your creditors.

• Contact everyone you owe money to. If you make arrangements to pay some creditors but not others, you could run into difficulties again.

• If the first person you speak to is unhelpful, ask to speak to somebody more senior who may be able to agree to what you want.

• Don’t give up trying to reach an agreement, even if creditors are difficult.

• If a creditor takes court action, don’t panic. Fill in the reply forms to court papers and let the court have all the facts. The court will use this information to decide if you owe the money and what instalments you should pay.

• Always go to court hearings. Take a copy of your budget summary with you. Don’t think that going to the county court makes you a criminal; it’s not that kind of court. They will not send you to prison and there is no jury. There are money advisers who may be able to represent you in court. Check the Civil Legal Advice website legaladviserfinder.justice.gov.uk for details of agencies providing advice in your area.

• Always keep copies of any letters or court forms you send or receive.

Remember: if you need extra help
We are always here to help with letters and forms. We can explain what to do if you are asked to go to court.

Important: don’t ignore the problem
It won’t go away and the longer you leave it, the worse it gets.
Lots of people are in debt because they don’t receive all the money they are entitled to.

Before you work out your personal budget, use this section to see if you can increase your income.

There may be benefits, tax credits or Universal Credit you can claim, help from grants, help with fuel costs or other ways of boosting your income. We have divided this section up so you can see the different sorts of help available.
Checklist

Use this simple checklist to make sure you have done all you can to increase your income.

1. **Get benefits and tax credits or Universal Credit.**
   - Make sure you are getting all the benefits, tax credits or Universal Credit that you should. Can you get help with your rent, mortgage payments or a reduction on your council tax? Do you need extra help because of illness or disability?
   - **See** ‘Benefits, tax credits and Universal Credit’ on page 9.

2. **Is your employer paying you at least the minimum wage?**
   - Not all employers pay what they should by law. Check you are being paid the right amount.
   - **See** ‘Minimum wage’ on page 11.

3. **Are you paying too much tax?**
   - Are you getting all the tax reliefs and tax allowances that you can? Check this with your tax office.
   - **See** ‘Tax’ on page 11.

4. **Are others paying you enough?**
   - Should a former partner be paying child maintenance but they are not? If people are staying with you, are they paying what they should for their keep? Check how much they are really costing you and ask them to help.
   - **See** ‘Money from other people’ on page 11.

5. **Do you have payment protection insurance?**
   - Have you taken out payment protection insurance to make payments to your creditors if you are unemployed or in financial difficulties?
   - **See** ‘Money from insurance’ on page 11.

6. **Can you rent a room out?**
   - Can you rent a room to a lodger to make some extra income?
   - **See** ‘Renting out a room’ on page 11.

7. **Can you get an advance, a budgeting loan or help from your local council?**
   - Could you get a short-term advance, a budgeting loan or a budgeting advance from the Department for Work and Pensions (DWP) to help you pay for an essential item? Could you get help from your local council?
   - **See** ‘Help from grants, advances and loans’ on page 11.

8. **Staying on at school in England or Wales?**
   - You may be able to get help with the costs of your children staying on at school or college.
   - **See** ‘Help from grants, advances and loans’ on page 11.

9. **Can you cut your fuel or water bills?**
   - Can you save money by using less energy or by switching to a different fuel supplier? Can a trust fund help you with your fuel or water bill or other costs? Can you cut your fuel bills by adding insulation and heating improvements to your home through the Green Deal scheme or through the Energy Company Obligation (ECO) programme?
   - **See** ‘Help from grants, advances and loans’ on page 11.

**Checklist: Remember**

You can always contact National Debtline for help, information and advice on 0808 808 4000 or see www.nationaldebtline.co.uk.
Benefits, tax credits and Universal Credit

There is a range of different types of benefits and tax credits which you might be entitled to. Also, during 2013, the Government is planning to introduce a new benefit called Universal Credit. Whether you can claim any of these benefits will depend on your circumstances.

Some benefits are based on the National Insurance contributions you have paid. These include contribution-based Jobseeker’s Allowance, Incapacity Benefit or contribution-based Employment and Support Allowance, pensions and maternity benefits.

Other benefits and the new Universal Credit are means-tested. This means the amount of help you get depends on how much money you already have coming into your home. There are also limits on how much you are allowed to have in savings and still claim. These benefits ‘top up’ any income you already have. You do not need to have paid National Insurance contributions to claim them.

Universal Credit

In 2013, Universal Credit will begin to replace the following benefits and tax credits.

- Income-based Jobseeker’s Allowance
- Income Support
- Income-related Employment and Support Allowance
- Child Tax Credit
- Working Tax Credit
- Housing Benefit.

From October 2013, some people who make a new claim for these benefits will get Universal Credit. From April 2014, everyone who makes a new claim for benefits will get Universal Credit.

Between 2013 and 2017, all people claiming the old benefits and tax credits should be transferred onto Universal Credit.

See www.gov.uk to check what benefits you may be able to get. Type benefits adviser into the search box.

Income-related Employment and Support Allowance

This has replaced Incapacity Benefit and Income Support for people who may be unable to work due to illness or disability. You may also be able to get help towards your mortgage.

Pension Credit

You can claim once you have reached the qualifying age. The amount you are entitled to depends on your income. There is an extra payment called ‘savings credit’ if you or your partner are 65 or over. This rewards you for having modest savings. The amount you get will depend on how much money you have saved. You may also be able to get help towards your mortgage. To check your entitlement to Pension Credit, see www.gov.uk. Type Pension Credit into the search box.

Extra advice: Support for Mortgage Interest

If you claim Income Support, Pension Credit, income-related Employment and Support Allowance or income-based Jobseeker’s Allowance, the DWP will normally pay at least some of the interest on the mortgage if you took the mortgage out to buy your home. This is called ‘Support for Mortgage Interest’. The rules about how much help you can get are complicated. Different rules apply depending on when you took out your mortgage and when you made your claim for benefit. If you are not sure about whether you are eligible, contact us for advice.

Extra advice: housing costs and Universal Credit

If you claim Universal Credit, the DWP will normally pay at least some of the interest on your mortgage if you took the mortgage out to buy your home. The rules about how much help you can get from Universal Credit are complicated. If you are not sure about whether you can claim, contact us for advice.

Income-based Jobseeker’s Allowance

This is for people working less than 16 hours a week who are looking for work. You may also be able to get help towards your mortgage. There may be a time limit of 104 weeks on the help with your mortgage.

Income Support

This is for people who are not looking for work (for example, because they are caring for someone). You may also be able to get help towards your mortgage.

Child Tax Credit

This is paid to people with responsibility for children (under 16 or under 20 if in full-time education or certain kinds of approved training). It can be paid whether you are in or out of work. The amount you will get depends on your income. For information, ring the Tax Credit helpline on 0345 300 3900.
Housing Benefit

You may be able to get help with your rent by claiming Housing Benefit from your local council if you are on benefits or a low income.

In 2013, the Government is putting a cap on how much you can receive in benefits if you and your partner are of working age but not working. This is known as the “benefit cap”. This will apply if your combined income from certain benefits is over a set amount and means that the amount of Housing Benefit you receive may be reduced. This cap will not apply if anyone in your household receives particular disability-related benefits and some other pensions. The Government says the cap will be introduced over the summer of 2013. The DWP should tell you if this will apply to you and the date that it will start. Contact us for advice.

From April 2013, if you are of working age and you rent your home from a council or housing association, your local council may reduce the amount of Housing Benefit they will pay you if they decide that you have more bedrooms than you need. Contact us for advice.

Working Tax Credit

This is paid to people who are in work but on a low income. It is paid on top of your wages, and is dealt with by HM Revenue & Customs (HMRC). You can claim whether you have children or not, but the hours you must work to be eligible will depend on your circumstances and age. For information, ring the Tax Credit helpline on 0345 300 3900 or see www.gov.uk. Type tax credits into the search box.

Support for council tax

From April 2013, the way that you can get help with your council tax is changing. Check how this works with your local council.

See ‘Council tax’ on page 29.

Extra advice: questions about benefits

Working out which benefits to claim can be complicated. There are different ways of getting answers to your questions about benefits.

If you would like to speak to someone, contact your local DWP office or the Jobcentre Plus helpline on 0800 055 6688.

You can ask a local advice centre for help or contact us for advice.

You can use an online benefits checker. For example, see the benefits calculator at www.turn2us.org.uk or the benefits adviser at www.gov.uk.

Other benefits

Some benefits are not means-tested, nor do you have to have paid any National Insurance contributions to claim them.

These include Child Benefit if you have dependent children. From January 2013, the amount of Child Benefit you will receive may be affected by the High Income Child Benefit charge if you or your partner earn more than £50,000 a year. If you or your partner earn over £60,000, the tax charge will recover all the Child Benefit paid to you. Contact us for advice.

There are also benefits for people with disabilities such as Disability Living Allowance, Attendance Allowance and Carer’s Allowance for their carers. From June 2013, instead of making a new claim for Disability Living Allowance, you will need to claim the new Personal Independence Payment. If you currently get Disability Living Allowance, the DWP will let you know when you need to make a new claim for the Personal Independence Payment. This will be at some point between 2013 and 2016. If you are under 16, you can continue to claim Disability Living Allowance. Whether you can claim any of these benefits will depend on the nature of your illness or disability and the effect it has on you.

Help with health costs

You may be able to get help with prescriptions, dental treatment, sight tests, glasses and contact lenses, travel to hospital, wigs and fabric supports. The rules are different depending on whether you live in England or Wales. Prescriptions are free in Wales for everyone.

Important: Universal Credit

Income-based Jobseeker’s Allowance, Income Support, income-related Employment and Support Allowance, Working Tax Credit, Child Tax Credit and Housing Benefit are due to be closed to new claims from April 2014. If you are already getting one of these benefits or tax credits, you should be transferred onto Universal Credit by the end of 2017. You can still claim tax credits if you are over the age you could get Pension Credit (62 years in 2014) and either look after children, or work at least 16 hours a week.
If you live in England, you may have to pay. Contact your local advice agency, the DWP or the Help with Health Costs advice line on 0845 850 1166 to see if you qualify for free prescriptions and help with health costs. If you cannot claim free prescriptions, you may be able to reduce the cost by buying a prepayment certificate.

Minimum wage
Check that you are being paid the national minimum wage. This usually goes up every year in October. The minimum wage you are entitled to depends on your age. You can find more information at www.gov.uk. To complain if you think you are being paid too little, ring the Government’s Pay and Work Rights Helpline on 0800 917 2368.

Tax
Everyone is entitled to a personal tax allowance (or tax-free amount), but there are all sorts of tax allowances and tax reliefs available. These depend on your age and personal circumstances. You can check your entitlement to tax allowances and reliefs at www.gov.uk and www.litr.org.uk. If you are still in doubt, contact your tax office on 0845 300 0627. Contact us if you have any questions.

Important: backdated tax allowances
You can still ask for tax allowances to be given to you for earlier years, even if you do not qualify now. Make these claims as soon as possible as there are time limits. If you think this might apply to you, check with your tax office or contact us for advice.

Ways of increasing your income
Money from other people
• If you have grown-up children or other relatives living in your home, make sure they are paying enough towards the household expenses. Contact us for advice.
• If you have children from a former relationship, you may want to claim child maintenance or see whether the maintenance you are getting can be increased. You will be able to keep all the child maintenance you receive even if you are on benefits. You can find independent advice about child maintenance options at www.emoptions.org or contact 0800 988 0988.

Money from insurance
• Check whether your mortgage or any other loans are covered by payment protection insurance. This may apply if you have been made redundant or you are off work due to illness. If you are turned down by the company when you claim on your policy, you may be able to complain to the Financial Ombudsman Service. Contact us for advice.

Renting out a room
• Is there a possibility of renting out a room in your home? You will need to check to see how this will affect any benefits you are claiming. Also check your tax position. Ask your tax office about the ‘rent-a-room’ scheme. This allows you to receive rental income, up to a certain limit, tax-free. You will usually also need your landlord’s or mortgage lender’s permission to do this, as your tenancy or mortgage agreement may not allow you to rent rooms out. To find out more, see www.gov.uk.

Working as a childminder
• You may be able to work as a childminder in your home and still claim Income Support or Employment and Support Allowance. Some of your earnings are ignored and you are not treated as working full-time. The rules are different if you are on Jobseeker’s Allowance. Check with the DWP or contact us for advice.

Help from grants, advances and loans
• Check with your local council to see if you can have a home improvement or a disabled facilities grant. This will depend on your income, whether you have a disability and what repairs need doing in your home.
• If you are on Income Support, income-based Jobseeker’s Allowance, income-related Employment and Support Allowance or Pension Credit, you may qualify for a short-term advance, a budgeting loan or a budgeting advance from the DWP. If you are on Universal Credit, you may qualify for a short-term advance or a budgeting advance. Payments depend on your circumstances and there are guidelines on the type of items allowed and who will qualify for help. See www.gov.uk and contact us for advice.
• The Social Fund also provides maternity grants and funeral expenses payments for people on qualifying benefits. Contact us for advice.
• If you are pregnant or have a child under four and you are on certain benefits, or you are pregnant and under 18, you may qualify for help with milk, fruit, vegetables and vitamins under the Healthy Start scheme. Contact the Healthy Start Issuing Unit on 0845 607 6823 or see www.healthystart.nhs.uk to find out if you will qualify for this scheme.
• If you have no income or there is an emergency or disaster, you can apply for help from your local council’s assistance scheme. You do not have to be on benefits to apply but you can only get help with certain items. Contact us for advice.
The 16-19 Bursary Fund (if you live in England)
If you have children who are aged between 16 and 19 and are staying on at school or college, they may qualify for a bursary of up to £1,200 a year. This is only in limited circumstances, such as they are claiming Income Support in their own name, or are disabled and on certain benefits. The school or college can also help with a bursary if they are in financial hardship. For more information, contact the school or college direct.

Education Maintenance Allowance and the Assembly Learning Grant (if you live in Wales)
If you have children who are aged between 16 and 18 and are staying on at school or college, they may qualify for an allowance of up to £30 a week, depending on your household income. If your child is 19 or over, they may qualify for an Assembly Learning Grant if they stay on at college. For more information, contact Student Finance Wales on 0845 602 8845 or see www.studentfinancewales.co.uk.

Help with gas, electricity and water costs
• Can you cut down on the energy you use? Contact your supplier to find out what help they can provide, or ring the Energy Saving Advice Service on 0300 123 1234. Consumer Focus has a Help Finder on its website at www.consumerfocus.org.uk, which tells you what help you can get. You can also ring the Home Heat Helpline on 0800 336 699 to find out what help you can get from your supplier.

Help with water bills
• Can you cut down on the number of units you use? Contact your supplier to find out what help they can provide, or ring the Water Bill Adviser on 0800 119 3030. Consumer Focus has a Help Finder on its website at www.consumerfocus.org.uk, which tells you what help you can get. You can also ring the Water Bill Helpline on 0800 336 699 to find out what help you can get from your supplier.

Information: Turn2us
Turn2us is a charity that helps people in financial need get access to benefits, charitable grants and other financial help. See www.turn2us.org.uk, which has a benefits calculator and other advice about benefits, as well as a grants search tool, or ring the helpline on 0808 802 2000.

Next steps...
You are now at the end of step 1. We hope this section has helped you get all the extra money and other help you can.

Step 2 is called ‘Working out your personal budget’. Doing a budget will help you decide what your options are for dealing with your debts. This section will give you lots of useful guidance and tips on working out your budget.

Turn to page 13 to begin.
A personal budget is an essential tool to help you tackle debt problems. Use this section to guide you through filling in your personal budget sheet. You can then see how much you have left over and this will help you work out the best way to deal with your debts.

This section will also help you fill in the budget summary for your creditors, if you decide that your best option is to offer reduced payments.

Step 2
Working out your personal budget
Can you increase your income?
Before you start to look at your personal budget sheet, check to see if there are ways of increasing your income.

SEE ‘Increasing your income’ on pages 7 to 12.

Can you manage your money better?
You might be able to cut down on some of your spending by budgeting better or shopping around for the best deal.

SEE ‘Help with managing your money and budgeting’ on page 21.

Work out a personal budget sheet.
Follow the advice and guidance in this section to list all your income and outgoings so that you can work out the best way to deal with all your debts.

SEE ‘Working out your income’ on page 15 and ‘Working out your outgoings’ on page 16.

Deal with any priority debts you have before deciding what to do about your other debts.
Once you have worked out your income and outgoings, it is time to look at how you are going to deal with your debts. Start with any priority debts you have as these are the ones you need to deal with first.

SEE ‘Dealing with your priority debts’ on pages 24 to 38.

Decide on the best way to deal with your non-priority debts.
Once you have worked out your income and outgoings and any payments that you need to make to priority creditors, you can decide on the best way to deal with your non-priority debts.

SEE ‘Dealing with your non-priority debts’ on pages 39 to 50.

Do you need to work out a budget summary?
If you decide that making reduced offers of payment to your creditors is the best way to deal with your non-priority debts, your creditors will only need to see a summary of your personal budget sheet.


Are you self-employed?
If you are self-employed, contact Business Debtline for help with filling in a business and household budget sheet. This will usually be more helpful to you than following the guidelines in this pack.

SEE ‘Useful contacts’ on page 54.

Information: you might prefer to work out your budget online
If you think you will find it easier to fill in your budget online, see our website at www.nationaldebtline.co.uk, which has a budget tool-kit.
Filling in your personal budget sheet

Working out a personal budget is important because it helps you:

- see how much money is coming into your household;
- see how much money is going out;
- see how much money you have left;
- work out the best way to deal with your debts;
- work out affordable offers to creditors if you think this is the best way to deal with your debts; and
- plan your future spending.

Once your personal budget sheet is complete, you will be able to see:

- all the money that you have coming in;
- all the money you have going out;
- a list of all your priority debts and any payments that you need to make towards these debts;
- how much money you have left over to pay your non-priority debts; and
- a list of your non-priority creditors and what you have worked out you can pay to each creditor.

Why do I need to fill in a personal budget sheet?

- Once you know how much money you have left over to pay your non-priority creditors, you will be able to decide your best option for dealing with your debts.
- You should keep a copy of your personal budget sheet so that you can keep track of how you spend your money.
- You will need to use the information you collect in your personal budget sheet to help you fill in the budget summary. You will need to use it if you are going to negotiate with your creditors yourself.

Working out your income

Add up the income for you and your household. Include the following.

- Wages and salary after deductions (normal take-home pay). Only include overtime if it’s regular. Check with your local tax office that you have the right tax code.
- Benefits and tax credits, including Child Benefit.
- Contributions from other people who live in your home, such as grown-up children and elderly relatives (known as non-dependants). Try to make sure that any non-dependant is paying enough towards the household expenses and don’t forget to include any extra housekeeping costs for them.
- If you are on a low income, you may be entitled to benefits that you are not claiming.

SEE ‘Increasing your income’ on pages 7 to 12.

- If you are sick or disabled, you may be able to claim a range of disability benefits. Contact us for advice.

Your assets

Assets are things like savings or the value of property, such as your home or car. You don’t have to list your assets. Also, creditors will not usually expect you to sell your home and essential household items to pay off your debts. Tick the box in your personal budget sheet and budget summary to show you have considered your situation and feel that you have no assets that you can sell to make lump-sum payments off your debts.

Calculation box: do a monthly budget

Both budget sheets use monthly figures for income and outgoings. If you pay for some things weekly or fortnightly, remember that you will need to change these to a monthly amount.

To change weekly figures to monthly figures
Weekly figure x 52 (weeks) divided by 12 (months).

To change fortnightly figures to monthly figures
Fortnightly figure x 26 (payments) divided by 12 (months).

To change four-weekly figures to monthly figures
Four-weekly figure x 13 (payments) divided by 12 (months).
Working out your outgoings

Filling in this part of your personal budget sheet will help you work out how much money you need to spend on basic living expenses. At this stage, don’t include any debts, arrears or credit payments.

The outgoings section in your personal budget sheet is split into five areas.

• Your essential spending which includes your household bills and regular payments.
• Your phone costs.
• Your travel costs.
• Your housekeeping which, as well as covering things like food and cleaning materials, also includes clothing.
• Other spending which includes outgoings that are not covered anywhere else on the budget sheet.

What if I am not sure how much to include?

In this section, we give you hints and tips on:
• how you might be able to reduce some regular bills and payments;
• how to work out the right amount to put in your personal budget sheet for your regular bills and payments; and
• what is reasonable to spend on things like housekeeping and clothing.

Will my creditors think my outgoings are reasonable?

Many of the figures in the outgoings section of your personal budget sheet will be based on your regular bills or direct debits and standing orders from your bank account. You might not have much control over some of these amounts. Your creditors know that this is the case and it is important that you put in your personal budget sheet are based on your true spending.

• Be careful and be realistic

Do not include figures that are less than you are really spending. If your figures are too low, you will find it hard to keep to any payment arrangement that you agree with your creditors.

• Be sensible about your spending

If your creditors do not think that the amounts are reasonable, this will mean they are less likely to agree to reduced payment offers. If you are not sure, contact us for advice.

• Give reasons if spending is high

If you think that any of your outgoings might be higher than a typical household, it is important that you tell your creditors the reason why your spending is higher in this area.

SEE ’It’s your budget’ on page 19.

You can write this information in the extra information section of your budget summary or put this information in the letter that you send to creditors with your budget.

Essential spending

Rent

Include your full rent payments here. Put any Housing Benefit or Local Housing Allowance you get as income under your benefits and tax credits. Don’t put your rent arrears in the outgoings section. There is space to include any rent arrears payments later on.

Mortgage

Include your full mortgage payments here. Put any Support for Mortgage Interest payments under your benefits and tax credits. Don’t put your mortgage arrears in the outgoings section. There is space to include any mortgage arrears later on.

Pension

Only include what you actually pay into your pension yourself. Do not include any payments that have been already taken out of your wages by your employer.

Council tax

Check whether you can claim Council Tax Reduction. You normally pay council tax in 10 monthly instalments, but from April 2013, councils in England must allow you to pay over 12 months. Some councils will accept payments every week or two weeks. If you live alone, you will be entitled to 25% off your instalments. The amount you include here should be your full council tax. Include any Council Tax Reduction you get in the your income section under your benefits and tax credits. There is space to include any council tax arrears later on.
Water rates
Most water companies will accept payments every month, every week or every two weeks. Only include your ongoing water bills here. Include any water-rates arrears with your other non-priority creditors. You cannot be disconnected for water debt, but it is important to keep up with your ongoing bills so the debt doesn’t get any bigger.

‘Help with water bills’ on page 23.

Gas and electricity
If you are on a regular payment plan for your gas and electricity, include the amount you are paying every month in your personal budget sheet. If you are paying your bills quarterly (every three months), work out the total cost of your last four bills and divide this by 12. Gas and electricity cost less if you pay by monthly direct debit from a bank account.

‘Help with gas and electricity bills’ on page 22.

TV licence
Allow £13 a month for a colour licence. If you don’t have a TV licence or have fallen behind with your payments, you will need to come to an arrangement to pay because you can be fined for not having a licence.

‘Find the easiest way to pay your TV licence’ on page 22.

Magistrates’ court fines
These are priority payments and you should include them in essential spending. If you are behind with a magistrates’ court fine, contact us for advice. They are different from county-court judgments, which you should include with non-priority debts.

‘Magistrates’ court fines’ on page 34.

Maintenance or child support
This means maintenance paid to someone else by you or your partner, not maintenance you or your partner receive. Include voluntary payments and any payments ordered by the court or the Child Support Agency (CSA).

‘Child maintenance’ on page 35.

Hire-purchase or conditional-sale goods and cars
Include here payments for any goods you have bought on hire purchase or conditional sale. If you need a car for work or for mobility reasons (and you have bought the car using a hire-purchase or conditional-sale arrangement), you will need to include these payments in essential spending or you may lose the car. If you are behind with these payments or if you have a Motability car, contact us for advice.

‘Hire purchase or conditional sale’ on page 37.

Childcare costs
This might include childminder fees, nursery fees and the cost of after-school clubs. If you have extra costs because your child is ill or disabled, or if you receive Disability Living Allowance or the Personal Independence Payment because your child is disabled, contact us for advice about how to show these costs in your personal budget sheet.

Adult care costs
Make sure you include any extra costs you have if you or your partner are ill or disabled. If you would like help with how to show these costs in your budget, contact us for advice.

Other essential spending
If you have other essential spending that is not listed on the budget sheet, put a short description in the space given. For example, if you belong to a church or other religious group, you may wish to give a regular contribution to them.

Phone
This includes your home phone and any mobile phones you have. Only include your ongoing bill. Don’t pay more than you need to for your phone.

‘Are you paying too much for your phone calls?’ on page 23.

Travel
Include the costs of travel to work, school and for shopping. This should take into account using public transport, buying travel season tickets and all the costs of running a car or motorbike if you have one. If you have extra travel costs because of a disability or because you live in a rural area, use the extra information section of the budget summary to explain to your creditors what these are.

What if we have more than one vehicle?
If you have a good reason why you need two vehicles, it is very important to explain this to your creditors. For example, creditors are likely to be understanding if you need two cars because:

- someone in your household has a disability;
- you and your partner need to travel to separate workplaces; or
- you live in a rural area where there is little or no public transport.

If you have more than one vehicle, use the extra information section of the budget summary to explain why this is.
Working out your personal budget

Extra advice: be careful!

If you don’t take account of extra expenses, or if your figures are much below our guidelines, you may find it more difficult to stick to any long-term repayment plan. This could lead you into greater difficulties.

Housekeeping
You will see that housekeeping covers lots of different items, including food, toiletries, cleaning materials, clothing and so on. Make sure you include any extra costs you have because of an illness or disability. For example, you might have a special diet which means you spend more on food. Don’t forget to include housekeeping costs for any non-dependants who are included in your household.

A special word about clothing
The amount you spend on clothing will vary depending on your circumstances. As a rough guide, allow £3 to £5 for each person each week (or around £22 for each person each month). Don’t forget the cost of school uniforms. Only include non-dependants if you pay for their clothing. Remember that your council may help with the cost of school clothing. This will depend on your circumstances. If there are reasons why you need to spend more on clothing, for example, because of wear and tear due to a disability, make sure you use the extra information section in the budget summary to tell your creditors the reason why.

Calculation box: you need to work out a monthly personal budget sheet
If you have a weekly plan for how much you spend on housekeeping, don’t forget that you will need to change this to a monthly figure.

To change weekly figures to monthly figures
Weekly figure x 52 (weeks) divided by 12 (months).

See the figures in the table below for a rough guide to typical spending on housekeeping (including clothing). Add the figures together for any children or non-dependent adults in your household.

Weekly housekeeping budget

<table>
<thead>
<tr>
<th></th>
<th>Single person</th>
<th>Couple</th>
<th>Each child under 14</th>
<th>Each child 14 to 18</th>
<th>Each non-dependent adult</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single person</td>
<td>£52 to £75</td>
<td>£102 to £126</td>
<td>Up to £21</td>
<td>Up to £36</td>
<td>Up to £51</td>
</tr>
<tr>
<td>Group</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Monthly housekeeping budget

<table>
<thead>
<tr>
<th></th>
<th>Single person</th>
<th>Couple</th>
<th>Each child under 14</th>
<th>Each child 14 to 18</th>
<th>Each non-dependent adult</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>£238 to £325</td>
<td>£426 to £547</td>
<td>Up to £91</td>
<td>Up to £159</td>
<td>Up to £222</td>
</tr>
</tbody>
</table>

Other spending
Other spending is made up of a mixture of things that need to be budgeted for. This type of spending will vary from household to household but might include haircuts, children’s pocket money, house repairs and cable, satellite and internet. Look at the personal budget sheet for a longer list of the types of spending that you might need to include. Here is some guidance on some of the outgoings that come under the heading of other spending.

Health costs
Don’t forget the cost of prescription charges, dental treatment, glasses and sight tests for the whole household. Check to see if you can get help with these expenses.

‘Help with health costs’ on page 10.

Repairs and house maintenance
Don’t forget routine house repairs, repairs to washing machines, maintenance contracts and so on.

School meals and meals at work
Remember, you will save money if you take a packed lunch to school or work. Check to see if you can claim Income Support, income-based Jobseeker’s Allowance, income-related Employment and Support Allowance or Pension Credit. If so, you can claim free school meals. You can also claim if you receive Child Tax Credit, work less than 16 hours a week, and your income is below a set amount. If you get Universal Credit, you may be able to get free school meals. Contact us for advice.

Extra advice: be careful!

If you don’t take account of extra expenses, or if your figures are much below our guidelines, you may find it more difficult to stick to any long-term repayment plan. This could lead you into greater difficulties.
Extra advice: it’s your budget

Your household’s outgoings will be different from another household’s. In the section opposite, we have given some guideline figures for housekeeping and clothing. But remember, you may not spend as much as someone else, or you may have extra expenses because of your circumstances such as a special diet, the cost of a uniform at work, extra transport costs due to disability, or if you live in a rural community and so on. It is your personal budget, so the figures should be your own.

Hobbies and leisure

This might include clubs, pubs, outings, sports and gym membership. Be careful about how much you are spending on these things. If you need to cut-back, these are areas that you might look at.

Gifts

Don’t forget Christmas, birthdays and charity donations.

Other

If you have other spending that is not listed here, or anywhere else on the budget sheet, put a short description in the space given. Things that you might want to include here are postage costs, holidays and so on. Do not include any payments towards your debts.

How much do I have left to pay my creditors?

The personal budget sheet has sections for you to work out payments to both your priority creditors and your non-priority creditors. The amount in the money for all creditors box is the total you have available to pay all your creditors.

The next step is to work out how much of this money you need to offer to your priority creditors. They have stronger powers to get their money back, so you must deal with them first before you work out what to do about your non-priority creditors.

Working out what to pay towards your priority debts

Once you have worked out what to pay your priority creditors, you will need to contact them to make an arrangement.

See ‘Dealing with your priority debts’ on pages 24 to 38 for advice on how to negotiate with your priority creditors.

The next step is to put the agreed priority debt repayments into your personal budget sheet under your priority debts. You can then add up all your priority debt payments and put the total in the total priority debt repayments box.

Important: no money left to pay your priority debts?

If you have no money left to pay your priority creditors, you still have options.

See ‘What if I have no money left to pay my creditors?’ on page 42, or contact us for advice.

Decide on the best way to deal with your non-priority debts

Now you have worked out your income and outgoings and any payments that you need to make to priority creditors, you need to look at all your options for dealing with your non-priority debts.

See ‘Dealing with your non-priority debts’ on pages 39 to 50.

If you decide the best option for you is to try to come to a payment arrangement with your creditors yourself, the next section explains how to work out offers of payment.

Working out offers of payment to non-priority creditors

Once you have worked out how much you are going to pay off your priority debts, see what money you have left over.

• You can work this out by taking away your total priority debt repayments from the total money for all creditors.

• Put this figure in the total money for non-priority debts box.

• This is how much you have left to share between your non-priority debts.

If you have some money left, the next step is to divide up your money between your non-priority creditors. The best way to do this is called ‘pro-rata distribution’. This is how the court would do it and means all your creditors get a fair share of the money you have available.
In the calculation box below we show you how to work out pro-rata payments. Use a calculator to work out your payments. You should round the final figure up or down to the nearest £1. Check the example on page 21 to see how a typical list of pro-rata payment offers might look.

- Contact all your creditors to find out exactly how much you owe each one.
- List each of your creditors under your non-priority creditors and how much you owe each of them under total you owe.
- Add up all the individual debts to find out how much you owe in total.
- Put the total in the total owed to non-priority creditors box.
- Work out the monthly offer of repayment for each creditor by using the formula in the calculation box.
- If you need help in working out offers of payment, contact us for advice.

**Extra advice: what to do next**

If you are not sure about what to do next, or about the best option to deal with your debts, contact us for advice.

### What if I already have a county-court judgment?

You should include this debt with your non-priority debts and work out the offer of payment in the same way.

**Extra advice:** ‘What if my creditors take court action?’ on page 48.

If this is less than the amount the court has ordered you to pay, you may need to apply to the court to reduce the amount. This will mean you are treating all your creditors fairly and you are not paying one creditor more than you can afford. If you need to reduce the amount that you have to pay on a county-court judgment, contact us for advice.

*Important: no money left to pay your non-priority debts?*

If you have no money left to pay your non-priority creditors, you still have options.

**SEE** ‘What if I have no money left to pay my creditors?’ on page 42, or contact us for advice.

### Calculation box: working out payments

To work out pro-rata payments to each of your creditors, you need to find out:

- how much you have left over to pay your non-priority creditors. You can find this on your personal budget sheet in the total money for non-priority debts box (Box 49); and
- how much you owe each of your non-priority creditors.

**Step 1:** list all your non-priority creditors and the amount you owe each of them.

**Step 2:** add up the total amount you owe to all your non-priority creditors (Box 50).

Follow steps 3 and 4 for each of your non-priority debts.

**Step 3:** multiply your total money for non-priority debts (Box 49) by the individual debt.

**Step 4:** divide the amount you worked out at step 3 by the total amount you owe. This will give you the payment offer you should make to your creditor.

**SEE** ‘Example budget sheet’ on page 21.

### Filling in your budget summary

Your creditors do not need to see all the detail in your personal budget sheet. You only need to give them a summary of what you have worked out. The next step is to put this into your budget summary. The layout has been agreed with creditor organisations and gives them the information they need to see when they look at your repayment offers.

**Extra advice:** filling in your budget summary

You will need to use the information you have gathered in your personal budget sheet to fill in your budget summary. Copy the amounts in the same numbered boxes in your personal budget sheet to the numbered boxes in your budget summary.
Are your outgoings more than your income?
If your outgoings are more than your income, you should look to see if you can increase your income or reduce your outgoings.

- If you can pick up any tips from ‘Increasing your income’ on pages 7 to 12.
- If you can pick up any tips from ‘Help with managing your money and budgeting’ below.

If your outgoings are still more than your income after doing these things, contact us for advice.

Help with managing your money and budgeting
This section gives some useful hints and tips to help you make the right decisions.

Planning ahead
When money is tight, it is very hard to stick to repaying debts when an important bill needs paying or the car or house needs an urgent repair. You can spread out these payments and make budgeting much less stressful if you regularly put a bit of money aside to pay for items like this.

Christmas, birthdays and holidays also put a big strain on your household budget. Think about opening a savings account or joining a credit union. If you join a credit union and start saving with them, you will also be able to apply to borrow money once you have proved you are a reliable saver. The Money Advice Service website has information about credit unions.

Extra advice: small offers
Don’t worry if your offers look very small. Your creditors would rather you pay a small amount regularly than make promises you can’t keep to.

Calculation box: example budget sheet
In the example below, Pat and Eva have worked out their income and outgoings. After taking account of an extra £50 a month they are going to have to pay towards their council tax arrears (which is a priority debt), they have £133 every month left over to pay their non-priority creditors.

<table>
<thead>
<tr>
<th>Non-priority creditors</th>
<th>Total owed</th>
<th>Monthly repayment offers</th>
<th>How the calculation is done</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newhome catalogue</td>
<td>£912</td>
<td>£7</td>
<td>£133 x £912 ÷ £16,981 = £7.14 (rounded down to £7)</td>
</tr>
<tr>
<td>Wellington Trust and Savings</td>
<td>£2,381</td>
<td>£19</td>
<td>£133 x £2,381 ÷ £16,981 = £18.64 (rounded up to £19)</td>
</tr>
<tr>
<td>Unicorn credit card</td>
<td>£3,397</td>
<td>£27</td>
<td>£133 x £3,397 ÷ £16,981 = £26.60 (rounded up to £27)</td>
</tr>
<tr>
<td>Alphabet bank loan</td>
<td>£5,671</td>
<td>£44</td>
<td>£133 x £5,671 ÷ £16,981 = £44.41 (rounded down to £44)</td>
</tr>
<tr>
<td>Flower Financial Services</td>
<td>£4,514</td>
<td>£35</td>
<td>£133 x £4,514 ÷ £16,981 = £35.35 (rounded down to £35)</td>
</tr>
<tr>
<td>Cheep Telecoms</td>
<td>£106</td>
<td>£1</td>
<td>£133 x £106 ÷ £16,981 = 83 pence (rounded up to £1)</td>
</tr>
<tr>
<td>Total non-priority debts</td>
<td>£16,981</td>
<td>£133</td>
<td></td>
</tr>
</tbody>
</table>

Eva and Pat will have paid off their council tax arrears in four months. They will then be able to do their budget again and increase their payments to their non-priority creditors.
Working out your personal budget

Find the easiest way to pay your TV licence

Paying for your TV licence is a priority. This is because you can be fined in the magistrates’ court for not having a licence. This can lead to bailiffs calling or even you going to prison if you don’t pay the fine.

SEE ‘Magistrates’ court fines’ on page 34.

As well as having the fine to deal with, you will still need a TV licence.

You will get 50% off your TV licence if you are registered blind. The licence is free if you are over 75. There are different ways of paying for a TV licence. Work out which one will suit you best.

• You can use the TV Licensing savings card or make payments at PayPoint outlets in shops. To apply for a TV Licensing savings card, contact 0300 555 0281.
• You can pay by direct debit either every three months or every month from your bank account. Contact TV Licensing on 0300 790 6063.
• There is a payment scheme called the ‘cash payment plan’ which allows you to make payments towards your licence every week or two weeks. You can only use the scheme for colour licences. Contact the cash payment plan helpline on 0300 555 0300 or see the TV Licensing website at www.tvlicensing.co.uk.

Help with gas and electricity bills

It is very important to budget for gas and electricity bills. Your fuel company should offer you different payment options and budgeting schemes to suit you. You can ask to pay your bills every week, every two weeks, or every month. For more information on payment options and what to do if you are behind with your fuel payments,

SEE ‘Gas and electricity’ on page 32.

Help from gas and electricity companies

Some fuel companies have set up trust funds that may be able to help you pay your fuel bills if you are in financial difficulties. Ask your fuel company if they run a scheme or contact us for details. You can also download a guide to utility trusts and services from the Auriga Services Ltd website at www.aurigaservices.co.uk. Select the link ‘Schemes to help water and energy customers’.

You may be able to get a grant or loan to help with insulation, draught proofing, central heating and other energy-saving measures.

SEE ‘Help with gas, electricity and water costs’ on page 12.

Some fuel companies offer energy-saving schemes and discounts. Fuel companies may also help with cheap fridge-freezers or light bulbs. Check with your supplier.
Working out your personal budget

Are you paying too much for your phone calls?

Check your phone contract is the best you can find. You may be able to make big savings if you switch phone companies. Another way to cut costs is to use an ‘override provider’. You won’t have to change your phone line but by dialling a prefix number, you could cut the cost of daytime calls and calls to mobiles.

Even if you don’t want to change your phone company, there are other ways to cut down on your phone bills.

- Pay by direct debit.
- Use the internet. If you have access to the internet, you may be able to talk for free using software such as Skype.
- Check your contract. Are there extras such as voicemail that you don’t really need? If you have an expensive ‘unlimited anytime’ package, do you really need it?
- See if your phone company has a social tariff. This may be helpful if you are on certain benefits and only use your phone occasionally.
- See if you can switch to paperless billing. If you agree to get your bills online, you could save some money.

An outstanding bill

If you have a bill that you cannot afford to pay and you want to keep the phone line, ask your phone company if you can pay by instalments. Your phone company may be more likely to agree if you set up a monthly payment plan, perhaps by direct debit. They may also agree to let you have only incoming calls for a short time to help reduce your bills. When you have cleared your arrears, you may then be able to go back to your normal phone package.

Help with water bills

You may be able to reduce your water bill or get help with water debt in the following ways.

- Most water companies have trust funds and may be able to help you pay your water bills if you are in difficulty.
- Water meters only charge you for the water you actually use and this could make your bills cheaper. Ask your water company for advice or use the water-meter calculator at www.ccwater.org.uk.

Next steps...

You are now at the end of step 2. Doing a budget will really help you deal with your debts, so we hope you found this section easy to follow. Don’t worry if your budget is only rough at this point. If you need any extra help, contact us for advice.

Don’t forget to update your budget after following the advice in steps 3 and 4.

You now need to go to step 3 ‘Dealing with your priority debts’. Use the list at the start of this section to check whether you have any priority debts. If you don’t have any priority debts, you can skip step 3 and move straight to step 4 ‘Dealing with your non-priority debts’.

If you do have priority debts, this section will explain the powers your creditors have to make you pay. It also gives you advice on how to deal with your debts.

Turn to page 24 to begin.
You’ve worked out your income and outgoings (see previous section). Now you need to work out which are the most important debts – the ones you need to start paying off first. The rest of this section contains useful information about the following priority debts, including guidance on what to do and how much to pay.

- Mortgage
- Rent
- Council tax
- Gas and electricity
- Magistrates’ court fines
- Parking penalty charges
- Maintenance
- Social Fund loans
- Benefit overpayments
- Tax-credit overpayments
- Tax debts
- Hire purchase or conditional sale
- TV licence

Step 3
Dealing with your priority debts
Checklist

Use this simple checklist to make sure you take the right steps to deal with your priority debts.

Some debts are more important than others. These are called priority debts. It is important to use your money for creditors to make agreements to settle these debts first. If you are not sure about how much to offer, contact us for advice.

See ‘What are priority debts?’ on page 26.

☐ Get some free, independent money advice.
If you are reading this and haven’t yet spoken to a money adviser, contact us or your local advice centre for advice about all your options.
See ‘Useful contacts’ on page 54.

☐ Explain your situation to your creditors.
Even if you haven’t decided how to deal with your priority debts, it’s a good idea to explain to your creditors that you are struggling. Tell them you are taking advice and doing a budget. This may buy you some breathing space.
See ‘Sample letter 1’ on page 51 which you can use to ask your creditors to hold action.

☐ Complete a personal budget sheet.
A personal budget sheet is very important as it will help you decide what payments you can afford to make to pay back your priority debts.
See ‘Working out your personal budget’ on pages 13 to 23.

☐ Pay as much as you can.
It is important that you pay as much as possible towards your priority debts. You will usually need to pay enough to cover your ongoing payments and offer a regular payment towards the arrears.

☐ Has the creditor taken further action?
Even if your creditor has said they will take further action such as fuel disconnection or repossession, it is usually not too late to come to some arrangement and to stop the action. Contact us for advice.

☐ Can you increase your income?
There may be benefits, tax credits or Universal Credit that you are not claiming or other ways of increasing your income.
See ‘Benefits, tax credits and Universal Credit’ on page 9 and ‘Ways of increasing your income’ on page 11.

☐ Have you been treated unfairly?
If you think you have been treated unfairly, you may have reason to complain. You may be able to complain to an ombudsman service depending on what type of debt you are complaining about. You will usually have to complain to the creditor first. If you want more advice about who you can complain to, contact us for advice.
What are priority debts?
Some debts are more important than others. The law gives different creditors different ways of getting their money back. If you don’t act quickly, some creditors could:

- take away your home (called ‘repossession’ or ‘eviction’);
- cut off your gas or electricity (disconnection);
- send the bailiffs to take belongings from your home; or
- ask the magistrates’ court to send you to prison.

It is important to use your money for creditors to make agreements to settle these debts first. If you are unsure about how much to offer, contact us for advice.

‘How much do I have left to pay my creditors?’ on page 19.

The chart below tells you what might happen if you delay sorting out different priority debts.

<table>
<thead>
<tr>
<th>Debt</th>
<th>See this page for details</th>
<th>Possible action against you</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td>Page 27</td>
<td>Repossession of your home.</td>
</tr>
<tr>
<td>Second mortgage or secured loan</td>
<td>Page 28</td>
<td>Repossession of your home.</td>
</tr>
<tr>
<td>Rent</td>
<td>Page 28</td>
<td>Eviction from your home.</td>
</tr>
<tr>
<td>Council tax</td>
<td>Page 29</td>
<td>Use bailiffs, or deduction from wages, deductions from some benefits or imprisonment.</td>
</tr>
<tr>
<td>Gas or electricity</td>
<td>Page 32</td>
<td>Supply cut-off.</td>
</tr>
<tr>
<td>Magistrates’ court fines</td>
<td>Page 34</td>
<td>Use bailiffs, or deduction from wages, deductions from some benefits or the possibility of going to prison.</td>
</tr>
<tr>
<td>Child maintenance</td>
<td>Page 35</td>
<td>This will depend on whether you pay maintenance through the court or through the Child Support Agency (CSA). In some cases, you could have your driving licence taken away or, if you deliberately refuse to pay, the possibility of going to prison.</td>
</tr>
<tr>
<td>Social Fund loans, new-style advances and benefit overpayments</td>
<td>Page 36</td>
<td>Deductions from most types of benefits, Universal Credit and in some cases, deductions from wages.</td>
</tr>
<tr>
<td>Tax-credit overpayments</td>
<td>Page 36</td>
<td>Deductions from your ongoing tax credits, Universal Credit or through your tax payments.</td>
</tr>
<tr>
<td>Income tax, National Insurance and VAT</td>
<td>Page 37</td>
<td>Use bailiffs or bankruptcy.</td>
</tr>
<tr>
<td>Hire purchase or conditional sale</td>
<td>Page 37</td>
<td>Repossession of the goods or a court order to hand them back.</td>
</tr>
<tr>
<td>TV licence</td>
<td>Page 34</td>
<td>Fine in magistrates’ court, use bailiffs and if you do not pay, the possibility of going to prison.</td>
</tr>
</tbody>
</table>

Creditors can take action on some priority debts without going to court first. For example, gas and electricity companies can disconnect you if you have a meter outside your home. To recover an overpayment, the Department for Work and Pensions (DWP) can take deductions from your ongoing benefits without a court order. Most other priority creditors can only usually take action against you after court action.

Important: don’t panic
You should be given warning and, as long as you act quickly, you should be able to stop these things happening.
Mortgage

Mortgage arrears are very important because you could lose your home if you do not pay them. They must be treated as a priority debt.

Check all your loan agreements to see if they are ‘unsecured’ or ‘secured’ on your home. If they are secured loans, treat them as priority debts because lenders can ask the court for possession of your home if you cannot pay your monthly instalments. The property can then be sold to pay off your debt.

Has your lender taken you to court?

You cannot be evicted from your home without a court order. You will not be evicted on the day of the hearing.

Before a lender can take court action to repossess your home, they should follow the steps set out in the pre-action protocol for mortgage possession claims. Lenders should consider all options before taking steps to repossess your home. Courts should take into account the pre-action protocol when deciding what order to make.

Dealing with mortgage arrears

It’s never too early, or too late, to contact your lender. You may not be behind yet or your lender may have started court action. Whatever the situation, do not delay. Contact your lender as soon as possible by writing, phoning or making an appointment to see them. It is important that you pay as much as possible towards your mortgage. If you have not paid anything for a while, you should start paying regularly what you can, even if you can’t afford the full monthly payment.

There may be benefits, tax credits or Universal Credit that you are not claiming or other ways of increasing your income. If you receive certain benefits, you can get help from the DWP with some of the interest payments on your mortgage. Check if you have any mortgage payment protection insurance that you can claim.

Look into whether the Mortgage Rescue Scheme can help you. You may be able to enter into a scheme to help you to reduce your mortgage payments by giving a housing association part ownership of your home. Another option would be to sell your home to a housing association or local authority who will then rent it back to you as their tenant.

Have you been treated fairly?

If you think you have been treated unfairly, you may have reason to complain. You can complain to the Financial Ombudsman Service but you must complain to your lender first. You can get more information about making a complaint from the Financial Ombudsman’s website.

What if my home is worth less than the mortgage?

If your home is not worth enough to repay the mortgage in full, this is often known as having ‘negative equity’. If you are worried about negative equity, contact us for advice.

Mortgage shortfalls

If you hand back the keys or your lender repossesses, they will sell the property. If your home is not worth enough to repay your mortgage, your lender can ask you to pay the difference. This is usually called a ‘mortgage shortfall’. You have options for dealing with this type of debt. Contact us for advice.

If the lender first contacts you over six years from the date your house was sold, it may be too late for them to recover the debt. Before getting in touch with your lender, contact us for advice.

Important: pay your mortgage first

You must pay your mortgage before your non-priority debts such as unsecured bank loans, credit cards, doorstep collectors, or overdrafts, which are not secured on your home. If your mortgage arrears and other priority debts use up all your money for creditors, and there is nothing left to offer on your non-priority debts, tell your creditors this and send them a copy of your budget summary.

For more information about the pre-action protocol, see our detailed housing guide ‘Dealing with mortgage arrears’.

For more information on what you can do, see our detailed housing guide ‘Dealing with mortgage arrears’.

See our fact sheet: Negative equity in your home.

See our fact sheet: Mortgage shortfalls.

See our fact sheet: Mortgages – help with payments.
Second mortgages or secured loans
You may have a second mortgage or secured loan. Even if you are paying your first mortgage in full, if you don’t keep up with payments on the second mortgage or secured loan, you could lose your home. Court procedures are similar for first and second mortgages or secured loans. Contact us for advice.

Dealing with mortgage arrears
National Debtline has a detailed guide to ‘Dealing with mortgage arrears’. This covers the following areas.

Coming to an arrangement with your lender
• Arranging to pay off the arrears
• Adding the arrears to your mortgage
• Changing to a repayment mortgage
• Increasing the mortgage term
• Paying interest only

What to do if you can’t afford your mortgage
• Handing back the keys
• Mortgage Rescue Scheme
• Selling your home and assisted voluntary sale

What if my home is worth less than the mortgage?
Second mortgages or secured loans
What if my mortgage lender takes me to court?

Call National Debtline on 0808 808 4000, or see www.nationaldebtline.co.uk.

Rent
Rent arrears are very important because you could lose your home if you do not pay them off.

Your right to stay in your home depends on the type of tenancy you have. Each type gives different rights. So it’s important for you to find out what type of tenancy you have. If you are not sure, contact Shelter or your local citizens advice bureau.

‘Useful contacts’ on page 54, or contact us for more advice.

You cannot be evicted from your home without a court order. Even if you are taken to court, this does not always mean you will automatically lose your home. Keep paying your rent and make an offer to pay off the arrears. Even if the court decides you cannot afford to stay there, you will not be evicted from your home on the day of the hearing. There are special rules for some types of tenancy.

Before a social landlord (such as a local council or a housing association) can take court action to evict you from your home, they should follow the pre-action protocol for rent arrears. Courts should take these requirements into account before deciding what order to make.

For more information about the pre-action protocol, see our detailed housing guide ‘Dealing with rent arrears’.

Extra advice: no eviction without a court order
You cannot be evicted for rent arrears without a court order. However, if you have a licence (for example, you are a boarder, live in a hostel or are a hotel guest) or are a squatter, you do not have the same rights as a tenant.

Dealing with rent arrears
It is never too early or too late to come to an arrangement to repay your arrears. You may not be behind yet or your landlord may have started court action. Whatever the situation, don’t delay. Contact your landlord as soon as possible by writing to them, phoning them or making an appointment to see them.
Make sure your rent arrears have been worked out properly. Get a breakdown of your rent account from your landlord. Check that all the payments you have made have been added to your account. Ask for regular statements. Keep your receipts.

If you have made an offer to pay the arrears, start paying this as soon as possible, even if it hasn’t been accepted by your landlord. You also need to pay your normal rent. If you haven’t paid for a while, pay as much as you can.

For more information on what you can do, see our detailed housing guide ‘Dealing with rent arrears’.

There may be benefits, tax credits or Universal Credit that you are not claiming or other ways of increasing your income. You may be able to claim Housing Benefit to reduce the rent you pay. Ask your council’s Housing Benefit office for a form. Pay as much as you can towards your rent until your benefit comes through.

‘Housing Benefit’ on page 10 and ‘Ways of increasing your income’ on page 11 for more information.

Assured and assured shorthold tenancies

It is very important to check exactly what sort of tenancy agreement you have. It can be a lot easier for a landlord to evict you from your home if you have an ‘assured shorthold tenancy’. If your tenancy agreement has run out, the court must give your home back to the landlord as long as you have had two months’ notice in writing.

If you have an assured tenancy, in most cases, the court can decide if it is reasonable to make you leave your home, unless you have over two months’ or eight weeks’ rent arrears. If your landlord goes to court and you still have two months’ or eight weeks’ rent arrears at the date of the hearing, the court cannot allow you to make an arrangement to pay the arrears and they have to let your landlord evict you. Contact us for advice.

Extra advice: threat of bailiffs or harassment

If your landlord threatens to use bailiffs against you to recover the rent arrears, contact us for advice. If your landlord threatens to throw you out without going to court or harasses you to make you leave, they may be acting illegally. If this is happening to you, contact your local council. Ask for the person who deals with tenants who are being harassed.

Council tax

The amount of council tax you pay is based on:

• the value of your home (homes are placed in a band – A to H in England and A to I in Wales); and
• the number of adults who live in your home and their status.

Who pays what?

Only people over 18 can be made to pay the bill. If there is more than one person over 18 living in your home, the owner will normally have to pay the bill if they live in the home. Joint tenants and owners may have to pay even if their names are not on the bill, as long as the council sends them a ‘joint taxpayers notice’.

Have you been treated fairly?

If you think you have been treated unfairly, complain to your landlord. If you are still not happy, you can complain to the Housing Ombudsman Service (if you are a housing-association tenant) or the Local Government Ombudsman (if you are a council tenant).

Useful contacts’ on page 54. If you have a private landlord, contact us for advice.
Dealing with your priority debts

If you are either married, live with your partner, or live together in a same-sex civil partnership, both you and your partner will be responsible for paying the bill.

Sometimes the owner of a house will be responsible for the bill even if they don’t live there, for example, if the house is unoccupied, or in ‘multiple occupation’ such as bedsits. If you are not sure who is responsible for the bill, contact us for advice.

Can I reduce my bill?

You may get a reduction if someone living in the house has a disability. Apply to the council for this. Only some properties will qualify. Contact a local welfare rights agency or contact us for advice.

You will also get a discount in the following circumstances.

- If you are the only adult in the house.
- Or, if you share your house only with people who are not taken into account, such as:
  - a full-time student or student nurse;
  - an apprentice or someone on a youth-training scheme (only certain ones apply); or
  - someone with a mental disability who is getting certain disability benefits.

Tell the council if you think you may qualify for a discount.

From April 2013, the way that you can get help with your council tax is changing. Check how this works with your local council.

You may be able to claim a rebate called ‘Second Adult Rebate’. Check how this works with your local council.

What happens if I don’t pay?

The council will usually tell you to pay your bill in 10 monthly instalments but they may accept weekly payments. From April 2013, you can ask the council to let you pay your bill in 12 monthly instalments. If you find that you can’t pay the full monthly instalment, don’t just stop paying!

- If your circumstances have changed, you may now qualify for help with paying your council tax bill from your local council. Contact us for advice.
- Keep paying what you can afford.
- Contact the council and try to come to an arrangement. Use your budget summary to help explain your situation.

If you don’t keep to any payment arrangement you make with the council, they may apply to the magistrates’ court to make a ‘liability order’ for the full amount they say you owe, plus court costs. The order will state that you are due to pay your council tax and have not done so. The court must make the liability order unless:

- the council has not gone through the proper procedures;
- you have paid the amount owed;
- the name on the summons is wrong; or
- it is more than six years since the council sent you a demand notice to pay the bill.

If one of these applies to you, tell the council immediately and go to the court hearing. You should get 14 days’ notice of the hearing.

You can ask the court to adjourn (put off) the liability order hearing in the following circumstances.

- If you have applied for help with paying your council tax bill from your local council.
- If you have appealed to the Valuation Tribunal because:
  - you don’t agree you are legally responsible for the bill; or
  - you don’t agree with the amount of the bill.

The court does not have to adjourn the hearing but they may agree to it.

Extra advice: complaining about council tax decisions

If you feel the help you get to pay your council tax is wrong, write to the council and ask them to look at the decision again. If you are not happy with the outcome, you may be able to appeal against the decision to an independent tribunal. Your council should tell you if you can do this.

If you feel that your home is placed in the wrong band, you may be able to ask the listing officer to place it in a lower band. Contact us for advice.

Further action against you by the council

Once the council has got a liability order, there are a number of ways they can make you pay. Even if they have a liability order, it is not too late to try to make an arrangement to pay. Contact the council as soon as possible if you have not paid or come to a payment arrangement.

The council can demand that you and your husband, wife or partner give them details of your financial circumstances. You can be fined for not giving this information.

Deductions from wages

If you are employed, the council can order your employer to take a fixed amount from your wages to pay the council tax you owe. This is called an ‘attachment of earnings order’ and it can mean a large amount of your wages is...
Dealing with your priority debts

Extra advice: what if I owe more than one year’s council tax?

If you owe more than one year’s council tax, you can have a maximum of two attachment of earnings orders. Normally payment are taken one at a time. If this will cause you hardship, you can ask the council to accept smaller voluntary payments instead. Explain to the council why you cannot afford the higher amount. The council does not have to agree to let you pay less but it is worth trying.

If the council does not agree, contact a local advice centre, your local councillor or contact us for advice.

Using bailiffs

The council can ask bailiffs to visit your home and take goods which may be sold to pay off your debt. They must send a letter giving two weeks’ notice telling you that bailiffs will call and how much you still owe under the liability order.

Extra advice: will the bailiff take my goods?

The bailiffs are not allowed to take certain basic household goods. They could take your car if it is parked nearby. The bailiffs cannot force their way into your home unless you have let them in before. Do not sign any papers the bailiffs may post through your door, otherwise you may be charged extra costs and the bailiffs may try to enter by force.

See our fact sheet: Bailiffs and council tax.

Credit to pay for your council tax arrears. If they agree to do this, the council should not take any further action while the money is being taken direct from your benefit. The council can also ask for deductions to be taken from your benefits once they have been to court for a liability order.

Charging orders

If the debt is for £1000 or more, the council can apply to the county court for a legal charge on the home on which you owe the council tax. The council can only do this if you own the property. This means the debt is ‘secured’ on your home like a mortgage, and so may put your home at risk. If the council threatens this, contact us for advice.

Bankruptcy

The council can try to make you bankrupt if the debt is £750 or more. This is more likely if you owe council tax bills for lots of different years as they can add these together.

You may be able to complain to the Local Government Ombudsman if the council has not considered other options. You will need to complain to your local council first. If the council threatens to make you bankrupt, contact us for advice.

Imprisonment

If the council has tried to use bailiffs and you have still not paid your council tax in full, they may apply to the magistrates’ court for an order for you to be sent to prison.

The court is unlikely to send you to prison if you have not paid because you don’t have enough money. There must be a hearing in the court to look at why you have not paid and whether you have the money to pay. You must go to the hearing and show the court your budget summary to explain why you have not been able to pay.

In exceptional circumstances, the court may order the council tax debt you owe to be ‘written off’ so you do not have to pay the debt back. But normally they will order you to pay an amount each month until you have paid the debt. If you do not pay this amount regularly, you will have to go to court again and may be sent to prison for up to three months. If you find you can’t pay what the court has ordered, keep paying what you can afford and apply to the court to reduce the amount you have to pay. Contact us for advice.

Extra advice: preparing for the court hearing

The court should not send you to prison if you cannot afford to pay. They should only do so if they think you have ‘deliberately refused’ or ‘neglected’ to pay when you could have done so.

If you have to go to court, you should get legal advice first. Contact a local advice agency, a law centre, or a solicitor. Most magistrates’ courts have a duty solicitor scheme that may be able to help you. You may qualify under the ‘Legal Help’ scheme for a solicitor to help you at the hearing, depending on your income. Contact us for advice.

Deductions from benefits

It is never too late to start negotiating with the council. Send them your budget summary and make an offer of payment that you have worked out you can afford using the guidelines in this pack. If you receive benefits, you can ask the DWP to take a standard amount each week from your Income Support, Pension Credit, income-related Employment and Support Allowance, income-based contribution-based Jobseeker’s Allowance or Universal
Complaining
You may be able to complain to the Local Government Ombudsman if the council have not behaved properly or not followed the proper procedure. You will need to complain to your local council first.

SEE ‘Useful contacts’ on page 54.

Gas and electricity
Gas and electricity companies can cut off your supply in a few weeks if you don’t pay them but they should only do this as a last resort. They must give you notice first. They cannot cut off your supply unless they have first offered you a range of payment methods to help you pay. It is important to contact them as soon as you know you are going to have problems. You should treat gas and electricity bills as a priority debt.

Checking liability for the bill
If you are not the person named on the bill (for example, if it is in the name of someone who has left your home), you may not be legally responsible for the arrears up to the date they left. You can argue with the fuel supplier that you are not legally responsible for the bill. This should prevent your fuel being cut off until the dispute has been sorted out. If you are in this position, contact us for advice.

Warning: old bills from different addresses
You cannot be disconnected for a gas or electricity bill from an old address if you move home. However, you may find it hard to get a fuel supply in your new home from the same fuel supplier unless you make an arrangement to pay your debt with them. You may need to use a different supplier for the fuel bills at your new address.

How do I make an arrangement?
The fuel supplier will usually want their bill paid before the next bill is due. You can ask to pay your bills every week, every two weeks, or every month. If you have arrears, phone or write to the supplier and ask for a payment arrangement.

SEE ‘How do I avoid having my fuel cut off?’ opposite.

Use your budget summary to support your offer of payment. This must cover the cost of the fuel you are using and an amount off the arrears. Even if the supplier does not agree to your offer, start paying what you have offered immediately. Do not offer to pay more than you can afford towards the arrears. All fuel suppliers should agree, under their standard licence conditions, to accept an offer of repayment in instalments at a rate that you can afford.

If the first person you speak to is unhelpful, ask to speak to someone more senior.

Ask the supplier for a copy of their code of practice. This explains your rights and how to make a payment arrangement.

Most fuel suppliers will not disconnect you if:
• you agree to a payment arrangement;
• you agree to have a pre-payment meter installed;
• the debt belongs to a person who lived in your home before you;
• it is between October and March and all the adults in the household are over retirement age; or
• you are considered vulnerable under the Energy UK safety net.

This says member companies will not knowingly disconnect you at any time of year if, for reasons of age, health, disability or severe financial insecurity, you cannot protect your personal welfare or the personal welfare of other members of the household. This means that if you are vulnerable because of one of these reasons, you should not be disconnected.

SEE ‘Useful contacts’ on page 54.

Extra advice: Ofgem guidelines
Ofgem is the regulatory organisation for gas and electricity. Fuel suppliers are bound by Ofgem guidelines that say they should take your circumstances into account when making an arrangement to pay.

SEE ‘Useful contacts’ on page 54.

How do I avoid having my fuel cut off?
You must keep paying for the fuel you are using and an amount off your debt even while you are trying to make an arrangement. To work this out, add up your last four bills to find out the total amount for the year, and then divide this by 12 to work out how much fuel you use each month.

If your bills are high, check that your account is not based on estimates. Get an accurate reading. If your bills seem very low, it is also important to check as you could be underpaying and be sent an unexpected large bill.

The supplier should accept the following arrangements.
Instalments
You could arrange to pay the gas or electricity bill by weekly or monthly instalments, paying off the whole amount before the next bill arrives.

Budget plans
The fuel supplier works out how much fuel you use over the whole year and you pay a fixed amount every week, every two weeks or every month. You can spread any unpaid bill over the whole year and include it in the budget plan. If you cannot afford the amount the supplier is asking you to pay under the budget plan, ask for a special arrangement. The supplier should let you pay off your debt at a rate you can afford, even if this means spreading the arrears over a longer period of time than a year.

Pre-payment meters
You pay for the gas and electricity you are continuing to use plus an amount you can afford off the arrears through a token, card or coin meter. You must be asked if you want a pre-payment meter before your supply is cut off, if it is safe to install one.

If the price of fuel goes up, your pre-payment meter should be reset within one month. This means arrears should not build up on your account. If this does not happen and you are asked to pay for the arrears, you can complain. Contact us for advice.

If you have not fallen behind on an arrears repayment arrangement, the fuel supplier cannot insist that you have a pre-payment meter installed. But you do have the option to ask for a pre-payment meter if you want one.

Direct payments from benefits
If you get Income Support, Pension Credit, income-related Employment and Support Allowance, income-based Jobseeker's Allowance or Universal Credit and owe more than a set amount on your fuel bill, you could ask the DWP to take deductions from your benefit and pay them directly to the gas or electricity supplier. This is called Fuel Direct and is part of the Third Party Deduction Scheme. This covers the gas or electricity you are continuing to use plus a standard amount towards the arrears. Contact your DWP office and tell the fuel supplier you are doing this.

If you are on Income Support, Pension Credit, income-related Employment and Support Allowance, income-based Jobseeker’s Allowance or Universal Credit and you have been disconnected, you may be able to get help from your local council or a loan or a short-term advance from the DWP to cover the cost of having your supply reconnected. However, the DWP cannot help you pay off fuel debts, except in rare circumstances where you may be able to get a short-term advance. Contact us for advice.

The supplier still wants to cut my fuel off
If you are threatened with being cut off, contact the social services department of your local council or the DWP for help. The fuel supplier will delay cutting you off if they are told the social services or DWP are looking into your case. They will usually hold action for 10 working days but may agree to delay longer. This could give you time to make an arrangement to pay. The Children's Act 1989 gives social services the power to make payments in certain circumstances to families with children.

You should contact the Citizens Advice consumer service if you are threatened with being cut off or have been disconnected.

Help to pay your bill
Some fuel companies have set up trust funds that may be able to help you pay your fuel bills if you are in financial difficulties. Auriga Services has a useful list on their website at www.aurigaservices.co.uk.

Extra advice: drawbacks with pre-payment meters
Remember, there can be drawbacks to having a pre-payment meter. Your fuel charges may be higher and you will not be able to use any fuel if you cannot afford to top up your meter.

Extra advice: questions about gas and electricity charges
If you are asked to repay money from a coin meter after a theft, or to pay a bill in somebody else’s name, or if the supplier has set a token meter or budget scheme at a higher amount than you can afford, contact the Citizens’ Advice consumer service, a local advice agency or contact us for advice.

SEE ‘Help with gas, electricity and water costs’ on page 12.
Dealing with your priority debts

Magistrates’ court fines

The magistrates’ court may order you to pay a fine, for example, for a driving offence, for not having a TV licence or for some other offence. You must treat a magistrates’ court fine as a priority debt. The court has a range of further types of action it can take including using bailiffs and taking money from your wages or your benefits. Also, you could be sent to prison if you do not pay.

Extra advice: what type of court?

If you have been taken to court for a non-priority debt such as a loan or credit card, this would be in the county court and you cannot be sent to prison.

Extra advice: golden rules

- If you have a magistrates’ court hearing or have arrears from failing to pay fines, contact us for advice.
- Always go to court hearings.
- Take your budget summary with you.
- Try to make arrangements that you can afford to pay or contact the court if you cannot pay.
- Keep paying what you can afford.

Parking penalty charge notices

Many local authorities have made parking offences non-criminal offences and instead enforce parking penalty charges through the Traffic Enforcement Centre in Northampton. There are special rules that apply if you have this type of parking penalty. You cannot be sent to prison but the local council can ask the county court to use private bailiffs to try to recover the money. If you have a parking penalty charge, contact us for advice.

Extra advice: complaining about your energy supplier

All suppliers should follow a code of practice when dealing with people in arrears. You can complain to Ombudsman Services: Energy about a billing or transfer problem but you must complain to your supplier first.

Getting the best energy deal

You might be able to save some money by switching to another supplier. This may work out cheaper, particularly if you have both gas and electricity from the same supplier.

Extra advice: getting the best energy deal

If you have been taken to court and are not sure which type of court it is, or whether it is a priority debt, contact us for advice.

Special problems for tenants

Your landlord may be responsible for paying the gas or electricity for your accommodation, and resell the fuel directly to you. Ofgem sets maximum charges your landlord can sell gas and electricity to you at. You can get advice from the Citizens Advice consumer service about how much your landlord is allowed to charge you. Contact your local advice agency or the Citizens Advice consumer service if:
- you think you may have been overcharged for fuel; or
- the supplier is threatening to cut your supply off because the landlord has not paid the bill.

TV licence

TV licence arrears are a priority payment because you can be fined in the magistrates’ court if you do not have a licence. In your personal budget sheet, put these payments under essential outgoings. If you are contacted by TV Licensing or are being prosecuted for not having a licence, it is a good idea to buy a licence as soon as possible. You should send a copy of the licence to the court to help your case. It is also a good idea to plead guilty to not having a licence and explain the reasons why (even if this is just that you simply forgot).

Remember: even if you have to pay a fine for not having a licence, you still need to buy a licence as well.

Extra advice: finding the easiest way to pay your TV licence

You may already have a fine for not paying your TV licence.

Extra advice: magistrates’ court fines

See our fact sheet: Magistrates’ court fines.

SEE ‘Useful contacts’ on page 54.
Child maintenance

You can be ordered to pay maintenance either by the court, as part of the separation or divorce process, or by the Child Support Agency.

Maintenance through the court

If the court has ordered you to make regular payments, you can apply to reduce the payments if you cannot afford them.

If you do not pay, the court can order you to go to a hearing to explain why you have not paid. They can give you more time to pay and, in very rare circumstances, they can write off the arrears.

If the court decides that you are deliberately not paying, they may try to:
• use bailiffs to seize goods and sell them;
• take payments direct from your wages; or
• order you to be sent to prison.

Extra advice: which type of parking penalty do I have?

It is important that you know the type of parking penalty you have because the rules about what happens if you don’t pay are different. You should check if you have a penalty charge notice from the local council or a fixed penalty from the police. The rules are also different if you parked on private land. If you are unsure, contact us for advice.

Extra advice: maintenance arrears

If you are behind with your maintenance, contact the court immediately. Take a copy of your budget summary to any court hearings and explain why you cannot pay the full amount. The court may reduce the amount you have to pay.

Maintenance through the Child Support Agency

If you have a child or children who do not live with you, the CSA may ask you to pay child maintenance. The CSA will decide the amount you have to pay by using a set formula. If you do not pay, the CSA can collect it direct from your wages, or from benefits such as Income Support, Pension Credit, Employment and Support Allowance (either income-related or contribution-based), or Jobseeker’s Allowance (either income-based or contribution-based) and a range of other benefits, without a court order.

The CSA can apply for a deduction order to take payments out of your bank account. This can be for regular payments or for a lump sum, but there are rules about how much money the CSA are allowed to take out of your account.

If they cannot do any of these things, the CSA can ask the magistrates’ court for a ‘liability order’. When this has happened, they may try to:
• use bailiffs to seize goods and sell them;
• get a legal charge or ‘charging order’ on your property, which means your home could be sold if you do not pay;
• seize money from your bank account through the county court;
• get an order to stop you getting rid of your assets if they think you are trying to avoid paying maintenance;
• add your liability order to the Register of Judgments, Orders and Fines;
• ask the court to send you to prison for up to six weeks but the court will only do this if it thinks that you are deliberately not paying; or
• ask the court to take away your driving licence for up to two years.

Even if you lose your licence or are sent to prison, you will still have to pay all of the money you owe. If the CSA has threatened any of these things, contact us for advice.

Extra advice: the rules are changing

The Child Support Agency scheme is changing. This means some of the rules will be different when you apply for maintenance and there may be extra powers to make you pay. Contact us for advice.

Important: contact the CSA if you are in arrears

If you are in arrears, make sure the arrears have been worked out properly. Contact the CSA and try to make an arrangement to repay them. They may accept an amount on top of what you are already paying to clear the arrears over an extended period of time. Tell the CSA if you are in hardship, ill health or have any special circumstances, especially if the payment arrangement will affect your children’s welfare. If your circumstances change, you should tell the CSA immediately.
Social Fund loans and new-style advances

If you are on Income Support, Pension Credit, income-related Employment and Support Allowance, income-based Jobseeker’s Allowance or Universal Credit, you may have taken out a Social Fund loan, Short-term Advance or Budgeting Advance. Repayments are taken out of your benefit before you get it. This could mean you will not have enough money to cover your normal outgoings. Think carefully before accepting a loan.

If you already have one of these loans or advances and the amount being taken from your benefit is causing you hardship, contact your local DWP office. Show them your budget summary and explain the problems you are having. They may be able to reduce the weekly amount being taken out of your benefit. If they refuse, contact us for advice.

Use your budget summary and explain why the payments will cause you hardship.

In some circumstances, the DWP will agree to ‘write-off’ the overpayment if your repayments are causing you hardship. Ask your local MP to help.

If you are not on any benefits, you can treat the overpayment as a non-priority debt.

**Extra advice:** paying back a Social Fund loan if you are not on these benefits

If you are no longer on these benefits and still have a Social Fund loan, you may be able to include it with your non-priority debts.

SEE ‘Dealing with your non-priority debts’ on page 39.

But be careful, the DWP can take an amount out of other benefits instead. These benefits include contribution-based Jobseeker’s Allowance, Incapacity Benefit or contributory Employment and Support Allowance, Carer’s Allowance, retirement pensions, Maternity Allowance and bereavement benefits. In some cases, the DWP may also be able to make deductions from your wages. If this happens to you, contact us for advice.

Benefit overpayments

You may be told by the DWP that you have been overpaid a benefit, such as Income Support, and that they want you to pay this back. The DWP must tell you if the overpayment can be recovered from you and why. If you do not agree that you owe the money, you can appeal. The law on overpayments is complicated, so before deciding whether to appeal, contact your local advice centre or contact us for advice.

The DWP can make deductions from most types of benefits to collect overpayments. There are maximum weekly amounts that can be taken. If this will cause you hardship, contact the DWP and ask them to take less.

Tax-credit overpayments

In some circumstances, you may be told that you have been overpaid Child Tax Credit or Working Tax Credit.

If you do not agree that you have been overpaid, or that the amount is correct, you may be able to appeal. Contact us for advice.

Overpayments can be recovered in different ways, including deductions from your ongoing tax credits claim or your Universal Credit claim, by reducing your tax code or even through the same enforcement methods as a tax debt. In some cases, you can also agree in writing for deductions to be made from your benefits.
Dealing with your priority debts

**Tax debts**

If you have arrears with income tax, National Insurance or VAT, you need to make an arrangement to pay as soon as possible. You may need to treat tax as a priority debt, as HM Revenue & Customs (HMRC) have various ways to make you pay. Ask for a copy of their code of practice ‘What happens if we have paid you too much tax credit?’. In cases of extreme hardship, or if there is evidence of mental-health problems, they can consider writing off all or part of the debt.

You may not need to prioritise any tax debt if the types of action that HMRC can take do not have serious consequences for you.

If you are still trading as a small business, you need to get advice from Business Debtline about dealing with your business debts.

SEE ‘Useful contacts’ on page 54.

**Hire purchase or conditional sale**

You can buy goods on all sorts of different credit agreements. With most credit, you own the goods straight away and only owe the money to the creditor. The creditor cannot ask you to return goods you bought with most types of credit. With hire-purchase or conditional-sale agreements, you do not own the goods until you have paid the last instalment. The most common type of goods on hire-purchase agreements are cars.

**Can my lender take back the goods?**

If you fall behind with your payments, the lender may be able to ask for the goods to be returned and then sell them to reduce the debt. You cannot sell the goods yourself without the lender’s permission.

**Have you paid less than a third of the debt?**

If you fall behind with payments, the lender may be able to repossess the goods. They may not need to go to court first if you have paid less than a third of the debt.

You may be able to return the goods.

SEE ‘Returning the goods voluntarily’ below.

**Extra advice: I cannot afford the repayments**

If paying the tax credits back will cause you hardship, you may be able to reduce the rate at which you pay it back. You should speak to HM Revenue & Customs (HMRC) and ask for time to pay it back at a rate you can afford. Ask for a copy of their code of practice ‘What happens if we have paid you too much tax credit?’. In cases of extreme hardship, or if there is evidence of mental-health problems, they can consider writing off all or part of the debt.

Extra advice: what kind of agreement do you have?

If you have a hire-purchase or conditional-sale type of credit agreement, it should state this clearly. This information only covers hire-purchase or conditional-sale agreements which come under the Consumer Credit Act. If you are not sure what type of agreement you have, check your agreement or contact us for advice.

**Extra advice: what if I am self-employed?**

If you are self-employed, your tax affairs could be quite complicated and you may need professional tax advice. If you can’t afford this because you are on a low income, you could contact TaxAid. See their website www.taxaid.org.uk for details of how to get advice.

**Have you paid off more than a third of the debt?**

If you have paid off more than one third of the total owing, the creditor must go to court to ask for the goods to be returned. They cannot just come round and remove them.

**Returning the goods voluntarily**

You may be able to return the goods by writing to your lender to end your agreement. This is only possible if your lender has not already ended your agreement. You will owe up to half the agreement, any arrears and reasonable charges if the goods are damaged. If you have already paid half of the contractual payments, you will not usually be asked to pay anything more. Once you have returned the goods, you can treat any debt you still owe as a non-priority debt.

SEE ‘Dealing with your non-priority debts’ on page 39.
Keeping the goods

If it is important to you to keep the goods, you may want to include the payments in the outgoings section of your personal budget sheet and treat this as a priority and not a non-priority debt. If you do this, be prepared to explain to creditors why you need the goods (for example, you need the car for work or you live in a rural area with very limited transport).

SEE ‘Working out your outgoings’ on page 16.

If your lender will not agree to this, you may be able to apply to the county court for a ‘time order’. If this is granted, you may be able to keep your goods and make smaller reduced payments to your lender. Contact us for advice.

What if my lender takes court action?

If your lender has taken court action, you may not have to return the goods as long as you agree to make the payments that the court decides. You can ask the court to pay less than your normal payments on the agreement if you can show that this is all you can afford to pay.

See our fact sheet: Time order - hire purchase or conditional-sale agreement.

Extra advice: get help

The law about hire-purchase and conditional-sale agreements is fairly complicated. If you are behind with payments on this type of agreement, contact us for advice.

Next steps...

You are now at the end of step 3. If you have priority debts, hopefully this section has helped you work out how to deal with them. Make sure you update your budget sheet with any payments you have agreed to make to your priority creditors.

Step 4 is the last step in this pack and it’s called ‘Dealing with your non-priority debts’. This step will explain which debts are non-priority, the powers your creditors have to make you pay and your options for dealing with your debts.

You will need the information from your budget sheet to help you decide which option is right for you.

Go to the opposite page to begin.
Use this section to work out how to deal with your non-priority debts. These are debts where the creditor hasn’t got extra powers to make you pay (for example, they cannot take your home). They are often called non-priority debts because of this. This means these debts can usually be treated differently to priority debts. Common non-priority debts include:

- credit-card debts;
- personal loans with finance companies;
- bank and building society loans and overdrafts;
- charge cards;
- catalogues;
- personal debts to friends and family;
- doorstep-collected loans;
- payday loans;
- water rates; and
- business debts.

Step 4
Dealing with your non-priority debts
Dealing with your non-priority debts

Checklist

Use this simple checklist to make sure you take the right steps to deal with your non-priority debts.

☐ Do you need a safe bank account?
Make sure that any money you receive (for example wages or benefits) goes into an account at a bank or building society that you don’t owe any money to. This means the bank or building society will not be able to take any of your income to pay your debt to them.

SEE ‘Opening a bank account’ on page 46.

☐ Fill in both a personal budget sheet and a budget summary.
A personal budget sheet is very important as it will help you decide what options you have for dealing with your debts. You will also need to do a budget summary to help you negotiate with your creditors, fill in any court forms, or ask for your debts to be written off.

SEE ‘Working out your personal budget’ on pages 13 to 23.

☐ Deal with court forms on time.
If any of your creditors have issued a county-court claim against you, you need to make sure you have replied to the court forms. This means filling in the forms they send you and returning them to the right place by the deadline. This will help you avoid any enforcement action, such as bailiffs.

SEE ‘What if my creditors take court action?’ on page 48.

☐ Explain your situation to your creditors.
Even if you haven’t decided how to deal with your non-priority debts, it’s a good idea to explain to your creditors in writing that you are struggling. Tell them you are taking advice and doing a budget. This may buy you some breathing space.

SEE sample letter 1 on page 51 which you can use to ask your creditors to hold action.

☐ Decide on a strategy.
You may have more than one option for dealing with your non-priority debts. You need to make sure you understand what each option means and the advantages and disadvantages, so you can be sure what you decide is right for you.

SEE ‘What are the options for dealing with your non-priority debts?’ on page 41.

Extra advice: less straightforward non-priority debts
There are some non-priority debts that are not so straightforward to deal with. You should contact us for advice if you have debts such as:

- rent, phone, gas and electricity from a previous property or supplier;
- hire-purchase or conditional-sale agreements where the goods have gone back to the company;
- debts with cheque-cashing services;
- gambling and spread betting debts;
- business debts; or
- professional fees (solicitor and vet bills and so on).
What are the options for dealing with your non-priority debts?

There are different options for dealing with your non-priority debts depending on your circumstances. We have outlined some of the main options below.

Which option is right for you will depend on things such as your income, how much debt you have, your assets and whether you own your home. Your credit rating will normally be affected whatever option you decide to take. This means it may be difficult for you to get credit in the future.

See our fact sheet: Options for dealing with your debts.

Bankruptcy

You may want to think about bankruptcy even if you have some money left to pay your creditors.

See ‘Bankruptcy’ on page 42.

Individual voluntary arrangements

There is an alternative to bankruptcy called an individual voluntary arrangement (IVA). This is a formal arrangement to pay an agreed amount off your debts over a shorter period, such as five years. The rest of your debts are written off.

Information: IVA through National Debtline

National Debtline may be able to refer you to an insolvency practitioner from a list of providers that have agreed to follow special guidelines (called the IVA protocol).

Contact us for advice.

Can I offer a lump sum to clear my debts?

If you have a lump sum that is less than the full balance you owe on your debts, you can ask your creditors to accept the payment and write off the rest of the debts.

What if I have some money left to pay my creditors?

Pro-rata offers of payment

You can work out offers of payment based on a ‘pro-rata distribution’ of your available income. This means you offer all your creditors a fair share of what you can afford to pay.

You also need to ask that any interest and charges are frozen. You can write to your creditors, sending them a copy of your budget summary and ask them to agree to your offers of payment.

See ‘Working out offers of payment to non-priority creditors’ on page 19.

Free debt-management plan (DMP)

This means you make one payment every month to cover all your non-priority debts. This will be divided up and sent to your creditors for you. You will not have to negotiate direct with your creditors to accept your offers and freeze the interest. Contact us for advice. We may be able to help you set up a free DMP if:

- you have at least two debts;
- your money for non-priority debts is £100 a month or more; and
- you owe at least £5000 in total.

If your debts are with the same creditor, there are special rules. Contact us for advice.

See our fact sheet: Debt-management plans.

Administration orders

If you have a county-court judgment, you might be able to apply for an administration order. This is a way of putting all your debts together and making one monthly payment into the court. The court then shares it among your creditors. The total of the debts must be no more than £5000. Your creditors can’t take any further action against you if you have an administration order, as long as you keep up the monthly payments.

You may need help in filling in the application form as local courts deal with administration orders differently. If you want to apply for an administration order, contact us for advice.

See our fact sheet: Administration orders.
Dealing with your non-priority debts

Bankruptcy
Bankruptcy can be an option if you owe a lot of money, have no assets, and can see no way of ever paying the debts off. Creditors can make people bankrupt but this is rare for non-priority creditors such as banks or credit card companies. You must owe £750 or more to that creditor before they can make you bankrupt. Sometimes, two or more creditors may ‘club together’ to make you bankrupt.

You can make yourself bankrupt, but the fees are high. Once you are bankrupt, your creditors can usually take no further action against you but going bankrupt can have important consequences. For example, if you own your home and it is worth more than your mortgage, your home could be sold as an asset.

Your bankruptcy will normally last for up to one year. Usually debts that have not been paid are then written off and you are ‘discharged’ from the bankruptcy. You may still have to make monthly payments for a total of three years, depending on your surplus income.

If a creditor has threatened to make you bankrupt or you think it may be an option for you to consider, contact us for advice.

Will my creditors write off my debts?
If you have no money for creditors and no assets, creditors may agree to write off your debts. This is very rare but may be an option if your circumstances are extremely difficult due to illness, age or a death in the family. You will need to provide evidence to your creditors of your circumstances.

‘Consolidating your debts’ into a new loan
You need to think very carefully before deciding to add all your debts together and pay them off with a new loan.

This may not be the best option for you, especially if your lender wants to secure the loan on your home. This means you could have your home repossessed if you do not keep up with the payments. Before agreeing to a consolidation loan, contact us for advice.

What if I have no money left to pay my creditors?

No payments or token payments
After paying your outgoings and making arrangements to pay your priority debts, there may be nothing left to pay other creditors. If you have nothing left, say so. Show your creditors by sending them your budget summary and a letter to back this up. Ask your creditors to hold action until your circumstances improve. This is called asking for a ‘moratorium’. Or offer a token payment of £1 a month to each creditor instead.

Debt-relief order
You may be able to apply for a debt relief order (DRO). DROs can be an alternative to bankruptcy and are cheaper to apply for.

You may qualify if:
• you owe under £15,000 in total;
• you can’t afford to pay more than £50 a month to your creditors; and
• you have assets of less than £300 and a car worth less than £1,000.

If you get a DRO, your debts are written off after 12 months. You will need help from an approved advice agency such as a money advice centre, citizens advice bureau or National Debtline, to fill in an online application. You will have to pay a fee to the Insolvency Service to make the application. Contact us for advice.

Dealing with your creditors
Check the name on the agreement
Only the person who signs an agreement is responsible for the debt. A husband and wife are not responsible for each other’s debts unless they both sign the agreement. If you take out an agreement jointly with another person, you are each responsible for the whole debt and not just part of it. This is called joint and several liability. Make sure the creditor knows that someone else is also responsible.

See our fact sheet: Debt relief orders.

See our fact sheet: Full and final settlement offers.

See our fact sheet: Bankruptcy.

Extra advice: sample letter
National Debtline has a sample letter you can use to ask your creditors to write off your debts. Call us on 0808 808 4000 or see www.nationaldebtline.co.uk.

Sample letter 3 on page 53.
Check your credit agreement carefully. If you don’t understand the terms or want to check that the agreement is in the correct format and that you are legally responsible for the debt, contact your local trading standards department or contact us for advice.

Under 18s
People under 18 can only be made to pay for ‘essential goods and services’ bought on credit, such as fuel supplies. If you are under 18 and have an agreement for non-essential goods or services, you cannot be taken to court if you owe money for them. However, it is not always clear which things are ‘essential’. The court can decide this for each case. Generally, parents are not responsible for their children’s debts unless they have signed a guarantee.

Guarantors
Creditors may ask for a guarantor before agreeing to lend money. This means that if the person who has borrowed the money does not pay it back, the guarantor will be asked to pay. If you have a guarantor for one of your non-priority debts, or are a guarantor for someone else, contact us for advice.

Interest
Debts have two parts – the money borrowed and the interest. Interest is part of the charge for lending you the money. Debts have interest added in different ways.

• Fixed-term loans. Interest is worked out at the beginning of your loan and included in your monthly payments. Sometimes, if you miss a payment, extra interest called ‘default interest’ is charged. Ask the creditor to freeze any default interest they are adding.

• Revolving credit agreements. These cover credit cards, bank overdrafts and some loan agreements. Interest is added to your account on a daily or monthly basis. Your debt grows unless the payments you make are higher than the interest added. The company may also change the interest rates and add extra charges. Ask the creditor to freeze all the interest and charges.

To find out if interest is still being added to any of your debts, check your agreement for details.

What if a creditor refuses to freeze the interest?
Write to them again. If any of your other creditors have agreed to freeze the interest, point this out.

See ‘What if a creditor refuses my offer?’ on page 44 or contact us for advice.

Copies of credit agreements and account statements
You usually have the right to ask for a copy of your credit agreement and an account statement. There are different laws which allow you to ask for different types of information. You have to pay a small fee when you make your request. If your lender does not supply the information you have asked for, they may be limited in the further action they can take against you.

Warning: claims management companies
There are lots of companies out there who say they can get your debts written off for you, or get compensation for you by claiming that your credit agreements cannot be enforced. Be very careful! Most of these firms charge you large up-front fees for each agreement they agree to check. However, there is no guarantee that they will be successful. In most cases, you will not get your money back. Before signing up with a claims management company, contact us for advice.

Making payments – ways to pay
If you have made arrangements with your creditors, you will need a convenient way to pay. There are several options.

• Open a basic bank account which offers free standing orders. Standing orders are regular payments you ask your bank or building society to make for you.

• Ask your creditors for a paying-in book. Make sure there are no fees to pay.

• Some creditors accept payments through their website. Check with your lender.

Important: still paying interest?
Your debt will continue to grow if your new monthly offer of payment to the creditor is less than the interest being added. Ask the creditor to stop charging interest. Ask for regular statements and check them. When a creditor accepts your offer, if they do not say they have frozen the interest, you should check this with them again. The creditor may also try to add administration and late-payment charges. Ask them not to charge these (‘waive’ them).
Dealing with your non-priority debts

- Check whether you have a PayPoint or Payzone outlet at a local shop and if your creditors are part of a scheme. For details of your nearest PayPoint, see www.paypoint.co.uk. For details of Payzone, see www.payzone.co.uk.

- If collectors call weekly at your home and you are offering a small amount, ask them to call every month instead, but make sure you budget in order to make payments.

- You may be able to pay at a creditor’s local office or retail outlet, such as a shop.

- If you send cheques or postal orders, make sure you send your reference number and a covering note.

- Keep a record of all the payments you make.

Reviewing your offers of payment

Your creditors will often write to you after you’ve made an agreement, perhaps every three or six months, to see if you can now afford to pay more. If you can’t increase your payments, write and tell them, enclosing a copy of your budget summary.

Extra advice: review pack

Once you have reached an arrangement with your creditors, they may want to review your payments from time to time to make sure that you are still paying the amount you can afford. National Debtline has a review pack that may help when creditors ask you to review your payments. This pack includes lots of useful advice and sample letters that you can use to write to your creditors.

Contact us for advice.

What if a creditor refuses my offer?

Sometimes a creditor will refuse to accept the offer of payment you have made on your budget summary. They may demand more than you can afford. Sometimes they refuse to freeze the interest. If a creditor accepts your offer, double-check that they have frozen the interest if they do not state this in their letter. Don’t give up. You can usually persuade creditors to accept your offer of payment by using the following steps.

- Start paying the amount you have offered anyway as a gesture of goodwill.

- Contact us for advice on how to approach your creditors if they refuse your offer or refuse to freeze the interest.

See ‘Interest and charges’ on page 46.

Write to the creditor again and ask them to reconsider. Tell them your offer is reasonable and all you can afford.

If some of your creditors have accepted your offer of payment and frozen the interest, write to the creditors who have refused and tell them this.

If a collector calls for your payment, you should not let them persuade you to pay more than the amount you have offered. Otherwise, you will not be able to make the payments you have agreed with your other creditors, particularly your priority debts.

Most creditors are members of a trade association and have agreed to a code of practice. The code usually says creditors should be sympathetic in cases of genuine difficulty.

Creditors may ask you to fill in their own budgeting form instead. Ask them to accept your own budget summary as this has all the information they need. You can also tell them that the layout of your budget summary has been agreed with creditor organisations.

Contact us if you feel a creditor is acting unreasonably. We can give you details of their trade association, advise you about the Office of Fair Trading's Debt Collection Guidance and tell you about making a complaint to the Financial Ombudsman Service (FOS).

Important: don’t pay more than you can afford

The offers of payment in your budget summary are fair to all your creditors and the most you can afford. If you allow one creditor to persuade you to pay more, you will not have enough for your outgoings and other creditors.
What can I do if creditors harass me?
If you do not pay, your creditors are allowed to keep reminding you from time to time but they must not act illegally. If they threaten or harass you to try and make you pay, they may be committing an offence under the Consumer Protection from Unfair Trading Regulations 2008.

The Office of Fair Trading (OFT) has issued Debt Collection Guidance. It sets out the kind of behaviour that the OFT will treat as ‘unfair business practices’. If an organisation breaks these guidelines, it may call into question their fitness to hold a consumer credit licence. Contact us for advice.

Collection agencies
The creditor may pass or sell your debt on to a collection agency. Don’t worry. A collection agency has no greater powers than the creditor. They are not bailiffs and have no rights to come into your home. If you feel a collection agency is behaving unfairly, contact us for advice.

You should negotiate payments with the collection agency in the same way as your other creditors. Some collection agencies may try to charge you extra fees for collecting the debt from you. You may be able to complain about this. Contact us for advice.

What if I already have a county-court judgment?
If you already have a county-court judgment, you should include this debt with your non-priority debts and work out an offer of payment in the same way.

Debts with your bank – overdrafts, loans and credit cards
Many people use their current account with a bank or building society to have their wages paid into, and to pay household bills. This can cause problems if you have a number of debts, and your current account becomes overdrawn.

With an overdraft, you pay interest and charges on the amount owed. If you have a loan with the bank or building society, the full monthly instalment will usually be taken from your current account too. This may mean that you do not then have enough money to pay priority debts such as your mortgage, rent, council tax, gas or electricity.
You need to be very careful in dealing with debts to your bank. Some banks or building societies will react by taking all the money in your account to clear the overdraft or loan. They can also try to do this if you have a credit-card debt with your bank. It is called the ‘right of set-off’. You should consider opening an account elsewhere to have your wages paid into before negotiating with the bank just in case. Do this immediately if the bank or building society does not agree to your offer. If your bank tries to take money from your account in this way, contact us for advice.

**Interest and charges**

If you are trying to make an arrangement to repay an overdraft, you should ask the bank or building society to stop the charges and interest, so that the amount you pay reduces the debt. If the staff at your local branch are not able to agree to this, contact the regional or head office of the bank or building society and ask them to agree to do so. Point out that the Lending Code says banks ‘should be sympathetic and positive when considering a customer’s financial difficulties’.

**The Lending Code**

The Lending Code sets out how banks, building societies and credit-card providers should treat you when you have financial problems. Under the code, your lender should:

- look at options with you;
- look at your income and outgoings and other debts;
- try to agree a debt-repayment plan with you; and
- make sure you have enough money to cover your day-to-day expenses and pay your priority debts.

For more information, contact us for advice.

**Voluntary charges on your home**

If you have a large overdraft or a personal or business loan, you may be asked to agree a voluntary legal charge on your home in return for reduced payments. This would mean that the debt would be secured on your home and you could then lose your home if you didn’t keep up the payments. Banks will sometimes ask you to agree to a legal charge, which means any future borrowing or overdraft you have with the bank is also secured on your home.

**Warning:** before you agree to a voluntary charge

If you are asked to agree to a voluntary legal charge either by one of your creditors, or if your partner asks you to sign an agreement to a legal charge on your home, you must get legal advice first. Contact us for advice.

**Secured overdrafts**

You may have a bank overdraft secured on your home. The interest charges can be high, with no fixed monthly instalment to pay.

If the bank takes you to court, it may be difficult to suspend a possession order to pay off the overdraft in instalments. If you have an overdraft secured on your home, contact us for advice.

If your bank is asking you to agree to secure an overdraft on your home, contact us for advice.

---

**Extra advice: basic bank accounts**

Contact the Money Advice Service for a list of basic bank accounts on 0300 500 5000 or see www.moneyadviceservice.org.uk.
Dealing with your non-priority debts

Warning: beware of consolidation loans
Beware of adverts in newspapers and on television offering loans to clear all your debts (often called “consolidation loans”). They can be very expensive and will put your home at risk. Contact us for advice.

Complaints
Banks should have a complaints procedure under the Lending Code which they should make public. If you have a complaint, you need to follow this procedure. If you do not feel they have dealt with your complaint satisfactorily, you may be able to complain further to the Financial Ombudsman Service. They can only deal with certain types of complaints. For information, contact the Financial Ombudsman Service directly.

Extra help
In this section, we give information and advice on some non-priority debts that can be more difficult to deal with. They are:
• charge cards;
• payday loans;
• catalogues;
• personal debts to friends and family;
• water rates; and
• business debts.

Charge cards
You may have a debt on a charge card such as American Express, where you have to pay the full balance off each month rather than in instalments as with a credit card. It can be more difficult to negotiate reduced offers of payment on charge cards as they are not ordinary credit agreements. You should still include them with your other non-priority debts. If your charge card company is threatening to take further action, contact us for advice.

Payday loans
A payday loan is a cash advance on your wages that is paid back to the loan company when you next get paid by your employer. Many people use these loans to help them if they have run out of money before their next payday. The interest rates on these types of loans can be very high. Charges will also be added if you cannot pay the loan back on payday. This means that the debt can build up so you end up owing a lot more than you borrowed.

A payday loan is a non-priority debt but it can be difficult to deal with as you may have given what is called a “continuous payment authority” to the loan company. This means that you have given permission to the loan company to take money from your bank account. You may not realise you have given this permission, but you can get a continuous payment authority stopped by telling the bank or the payday loan company.

Contact us for advice.

Complaining about your lender
See our fact sheet: Complaining about your lender.

Payday loans
See our fact sheet: Payday loans. This includes sample letters you may find useful.

Catalogue debts
You may have a debt with a catalogue company. You should treat this as a non-priority debt in the same way as your other non-priority debts. Goods ordered from a catalogue belong to you and cannot be taken back if you do not pay. If you have a dispute with the company or an agent about how much you owe, contact us for advice.

Important: did you sign a credit agreement?
Although catalogue companies should give you a credit agreement (under the terms of the Consumer Credit Act 1974), this does not always happen. In this case, the county court may not be able to enforce the agreement if you started using the catalogue before 6 April 2007. After this date, you can still ask the court to decide if the agreement can be enforced or not. If you can’t remember signing an agreement when you received the catalogue, this may apply to you.

Contact us for advice.

Catalogue debts
See our fact sheet: Catalogue debts.

Personal debts to friends and family
You may owe money to friends and family. You should usually treat these debts the same as ordinary non-priority debts and make offers of payment in the same way.

‘Dealing with your non-priority debts’ on page 39.
You may be able to agree to make no payments until your circumstances improve so you can pay off your other creditors faster. Sometimes, you may want to make higher payments on a personal debt because lending you the money has caused hardship to someone you know or your relationship may suffer if you don’t. This can be difficult, as your other creditors may be unhappy if you are paying more on a personal debt than is strictly ‘fair’. You need to explain the reasons to your other creditors and point out, for example, that if you pay off the personal debt quickly, you will be able to pay more to everyone else.

**Water-rates debt**

Include any water-rates arrears with your other non-priority creditors, but keep up with your ongoing bills so your debt does not get any bigger.

See our fact sheet: Water rates arrears and water trust funds.

**Business debts**

If you have been self-employed in the past, you may have debts to old suppliers and so on. Usually, you can treat this type of debt as a non-priority.

See our fact sheet: Business debts.

**What if my creditors take court action?**

Many people are frightened of courts especially when they feel guilty because they owe money. The county court is not a criminal court and will not judge anyone guilty or innocent. They are there to settle disputes about money owed and how to repay it. The court is not there to serve the interests of creditors alone. Under court rules on ‘pre-action conduct’, the court is keen to see you come to an arrangement with your creditors without court action. If court action is taken, you will not usually have to go to a court hearing. Most of the procedure is done through the post.

- Your creditor should send you a letter before they start court action telling you how to pay and how to contact them to discuss your repayment options. They should also send you a list of free, independent advice agencies you can contact.
- The rules allow you to ask your creditor for time to get debt advice if you need to, before they take court action.
- If the creditor goes on to take court action, you will receive a ‘claim form’ from the court. The claim form will include details of the debt, known as the ‘particulars of claim’.
- If you do have to go to a court hearing, your name will not appear in the local paper, so don’t worry about publicity.
- The court staff and the district judge who decide the cases are used to dealing with people who do not have a solicitor.

If you receive a claim form or letter from the court, contact us for advice.

**Important: defences**

If you don’t agree with the amount the creditor says you owe, you will need to put in a defence. Putting in a defence or counterclaim is complicated. Contact us for advice.

**If you agree you owe the debt**

There will be a reply form with the claim form for you to make your offer of repayment. This is called the ‘admission form’. There are instructions included on how to fill in the form. It looks quite like a budget summary and asks for similar information on income and essential outgoings. Contact us for advice.

**Important: do make an offer of payment**

In the claim form there is a section you can fill in to include your priority debt payments. You also have space to include any other court judgments you have, and to list all your non-priority debts. It is important to make an offer of payment in the ‘offer box’. If you leave it blank, the court will decide you have not made an offer and tell you to pay the whole debt at once, or order you to pay what the creditor asks for.

Water-rates debt

Include any water-rates arrears with your other non-priority creditors, but keep up with your ongoing bills so your debt does not get any bigger.

See our fact sheet: Water rates arrears and water trust funds.

Business debts

If you have been self-employed in the past, you may have debts to old suppliers and so on. Usually, you can treat this type of debt as a non-priority.

See our fact sheet: Business debts.

What if my creditors take court action?

Many people are frightened of courts especially when they feel guilty because they owe money. The county court is not a criminal court and will not judge anyone guilty or innocent. They are there to settle disputes about money owed and how to repay it. The court is not there to serve the interests of creditors alone. Under court rules on ‘pre-action conduct’, the court is keen to see you come to an arrangement with your creditors without court action. If court action is taken, you will not usually have to go to a court hearing. Most of the procedure is done through the post.

- Your creditor should send you a letter before they start court action telling you how to pay and how to contact them to discuss your repayment options. They should also send you a list of free, independent advice agencies you can contact.
- The rules allow you to ask your creditor for time to get debt advice if you need to, before they take court action.
- If the creditor goes on to take court action, you will receive a ‘claim form’ from the court. The claim form will include details of the debt, known as the ‘particulars of claim’.
- If you do have to go to a court hearing, your name will not appear in the local paper, so don’t worry about publicity.
- The court staff and the district judge who decide the cases are used to dealing with people who do not have a solicitor.

If you receive a claim form or letter from the court, contact us for advice.

**Important: defences**

If you don’t agree with the amount the creditor says you owe, you will need to put in a defence. Putting in a defence or counterclaim is complicated. Contact us for advice.

**If you agree you owe the debt**

There will be a reply form with the claim form for you to make your offer of repayment. This is called the ‘admission form’. There are instructions included on how to fill in the form. It looks quite like a budget summary and asks for similar information on income and essential outgoings. Contact us for advice.

**Important: do make an offer of payment**

In the claim form there is a section you can fill in to include your priority debt payments. You also have space to include any other court judgments you have, and to list all your non-priority debts. It is important to make an offer of payment in the ‘offer box’. If you leave it blank, the court will decide you have not made an offer and tell you to pay the whole debt at once, or order you to pay what the creditor asks for.
If my creditors take court action, what are the advantages?

• The court will stop interest being charged on most ordinary credit agreements. This means that the amount you owe cannot increase. Some creditors may tell you they can charge interest on a debt before and after judgment. If this happens to you, contact us for advice.

• In most cases, the court is likely to let you pay a monthly amount which you can afford. But it can only do this if you explain your income, outgoings and other debts on the reply form to the county-court claim.

• Usually you won’t have to go to the court for a hearing. Most of the procedure is done through the post.

If my creditors take court action, what are the disadvantages?

• Court costs are added on to your debt, although creditors cannot add on what they want. Court costs will be added on a sliding scale depending on the amount of money you owe.

• Details of judgments are recorded on the Register of Judgments, Orders and Fines and are available to credit reference agencies. This may make it difficult for you to get credit in the future. If you pay off your county-court judgment within one month, you can ask to have the entry removed from the register.

Further action the creditor can take

Usually, if you do not pay the monthly amount the court orders, the creditor can ask the court to take further action. The following methods are most commonly used.

Bailiff’s warrant

The creditor can ask the court to instruct bailiffs. You do not have to let the bailiffs in. The bailiffs cannot force their way into your home unless you have let them in before. If a creditor is threatening to use bailiffs, contact us for advice.

Attachment of earnings

The court can order your employer to make deductions from your wages to clear your debt. The court works out the rate by using a set formula. This order can be suspended if it might affect your employment and you can make the payments yourself. If a creditor is threatening to make an attachment of earnings against you, contact us for advice.

How to get help with court fees

If you need to apply to the court, there may be a fee to pay. You may not have to pay the fee, depending on your circumstances, for example, if you are on benefits or a low income. Contact us for advice.

Reducing payments on court orders

If you cannot afford what the court has decided you should pay, you can write and ask the court to look at your offer again. This is called a ‘redetermination’. There is no fee for doing this. You must do this within 14 days of getting the order. The district judge can decide to have a hearing or make a decision by looking at the papers. You can ask for a hearing when you write to the court to ask them to look at your case again. The case should be transferred to your local county court if there is a hearing. Contact us for advice.

If more than 14 days have passed since you got the court order, you cannot apply for a redetermination but must apply for the monthly payment to be reduced. Contact us for advice.
Charging orders
If the court makes a county-court judgment, the creditor can ask for a legal charge on your home. This is called a ‘charging order’. This only applies if you own or have a mortgage on your home, and not if you rent it. The charging order means the debt is secured on your home like a mortgage and may put your house at risk.

There must be a hearing in the court before a charging order is made final. It is up to the court to decide and there are several arguments you can use against a charging order being made. If a creditor is threatening to apply for a charging order, contact us for advice.

Can I get credit again?
There is no such thing as a ‘credit blacklist’ but if you do not pay your debts, you may find it difficult to get credit in the future.

When you apply for credit, most companies will consult a credit reference agency. They keep records of all county court and High-Court judgments, bankruptcy orders, IVAs, DROs and details about credit accounts. This information is kept on file for six years. It will show if you are behind with your payments. If you are in arrears or have a county-court judgment, you may well be refused credit.

If you are refused credit, you have a right to ask if the finance company has used a credit reference agency. They must give you the agency’s name and address.

The company should give you good reasons why they turned you down for credit. This includes telling you if they have used a credit-scoring system. To get a copy of your credit report, you need to contact the credit reference agencies and fill in an application form. There is a fee of £2. You can usually apply in writing, by phone or online.

The Information Commissioner’s Office publishes a useful guide to credit reference agencies called Credit Explained.

Credit-repair companies
You may have heard of companies that offer to clear your credit record if you pay a fee. Be careful. Many credit-repair companies promise to remove judgments when they cannot legally be removed. Credit-repair companies must have a consumer credit licence from the Office of Fair Trading. Check if the company has a licence before using their services. You can complain to the Financial Ombudsman Service about something a credit-repair company has done.

See our fact sheet: County court – charging orders.

See our fact sheet: Credit reference agencies and credit reports.

Can I get credit again?
There is no such thing as a ‘credit blacklist’ but if you do not pay your debts, you may find it difficult to get credit in the future.

When you apply for credit, most companies will consult a credit reference agency. They keep records of all county court and High-Court judgments, bankruptcy orders, IVAs, DROs and details about credit accounts. This information is kept on file for six years. It will show if you are behind with your payments. If you are in arrears or have a county-court judgment, you may well be refused credit.

If you are refused credit, you have a right to ask if the finance company has used a credit reference agency. They must give you the agency’s name and address.

The company should give you good reasons why they turned you down for credit. This includes telling you if they have used a credit-scoring system. To get a copy of your credit report, you need to contact the credit reference agencies and fill in an application form. There is a fee of £2. You can usually apply in writing, by phone or online.

The Information Commissioner’s Office publishes a useful guide to credit reference agencies called Credit Explained.

Credit-repair companies
You may have heard of companies that offer to clear your credit record if you pay a fee. Be careful. Many credit-repair companies promise to remove judgments when they cannot legally be removed. Credit-repair companies must have a consumer credit licence from the Office of Fair Trading. Check if the company has a licence before using their services. You can complain to the Financial Ombudsman Service about something a credit-repair company has done.

See our fact sheet: County court – charging orders.

See our fact sheet: Credit reference agencies and credit reports.
Sample letter 1

If you want to ask your creditors to hold action

If you want to ask your creditors to hold action and give you breathing space while you get advice, you can write out this example letter and send it to your creditors.

Creditor’s name and address:  Your address:  

Date:  

Account number:  

Dear Sir or Madam

I am writing to tell you that I am getting advice and help with my current financial difficulties.

Because of this, I would appreciate it if you could hold action on the above account for at least 30 days to give me the breathing space I need to do a personal budget and work out the best way to deal with my debts.

Also, if you are adding interest or other charges to the account, I would be grateful if you would freeze these during this period, so that my debt does not get any bigger.

I will contact you again as soon as possible with further details of my financial situation and my proposals for repaying my creditors.

Thank you for your help.

I look forward to hearing from you as soon as possible.

Yours faithfully
Sample letter 2

If you are making pro-rata offers to your creditors

This means all your creditors will get a fair share of the money you have available.

SEE ‘Working out offers of payment to non-priority creditors’ on pages 19 to 20.

If you are making pro-rata offers, you can write out this example letter and send it to your creditors with a copy of your budget summary. We have used [square brackets] to suggest different points you may want to make. Choose the ones that fit your circumstances and make any other changes you need to explain your situation to your creditors.

Creditor’s name and address: Your address:

Date: 

Account number: 

Dear Sir or Madam

Since making the above agreement with you, my circumstances have changed. I cannot now afford the agreed monthly payments because:

I enclose a budget summary which shows my total income, and my total outgoings. As you can see, I have only £.... a month left for my creditors.

I have worked out the offers I have made to my creditors on a pro-rata basis, and I have written to all my creditors asking them to accept reduced offers.

Because of my circumstances, please agree to accept a reduced offer of £.... a month.

If you are adding interest or other charges to the account, I would be grateful if you would freeze these so that all payments I make will reduce what I owe you.

If my circumstances improve, I will contact you again.

Please send a [paying-in book] [standing order form] to make it easier to pay.

Thank you for your help.

I look forward to hearing from you as soon as possible.

Yours faithfully

Add your signature with your name printed underneath.

Remember to keep a copy of your budget summary and any letters you send.

Did you know you can fill in this letter online at www.nationaldebtline.co.uk using our suite of sample letters?
Sample letter 3

If you are making no offer of payment or token payments

See ‘What if I have no money left to pay my creditors?’ on page 42.

If you are not making an offer or if you are offering to pay token payments only, you can write out this example letter and send it to your creditors with a copy of your budget summary. We have used [square brackets] to suggest different points you may want to make. Choose the ones that fit your circumstances and make any other changes you need to explain your situation to your creditors.

Creditor’s name and address: 

Your address:

Account number: 

Dear Sir or Madam
Since making the above agreement with you, my circumstances have changed.
I cannot now afford the agreed monthly payments because:

I enclose a budget summary which shows my total income, and the total outgoings of my household. As you can see, I have no money left to make offers of payment to my creditors.

Because of my circumstances, please agree that I can suspend payments for six months. If you are adding interest or other charges to the account, please freeze these so my debt does not increase.

If my circumstances improve, I will contact you again.

Please send a [paying-in book][standing order form] to make it easier to pay.

Thank you for your help.

I look forward to hearing from you as soon as possible.

Yours faithfully

National Debtline has a range of sample letters. You can use these to help you to deal with your debts if:

• you need to negotiate with your creditors;
• you need to ask for information from your creditors; or
• you want to make a complaint about a creditor or debt collector.

You can see a full list on our website at www.nationaldebtline.co.uk, where you can fill in your details and a letter will be produced for you. Or you can phone 0808 808 4000 to ask for a sample letter to be sent to you.
Benefits, tax credits and grants

Auriga Services Ltd
Guide to utility trusts and services in the ‘Free downloads’ section of the home page.
www.aurigaservices.co.uk

Benefit enquiry line
Information about benefits for people with a disability and for carers.
Phone: 0845 588 200
www.gov.uk/benefit-enquiry-line

Carer’s Allowance Unit
Information about Carer’s Allowance claims.
Phone: 0845 302 1444
www.gov.uk/carers-allowance-unit

Child Benefit helpline
HMRC advice about Child Benefit claims.
Phone: 0845 712 3456
www.gov.uk/disability-benefits-helpline

Child Support Agency (CSA)
Advice and information about the statutory child maintenance service.
Phone: 0845 713 3133
www.gov.uk/arranging-child-maintenance-child-support-agency

Disability benefits helpline
Information about benefits for people with a disability and for carers.
Phone: 0845 712 3456
www.gov.uk/disability-benefits-helpline

GOV.UK
Find out what benefits you could get, how much you could get and how to make a claim.
www.gov.uk/browse/benefits/entitlement

Pension Service helpline
Information about pensions, pension credit and benefits.
Phone: 0845 606 0265
www.gov.uk/contact-pension-service

Tax Credits helpline
Information about Child Tax Credit and Working Tax Credit.
Phone: 0345 300 3900
www.gov.uk/child-tax-credit/how-to-claim

Turn2us
Provides advice about charitable grants and benefits.
Phone: 0808 802 2000
www.turn2us.org.uk

Veterans UK helpline
Help and advice for war veterans.
Phone: 0800 189 2277
Email: veterans.help@spva.gsi.gov.uk
www.veterans-uk.info

We have included phone numbers and website addresses where they are available.

Benefits, tax credits and grants

Auriga Services Ltd
Guide to utility trusts and services in the ‘Free downloads’ section of the home page.
www.aurigaservices.co.uk

Benefit enquiry line
Information about benefits for people with a disability and for carers.
Phone: 0845 588 200
www.gov.uk/benefit-enquiry-line

Carer’s Allowance Unit
Information about Carer’s Allowance claims.
Phone: 0845 302 1444
www.gov.uk/carers-allowance-unit

Child Benefit helpline
HMRC advice about Child Benefit claims.
Phone: 0845 712 3456
www.gov.uk/disability-benefits-helpline

Child Support Agency (CSA)
Advice and information about the statutory child maintenance service.
Phone: 0845 713 3133
www.gov.uk/arranging-child-maintenance-child-support-agency

Disability benefits helpline
Information about benefits for people with a disability and for carers.
Phone: 0845 712 3456
www.gov.uk/disability-benefits-helpline

GOV.UK
Find out what benefits you could get, how much you could get and how to make a claim.
www.gov.uk/browse/benefits/entitlement

Pension Service helpline
Information about pensions, pension credit and benefits.
Phone: 0845 606 0265
www.gov.uk/contact-pension-service

Tax Credits helpline
Information about Child Tax Credit and Working Tax Credit.
Phone: 0345 300 3900
www.gov.uk/child-tax-credit/how-to-claim

Turn2us
Provides advice about charitable grants and benefits.
Phone: 0808 808 4000
www.nationaldebtlne.co.uk

Veterans UK helpline
Help and advice for war veterans.
Phone: 0800 189 2277
Email: veterans.help@spva.gsi.gov.uk
www.veterans-uk.info

Winter Fuel Payments helpline
Information about payments to help older people keep warm.
Phone: 0844 500 5615
www.gov.uk/winter-fuel-payment-helpline

Business debts

Business Debtline
Debt advice for the self-employed and small businesses.
Phone: 0800 197 6026
www.bdl.org.uk

GOV.UK
Information about starting up and running a business, including help if you are self-employed or a sole trader.
www.gov.uk/browse/business

Complaints

Consumer Council for Water
For complaints about water companies.
Phone: 0845 039 2837 or 0121 345 1000
www.wwcwater.org.uk

Financial Ombudsman Service (FOS)
For complaints about banks, building societies, loans and credit, hire-purchase agreements, mortgages, insurance, investments, endowment policies and pensions.
Phone: 0800 023 4567 or 0300 123 9123
Email: complaint.info@financial-ombudsman.org.uk
www.financial-ombudsman.org.uk

Housing Ombudsman
Investigates complaints about all social housing providers.
Phone: 0300 111 3000
Email: info@housing-ombudsman.org.uk
www.housing-ombudsman.org.uk

Information Commissioner’s Office (ICO)
For advice about data protection and freedom of information.
Phone: 0303 123 1113
www.ico.gov.uk

Legal Ombudsman
Organisation to contact about complaints to do with solicitors.
Phone: 0300 555 0333
Email: enquiries@legalombudsman.org.uk
www.legalombudsman.org.uk

Local Government Ombudsman (LGO)
For complaints about councils and other organisations.
Phone: 0845 602 1983 or 0300 061 0614
www.lgo.org.uk

Office of Communications (Ofcom)
An independent organisation that regulates phone, television and radio companies.
Phone: 0300 123 3333 or 020 7981 3040
www.ofcom.org.uk

Office of Water Services (Ofwat)
An independent organisation that regulates water companies.
Phone: 0121 644 7500
Email: mailbox@ofwat.gov.uk
www.ofwat.gov.uk
(For your local Consumer Council for Water committee, check your Yellow Pages or visit www.cccwater.org.uk.)

Ombudsman Services
For complaints about phone, mobile and broadband companies, energy companies and estate agents.
Phone: 0330 440 1614 (phone, mobile and broadband companies)
Phone: 0330 440 1624 (energy companies)
Phone: 0330 440 1634 (estate agents)
www.ombudsman-services.org

The Parliamentary and Health Service Ombudsman
Investigates complaints about UK Government departments or the NHS in England.
Phone: 0345 015 4033
www.ombudsman.org.uk

Consumer organisations

Age UK
Advice about money, benefits and other issues for older people.
Phone: 0800 169 6565
www.ageuk.org.uk

Citizens Advice consumer service
Helpline for consumer and fuel problems.
Phone: 0845 404 0506
www.adviceguide.org.uk

Office of Fair Trading (OFT)
An independent organisation that protects your rights as a consumer (use the Citizens Advice consumer service to make an individual complaint).
Phone: 0845 722 4449
www.of.t.gov.uk

Stop Loan Sharks
Advice on how to deal with loan sharks – unlicensed money lenders.
Phone: 0300 555 2222
Email: reportaloanshark@stoploansharks.gov.uk
www.gov.uk/report-loan-shark

Trading Standards
Local trading standards offices.
Phone: local numbers available on the website
www.tradingstandards.gov.uk

Financial advice and financial services

Financial Services Authority (FSA)
Regulator for financial services, such as banks and credit companies, insurance companies and mortgage lenders.
Phone: 0845 606 1234
www.fsa.gov.uk

Money Advice Service
Responsible for helping consumers understand financial matters and manage their finances better. Use the ‘Health check’ to get advice about how to manage your financial issues.
Phone: 0300 500 5000
www.moneyadvice.org.uk

Unbiased.co.uk
For a list of independent financial advisers.
Phone: number not currently available
www.unbiased.co.uk

Fuel

Energy Saving Advice Service
Government-funded telephone advice service offering unbiased energy-saving advice to homes and businesses.
Phone: 0300 123 1234
www.energysavingtrust.org.uk

Energy UK
Represents main gas and electricity companies on important issues affecting suppliers and consumers.
www.energy-uk.org.uk

Home Heat Helpline
Gives advice about paying fuel bills and keeping warm during the winter.
Phone: 0800 336 699
www.homeheathelpline.org.uk

Housing

Council of Mortgage Lenders (CML)
Trade association for mortgage lenders.
Phone: 0845 373 6771
www.cml.org.uk

Shelter
Free housing advice helpline.
Phone: 0808 800 4444
www.shelter.org.uk

Insolvency

Insolvency Enquiry Line
For information about the bankruptcy process.
Phone: 0845 602 9648
www.bis.gov.uk/insolvency

Legal advice

Civil Legal Advice
A telephone service providing free, confidential and independent legal advice.
Phone: 0845 345 4345
www.legaladviserfinder.justice.gov.uk

Law Centres Network
They do not give advice but you can check on their website to see if there is a law centre near you.
Phone: 020 7749 9120
www.lawcentres.org.uk

Law Society
You can search for a solicitor on their website.
Phone: 020 7242 1222
Email: findasolicitor@lawsociety.org.uk
www.lawsociety.org.uk

Rights of Women
Legal advice for women.
Phone: 020 7251 6577
www.rightsowomen.org.uk
About National Debtline

National Debtline and the Money Advice Trust
National Debtline (NDL), part of the Money Advice Trust (MAT), is a helpline offering free, expert, professional advice over the phone and by email. It helps clients deal with their debts in an informed and active way. NDL offers both self-help solutions and debt-management plans to people who have many debts. Please call 0808 808 4000 or visit www.nationaldebtline.co.uk.

MAT is a charity formed in 1991 to help people across the UK tackle their debts and manage their money wisely. As well as running NDL, MAT also runs Business Debtline (www.bdl.org.uk) as well as providing an online service: My Money Steps (www.mymoneysteps.org).

Our partners
MAT works with leading UK agencies to achieve its aims.
- AdviceUK
- Advice NI
- Citizens Advice
- Citizens Advice Northern Ireland
- Citizens Advice Scotland
- Institute of Money Advisers
- Money Advice Scotland
- Payplan
- StepChange Debt Charity.

National Debtline – our aims and services
We aim to provide a high-quality service. You can expect the following.
- To speak to an adviser who is approachable and trained to a high standard.
- A guarantee that any information you give about your situation will be kept strictly confidential. We keep records of our calls on a database. If you need to contact us again, this means you don’t have to tell us about your situation all over again. We do not pass your details on to any other organisation without your permission. We do ask your permission to be contacted by another research organisation, but this is either for the purpose of a phone call or written questionnaire on the quality of our service, or to help with research about debt. However, you do not have to tell us anything, such as your name and address, if you would prefer not to. Please contact us if you do not want us to keep your details on file. If we do not hear from you, we will assume that you agree to us doing so.
- Although our lines are very busy, we will do all we can to answer your call promptly.
- We are committed to equal opportunities in all our services and will tackle prejudice and discrimination to make sure this happens.

Information: getting in touch by post
If you would like to write to us, either to make a complaint or request further information, our postal address is: National Debtline, Tricorn House, 51-53 Hagley Road, Edgbaston, Birmingham B16 8TP.

Funding
We at the Money Advice Trust would like to thank all of our supporters for their generosity in supporting National Debtline and the work of the Trust. In particular, we thank the following.

Allied International Credit
American Express Foundation
Argos / Home Retail Group
Bank of America
Barclaycard
Barclays
British Gas
BT
Building Societies Trust Limited
Capital One
Department for Business, Innovation and Skills
Esmée Fairbairn Foundation
Experian
Finance and Leasing Association
Friends Provident
HM Treasury
HSBC
Insolvency Service
Lloyds Banking Group
Ministry of Justice
National Australia Bank Group
Nationwide
npower
Optima Legal
Payplan Ltd
Provident Financial
Royal Bank of Scotland
Santander
Scottish Government
Scottish Power
SSE
StepChange Debt Charity
The Co-operative Bank
UK Cards
Wescot Credit Services
Wessex Water
Yorkshire Building Society

Mental health
Samaritans
Confidential emotional support.
Phone: 0845 790 9900
Email: jo@samaritans.org
www.samaritans.org

Sane
Support for mental illness.
Phone: 0845 767 8000
www.sane.org.uk

Tax
HM Revenue & Customs (HMRC)
Government department responsible for tax, VAT and National Insurance.
Phone: numbers for specific areas are available on the website
www.hmrc.gov.uk

TaxAid
Free, confidential advice about tax problems.
Phone: 0345 120 3779
www.taxaid.org.uk

TV Licensing
TV Licensing
General enquiries about payment schemes.
Phone: 0300 790 6131 (general enquiries)

GOV.UK
www.gov.uk/browse/benefits/

Money advice centres
You might be able to get local advice on dealing with debts.

Welfare rights agencies
For local advice on claiming state benefits. This may be part of your local council.