

Debt Essentials

If you are in debt here is some vital information to help you get back in control. Debts may not go away quickly but you can manage them and reduce the stress it may be causing.

We can't tell you everything in these few pages but it should help you see that there are options.

Please use the contact details at the back to get more detailed advice about your situation.



Bristol Debt Advice Centre
www.bdac.org.uk | 0117 954 3990
Registered charity no: 900311



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Bailiffs

Lots of people in debt worry that a bailiff will call but often this is actually impossible. If you are losing sleep about this please note:

A bailiff can **ONLY** call where you have broken the terms of some kind of court order. If a creditor has not obtained a court order a bailiff **CANNOT** call.

Remember - a letter that talks about bailiffs or threatens court action doesn't mean you actually have that court order yet.

If there is a court order and you are not paying what you should then a bailiff could call. However there are still rules about what a bailiff can do.

A court order is likely to be:

- A county court judgment for a credit debt, debt to another person or tax debt - a county court bailiff could call
- A liability order from the magistrates' court for a council tax debt - a private bailiff could call
- A magistrates' court fine - a private bailiff could call
- A county court order for an unpaid fixed penalty notice (parking ticket) - a private bailiff could call

Rights of entry for bailiffs

Bailiffs do not have the right to enter your home using force unless they have already been in without using force and have made a list of goods (taken a levy). The only exception is a bailiff acting to recover an unpaid magistrates' court fine – but cases of a bailiff forcing entry in this situation are very rare.

If the bailiffs cannot get payment or goods, they will return the account to the creditor for more action by them.

The Police can only be involved to prevent a breach of the peace – not to help the bailiffs gain entry or to seize goods.

If a bailiff has taken a list of goods at your home, get some further advice.

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Take control of your money

Income

Check you are receiving all of the tax credits or benefits you are entitled to.

Pay your **priority bills** first:

- rent or mortgage
- council tax
- gas, electricity, water
- telephone (landline and/or mobile costs)
- TV and/or internet packages (may include telephone too); TV licence
- insurance - home insurance, car insurance, etc

Pay for your **essential living expenses** next:

- food, toiletries, cleaning materials, pet food, clothing, medicines
- childrens' costs – nappies, cost of after-school activities, sports, etc
- hairdressing; travel costs; sport or other activities

Use the budget form in the centre of this booklet. Work out what you have left after paying your priority bills and essential living expenses. This is your disposable income for paying debts.

Pay your **priority debts** next:

These are any arrears/missed payments for:

Rent / Mortgage	Secured Lending	Council Tax Fines
Telephone	Gas & Electricity	Water/Sewerage
TV Licence	Income Tax	Child Support

Priority creditors can do more than just get a county court judgment (CCJ) against you. They may be able to disconnect an essential service, cause you to lose your home or essential services or, in rare cases, take court action that could lead to imprisonment.

Pay your **non-priority debts** next:

Don't think about any credit repayments until you're sure you have covered the items above. If you have a bank loan that is taken straight from your account, and it is not leaving you enough to cover your essentials, think about moving your income to a new account at a different bank. Do the same if your overdraft is unmanageable or if you are regularly incurring lots of bank charges, in order to protect your income.

My Budget Sheet

Date: _____

Weekly / Monthly

Income

- Wages/Salary (net)
- Wages/Salary (net) - partner
- JSA/Income Support
- Child Tax Credit
- Working Tax Credit
- ESA (or Incapacity Benefit)
- DLA/AA
- Child Benefit
- Maintenance/CSA
- From non-dependants
- Pension
- Other _____

Total Income

Weekly / Monthly

Expenditure

- Rent
- Service Charges/Ground Rent
- Mortgage
- Other Secured Loans
- Mortgage Endowment & MPPI
- Buildings/Contents Insurance
- Pension & Life Insurance
- Council Tax
- Gas
- Electricity
- Water
- Other utilities (coal, oil, calor gas)
- TV Licence
- Magistrates Court Fines
- Maintenance/CSA
- Hire Purchase
- Child care costs
- Adult care costs

A: Total Essential Expenditure

- Home phone
- Mobile phone
- Other phone

B: Total phone

- Public transport
- Other (eg. Taxis)
- Car insurance
- Road tax
- Fuel (petrol, diesel, oil)
- MOT & car maintenance

This form will give you a snapshot of your current situation. You may be asked to provide this information to creditors or any of the helpful organisations listed at the back of this booklet.

Things you may need:

- calculator
- bank statements
- receipts

You can also access an electronic version of this

You can also access an electronic version of this financial statement at:

<http://www.bdac.org.uk/services/self-help-resources>

Notes:

MO1 & car maintenance	
Breakdown & recovery	
Parking charges & tolls	
Other car costs	
C: Total travel	
Food & milk	
Cleaning & toiletries	
Newspapers & magazines	
Cigarettes & tobacco	
Alcohol	
Laundry & dry cleaning	
Clothing & footwear	
Nappies & baby items	
Pet food	
Other	
D: Total Housekeeping	
Health (dentist, prescriptions, glasses)	
Repairs/ House maintenance	
Hairdressing/ haircuts	
Cable, satellite & internet	
TV, Video & Other appliance rental	
School Meals/ Meals at work	
Pocket money/ school trips	
Lottery & pools	
Hobbies/ Leisure/ Sport	
Gifts (Christmas, birthdays, festivals)	
Vets bills & pet insurance	
Other eg. Postage	
Other	
E: Total Other Expenditure	

Total Expenditure (A+B+C+D+E)	
Total Disposable Income	
<i>(income less total expenditure)</i>	

2 Non-priority debts continued:

Non-priority creditors cannot do anything (apart from demanding payment and registering your arrears/default on your credit report) without obtaining a county court judgment (CCJ). This isn't as bad as it sounds, as explained below.

Common non-priority debts are:

Bank overdrafts	Bank loans
Credit cards	Store cards
Catalogues	Doorstep loans
Student loans	Old Gas & Electricity debt
Old mobile or landline telephone bills	Old satellite/cable bills

Non-priority creditors can use debt collecting firms. These do not have any extra powers but they can put pressure on you to repay the debt – letters, phone calls, sometimes visiting your home (but not with bailiff powers). You have a right to complain if you feel you are being harassed by telephone calls.

If you don't respond to their letters and calls, creditors **may** issue a county court claim for repayment of the debt. This is a last resort but will result in a county court judgment – CCJ. As long as you reply to the court papers and make an affordable offer, you are likely to get realistic payment order. If a payment order has already been made that you can't afford, you can ask for the amount to be changed.

However if you don't reply to the court papers or you miss payments under a court order, the creditor can ask the court to instruct bailiffs, make an attachment to earnings, make a charging order or seize any (significant, non-essential) amounts from a bank account.

Money/Debt Advice

The main outcomes of money advice will usually be either:

- Arrangements to make affordable regular payments. For non-priority debts these may be only token amounts (£1.00 per month). Good for getting back in control but can be very long-term unless your circumstances improve.

or

- A formal insolvency option such as Bankruptcy, Debt Relief Order, Administration Order or Individual Voluntary Arrangement (IVA). These can offer a 'fresh start' with some or all of your debt written off.

Other possibilities include:

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- **Write Offs**

If your financial circumstances are unlikely to improve for health or disability reasons, some creditors may agree to write off your debt. A supporting letter from your GP or other health professional or support worker is essential.

- **Full & Final Settlement**

In return for having a lump sum payment a creditor may agree to write off the rest of the debt. Collection agencies will often offer such 'discounts' from time to time rather than accept very small payments over a long period.

- **Debt Management Companies**

If you have spare money after paying your normal living expenses and priority debts, you could pay your non-priority creditors through a debt management plan.

Companies that advertise on TV and in the papers will charge you and may not always deliver what they promise. It's your choice if you want to pay for those services but check carefully what you're signing up to. Remember you can get help for free. See the list at the back of this leaflet.

There are only 2 independent companies in the UK that offer a FREE debt management service:

CCCS (Consumer Credit Counselling Service)

www.cccs.co.uk

Phone: 0800 138 1111

Payplan

www.payplan.com

Phone: 0800 716 239

You make one payment per month which the companies will distribute on your behalf. All of the payment you make goes directly to paying off the debt. They will also deal with your creditors when they want reviews of payment arrangements.

A debt management plan will usually need you to have a reasonable amount to pay each month and will not manage payments to priority creditors.

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Get some free advice

National Debtline

www.nationaldebtline.co.uk

Tel: 0808 808 4000

A helpline providing free confidential and independent advice on how to deal with debt problems. The website includes a downloadable information pack and a personal budget section to enable you to work out affordable repayments. Also includes details of their fact sheets and self help pack which are free to people in debt.

Community Legal Advice

www.communitylegaladvice.org.uk

Helpline: 0845 3454 345

Information and advice about your legal rights and a directory of agencies providing legal advice in your area.

Citizens Advice Bureau

www.adviceguide.org.uk

Check phone book for local offices - Be aware that these are usually very busy and you may have to wait to see an adviser or get an appointment. The Citizens Advice website has a debt section which includes frequently asked questions about credit and debt, help with debt, credit and debt fact sheets and a jargon buster.

MoneySavingExpert

www.moneysavingexpert.com

Has useful sections on credit and banks and lots of other money saving tips.

Which?

www.which.co.uk/advice/your-rights/index.jsp

This section of the Which? website offers advice on consumer issues including dealing with mobile telephone problems, dealing with energy suppliers and making complaints.

Consumer Direct

www.consumerdirect.gov.uk

Tel: 08454 04 05 06

Advice on consumer issues including mobile telephones, energy suppliers and making complaints.

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