

Dealing with Debt

The following are general suggestions on how to deal with debt. If you have more than one debt and you are seeking third party assistance then, HFC recommends the Consumer Credit Counselling Service who are contactable on 0800 138 1111. CCCS provide free independent money advice. Free independent money advice can also be obtained from the following:

- **Advice UK**

Phone 020 7407 4070

Website: www.adviceuk.org.uk

- **Citizens Advice Bureau**

The phone number of your local bureau can be found in the phone book

Website: www.citizensadvice.org.uk

- **National Debt Line**

Phone: 0808 808 4000

Website: www.nationaldebtline.co.uk

- **Payplan**

Phone: 0800 280 2816

Website: www.payplan.co.uk

Most of us owe money to people or organisations most of the time - bills are a fact of life. But, occasionally, we may find ourselves swamped by debts, and can't see a way of paying them all. Don't ignore bills; get help to deal with them.

If you are behind with payments to someone you owe money to (a creditor), they have the legal power to try to get their money. Exactly what they can do depends on the type of debt, and some types are more serious than others. So if you have several debts, you need to work out which ones you must deal with first and try to arrange to repay them.

- Do not ignore the problem - it won't go away. The longer you wait to deal with it or to take advice the worse the situation could become.
- Do not borrow more to pay off your debts - in most cases this is very unwise as it digs a deeper hole and it could mean putting your house at risk (depending on the type of borrowing). If you are considering this, talk to an independent adviser first.
- If you have lost a job or are off sick, check whether you have insurance. Check that you are obtaining all the benefits you are entitled to. Talk to an adviser.
- Work out your own personal budget: make sure you show it or send it to your creditors when you tell them about your difficulties.
- Get in touch with your creditors - explain your difficulties.

- Deal with your finances effectively and efficiently - make sure you pay your priority debts first, for example debts which means you could lose your home - rent or mortgage, your liberty - fines or Council Tax, or have your fuel supplies cut off.
- Use the information to work out a reasonable offer to repay the money owed - you should only offer to pay what you have the ability to pay and an amount you can regularly maintain. You must be able to maintain prompt and regular payments, no matter how small and not offer large amounts that will inevitably result in you not keeping to your word.
- Contact everybody you owe money to - you must include every creditor or you will run into difficulties eventually.
- Fill in reply forms to court papers and let the court have all the facts - this information will assist the court to resolve your dispute and decide what you can reasonably afford to pay. Civil Courts are not criminal courts.
- Always attend court hearings - If you have a court hearing go along and take your budget sheet with you. Try to talk to an adviser.
- Always keep copies of any letters or court forms you send or receive.

Further Action

What is County Court action?

If you have failed to negotiate an agreed repayment with your creditor they may issue proceedings through a County Court to recover the money they feel you owe them.

What is an administration order?

An administration order is a single County Court order on to which you put all of your debts. It allows you to make a single payment into the County Court, which will then divide the money amongst the creditors listed on your application form.

What is a composition order?

If you are only paying a very small amount to your creditors, there is the danger that your administration order could last for years.

A composition order is a way of trying to ensure that this does not happen. If the District Judge makes a composition order, it means that you only have to pay part of your debts, usually an amount that you could manage to pay over a three year period.

Any outstanding balances are treated as written off, although County Court judgements, and the fact that you had an administration order, still show up on your credit records.

How long does an administration order last?

Unless the judge makes a composition order or you stop making regular payments, an administration order will go on until all the debts are paid off in full. Your creditors may ask the court for your payments to be reviewed, or you can apply to the court to vary the terms of the order if your circumstances change.

What is a charging order?

A charging order is a court order to enforce a County Court judgement. If a creditor obtains a County Court judgement because you did not pay a debt and you do not keep to the payments set, a court can be asked to place a charging order on your property, which could then lead to court proceedings being taken to take possession of your property to sell it and use the funds realised to pay the judgement.