

FURTHER INFORMATION

For more information, please contact the Housing Advice and Prevention Team:

Housing Advice and Prevention Team
Suffolk Coastal District Council
Council Offices
Melton Hill
Woodbridge
Suffolk IP12 1AU
Telephone: 01394 444264/444213
E-mail: homelessness@suffolkcoastal.gov.uk

A 'Dealing with Debt' Action Pack is available on request and contains pro-forma letters to creditors, blank financial statement forms and instructions for use.

Suffolk Coastal
... where quality of life counts



COPING WITH DEBT



A basic guide to dealing
with financial crisis

DEBT CONSOLIDATION

Debt consolidation usually involves borrowing more money to bring all your debts together into one place. This can make you feel you're achieving something, but usually it just increases your debt and postpones the day when you have to face up to the problem.

Debt counsellors normally prefer to tackle the real problem, the debt itself. They will try to negotiate with your creditors to reduce your debt and, therefore, your repayments.

Debt counsellors will normally use their skill in handling creditors (the people or companies you owe money to) to make this happen. In some cases, your debt repayments can be reduced to £1 per month depending on your disposable income, enabling you to get on with your life rather than worry about creditors.

Whatever you do though...

- **Keep calm.** All debt problems can be resolved and there is always someone to help.
- **Don't run away from your debts** - the longer you leave them, the worse they are likely to get.
- **Avoid borrowing more.** There's a good reason why so many firms offer to lend you more money, and it's mainly to do with their own financial gain.
- **Take advice, especially on secured loans.** You could end up losing your home.
- **List your debts**, priority and non-priority, and pay off the most important first.
- **Contact** your creditors immediately - either by telephone or write to them. You could be surprised at how helpful they can be.
- **Prepare** a statement of means – a list of the money coming in, your savings and your outgoings – to work out how much you get and spend and how much you can realistically repay.

- **Ensure** you keep a record of all verbal and written communications about money matters, including names and contact details for everyone you deal with.
- **Expect** someone to try to reject your proposals. Creditors are like any other business - they are only as good as the staff they employ. If you find a member of staff unhelpful, ring back and speak to someone else.
- **Don't** ignore court papers. Courts are there for your benefit too, and usually understand about personal debts. Most judgments are issued by default because the debtor has not responded by returning the N9A Admission Form..
- **Always** attend court hearings.
- **Get help:** contact your local Citizens Advice Bureau. There are probably solutions available that you have not considered.
- **Disclose all information.** Always declare all debts and income/expenditure. Don't underestimate or exaggerate your expenses.
- **Keep in regular contact** with your creditors. If you promise to return a call, make sure you contact them before they have to contact you again.

CREDITORS

What can happen?

By law, different creditors are allowed different ways of recovering their money. You should consider this when you schedule your payments to creditors.

Never ignore preferred (priority) creditors under any circumstances. You should pay them first. Secondary (lower priority) creditors should be paid only after you have reached an agreement with all preferred creditors.



Preferred creditors or priority debts

Creditor	Possible action
Mortgage	Repossession
Second mortgage	Repossession
Secured loans	Repossession
Rent	Repossession
Income tax, National Insurance, VAT	Distrain (seizure of your goods)/bankruptcy
Council tax/ Community Charge	Distrain/imprisonment
TV licence	Fine/Distrain/imprisonment
Water rates	Disconnection
Gas/electricity	Disconnection
Court fines	Distrain/imprisonment
Maintenance arrears	Distrain/imprisonment
Hire purchase (essential items)	Repossession of goods

Secondary creditors have less power to recover debts, but should not be ignored. These secondary debts include:

- unsecured loans and overdrafts
- credit cards
- unnecessary hire purchase agreements (you could lose the goods and still be left with a debt)
- store cards
- catalogue and mail order purchases
- mobile phone account
- loans on a house or car that has already been repossessed

How to handle the situation...

- Polite communication is the key to successful negotiations with creditors.
- Don't ignore letters.
- Return calls when you say you will, if only to warn of a delay in payment or let them know when a payment is likely to be made.



- Your task is to persuade a creditor to be sympathetic to your circumstances. It never pays to get angry with anyone, even when you feel justified.
- Be polite and courteous even if you are treated rudely.
- Protect yourself – keep to the rules! If you receive court or official papers, make sure you meet the stated response times.
- Get advice from the Citizens Advice Bureau or a solicitor or talk to us to try and resolve the issue out of court, preventing further costs.
- Negotiate claims with creditors or their agents well before court deadlines, or arrange to postpone the deadline.
- Be realistic while negotiating a debt.
- Fill out a statement of means as accurately as possible and don't forget anything such as childminding, petrol etc.
- Don't make exaggerated claims for expenses, dining out etc. Most creditors are fair and will expect to see realistic figures in your statement.
- Make it simple – explain the reasons for your current financial situation and be brief. Make the terms of your offer precise.
- Don't leave things open ended, saying for example "things should get better soon, I'll increase my payments if I can". Instead, say "I'll pay that by the end of next week at the latest" and keep to it.
- Don't stand for threats. You don't need to take threats from anyone. The worst a creditor can do is get a court judgement against you and take money from you that way.
- If you are being harassed by a creditor or a company employed by a creditor, make a note of their name and report them.
- Don't threaten to make yourself bankrupt: creditors and their agents hear these types of threat every day and are likely to become more aggressive, possibly hindering negotiations.
- Be polite and perhaps imply that bankruptcy is a possible alternative if the creditor doesn't accept your offer.



- Keep ALL records (invoices, credit card statements, bills etc) and also written correspondence and notes of every telephone conversation.
- Note the time and date of all communications.
- Note the name of the person you spoke to.
- Where possible, get all offers made in writing.
- Stick to the truth and don't make promises you can't keep.
- Tell your creditors what you can do.
- Tell them what you are doing to improve the situation.
- Ensure you do what you promise.
- Don't miss deadlines for meeting scheduled payments.
- Talk to your creditors in advance, telling them of the situation and what you propose to do about it.
- Try to pay a portion of the payment and propose a way to pay the balance.
- Don't wait until you have missed a payment to contact your creditor.

SCHEDULING DEBT

If you haven't already done so, you should set out all your income and outgoings in a 'schedule of means'. It is a good idea to include this document when you contact creditors or their agents to ask to reduce your monthly payments.

You also need to make a list of your creditors and what you owe each of them. When you have completed this schedule, you should approach priority creditors first. If they agree that you can reduce your payments, get them to confirm this in writing before you contact other creditors. You may need to modify your schedule of creditors to increase payments to priority creditors

Talk to an adviser

All recognised debt advisers should be trained to give you sympathetic confidential help and financial advice. There is never any need to feel that your financial problems can't be solved. A financial adviser will help resolve your financial problems, not judge you.

Useful contacts

Organisation	Telephone Number
Citizens Advice Bureau www.adviceguide.org.uk Ipswich Felixstowe Saxmundham & Leiston	01473 219777 01394 275958 01728 832193
Suffolk Coastal's Housing Advice and Prevention Team	01394 444204
The Bankruptcy Association www.theba.org.uk	01482 658701
National Debtline local rate	0645 500 511
Office of Fair Trading (OFT) www.of.gov.uk	08457 22 44 99
The Banking Ombudsman www.obo.org.uk	0345 660 902
The Banking Code www.bankingcode.org.uk	020 7661 9694
Consumer Credit Counselling Service www.open.gov.uk	0800 138 1111
Council of Mortgage Lenders www.cml.org.uk	020 7440 2255
Tax Credit Help Line	0845 3003900