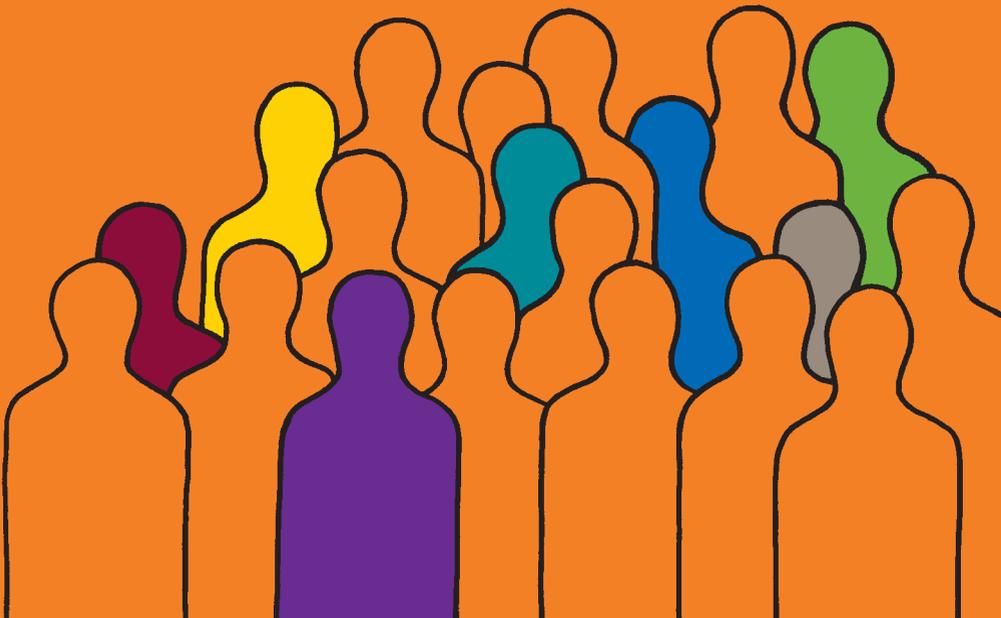


# Help yourself... to sort out your debts

You owe money on your credit card, your bank account is overdrawn and you're struggling to pay back a loan – what can you do? This leaflet gives you some ideas. For more information, see the list of useful contacts at the back.



This leaflet is about credit debts. Credit debts include things like credit cards, catalogues, store cards, loans and overdrafts. This leaflet will help you take the first steps to sorting out your credit debts.

**It does not deal with debts for essentials like gas, electricity, council tax, rent, mortgage or other loans secured on your home. Make sure you sort these out first. If you don't, you may risk being cut off, having the bailiffs (England and Wales) or the sheriff officers (Scotland) sent round or even losing your home. If you're not sure, get advice from your local Citizens Advice Bureau (CAB) or phone National Debtline on ☎ 0808 808 4000.**

## 1 Don't panic

There is a lot you can do to sort out credit debts yourself. If you get stuck, you can get free help from your local CAB or National Debtline. Don't borrow any more money without getting independent advice first.

## 2 Don't ignore letters

Make sure you contact all the people you owe money to (your creditors). Tell them you are having difficulties and are taking steps to sort it out. If you ask them, creditors may agree to freeze interest and charges, although they don't have to.

### 3 Make a list of all your debts

Keep all paperwork in one place. If you are not sure how much you owe, write to your creditors for the outstanding balances.

Make sure you keep copies of your letters and make a note of any telephone conversations you have.

If any of your creditors have started court action or you don't think you owe the money, get advice from your local CAB.

### 4 Work out a budget

It is essential that you work out a realistic budget so you have enough money to live on and you don't have to borrow or go without essentials.

When you have done this, the difference between your total income and your essential living expenses is the amount you have left to pay towards your debts. If you are behind with bills like gas, electricity, council tax, rent, mortgage or other loans secured on your home, sort these out next. If there's any money left over, you can work out offers to your credit debts.

You can get blank budget sheets and information on how to fill them in from your local CAB. Or you can use the online budgeting tool and sample letters tool at [www.adviceguide.org.uk](http://www.adviceguide.org.uk).

If there's no money left over after you've worked out your budget, get advice as soon as you can.

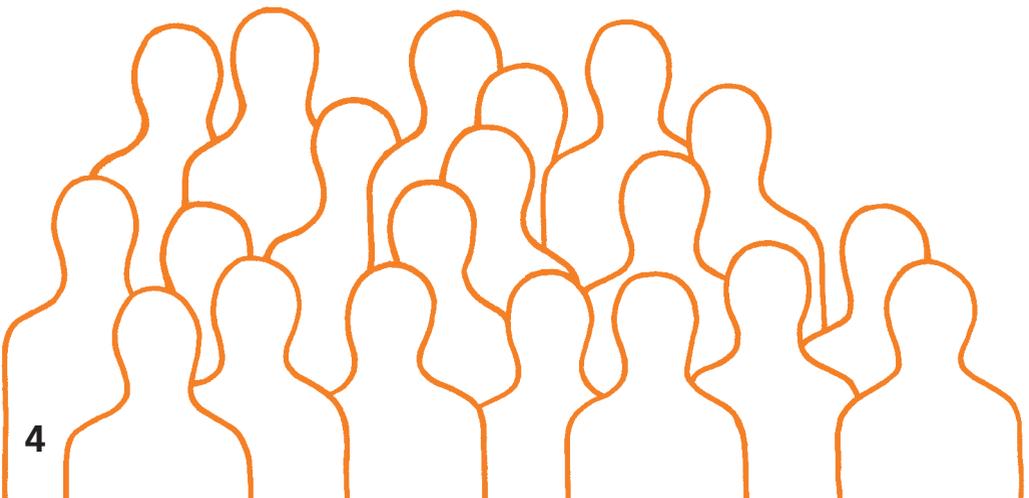
Check if there is anything you could do to get more money. Get our leaflet *Help yourself... to get more money* for more ideas on how to do this, available from your local CAB.

## 5 What choices do I have?

There are different options for paying off your credit debts depending on your circumstances. An experienced money adviser can go through the different options with you to help you make the right choice. See useful contacts on page 7 for details of where you can get free, independent debt advice.

If you have no money left to make any payments, get advice – you may be missing out on benefits or other help.

If you do have money left to pay towards your debts, one option is for you to make offers of repayment to your creditors.



## 6 Work out what offers to make

Once you know how much money you have left to pay towards your debts, you can work out how much to offer each of your creditors.

To make sure you treat all creditors equally and fairly, offer each creditor a share of the money you have left according to how much you owe (these are called pro rata offers).

For example:

You owe £1,000 on a credit card, £350 to a catalogue and £150 to a store card – total credit debt is **£1,500**. You have £10 a month to pay towards your credit debts.

Offer to credit card:  $£1,000 \times £10 \div £1,500 = £6.67$  a month

Offer to catalogue:  $£350 \times £10 \div £1,500 = £2.33$  a month

Offer to store card:  $£150 \times £10 \div £1,500 = £1$  a month

Write to each of your creditors with your offer along with a copy of your budget. While you are waiting for a reply, start paying what you have offered.

If you have no money left in your budget, get advice about what to do.

## 7 What if a creditor refuses my offer?

Don't give up. Keep paying what you have offered to pay. There's still plenty you can do to persuade your creditors to accept your offer.

Adviceguide has an online sample letters tool to help you write letters to your creditors – see [www.adviceguide.org.uk](http://www.adviceguide.org.uk). Or you can phone National Debtline for sample letters on ☎ 0808 808 4000.

## 8 What happens next?

Make sure you keep to the agreed payment plan. If your circumstances change, contact your creditors to explain or change your agreement.

After a period of time, your creditors might want to look at your situation again. Don't worry, just work out your offer again and send it to them. If your situation has not changed, they should let you keep to your agreement.

If you get any court papers, make sure you reply within the times stated and get advice.

## 9 Get advice

As well as the online budgeting tool and sample letters tool, Adviceguide has lots more information, including factsheets, on dealing with your debts – see [www.adviceguide.org.uk](http://www.adviceguide.org.uk). You can also find your nearest CAB if you need further help or advice.

## 10 Useful contacts (Check call rates before dialling)

**Business Debtline** [www.bdl.org.uk](http://www.bdl.org.uk)

debt advice for small businesses

Helpline: ☎ 0800 197 6026

**Community Legal Advice** [www.communitylegaladvice.org.uk](http://www.communitylegaladvice.org.uk)

free legal help, adviser search, legal aid calculator (England and Wales)

Helpline: ☎ 0845 345 4345

**Consumer Credit Counselling Service** [www.cccs.co.uk](http://www.cccs.co.uk)

free, confidential debt advice

Helpline: ☎ 0800 138 1111

**Consumer direct** [www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk)

information and advice on consumer issues including fuel

Helpline: ☎ 0845 404 0506

**Directgov** [www.direct.gov.uk](http://www.direct.gov.uk)

information on managing money and debt

**Financial Services Authority** [www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk)

interactive tools for budgeting and borrowing, information and leaflets

Helpline: ☎ 0300 500 5000

**National Debtline** [www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk)

debt information pack, sample letters, factsheets

free independent debt advice line: ☎ 0808 808 4000

**Payplan** [www.payplan.com](http://www.payplan.com)

free debt advice line: ☎ 0800 280 2816

**Shelter** [www.shelter.org.uk](http://www.shelter.org.uk)

housing advice including arrears and court action

Helpline: ☎ 0808 800 4444 (England and Scotland), ☎ 0845 075 5005 (Wales)

**TaxAid** [www.taxaid.org.uk](http://www.taxaid.org.uk)

help with tax problems

Helpline: ☎ 0845 120 3779

**Turn 2 Us** [www.turn2us.org.uk](http://www.turn2us.org.uk)

benefits calculator and details of grant giving charities

Helpline: ☎ 0808 802 2000

# Our principles

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. We value diversity, promote equality and challenge discrimination.

# Our aims

- Provide the advice people need for the problems they face.
- Improve the policies and practices that affect people's lives.

## **Produced by Citizens Advice**

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[www.adviceguide.org.uk](http://www.adviceguide.org.uk)  
[www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)

Bilingual version (Welsh/English) also available

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