



Debt Problems

It is easy to get into debt including rent debt, but not always easy to get out of it! People can get into debt for many reasons - a relationship breakdown, job loss, sickness, a new baby or just living on a low income.

These situations can result in you not having enough money coming in when you need it, having to budget strictly, and having difficulty keeping up with your existing repayments.

This guide gives you advice that will enable you to tackle your own problems - whether you are in debt already or struggling to make ends meet or find it hard paying your rent. If your problems are too complicated to deal with yourself, you can approach the Citizens Advice Bureau (CAB) or your Housing Officer for help and advice.

Please read the guide carefully: its advice may save you time and money.

Golden rules

Do not ignore your debts: they will not go away, they will only get worse.

Do keep ALL account statements sent by your creditors (people you owe money to).

Act quickly. Debts are easier to deal with if they are tackled quickly. Creditors are more likely to negotiate if you contact them early and make them fully aware of the facts.

Do keep your creditors fully informed: contact them at the earliest opportunity.

Do write to them (keep copies of all letters), phone them or contact them in person. If you are out of work, tell them.

Do consider all your commitments before making any repayment offers.

Do not make repayment offers you cannot keep. If you are struggling to make ends meet, tell your creditors and ask them to accept reduced instalments. Many creditors will be quite willing to discuss your problems, and work out affordable payments.

Do not ignore your creditors or refuse to answer their letters. This will only annoy them, making them less sympathetic to your case and less likely to co-operate with you.

Who should be paid first?

One of the biggest problems is knowing which debts are the most serious and which can wait. Often it's the creditors who 'shout the loudest' that get paid, or the smallest debts, when really they are not your priority.

The best way to decide which debts are the most serious is to consider what the consequence of non-payment could be. The table below shows this.

Priority debts	If you don't pay
Rent	Eviction
Council tax	Goods taken or imprisonment
Gas/electricity	Disconnection
Hire purchase*	Goods repossessed
Child support	Imprisonment
Magistrates' court fines	Imprisonment
TV Licence	Imprisonment
Other important debts	If you don't pay
Water rates	County Court judgment
Telephone	Disconnection
Non-priority debts	If you don't pay
Loan	County Court judgment based on your ability to pay.
Store cards	
Credit cards	
Catalogues	
Bank overdraft	
Doorstep collections such as Provident and Shopacheque	
Car loan	Car may be repossessed

Personal budget

Drawing up a budget will help you see how much money is actually coming into your household and how much is going out. It will help you work out what you can afford to offer your creditors and help you plan your future spending.

To do this you must keep track of where your money goes each week or month. The best way is to draw up a personal budget or financial statement showing how much money you have coming in and how it is spent. It doesn't really matter if you use weekly or monthly figures to calculate your budget, but it is best not to mix the two! Use the one that suits your income best.

Preparing a personal budget will also be a useful tool to persuade creditors to accept payments you can afford. If you ever need to go to court, the court will make a decision based on the information in your budget - so it is vital that your figures are accurate and realistic. The Citizens Advice Bureau can help you with this.

Maximising your income

Income includes money from sources such as wages/salary, partners' wages/salary, child benefit, tax credits, maintenance, pensions, income support/job seeker's allowance, other state benefits/pensions, disability benefits and finally non-dependants' (adult children's) contributions to household expenses.

If you are on benefits, ask whether you are getting the correct amount.

Is there anything else you could claim?

If you are working

Is your tax code correct?

Could you work regular overtime?

Are you entitled to tax credits?

Are you entitled to housing benefit?

Are you entitled to council tax benefit?

If your income has fallen because of sickness or redundancy, check to see whether you have insurance to cover these things. If you qualify, the insurance company should cover certain expenses for a specific period.

Remember that 'monthly' doesn't necessarily mean every 4 weeks. If you receive a payment on the same day of every month, you need only multiply the monthly figure by 12, and then divide by 52 weeks to give a weekly income equivalent. If you receive your payment 4-weekly, then you receive 13 payments a year in total. Divide the 4-weekly amount by 4 to give a weekly equivalent.

A blank personal budget statement is included for your use at the end of this guide.

Where can I get help?

If you want to talk to us about rent debt or if you want advice about other debts, please call us. We are here to help.

Other useful numbers

You may wish to speak to an advisor who is not part of the council. There are several options available for you. All of them are free.

Citizens Advice Bureau

Tel: 01746 767995
www.adviceguide.or.uk/index/life/debt.htm

Advice UK

www.adviceuk.org.uk

National Debt Line

Tel: 0808 808 4000
www.nationaldebtline.co.uk

Age Concern

Free Tel: 0800 00 99 66
www.ageconcern.org.uk

Shelter Free Phone

Tel: 0808 800 4444
<http://england.shelter.org.uk>

Personal Budget Statement

Tenancy Ref:	
Name:	
Address:	

Income (Weekly OR Monthly)	
Wages/salary	£
Wages/salary (partner)	£
All Benefits (including tax credits and child benefit)	£
Money from other people e.g. adult family members	£
Other	£
Total income	£

Expenditure (Weekly OR Monthly)	
Rent (after housing benefit has been taken off)	£
Ground rent/service charges	£
Buildings/contents insurance	£
Life insurance/endowment	£
Council tax	£
Gas	£
Electricity	£
Water	£
Food/housekeeping	£
Travel	£
Telephone	£
TV licence/rental	£
Clothing/emergencies	£
Prescriptions/health costs	£
Other (haircuts, school trips, pet food)	£
Total outgoings	£

Household Composition	Adults	Children	Ages of Children
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Priority Debts	Money Owed	Payment Agreement
Rent arrears	£	£
Council tax arrears	£	£
Gas arrears	£	£
Electricity arrears	£	£
Fines	£	£
Maintenance arrears	£	£
Other	£	£
Total	£	£

Priority Debts	Money Owed	Offer (Weekly or Monthly)
Debt	£	£
Debt	£	£
Debt	£	£
Debt	£	£
Debt	£	£
Debt	£	£
Total	£	£

Total payments to priority creditors is £_____ per month/week. When I have made payments to my priority creditors, I have £_____ for my non-priority creditors.

EXAMPLE Letters to Your Creditors (People you owe money to)

Your Name
Home Address
Date

Creditor's name and address (Person you owe money to)

Dear Sirs

Your Account Number or Reference Number

I am writing to explain that I am suffering financial difficulties and am unable to maintain payment at my usual level.

I would be grateful if you could provide me with full details of my debt to your company. Once I have reviewed my finances, I will then be able to make you a realistic offer based on my current ability to pay.

In the meantime will you please agree to take no further action, enabling me time to restructure my finances, and also freeze the interest to avoid my situation deteriorating any further. I am also seeking advice from the Citizens Advice Bureau. *(Change this to any other debt advice agency you may be using).*

With many thanks for your attention in this matter:

Yours faithfully,

Your signature and name in capital letters.

(Remember to keep a copy for yourself).

Your Name
Home Address
Date

Creditor's name and address (Person you owe money to)

Dear Sirs

Your Account Number or Reference Number

I refer to my previous letter. I enclose a copy of my personal budget showing my income and expenditure, together with my total debts.

As you can see, after my essential expenses have been met, I have only £_____ of disposable income per week/month left for my debts.

I have calculated that I can afford to pay you £_____ per week/month. I have written to all my creditors asking them to accept reduced payments.

I believe that this is a realistic figure which I will be able to afford on a regular basis.

If interest is still being charged, I would be grateful if this could be frozen so that all of my payment is put towards my debt to your company.

I trust this offer will be acceptable to you. Perhaps you could inform me if there is a particular method of payment which you favour.

Thank you for your co-operation, and I look forward to hearing from you in the near future.

Yours faithfully,

Your signature and name in capital letters.

(Remember to keep a copy for yourself).

If you would like this information in large print, braille, on audio cassette, in a language other than English or as an easy read document please contact landlord services on: 0345 678 9005 or email: council.landlordservices@shropshire.gov.uk

Get in touch...

Shropshire Council
Shirehall
Abbey Foregate
Shrewsbury
Shropshire
SY2 6ND

Main switchboard: 0345 678 9000
Out of hours emergencies: 0845 678 9040
Fax: 0345 678 9011
Email: customer.service@shropshire.gov.uk
Website: www.shropshire.gov.uk