

Salford Unemployed & Community Resource Centre

Supporting People
with Financial Problems

Money Advice Self Help Pack

We at **Salford Unemployed & Community Resource Centre** have produced this debt help guide and information pack to assist clients who are facing debt and financial problems.

This guide is designed to allow and assist clients to deal with their debt and financial problems themselves if possible. It consists of general information on options available to clients who are experiencing debt and financial problems; it also includes our Debt Management Plan.

Salford Unemployed & Community Resource Centre is committed to providing free, confidential, independent, impartial advice to everyone. We also provide guidance on: Borrowing, Savings, Investments, Mortgage, Insurance, Pension, Budgeting & Tax in association with, **MoneyMadeClear – No selling. No Jargon. Just the Facts** from the **Financial Services Authority** in partnership with government.

Disclaimer: **Salford Unemployed & Community Resource Centre** has produced this booklet in an effort to explain most of the processes and procedures involved in debt cases. We have developed this pack in good faith and cannot accept any responsibility for any actions taken as a result of following these guidelines. The information in this pack is correct as of May 2013.

Outlined below are the steps you will need to take in order to deal with your current financial problems.

Once debts start to mount there is a process that you will need to go through in order for you to regain control of the situation.

The fact that you have acknowledged that there is a problem is a good starting point but there are three important things of which you need to be aware:

1. Always keep your creditors informed of what is happening.
2. Any offer of payments you make must be realistically what you can afford.
3. You must make payments regularly, not now and again.

WHAT YOU NEED TO DO

STEP 1 Work out what money you have coming in and how much you need to live on.

Step 2 Make a list of all the people you owe money to and how much.

Step 3 Sort out which debts need to be given priority and how much you can afford to give those creditors.

Step 4 Offer your other creditors a percentage of any further available income i.e. the biggest sum to whom you owe the most.

INTRODUCTION

When it comes to the credit crunch anyone can find themselves facing debt and financial problems for many different reasons. Figures show that more and more people are facing debt and insolvency problems with the recession and unemployment deepening the trend is likely to continue.

With this we have seen a rise in the fee charging Debt Management and Advice Industry, all ready and waiting to "help & advise" you with your debts and often claiming that their services are free.

People with financial problems often find themselves in a vicious circle with debts spiralling out of control, not knowing what to do or who to turn to. Debt can completely take over people's lives to the extent that is all that they think and worry about day and night. The implications of debt and money worries can have a devastating effect on health, housing, employment and families.

If you have debt problems, try to stay calm and don't ignore them. Get advice on your options as soon as possible, preferably from a free independent agency like: **Salford Unemployed & Community Resource Centre**. There are solutions and help is available.

As finance and debt now seems to be a way of life, we would encourage anyone to educate themselves on these subjects, with our help if necessary. Don't be frightened, the more knowledge you gain, the more confident you are likely to become at solving your problems. We have designed this guide and help pack with this in mind and sincerely hope that it can be of some assistance to you.

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DEALING WITH DEBTS, WHAT ARE THE OPTIONS?

a) Informal Arrangement / Debt Management Plan (DMP)

If you cannot pay all of your debts you could consider writing to, or telephoning your individual creditors to see if you can reach some compromise including freezing interest and charges. If successful this would probably result in lower or token payments which in turn would mean you taking longer to pay off your debts.

A Debt Management Plan (DMP) is an informal arrangement where you offer / pay non-priority creditors what you can afford (pro-rata / token) after paying your priority creditors and essential expenditure. A DMP can be used as a long or short term option depending on circumstances and other possible long term options.

A disadvantage with an informal arrangement is that it is not legally binding so creditors may continue to contact / harass, not freeze interest and charges, ignore it in the future, request full payments and possibly re-instate interest and charges. (Your credit rating can also be affected and creditors may take legal action).

Please note that there are numerous fee charging Debt Management Companies offering this type of service which you may be able to do yourself or SUCRC could do without charge. If you do decide to use one of these companies, we would strongly advise that you check the terms & conditions, fees and any hidden charges as there is evidence of misleading advice in this sector.

FREE DMP

This guide includes a FREE Debt Management Plan to assist YOU to deal with your debt.

b) Administration Orders

To be able to take advantage of this option one or more of your creditors will need to have obtained a County Court Judgment against you. An Administration Order is a court based procedure whereby you make regular payments to the court towards your creditors. Another condition of an Administration Order is that your debts must not total more than £5,000 and you will also need a high enough regular income to make agreed payments. There is no fee payable for an Administration Order however the court will take a small percentage from the money you pay towards its costs.

Please note that if you do not maintain payments the Order may be revoked with you losing the protection of the court. If the order is revoked, the court will inform your creditors that they are free to pursue their debts individually.

If your circumstances change, resulting in you not being able to maintain payments as ordered, you can apply to the court to change your order. Please contact the Centre if you require further information, or alternatively you should be able to obtain details of Administration Orders from your local County Court.

Useful Contact

Her Majesty's Courts Service 0845 456 8770

www.hmcourts-service.gov.uk

DEALING WITH DEBTS, WHAT ARE THE OPTIONS?

c) Re-mortgaging / Financing

Re-mortgaging / financing can sometimes be a suitable option for dealing with your debts. However this usually means increasing your overall debt, sometimes substantially. As you may be aware, there are many companies offering these types of deals as an easy option and often claiming their services are free. We strongly advise you obtain advice from the CAB before re-mortgaging or re-financing.

If you do decide on any of the above, we would strongly advise that you obtain at least three separate quotes from reputable lenders and that you carefully check the true overall cost including fees, interest rates and any hidden charges before making a decision. We would also warn you that your home could be at serious risk if you do not maintain payments on any loans secured on it.

d) Individual Voluntary Arrangements (IVAs)

An Individual Voluntary Arrangement more commonly known as an IVA is a legally binding agreement for the satisfaction of debts usually lasting five years. To enter into an IVA, you would usually have to have at least £15,000 of unsecured debt. It is a genuine method of avoiding bankruptcy while still being subject to a formal insolvency procedure. To propose and set up an IVA you must be helped by an Insolvency Practitioner who will act as Supervisor of the arrangement.

The fees involved with IVAs are high with the average debtor paying around £8,000 - £9,000 and possibly more. An IVA can be a perfectly suitable and sensible option in some cases, but worryingly there is evidence that debtors are being "encouraged" to propose an IVA when there may be better options (often bankruptcy). We would also point out that contrary to some claims; details of IVAs are available to the public via the Insolvency Service Register of Bankruptcies & IVAs.

Regrettably, we have seen clients who have been offered or entered into IVAs which they do not fully understand. In some cases it has been disturbingly clear that other more suitable and considerably less expensive options have not been fully explained. We would advise anyone with debt problems to get advice on all options from an independent agency such as CAB before deciding on an IVA as there are advantages, disadvantages and serious risks.

Beware of misleading advertisements; there have been three recent cases of misleading adverts placed by IVA companies. If you do decide on an IVA as a method of dealing with your debts, you should consult several Insolvency Practitioners, first asking what they charge (some don't charge up front fees) before asking any of them to act for you. Insolvency Practitioners are usually accountants, some are solicitors and their fees are similar to those charged by members of these professions for other kinds of work.

We believe that IVAs can be difficult and complex procedures that need expert handling with considerable face-to-face discussion between the debtor and a fully qualified Insolvency Practitioner. We do not believe that an IVA is something that can be dealt with solely via a telephone conversation and would advise clients to take this into account when choosing an Insolvency Practitioner.

Useful Contact

Insolvency Service 0845 602 9848 www.insolvency.gov.uk

DEALING WITH DEBTS, WHAT ARE THE OPTIONS?

e) Bankruptcy

Bankruptcy can be the best option for dealing with debts in many cases and can allow people to clear all their debts and make a genuine fresh start. You are normally discharged after one year or less in some cases; however you may be subject to an income order for three years depending on your circumstances. If you own your home or have valuable assets both could be at serious risk.

You may also need to check your contract of employment and tenancy agreement for clauses on insolvency if applicable. A creditor could make you bankrupt if you owe them £750 or more however it would cost them money in court fees. There are fees to pay if you wish to petition for bankruptcy these are Official Receiver (£360) and court costs (£150*).

There now seems to be much less stigma attached to bankruptcy, however it is still advertised in the press and on the insolvency Service Public Register.

You may still be able to petition for bankruptcy even if you are currently subject to an Individual Voluntary Arrangement (IVA). Please note there are advantages, disadvantages and possible serious implications with bankruptcy and again we would strongly advise that you should seek advice from the SUCRC before deciding on this option.

We at SUCRC can advise you on the advantages, disadvantages and implications of bankruptcy. We can also assist you with the form filling and in some cases we can attend your hearing at county court and any interview with the Official Receiver.*

The £150 court costs may be waived in some circumstances (for example if you are in receipt of some benefits or on low income).

Useful Contacts

Insolvency Service 0845 602 9848 www.insolvency.gov.uk

Royal British Legion 08457 725 725 www.britishlegion.org.uk

f) Debt Relief Orders (DROs)

Suitability & requirements

Debt Relief Orders (DROs) may be suitable for people with relatively low liabilities, little surplus income, and few assets and who are currently unable to access other forms of debt relief. The requirements will be detailed in the secondary legislation which is not yet finalized. It is anticipated that the following will apply.

To qualify for a Debt Relief Order, a debtor:

- must be unable to pay their debts.
- must have total unsecured liabilities of no more than £15,000.
- must have assets that do not exceed £300 (This includes Pension Funds).
- must have a disposable income (after deduction of normal household expenses) of less than £50 per month.
- will be allowed to have a vehicle with a value of less than £1,000.
- must be domiciled in England or Wales, or in the last 3 years have been resident or carrying on business in England or Wales.
- must not have previously been subject to a DRO within the last 6 years.
- must not be involved in another formal insolvency procedure at the time of the application for a DRO, such as undischarged bankrupt, current IVA, current bankruptcy restriction order (BRO) or undertaking (BRU).

How will a Debt Relief Order (DRO) be made?

Debt relief Orders (DROs) will be applied on line, with the help of an approved intermediary, the fee for a DRO will be £90, this covers the Official Receivers costs in making the order etc.

What are the effects of a DRO?

Once the order is made the creditors who are included in the DRO will then be prevented from taking any action to recover or enforce their debts against the debtor. Generally those debts will be discharged at the end of 12 months (one year).

What restrictions will be placed upon a person who has a DRO?

For the duration of the DRO, the debtor will be subject to similar restrictions as in bankruptcy and their details will be available on the public Insolvency Service Register.

Useful Contact

Insolvency Service 0845 602 9848 www.insolvency.gov.uk

COURT AND LEGAL ACTION

There are occasions where creditors resort to legal action which can be daunting in some cases. If you receive court papers or are subject to a Possession Claim Online (PCOL) you will need to respond within a specified time. In this situation you should carefully check the details before returning any relevant forms, submitting a defence or applying to suspend an eviction warrant. In some cases you must, or it would be very much in your interest to attend any subsequent hearings. If you receive any court papers or are subject to a PCOL that you don't understand, or are worried about don't hesitate get advice immediately from a CAB or alternative agency.

a) Common Examples of Court Action/Papers:

- Possession & Eviction (rent & mortgage/secured loan arrears).
- Charging Order (various)
- Liability Order (council tax)
- Attachment to Earnings (council tax, county court judgments)
- County Court Judgments (unsecured creditors/others)
- Bailiffs (council tax, CCJs, eviction)
- Statutory Demands (various, bankruptcy threat)

Along with the above there are other forms of court action or papers you may receive in relation to your debts and again, don't hesitate get advice if necessary.

If you have not received or ignored court papers resulting in your accounts being passed to bailiffs or other departments, you may still have time to stop further action including eviction. If this situation arises, don't hesitate GET ADVICE from SUCRC or an alternative agency.

Taking the above into account and our experiences at the bureau we have included three commonly used court forms with this Information Pack. These are court forms N244, N245 & ex160 (fee exemption). Again get advice if you require advice and assistance with these forms.

Useful Contact

Her Majesty's Courts Service 0845 456 8770

www.hmcourts-service.gov.uk

b) Collection Agencies

Please note there may be occasions where your creditors have passed on accounts to external Collection Agencies or solicitors without going to court. You may receive letters and telephone calls from these companies which can seem intimidating and appear like court letters. It is important to remember that Collection Agencies handling these debts are not bailiffs and cannot enter your property and seize your goods or belongings.

There are also harassment laws in place and agencies you may be able to contact regarding these companies if you wish to complain. Please contact SUCRC for further information.

Useful Contacts

Office of Fair Trading (OFT) 0845 722 4499 www.offt.gov.uk

Financial Ombudsman Service 0845 080 1800

www.financial-ombudsman.org.uk

PRIORITY DEBTS

The law states that some debts are more important than others and give creditors different options to recover their money. These are called priority debts and should always be dealt with and paid before less important non-priority debt. (Always check any insurance cover re: priority debts).

EXAMPLES OF PRIORITY CREDITORS & RECOVERY ACTION:

- Rent / mortgage / secured loans / charging orders (loss of home)
- Council Tax (attach to earnings / bailiffs / prison)
- Magistrates Court Fines (bailiffs / prison)
- Electricity / Gas (pre-payment meter / disconnection)
- T.V. Licence (fine / prison)
- Income Tax (bailiffs / bankruptcy / other)
- Hire Purchase (loss of car / goods)
- Child Maintenance (attach to earnings / bailiffs / prison)
- Court Judgments (attach to earnings / charging order / bailiffs)
- Telephone (disconnection)

If you have problems with priority creditors, don't wait for arrears to mount up or for legal action to commence, contact them as soon as possible (examples below). You may need to draw up a detailed income/expenditure form (Financial Statement) outlining your offers - see the Debt Management Plan further on in this guide for assistance regarding Financial Statements.

Rent / mortgage / secured loans / charging orders: contact your lender or landlord and offer full contractual payments plus a monthly amount to clear your arrears over a suitable period.

- Council Tax: contact the local authority involved and offer an amount on top of your normal payments to clear your arrears within the current tax year. If your accounts have been passed to the bailiffs you will need to contact them with an offer of payment or ask the local authority to agree to an attachment of earnings order or deduction from benefits.

- Magistrates Court Fines: contact the relevant court with a realistic offer of payment or request for a means hearing. If bailiffs are involved, contact with offer of payment

- Electricity / Gas: contact your supplier and offer an amount on top of your current usage costs. Other options

- request a pre-payment meter or deduction from benefits

- T.V. Licence: contact TV Licensing regarding various payment schemes (0870 241 6468)

- Income Tax: contact Inland Revenue and offer payment plan or discuss options

- Hire Purchase: contact lender and offer normal payments plus amount to clear arrears

- Child Maintenance: contact CSA and cooperate fully. If bailiffs involved, offer payment plan

- Court Judgments: complete court forms with offer or apply to vary current order. Telephone: contact provider and offer normal payments plus amount to clear arrears.

If you require in depth advice and information on dealing with priority debts (including court hearings, eviction & bailiffs) there are a number of fact sheets on our website covering these issues. Alternatively, you can contact SUCRC for further advice.

Useful Contacts

Shelter Free Housing Advice Helpline 0808 800 4444
www.shelter.org.uk

Citizens Advice www.adviceguide.org.uk

NON-PRIORITY DEBTS

These include numerous types of debts where the creditor does not have the extra powers of recovery (for example they cannot take your home or seize goods). This means they will not have to be treated as priority and offers only made after arrangements have been agreed with your priority creditors.

COMMON EXAMPLES OF NON-PRIORITY DEBTS:

- Credit Cards
- Catalogues
- Unsecured Bank & Building Society Loans
- Personal Loans (including Doorstep Lenders)
- Overdrafts
- Book Clubs

If you have problems paying your non-priority creditors you should always check if you have any relevant insurance cover on your accounts.

OTHERS WHICH MAY BE NON-PRIORITY (depending on circumstances):

- Rent Arrears / Mortgage Shortfalls (previous properties)
- Electricity & Gas (previous property or old supplier)
- Hire Purchase (where goods have been re-possessed)
- Telephone (disconnected accounts land & mobiles)
- Rental Agreements (old accounts, TV / Sky etc)
- Clubs (example health / slimming)
- Benefit Overpayments (where benefit no longer paid)
- Social Fund (where benefit no longer paid)

Please note that it is common practice for some non-priority creditors to attempt to pressure people into paying them before more important priority debts. Examples are doorstep collectors, collection agencies and call centres. You should always make sure that your priority creditors have been dealt with before making arrangements with, or paying any non-priority creditors.

You should always check your creditor correspondence as non-priority creditors sometimes take legal action including County Court Judgments (CCJs). If you do receive a Court Summons, you will need to respond within a set time. Don't panic, check the details before completing and returning the relevant form. Please do not hesitate in contacting the bureau or an alternative agency if you need advice and assistance with responding to a Court Summons or any other legal action taken by creditors.

If you have problems paying your non-priority creditors, you should consider writing to or telephoning them to see if you can reach some sort of compromise.

Please see the Debt Management Plan (next) for further in depth advice and assistance on dealing with non-priority creditors.

DEBT MANAGEMENT PLAN

Earlier in this guide we have listed a number of options that are available for dealing with debt and financial problems. One of these options is an Informal Arrangement or Debt Management Plan (DMP). Please note there is no guarantee that creditors will freeze interest and charges with a DMP.

There is a basic nationally accepted process for dealing with money problems. In a nutshell, this involves seeing how much money you have left (if any) to go towards paying your debts after you have covered all your essential living expenses. Some bills have more serious consequences than others if you do not pay them. These are called priority debts and must be addressed first as already explained earlier in this guide.

This Debt Management Plan assists you to deal with your debts. It can be used as a long term or short term solution, depending on your circumstances and possible future options. You will need to create your own reference number for all correspondence if you are using this DMP.

This can be done by using your initials and date of birth eg. JS010568.

To use this plan efficiently, we advise you to fully read through this guide and use the contact numbers and websites suggested, including our own. The more knowledge you gain on finance and debt, the more confident you will be dealing with your creditors. You may be surprised by what you can achieve.

DMP Procedure

Step 1: Sort out all of your priority (if any) and non-priority debts

Step 2: List them all on the creditor checklists provided

Step 3: Contact priority creditors (if any) and make affordable arrangements

Step 4: Write to non-priority creditors (use holding letter included)

Step 5: Complete Budget Sheet / Financial Statement and offer (after balances confirmed)

Step 6: Send copies of Financial Statement with offer letters (included)

Step 7: Creditor Acceptance / Commence payments (slips or standing orders)

You should always record all relevant correspondence regarding the above on the creditor checklists included as part of this pack.

The Debt Management Plan procedure is set out in detail on the next pages. Please read through before you start your plan.

CONTACTING YOUR CREDITORS & CALCULATING OFFERS

Step 1: First you will need to sort out all of your priority and non-priority debts

Step 2: Record them on the creditor checklists provided. This should include the name of the creditor/collection agency and account number (see checklists included for guidance).

Step 3: Contact your priority creditors (if any) and agree realistic payment arrangements where possible. (Record details on your checklist).

Step 4: Suspend payments where necessary and send holding letters (included in this guide) to all of your non-priority creditors. If a creditor does not respond within approximately 21 days, you should telephone them or assume the latest balance available. (Record details on your checklist).

If you have a bank or building society into which your income is paid and have direct debits or standing orders set up to non-priority creditors they should be cancelled. This is especially necessary if your account is overdrawn incurring interest and charges leaving no money for essentials and increasing your debt. Any priority direct debits or standing orders (such as rent, mortgage, council tax, etc.) should always be left in place if possible, however see below.

Important: If you have a debt with any bank or building society into which your income is paid you will need to deal with this differently. The reason being that you may face problems with them taking monies from your account (without your permission) to bring any credit card, loan or overdraft associated with them up to date. This could result in no money being left for essentials and priority creditors including direct debits and standing orders set up through any such account.

In this situation, the best advice would be before sending a holding letter you should open a new basic account with a bank or building society not associated with any of your current creditors and transfer all of your income. After confirmation that all of your income payments (wages, pensions, benefits, etc.) have been transferred to your new account you can then send a holding letter and include the creditor in your plan.

If you do change your account, you must make sure that any priority payments such as mortgage, rent, council tax, insurances, utilities or TV licence are transferred or paid manually.

Step 5: When you have received / assumed all your non-priority creditor balances and recorded them on your creditor checklists, you will need to complete your personal budget sheet (financial statement) provided.

It is essential that your Financial Statement clearly shows your total income received and total outgoings. You must include all income (wages, benefits, pensions, etc.) however if you work overtime, we would only advise that you include this if it is guaranteed.

You may wish to look into ways of increasing or maximising your income. For example, check your benefit and tax credit entitlement, contributions from other household members (board, etc.), renting rooms, other part-time jobs, etc.

CALCULATING & MAKING OFFERS TO NON-PRIORITIES

When you have included all your income you will need to work out your expenditure with your family if necessary and include any payments to priority creditors for arrears (these should have already been agreed). You will need to be realistic in the amounts you put down as creditors may ask you to explain in some cases.

Once you have completed and agreed your income and expenditure form including payments to your priority creditors you will then be in a position to calculate the amount available (if any) for your non priority creditors. This calculation will be based on any surplus income available (if any) after your total expenditure is taken away from your total income. If you have any surplus or disposable income available you will then be in a position to make a pro-rata offer to your non-priority creditors.

This basically means that your surplus income is divided proportionately between creditors.

Example:

If you owe a total of £10,000 to 5 different creditors, and you have £100 per month surplus income. You will now have to calculate pro-rata payments to non-priority creditors using the following formula.

Debt to creditor divided by total debt times total surplus = offer to creditor

CREDITOR	DEBT	MONTHLY OFFER	CALCULATION
Any Loan Ltd	- £5,000	*£50	- Any Loan Ltd £5,000 divided by £10,000 (total debt) multiplied by £100 (surplus) = *£50 offer
Any Card Ltd	- £2,000	£20	
Catalogue Ltd	- £1,500	£15	
Any Finance	- £1,000	£10	
Any Cards	- £500	£5	

The above is just an example. You may have fewer or many more non priority creditors and would therefore need to repeat this calculation depending on the number of creditors.

If you do not have any disposable income (this is often the case) we would advise you make monthly token offers (possibly £1) to your non-priority creditors as this would

show goodwill. In some circumstances it may be worth asking creditors to write off your debts (token offer and write off letters included). If you require further advice on token offers or write offs please contact SUCRC.

NOTIFYING NON-PRIORITY CREDITORS OF YOUR OFFER

Step 6: When you have completed all pro-rata offer calculations for your non-priority creditors or wish to make token offers you will need to write to them with your offer (including a copy of your Financial Statement). We have included blank offer letters (please take copies as required) with this pack for you to fill in your creditor details and send. You should keep a record of these offer letters for future reference on the creditor check lists provided.

CREDITOR ACCEPTANCE

Step 7: When a creditor confirms acceptance of your offer you should make and maintain payments as agreed and again you should record this on your creditor checklist. If a creditor does not accept your offer we would still advise you make payments as offered if possible.

Unfortunately it is common practice for some creditors to reject offers and continually pass accounts round collection departments and external collection agencies. Where this happens don't panic just send a copy of your Financial Statement / Offer on to whichever department or collection agency takes over your account and then payment if possible.

Please note some collection agencies and departments can persist in making calls and demands, however you should stick to your offers. There are laws regarding harassment and there are agencies you may be able to complain to regarding these practices, please contact SUCRC for further information if necessary.

Useful Contacts

Office of Fair Trading (OFT) 0845 722 4499 www.offt.gov.uk
Financial Ombudsman Service 0845 080 1800
www.financial-ombudsman.org.uk
Banking Code 0845 230 969 www.bankingcode.org.uk

CREDITOR PAYMENT REVIEWS

Creditors usually agree payment plans for set periods for example 3, 6 or even 12 months then ask for a review of your financial circumstances. When this happens, you could contact the creditor by telephone or send an up to date Financial Statement if requested.

Alternatively if your circumstances deteriorate or indeed improve you should draft a revised Financial Statement showing your re-calculations / offers.

If any of your creditors take legal action to recover their debt (example: County Court Judgment), don't panic. You will need to check the details before completing and returning any relevant forms within the specified time.

DOCUMENTS / LETTERS / TELEPHONE CALLS

You are likely to send and receive a number of letters and documents, and make and receive phone calls relating to your debts and creditors. We would strongly advise you record these on your creditor checklists where relevant and keep all letters, notes of phone calls and records of payments safe (in a file if possible). All this information is important and could be useful for future reference.

HELPING YOURSELF

Taking the above into account, we would advise you to take the time to read and learn about finance and debt (including using this guide), as they are now part of everyday life. Understanding the issues and your legal rights can put you in a strong position when dealing and negotiating with creditors or their agents and could save you a considerable amount of money.

Do not be afraid, it may not be as difficult as you think and remember that the more you know, the more confident you may become which in turn may help you take control of your finances.

Please contact SUCRC if you require further advice and/or assistance relating to this guide.

Holding Letter

Your name and address

Date

Creditor's name and address

Our Ref: SUCRC.....

Dear Sir / Madam

I / We are writing to you regarding the outstanding account - agreement number

Unfortunately I/we are suffering financial difficulties due to
and I / we am finding it very difficult to meet my/our contractual payments.

I/We have sought advice from Salford Unemployed & Community Resource Centre who have advised me/us on priority and non-priority debts/expenditure and on the legal and recovery action my/our creditors could take.

In addition, Salford Unemployed & Community Resource Centre has provided me/us with their debt management pack which I/we have decided on using in regard to their informal debt management plan.

Taking the above into account, I/we would be grateful if you would help us make a full assessment of the current financial situation by providing me/us with up to date account details. It would also be appreciated if any interest charges were waived/suspended pending satisfactory payment arrangements.

When I/we have received all up-to-date balances, I/we will draft a financial statement / offer and forward to you for your consideration and acceptance with an early response being appreciated. Meanwhile I / we ask that no further action be taken.

Your assistance and co-operation would be greatly appreciated.

Yours faithfully

.....

Pro-rata Offer Letter

Your name and address

Date

Creditor's name and address

Our Ref: SUCRC

Account number:

Dear Sir or Madam,

With the assistance of Salford Unemployed & Community Resource Centre, I / we now enclose a financial statement for ourselves giving full details of my/our situation.

I / We offer to make payments of £..... each month based on an equitable distribution of available income. Whilst I/we appreciate that this offer is small, I/we feel it is the only realistic one in the circumstances.

I / We would also ask that you agree to suspend interest on this account to enable me/us to make some inroad into the debt.

In order for me/us to make payments, please could you forward me a payment book, giro credit slips, or standing order mandate details if applicable?

I / We will contact you immediately if there is any change in my/our circumstances.

Your patience and co-operation in this matter is greatly appreciated and I / we look forward to your acceptance of this proposal.

Yours faithfully,



.....

Token Offer Letter

Your name and address

Date

Creditor's name and address

Our Ref: SUCRC.....

Account number:

Dear Sir or Madam,

With the assistance of Salford Unemployed & Community Resource Centre, I / we now enclose a financial statement for ourselves giving full details of my/our situation.

As you can see from this I am/we are struggling to manage my/our priority commitments. I/We would like to ask if you would agree to accept token offers of payment of £..... per month until my/our situation improves. Whilst I/we appreciate that this offer is small, I/we feel it is the only realistic one in the circumstances.

I/We would also ask that you agree to suspend interest on this account to enable me/us to make some inroad into the debt.

In order for me/us to make payments, please could you forward me a payment book, giro credit slips, or standing order mandate details if applicable?

Your patience and co-operation in this matter is greatly appreciated and I/we look forward to your acceptance of this proposal.

I/We will contact you immediately if there is any change in my/our circumstances.

Yours faithfully,



.....

Write Off Letter

Your name and address

Date

Creditor's name and address

Our Ref: SUCRC.....

Account number:

Dear Sir or Madam,

With the assistance of Salford Unemployed & Community Resource Centre, I / we now enclose a financial statement giving full details of my/our situation.

As you can see, after essential expenditure, there is no available income to make repayments towards this account/debt.

My/Our situation is not likely to change due to

In these circumstances, I/we would like to ask you to write off the debt completely. While we realize that this is unsatisfactory, we feel it is the most practical course of action at this time.

However, if you feel it is impossible to clear the debt in its entirety, I/we could offer no more than a token payment of £0.50 per month.

Yours faithfully,

.....



Review Letter

Your name and address

Date

Creditor's name and address

Our Ref: SUCRC

Account number:

Dear Sir or Madam,

With the assistance of Salford Unemployed & Community Resource Centre. I / We have been corresponding with you for sometime.

With regards to reviewing my circumstances, please find enclosed my latest financial statement showing the current position.

I/We would ask that you accept the current offer of £..... each month.

I/We will commence/continue payments as outlined on the financial statement.

I/We thank you for your continued support in this matter.

Yours faithfully,

.....

USEFUL CONTACTS

Salford Unemployed & Community Resource Centre
Call in or Ring: 0161-789 2999 Email: alec_stuc@hotmail.com
84-86 Liverpool Road, Eccles Manchester M30 OWZ
Web:salforducrc.co.uk

ACAS 08457 47 47 47 www.acas.org.uk
Age Concern 0800 00 99 66 www.ace.org.uk
Banking Code 0845 230 969 www.bankingcode.org.uk
Business Debtline 0800 197 6026 www.bdl.org.uk
Callcredit 0870 060 1414 www.callcredit.co.uk
Consumer Credit Counselling Service 0800 138 1111 www.cccs.co.uk
Consumer Direct 0845 404 0506 www.consumerdirect.gov.uk
DIAL UK 01302 310 123 www.dialuk.org.uk
(Advice for people with disabilities)
Department for Work and Pensions (DWP)
Carer's Allowance Unit 0125 385 6123
Child Support Agency Enquiry Line 0845 7133 133 www.csa.gov.uk
Disability Benefits Enquiry Line 0800 88 22 00 www.dwp.gov.uk
Disability Living Allowance and Attendance Allowance helpline 0845 712 3456
Personal Independence Payment PIP 0800 917 2222
Pension Credit Claim Line 0800 99 1234 www.thepensionservice.gov.uk
Tax Credits helpline 0845 300 3900 www.hmrc.gov.uk
Equifax 08700 100 583 www.equifax.co.uk
Experian 0870 241 6212 www.experian.co.uk
Financial Services Authority (FSA) 0845 606 1234 www.fsa.gov.uk
Financial Services 020 7892 7300 www.fscs.org.uk Compensation Scheme
Financial Ombudsman Service 0845 080 1800
www.financial-ombudsman.org.uk
Help the Aged 0808 800 6565 www.helptheaged.org.uk
Her Majesty's Courts Service 0845 456 8770 www.hmcourts-service.gov.uk
Insolvency Service 0845 602 9848 www.insolvency.gov.uk
The Law Society 0845 608 6565 www.lawsociety.org.uk
Consumer Complaints Service
Local Government Ombudsman 0845 602 1983 www.lgo.org.uk
National Debtline 0808 808 4000 www.nationaldebtline.co.uk
National Drugs Helpline 0800 77 66 00 www.talktofrank.com
Office of Fair Trading (OFT) 0845 722 4499 www.oft.gov.uk
Office of Gas and Electricity Markets 0845 906 0708
www.ofgem.gov.uk (Ofgem)
Relate 0845 130 40 16 www.relate.org.uk
Royal British Legion 08457 725 725 www.britishlegion.org.uk
Samaritans 0845 790 9090 www.samaritans.org.uk
Shelter Free Housing Advice Helpline 0808 800 4444 www.shelter.org.uk
Taxaid 0845 120 3779 www.taxaid.org.uk