

# Debt advice Self-help pack



**Nottingham  
City Homes**  
Rent



NCH26a



Corporate member of  
Plain English Campaign  
Committed to clearer communication

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# Introduction

**There are a number of reasons why people get caught up in the spiral of debt.**

As a result Nottingham City Homes, together with St Ann's Advice Group, present this booklet to offer tenants help and support in money and debt management. By using the information in this booklet, it will help you to manage your own situation by identifying your income, and expenditure.

Once this is done, you will be able to contact your creditors to reach a satisfactory payment arrangement.\* This will ensure you are not only paying your priority debts but you are using a structured approach to managing your own finances and have a clear picture of the income available.

Being in debt is nothing to be ashamed of; it does not make you a criminal. It is very important however that you act quickly before your debts reach an uncontrollable level.

Included in this booklet is the information needed to support you in working out your financial statement, there are also letter templates to send to your creditors, along with the options available to you to resolve your debt.

There is a list of useful telephone numbers also available in this booklet if you require extra help throughout the process.

There is also a 'jargon buster' on page 34 to help explain any words or phrases you may come across in this booklet.

\*Some creditors may only accept your payment offers via an advice agency. A list of local providers is in this booklet.

# Three steps to dealing with debt

## First step

- Don't ignore the problem, debt will not go away and the longer you leave it the worse it gets
- If you have lost your job or are off work because of illness check to ensure you are claiming all the benefits you are entitled to. Check whether your payments are covered by payment protection insurance
- Don't borrow money to pay off your debts without thinking carefully and get advice first. This type of borrowing could lead to you getting further in to debt and possibly losing your home. Be wary of advertising debt management companies offering to help. These often make charges to handle your finances. Remember your local advice services are totally free.

## Second step

- Work out your personal budget, make your creditors aware of this when you inform them of your difficulties
- Work out a reasonable offer, if you can only afford a small amount then don't worry, creditors prefer you to pay regularly rather than make an offer you cannot afford
- Make sure you tackle your priority debts first, for example, debts which could mean losing your home or having your gas or electricity supply cut off – ie Council Tax, rent or mortgage
- Contact everyone you owe money to and explain your situation
- Don't give up trying to reach an agreement, even if creditors are difficult.

## Third step

- If a creditor has taken court action against you then fill in the defence documents provided by the court. This information will be used to decide if you owe the money and what instalments you should pay
- Always attend court hearings and take a copy of your financial statement with you. Don't think that going to County Court makes you a criminal
- Always keep copies of any letters or forms you send and receive
- If you consider borrowing money, it's important to make sure you will be able to keep up the repayments, otherwise you could be taken to court and might lose your home or other valuable possessions
- Find out about the different ways to borrow money, how to borrow sensibly and how to avoid some of the pitfalls of borrowing which can lead to problems with debt.

# Example household

To assist with filling in the financial statement we have provided an example of an average household. This example has been used throughout the booklet.

- Janet and her husband Frank rent their house from the Council
- Janet works part time and Frank works full time
- The household includes Sharon who works full time and Beth and Jim who are both still at school
- Sharon pays board at £50.00 per week
- Janet receives £27.00 per week maintenance for one of the children.

Our example household has used 'weekly figures' on their financial statement.

## Example financial statement

### Stage 1 - Income

Income		Weekly	Monthly
Wages	£200.00	✓	
Partner's wages	£85.00	✓	
Income support	£		
Job seeker's allowance	£		
Child benefit	£28.40	✓	
Working tax credit	£		
Child tax credit	£		
Retirement pension	£		
Works pension	£		
Incapacity benefit	£		
Disability living allowance	£		
Non-dependent contribution	£50.00	✓	
Maintenance	£27.00	✓	
<b>Total income</b>	<b>£390.00</b>	✓	

# Financial statement

The financial statement will be the key tool in developing a re-payment plan for all of your creditors. Once completed, it will allow you to have a clear picture of the money you have available.

Follow the steps below in order:

## Stage 1 – Income

Work out your income by completing the form below, remember to include all income received into the property. Be consistent by listing the income as either weekly or monthly rather than a mixture of both.

### To convert monthly income to weekly

Monthly figure x 12 months / 52 weeks = weekly figure

### To convert weekly to monthly

Weekly figure x 52 weeks / 12 months = monthly figure

Income		Weekly	Monthly
Wages	£		
Partner's wages	£		
Income support	£		
Job seeker's allowance	£		
Child benefit	£		
Working tax credit	£		
Child tax credit	£		
Retirement pension	£		
Works pension	£		
Incapacity benefit	£		
Disability living allowance	£		
Non-dependent contribution	£		
Maintenance	£		
<b>Total income</b>	<b>£</b>		

# Example financial statement

## Stage 2 - Expenses

Expenses		Weekly	Monthly
Rent	£51.25	✓	
Council tax	£25.38	✓	
Gas	£12.92	✓	
Electricity	£9.23	✓	
Water charges	£5.77	✓	
TV rental and licence	£2.50	✓	
Telephone	£9.23	✓	
Hire purchase repayments	£6.00	✓	
Mail order	£13.00	✓	
Living expenses	£150.00	✓	
Travelling expenses	£16.00	✓	
Clothing	£20.00	✓	
Maintenance	£		
Others	£		
<b>Total income</b>	<b>£321.28</b>	✓	

# Financial statement

## Stage 2 – Expenses

As with the income details, be consistent by listing your expenses as either weekly or monthly rather than a mixture of both.

Be realistic with living expenses, do not include arrears payments here unless the arrears payments are already being taken on a card meter.

Housekeeping should include things such as food, toiletries, cleaning materials etc and a small amount for entertainment and miscellaneous expenditure.

### A rough guide line would be:

Single person	£60 - £70 per week
Couple	£100 - £110 per week
Each child (up to 14)	£18 - £20 per week
Non-dependant (child over 14)	£32 - £35 per week

Expenses		Weekly	Monthly
Rent	£		
Council tax	£		
Gas	£		
Electricity	£		
Water charges	£		
TV rental and licence	£		
Telephone	£		
Hire purchase repayments	£		
Mail order	£		
Living expenses	£		
Travelling expenses	£		
Clothing	£		
Maintenance	£		
Others	£		
<b>Total income</b>	<b>£</b>		

# Example financial statement

## Stage 3 - Available money

Available money		Weekly	Monthly
Total income	£390.40	✓	
Total expenses	£321.28	✓	
<b>Money available</b>	<b>£69.12</b>	✓	

# Financial statement

## Stage 3 - Available money

Once you have listed your income and expenditure, you can now fill in the below table to get a clear picture of the money left.

Available money		Weekly	Monthly
Total income	£		
Total expenses	£		
<b>Money available</b>	<b>£</b>		

If at this stage if your money left is a negative balance, e.g. your total income is less than your outgoings you need to re-check and adjust your figures.

Have a look at where you are spending your money and think of where you can make cut backs. Things to look at first are clothing, food (including alcohol and cigarettes), travelling expenses etc.

Could you get a part-time job to supplement your income? Is it possible to rent out a room in your house? Or get more realistic board and lodgings from non-dependants? Before you do this you would need to find out if this would affect any benefits you receive. You would need to check with Nottingham City Homes to see if it would be possible to rent out a room.

If you have children from a former relationship you may wish to claim maintenance or see if the maintenance you are receiving can be increased. Also check to make sure you are receiving all the benefits you are entitled to.

If after you have re-checked the figures and are unable to make any further cut backs and are unable to maximise your income further then you need to get some advice from one of the agencies listed on pages 30-33.

# Example financial statement

## Stage 4 – List your debts

Creditors name and address	Account number	Balance owed	Offer made	Offer accepted?	Priority ✓
Rent Section Nottingham City Council The Guildhall Nottingham NG1 2DE	10000126	£1651.00	£25.00		✓
Credit Card PLC Long Row Nottingham NG5 9EF	1230001SH	£419.16	£		
Sea Finance 45 Smith Street London SW45 7TH	SF5SS109	£716.91	£		
Council Tax Nottingham City Council The Guildhall Nottingham NG1 2DE	CT161012	£723.11	£20.00		✓
Water Company 45-48 Pointers Street Birmingham B5 8FG	891617432	£459.14	£10.00		✓
First Bank Loans Goathland Street Nottingham NG6 7YT	FBL569	£1500.00	£		
Catalogue Clothes 52 Arklow Street Belper Leicester LE12 3HY	2569865CC	£400.00	£		

# Financial statement

## Stage 4 – List your debts

Before you can proceed you need to make a list of all the people you owe money to. Should you have court judgements for any of these debts, it is important you include these also.

It is a good idea to include your creditors name, address and account number below as you will need these later when you write to them with an offer of payment. (Leave the offer made and offer accepted box as you will need these in stage 6)

Once an offer has been accepted by the creditor, you can tick the offer accepted box, this will give you an 'at a glance' picture of what has been accepted and what is still outstanding (again not needed until stage 6)

Creditors name and address	Account number	Balance owed	Offer made	Offer accepted?	Priority ✓
		£	£		
		£	£		
		£	£		
		£	£		
		£	£		
<b>Total</b>		£	£		

# Example financial statement

## Stage 5 – Prioritising your debts

At this stage you should have written down your income and expenses. You should know how much money is left over and have a list of your debts.

You now need to divide your debts in to two groups, 'priority' and 'non-priority'.

Priority debts are the most important and need to be dealt with first as these can carry more severe penalties than other debts. The size of the debt, the time period, amount of arrears or threats being made by the creditor do not define a debt as a priority, only the action the creditor can take against you determines a priority debt.

**A priority debt is normally one where non-payment can result in you:**

- Losing your home
- Being imprisoned
- Losing essential goods or service

Below is a list of priority debts and the legal consequences of non-payment.

Type of debt	Resulting action for non-payment
Rent	Eviction
Gas / electricity	Disconnection, pre-payment meter fitted, CCJ
Council Tax	Recovered from wages / benefits, bailiffs or even imprisonment
CSA / Maintenance order	Recovered from wages / benefits or imprisonment
Magistrates fines	Bailiffs or imprisonment
Inland Revenue and VAT	Bailiffs, bankruptcy or imprisonment
Water	CCJ

A **non-priority** debt is a debt which carries less severe penalties than a priority debt.





Below is a list of non-priority debts and the consequences of non-payment.

Type of debt	Resulting action for non-payment
Credit / store cards	County court judgement****
Personal loan (unsecured) (see the jargon buster on page 34 for a definition of secured & unsecured loans)	County court judgement****
Bank loan / overdraft	County court judgement****
Hire Purchase (HP)*	Loss of goods
Credit sale	County court judgement****
Catalogue**	County court judgement****
Pawnbroker	Keep pledge
Loan shark***	Not legally enforceable unless licensed
Loan from family / friends***	County court judgement****

\* Goods obtained through the hire purchase agreement can be repossessed by the creditor if you have paid less than one third of the total owed, this can be done without a court order. (Therefore you may wish to make some of these goods a priority debt)

\*\* As it is not always standard practice to complete a formal credit agreement when applying for a catalogue, enforcing the debt may prove difficult to do. In which case creditors should be asked to produce a copy of this if proceedings are threatened.

\*\*\* Individual circumstances may suggest some other debt be treated as priority, although not legally enforceable, e.g. money owed to family, friends or loan sharks.

\*\*\*\* If you get a letter telling you county court claim has been issued saying you owe someone money, don't be alarmed. The court will decide whether you have a debt to pay – and if so, how you should repay it – in a way that's fair to everyone.

### The purpose of a County Court claim

Someone you owe money to (known as a 'creditor') can take County Court action against you to claim the money. If you pay the amount outstanding, you can avoid a judgement being made against you.

If you can't pay the money in full, then you must fill in the court papers and return them within the time limit. The court doesn't find anyone 'guilty' or 'innocent', it looks at the facts and decides whether you owe any money and if so, how you should repay it.





Priority debts	Amount owed	Payment offer	Weekly	Monthly
NCH	£1651.00	£25.00	✓	
NCC Council Tax	£723.11	£20.00	✓	
Water	£459.14	£10.00	✓	
	£	£		
	£	£		
	£	£		
	£	£		
	£	£		
<b>Total</b>	<b>£2833.25</b>	<b>£55.00</b>		

Non-priority debts	Amount owed	Payment offer	Weekly	Monthly
Credit card PLC	£419.16	£1.95	✓	
Sea Finance	£716.91	£3.33	✓	
Bank loan	£1500.00	£6.98	✓	
Catalogue clothes	£400.00	£1.86	✓	
	£	£		
	£	£		
	£	£		
	£	£		
<b>Total</b>	<b>£3036.07</b>	<b>£14.12</b>		

<b>Priority debts</b>	£2833.25	£55.00		
<b>Non-priority debts</b>	£3036.07	£14.12		
<b>Total</b>	<b>£5869.32</b>	<b>£69.12</b>		

# Financial statement

## Stage 5 – Prioritising your debts

Having just established the difference between a priority and non-priority debt, use the information provided in stage 4 to divide your debts in each category. (Leave the payment offer section empty for now).

Priority debts	Amount owed	Payment offer	Weekly	Monthly
	£	£		
	£	£		
	£	£		
	£	£		
	£	£		
	£	£		
	£	£		
	£	£		
	£	£		
<b>Total</b>	£	£		

Non-priority debts	Amount owed	Payment offer	Weekly	Monthly
	£	£		
	£	£		
	£	£		
	£	£		
	£	£		
	£	£		
	£	£		
	£	£		
	£	£		
<b>Total</b>	£	£		

<b>Priority debts</b>	£	£		
<b>Non-priority debts</b>	£	£		
<b>Total</b>	£	£		

## Stage 6 – Deciding how much to pay your creditors

### Now check you have:

- Income details
- Expenditure details
- Money available
- List of creditors
- List of priority debt
- List of non-priority debt

Now you have compiled a financial statement, you will be able to work out an approximate figure (which will be dependant on the creditor's agreement) for repayment of the debt.

**Don't forget that the payments you make towards your arrears are on top of the normal payments due.**

Now refer back to your money left over on the money available section (stage 3). This is the money available to divide between your priority debts.

Priority creditors can take much stronger legal action against you, this means they are less flexible in what they will agree to than non-priority creditors.

Be aware when making arrangements with priority creditors, they will ask for the amount you are currently liable for plus an amount towards the arrears.

You need to contact your creditors either by telephone or letter (there is an example letter on page 19). All your priority debts are listed on the form in stage 5, along with the address and reference number in stage 4.

Once an agreement has been reached between yourself and your creditor, you can then update the form in stage 4 and stage 5.

Remember that once an agreement has been reached with your creditor, it is important you maintain the payments.

Be sure to keep a copy of any letters you send to your creditors and any letters that are received back.

## Stage 7 – Non-priority debt

Once you have reached an agreement with your creditors for your priority debts, you can then contact your creditors to make an arrangement for non-priority debts.

As before, all your non-priority debts are listed in stage 5, along with their names and address in stage 4.

When making arrangements with non priority creditors, you can use the simple calculation below to decide how much to offer for a payment arrangement.

$$\frac{\text{*Individual debt x **Money available}}{\text{***Total amount owed}} = \text{Payment offer}$$

- \* Individual debt (the debt owed to the company)
- \*\* Money available (the money available to pay to the non priority debts)
- \*\*\* Total amount owed (is the total non priority debt outstanding)

**An example of this is below:**

Arrears outstanding to the credit company = £1000.00.

$$\frac{\text{£1000.00 x £20.00}}{\text{£5000.00}} = \text{£4.00 payable to the credit company}$$

If there is no money left to pay non-priority debts, refer to page 20.

# Contacting your creditors (the people you owe money to)

Below is a letter template you can use to send to your priority/non-priority creditors with an offer of repayment. Remember to keep a copy for yourself.

**Your address**

**Date**

Dear Sir/Madam

**Account number:**

Due to financial difficulties **I/we am/are** unable to maintain the current repayment plan set out to clear the debt of £..... owing to yourselves.

Enclosed is a financial statement which reflects **my/our** current position, as you will note from the statement, **I/we am/are** offering to repay the debt at £..... each **week/month**.

Whilst **I/we** accept this is a lesser amount than what was previously agreed, after completing a financial statement **I/we** realise it is no longer feasible to maintain that arrangement and hope **my/our** new offer is acceptable.

**(Add a paragraph outlining your circumstances)**

**I/we** also ask that if any interest is being added to **my/our** account, that you freeze this immediately to enable **me/us** to reduce the debt outstanding.

I am committed to **my/our** offer of £..... each **week/month** and hope you are able to accept this new arrangement. **I/we** look forward to receiving your confirmation in due course.

Yours faithfully

**Name**

If after you have made arrangements with your creditors for your priority debts to be re-paid, you find there is little or no money available to re-pay your non-priority debts you must contact them to update them of the situation.

Below is a letter template you can use to send to non-priority Creditor's if there is no offer of repayment.

**Your address**

**Date**

Dear Sir/Madam

**Account number:**

Due to financial difficulties **I/we am/are** unable to maintain the current repayment plan set out to clear the debt of £..... owing to yourselves.

Enclosed is a financial statement which reflects **my/our** current position, as you will note from the statement, **I/we** currently have no money left to repay creditors.

Whilst **I/we** accept that the debt of £..... needs repaying, **I/we** ask that you allow **me/us** to cease payments of the debt for the next three months.

**I/we am/are** hopeful that by this time **I/we** will be in a position to contact you again with a suitable offer of repayment.

**I/we** also ask that if any interest is being added to **my/our** account, that you freeze this immediately so that my/our debt does not increase.

**I/we** look forward to receiving your confirmation in due course, please be aware that **I/we am/are** doing everything I/we can do to clear **my/our** debts.

Yours faithfully

**Name**

# Court action

## Advice on how to deal with a Court Summons

By following the advice in this booklet we hope that your creditors do not begin court proceedings against you.

However if your creditors do resort to involving the County Court, below is some advice on how to respond to the summons.

- Firstly you will receive a County Court Summons. You must act quickly and you have 14 days from receiving the claim to reply. If you don't respond or leave it too late, a judgement can be made against you. This will outline the debt the creditor claims you owe
- If you agree with the debt owed and can't afford it all at once, you must reply to the creditor with an offer of repayment and include your financial statement. If you can't afford to pay the money all at once, you can ask for time to pay. You'll need to:
  - fill in the 'Admission Form' N9A
  - specify on the form how you want to pay (for example, by installments)
  - send the form directly to the claimant (at the address shown on the claim form)
  - make sure the claimant receives your form within 14 days (allowing at least two days for posting). It's also a good idea to keep a copy of the form for yourself.
- If you do owe some money but don't agree with the amount claimed, this is known as 'making a part admission'. You should:
  - return the 'Admission Forms' N9A and N9B to the issuing court
  - say on the forms how much you think you owe the claimant and why you don't consider you owe any more than that
  - make sure the court receives the forms within 14 days (allowing at least two days for posting)
  - either pay the amount you think you owe straight away, or ask for time to pay, either by instalments or by a certain date.
- If the creditor accepts your offer they will inform the court, you will then receive a County Court Judgement for the agreed amount which you must pay weekly/monthly
- If the creditor refuses your offer the court will decide how much you should pay based on the financial statement you have provided. If you then do not agree to this you can ask for a hearing to explain your situation to the District Judge
- You must request a hearing within 14 days of getting the revised order from the court. The court will then allocate you a hearing date which you must attend
- If the court claim is for possession of your home then seek legal advice from one of the agencies listed on page 30-33.





## Magistrates Court

Council Tax and unpaid fines such as driving offences or not having a television licence are recovered through the Magistrates Court.

As with the County Court you must respond to all correspondence and get some legal advice. Magistrates have the ultimate sanction of imprisonment, though this generally used as a last resort. It is much more likely that an order attached to your earnings or benefit will be granted, or the case referred to the bailiffs.

## Administration orders

If you already have one County Court Judgement and the debt owed is £5000 or less you can apply to the court for an administration order.

An administration order basically means that rather than paying your creditors directly, you pay the court one regular amount and they distribute it to all of your creditors.

When you have an Administration Order, you stop paying any interest or other charges apart from a small charge. This is included in your regular payment. If the creditor opposes the order then a hearing may be called.

Further information should be available at the County Court or on the website below. Information can also be obtained through the County Court staff or at any advice agency.

[www.hmcourts-service.gov.uk](http://www.hmcourts-service.gov.uk)

## Debt relief order

Debt relief orders (DROs) are a way to help you deal with certain types of debt. You have to apply for a DRO through an authorised debt adviser but only if meet certain conditions and costs. Find out how they work and where to get help with your application.

### How does a DRO work?

A DRO is an alternative to bankruptcy that can help you deal with certain types of debt if you:

- do not own your home
- have little spare income
- have little chance of your financial situation improving.





They are issued by the Official Receiver (an officer of the bankruptcy court) who will write to your creditors (people you owe money to) explaining that:

- they can't take any action to recover their money without permission from the court
- you are not allowed to make any payments towards your debts
- you will be discharged (freed) from your debts when the DRO ends – usually after 12 months.

A DRO can be amended or cancelled if your financial situation improves. You can get free advice about what will happen if your financial situation improves from organisations like the National Debtline.

### How does a DRO work?

To get a DRO you must:

- owe less than £15,000
- have less than £50 a month spare income – after paying essential bills like rent and food
- have less than £300 worth of assets – motor vehicles are not included in this limit, you can usually keep your if it is worth less than £1000 or you need it because you have a disability
- live, run a business or own a property in England or Wales – or have done so in the last three years
- not have applied for a DRO in the last six years.

Contact an authorised debt adviser for help with the full conditions and what your options are if you are already involved in another formal insolvency procedure (like bankruptcy). Your local Citizens Advice Bureau or the National Debtline can give you a list of authorised debt advisers in your area.

### Debts that can be included in your DRO

Some types of debt can't be included in a DRO, these are usually:

- court fines
- family maintenance payments
- student loans
- debts created after your DRO has been issued.

You can get help identifying and dealing with these types of debt from organisations like Citizens Advice and the National Debtline.





### **DRO application process –**

#### **Get free and independent advice to help you find the best way to deal with your debts**

To get a DRO you must get an authorised debt adviser to send an application form to the Official Receiver.

Step one – contact your local Citizens Advice Bureau or the National Debtline for a list of authorised debt advisers in your area. The authorised debt adviser will:

- check you meet the conditions to qualify for a DRO
- help you complete the application form, for example work out interest payments
- send your application form to the Official Receiver (you cannot send it directly).

Step two – you must pay a £90 fee before the Official Receiver will consider your application. Your authorised debt adviser can advise you on paying in instalments or contact your local Citizens Advice Bureau for information on charities that can help.

Step three – the Official Receiver will assess your DRO application and can:

- issue a DRO
- ask you for more financial information, for example bank statements
- reject your application.

If you get a letter telling you a County Court claim has been issued saying you owe someone money, don't be alarmed. The court will decide whether you have a debt to pay – and if so, how you should repay it – in a way that's fair to everyone.





## Bankruptcy

Bankruptcy is only an option if you owe lots of money and have no way of paying off the debts. The decision to declare yourself bankrupt should be considered carefully and only used as a last resort after all other options for repaying the debts have been exhausted.

If you declare yourself bankrupt you no longer have to repay your creditors directly, you also have the protection of the courts against any threatened action from your creditors.

The period of bankruptcy now usually lasts for a maximum of 12 months instead of the previous 2 or 3 years, once you have been discharged from your bankruptcy you are released from most of your debts, exceptions do apply which would need to be clarified with the courts

There are costs involved with petitioning to make yourself bankrupt; these can be clarified with the County Court. If you are in receipt of certain benefits you can request a remission of court costs.

The court will require you to release valuable assets such as expensive jewellery, cars, antiques etc. Bankruptcy will be listed on your credit file for 6 years which means once you have been released from your bankruptcy you may find it difficult to get credit.

You must seek professional legal advice if you are seriously considering this action.

## Individual Voluntary Arrangement (IVA)

An Individual Voluntary Arrangement or IVA is a formal legally binding debt solution which must be set up by an insolvency practitioner. It is an arrangement made through the County Court which allows you to pay what you can afford over a shorter period of time.

To qualify for an IVA you must have a lot of free money each month to pay your creditors and certain criteria must be met.

Once agreed, an IVA also prevents creditors from adding any further interest to your accounts or taking any further action against you.

**You must seek professional legal advice if you are seriously considering this action.**





## Court bailiffs

If you have a County Court Judgement (CCJ) and fail to make payments as agreed, the court will issue a Warrant of Execution Order and appoint a bailiff to enforce the warrant.

A letter will be sent advising you that a warrant has been issued and you have seven days to make a payment for the debt in full otherwise the warrant will be executed.

Should you not adhere to the terms set out in the letter a bailiff will call at your property, normally within 15 working days of the warrant being issued.

### **Can the bailiffs force their way in?**

You generally don't have to let the bailiffs into your home unless they've been in before. They're not usually allowed to force their way into your home and they can't get in:

- by breaking a window or door
- by pushing you if you've opened the door but you make it clear you don't want them to come in
- by knocking down fences or gates
- by opening a window which is not already partly open (even if it is unlocked)

There are some exceptions when bailiffs may be able to force their way into your home so make sure you check which rules apply to your situation.

If the bailiffs gain access they will start to produce a list of goods in your possession that can be sold at auction to pay off the debt (it is not too late at this point to make payments to stop goods being removed from your property).

If payments are not made, the bailiff will then remove the goods from your property, which will then be sold at auction. The bailiff will take the cost of removing, sorting and selling the goods from the total amount raised and return the remaining money via the court to you.

If the amount raised is less than the debt, the bailiff will visit you again to list any further goods available to sell at auction for the remainder of the debt, if there are no such goods the bailiff will not be able to take any more action on the warrant.

It is important to know that you can refuse a bailiff entry to your home and they are not legally allowed to break in (unless they have previously entered for the debt). However, a bailiff can legally enter through a door or window that has been left open.

If a bailiff is recovering debts owed to the state, such as Income Tax, unpaid fines and VAT, they are permitted to force entry to your property.

# Loans

If appropriately managed, a loan is another method available to re-pay all of your debts, however this is still a debt in itself and caution should be exercised when a loan is applied for.

Consolidation loans enable you to bring all your debts together and pay them off in one payment each month. The payments on your consolidation loan could be lower than all the payments you were previously paying however the interest rates could be very high.

Loans are available to people with a poor credit rating (for further information on credit ratings, see page 28), generally loans are offered to people with a poor credit history at a much higher interest rate.

Before you take steps to consolidate your debts you must consider what the interest rate is, how long you will be paying the loan back for and what the total amount payable will be.

You must always check the Annual Percentage Rate (APR) as this is the amount in interest charged for borrowing the money.

Below is an example of a loan for £1000 offered at 30% APR taken over 12 months.

$£1000 / 12 \text{ months} = £83.34 \text{ each month} + 30\% \text{ APR} = £108.34 \text{ each month.}$

The total amount payable in 12 months time will be £1,300.00 (£300 interest).

## Loan sharks

'Loan Sharks' are unlicensed lenders who will lend you money when a more respectable source such as a bank or building society has turned you down; unfortunately they also charge you a very high interest rate.

Mainstream banks and other lenders will typically charge interest rates of between 5% and 17% APR (annual percentage rate) where as loan sharks can charge as much as 1000%.

This means if you borrow £200 from a loan shark at such a high APR, it will cost you an incredible £2000 in interest each year. If you are currently affected by this, ring your local Loan Shark Support Team on **0115 851 0351**.

If your loan application has been turned down by your bank or building society there must be a good reason for it, probably because your income and debt would cause you real problems in repaying the loan.

Don't therefore be tempted by someone who comes to the door with what might seem like a good deal. As with any loan or credit agreement, check the small print and don't sign anything, get advice from one of the agencies listed in pages 30-33 if you are in doubt.

## Credit unions

A Credit Union is an organisation that pools the funds of those who save with it, creating a source of money to provide low cost loans to members. It is there to help you manage your money, by enabling you to borrow when you need money and still be saving regularly as you repay your loan.

By law, credit unions cannot charge more than 1% a month on the reducing balance of the loan (an APR of 12.7%). This means that if you borrow £1000 over 1 year for example, you would repay no more than £1067 in total.

There are no hidden charges or penalties for repaying the loan early with a credit union loan and life insurance is built into it at no extra cost to the borrower. Most credit unions can lend for up to 3 years (unsecured) and up to 7 years (secured).

**For further information visit [www.abcul.org/page/index.cfm](http://www.abcul.org/page/index.cfm) or contact:**

Nottingham Credit Union  
69 Maid Marian Way  
Nottingham  
NG1 6AJ

Telephone: **0115 828 3121**

## Credit rating

If you have borrowed money in the past either by bank loan, credit card or mortgage all this information is recorded by various credit agencies. If you have missed any payments or paid late this information is sent to the credit agencies who record the information on your credit file.

Should you try to borrow money again, for example applying for another loan or catalogue, the lender can access your previous payment history and use this information to decide whether to lend you any more money.

Should the new lender turn down your application this obviously impacts on any future loans or credit cards you apply for and more often than not, you are only offered credit at a very high interest rate.

Credit ratings can be improved by making suitable repayment plans and maintaining them, this goes some way in restoring your credit rating.

There is no quick way to repair bad credit and you should beware of credit rating repair schemes which advertise repaired credit within 30 days.

All the advice in this booklet is geared to you managing your debt yourself. This includes repairing your credit, however if you need further assistance then contact one of the agencies listed on pages 30-33 rather than paying an organisation to do it for you – remember, if it sounds too good to be true, it probably is!

# The way forward

The path to clearing your debts could be quite short, or you may be faced with several years of repayment schedules before your debt is cleared. Either way it is important to remember your ultimate aim and your focus should not waver.

**Below are a few practical suggestions for saving money and avoiding debt problems in the future:**

- Only buy on a cash basis. If you can't afford something then save up for it
- When you see something you like, ask yourself if you really need it or just want it. Wait a while before you buy it and shop around for the best price
- Before you go shopping, prepare a list and stick to it
- Keep your financial statement up to date and live within it
- Look for ways to improve your income and try to reduce your expenditure
- Keep your accounts up to date and always check bank statements
- Budget for non-regular bills and expenses. By paying some bills by Direct Debit you may receive a small discount
- Involve all members of your family in managing their finances, this could prevent problems for your children in years to come
- Start a regular savings plan – no matter how small the amount

**Don't be afraid to ask for help and support along the way.**

# Debt advice

Nottingham City Homes is currently working in conjunction with St Anns Advice Centre to offer tenants debt counselling, budgeting advice and more through our Debt Advice Service.

The Debt Advice surgeries are held at housing offices regularly throughout the month. A list of these housing offices can be found below. Appointments can be booked through the St Ann's Advice Centre by calling **0115 908 1530**.

A trained advisor will discuss your income and expenditure and all debts you have accrued. It is important to take all your financial details (stage 1-7) with you to the appointment).

The advisor will then contact the creditors on your behalf and arrange a suitable repayment plan that is agreed with both your creditors and yourself. Once an arrangement has been reached with your creditors it is essential you maintain payments.

For further information, please contact your local housing office on the following numbers.

## North Area

Bestwood Housing Office  
Elmbridge  
Bestwood Park  
NG5 5PF  
Telephone: **0115 915 3301**  
Fax: **0115 915 3333**  
E-mail: [bestwoodoffice@nottinghamcityhomes.org.uk](mailto:bestwoodoffice@nottinghamcityhomes.org.uk)

Bulwell Housing Office  
1 Gilead Street  
Bulwell  
NG6 8NA  
Telephone: **0115 915 3212**  
Fax: **0115 915 3222**  
E-mail: [bulwelloffice@nottinghamcityhomes.org.uk](mailto:bulwelloffice@nottinghamcityhomes.org.uk)





## Central Area

Bilborough Library  
Bracebridge Drive  
Bilborough  
NG8 4PN  
Telephone: **0115 915 5795**

The Mary Potter Centre  
Gregory Boulevard  
Nottingham  
NG7 5HY  
Telephone: **0115 883 8000**  
E-mail: [tmpe@nottinghamcity.gov.uk](mailto:tmpe@nottinghamcity.gov.uk)

## South Area

Clifton Cornerstone  
Southchurch Drive  
Clifton  
NG11 8EW  
Telephone: **0115 878 6100**  
Fax: **0115 878 6375**  
E-mail: [clifton.cornerstone@nottinghamcity.gov.uk](mailto:clifton.cornerstone@nottinghamcity.gov.uk)

St Anns Housing Office  
Robin Hood Chase  
St Anns  
NG3 4EZ  
Telephone: **0115 915 6905**  
Fax: **0115 915 6902**  
E-mail: [stannsoffice@nottinghamcityhomes.org.uk](mailto:stannsoffice@nottinghamcityhomes.org.uk)

Dunkirk and Lenton Partnership Forum  
5-7 Church Square  
Lenton  
NG7 1SL  
Telephone: **0115 915 0090 / 91**  
E-mail: [forum@dunkirkandlenton.co.uk](mailto:forum@dunkirkandlenton.co.uk)

# Other debt agencies and advice centres

There are a number of other agencies that will be able to assist you further with regards to debt / benefit advice.

## St Ann's Advice Centre

St Ann's Advice Centre  
The Neighbourhood Centre  
Robin Hood Chase  
Nottingham  
NG3 4EZ

Telephone: **0115 950 6867**

## Citizens Advice Bureau

The Citizens Advice Bureau (CAB) is an independent charity which provides free, confidential and impartial advice either face-to-face or via the telephone. Most bureaux offer home visits and some provide advice by e-mail.

Advice can be provided on a number of issues including debt, benefits, housing, legal etc.

Nottingham Citizens Advice Bureau  
32-36 Carrington Street  
Nottingham  
NG1 7FG

Telephone: **0115 938 8050**

## Nottingham Law Centre

Nottingham Law Centre offers legal advice and assistance on debt management, welfare benefits and housing matters along with other issues.

They can represent you at court and tribunals and assist you with legal forms. Service is particularly targeted at sections of the community who are disadvantaged and who may not otherwise have access to the legal system.

Nottingham Law Centre  
119 Radford Road  
Hyson Green  
Nottingham  
NG7 5DU

Telephone: **0115 9787813**  
Minicom: **0115 9787813**  
Fax: **0115 9792969**





## National Advice Agencies

There are a number of national advice agencies that can also assist you with debt advice and debt management, however some of these agencies may charge a fee. Always ask about the charges before you decide to use one of these agencies.

### National Debtline

National Debtline provides free, independent, confidential and impartial advice by telephone. They offer expert advice on dealing with debts and offer a free self help pack.

Telephone: **0808 808 4000**

Website: [www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk)

### Consumer Credit Counselling Service (CCCS)

If you are finding that there is not enough money coming in to meet the repayments on your debts then seek help from the Consumer Credit Counselling Service. CCCS is a registered charity that has been helping people to get out of their debt predicament for more than 15 years. Their advice is free of charge and provided by trained specialists who will only act in your interests. Debt help from CCCS is free and also available online through CCCS Debt Remedy.

Telephone: **0800 138 1111**

Website: [www.cccs.co.uk](http://www.cccs.co.uk)

### PayPlan

PayPlan provides free debt advice and management. It works closely with charities such as National Debt Line which helps people who have unmanageable debts.

Telephone: **0800 085 4298**

Website: [www.payplan.com](http://www.payplan.com)

# Jargon buster

Here are some of the words and phrases you may have come across when resolving your debt. Provided is a short explanation of each:

Word or phrase	Definition
Attachment of Earnings	The County Court can grant money to be deducted from your wages/benefit if you fail to pay money as ordered by the Court
Bailiffs	Bailiffs recover money that people owe their clients
County Court Claim	Formal document sent to inform you that a creditor has begun legal proceedings against you
County Court Judgement (CCJ)	Following a County Court Claim, the court will enter a judgement either payment in instalments or a payment in full. A CCJ can be varied, suspended or set aside on application to the court
Creditor	The people you owe money to
Credit Reference Agency	A private company that keeps computer records about individuals credit
Credit repair	A number of organisations have claimed that, for a fee they can remove CCJ's making it easier for people to get credit
Debtor	The person who owes the money
Deduction from earnings	An order made by the Child Support Agency to make deductions for maintenance
Joint and several liability	If one or more person enters into a credit agreement then both are liable for the full amount. After divorce or separation, both parties can be pursued for the outstanding amount. This also applies to rent arrears on joint tenancies, Council Tax payments and water rates
Secured loan	With secured loans the loan is secured on your home. This means the lender has security for the loan and this can allow for setting lower interest rates compared to an unsecured loan with the same criteria.
Seizure	Bailiffs cannot take goods unless they have 'seized' them.
Surplus income	The amount of money left over after paying essential expenditure
Unsecured loan	Unsecured loans do not require security on your home. As this type of loan does not require security, lenders are less likely to approve these loans than they would do if it where to have security. This is due to the higher risk involved for the lender.
Warrant	This is written permission from the court to the bailiff allowing the bailiff to carry out their work





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