



# Dealing with Debt

Beechdale Community Housing Association

*Beechdale is directly controlled by its tenants*

## DEBT ADVICE

### What is debt?

Debt is simply how much you owe to others. It is where you have spent money which you do not have. You can also fall into debt through no fault of your own e.g. losing your job, breakdown of a relationship and illness.

### Priority and Non-priority debt

If you fall into debt you should repay all monies you owe. Some debts are more important (priority debts) than others. You should deal with your priority debts first as they have the most serious consequences if ignored. All other debts are non-priority debts. Examples include:

Priority Debt	Possible Action
Rent arrears	Eviction from your home
Mortgage arrears	Repossession of your home/ eviction
Secured loan (loan secured against your home)	Repossession of your home/ eviction
Unpaid maintenance/ child support	Distrain (seizure of goods), deduction from benefits/ wages, imprisonment
Unpaid gas and electrics bills	Supply disconnected
Unpaid council tax	Distrain, deduction from benefits/ wages, imprisonment
Unpaid Magistrates Court fine	Distrain, deduction from benefits/ wages, imprisonment

Non - Priority Debt	Possible Action
Unsecured loans (including doorstep lenders)	County Court judgment
Credit card debts	County Court judgment
Store card debts	County Court judgment
Former tenant arrears	County Court judgment
Unpaid water bills	County Court judgment
Unpaid telephone bills	Disconnection

### Dealing with your debts

The worst thing you can do is ignore your debts. The quicker you contact people you owe money to (creditors), the more likely they will make flexible repayment agreements with you.

#### Some tips

- Look at all of your income and expenditure and decide how much you can afford each week to pay off your debts. (See Form A: List of Income and Expenditure)
- Make a list of all your debts (See Form B: List of all debts owed)
- List all of your priority debts. You should pay off these first (See Form C: List of Priority debts)
- Contact all your creditors as soon you know that you are having difficulty in paying them. You should explain why you are unable to pay what you owe and how you plan to reduce your debt
- Only promise to pay what you can afford, even if it is a small amount. Most creditors know this is what a Court would order, so they have little to gain by taking you to Court

- If you make verbal payment agreements with your creditors, note their name, confirm your agreement in writing and keep a copy of it
- Check whether you could increase your income through work and/ or entitlement to benefits. The Citizen's Advice Bureau can help you with benefit entitlement.

### **Dealing with Bailiffs**

You should seek advice if a bailiff contacts you to collect a debt, since the law on bailiffs differ depending on the type of debts owed.

With most debts, bailiffs are involved only if you can't come to an arrangement to pay your creditor, but only after your case has been to court. This does not apply to Inland Revenue or VAT bailiffs.

Bailiffs usually work by threatening to take your possessions to persuade you to pay what you owe. They can take and sell things you own to repay your debt. They can force their way into your home **only** if they have been inside your home for the same debt previously. If you let bailiffs in your home, they usually take 'walking possession' of some of your belongings. So if you cannot make acceptable payments with the bailiff, or miss payments you agreed with them, they can legally force entry into your home and take items away. They can also take belongings outside your home, for example a car. However, for most types of debt they cannot take away 'basic household items'. This includes a bed, cooker, fridge and most furniture, but not a television or other less necessary items.

County court bailiffs can carry out eviction after possession proceedings. This is the main instance where you cannot stop bailiffs from entering your home. But you can ask the court to stop them by filling in a form at the local county court and paying a court fee.

### **Dealing with Debt Collectors**

Debt collectors are not the same as bailiffs. They cannot take direct action against you, apart from asking you to pay. If you believe a debt collector is harassing you or putting undue pressure on you to pay, call Walsall's Trading Standards Department on 01922 652246. If you are being physically threatened, contact the police.

### **Bankruptcy**

Some people in debt decide that bankruptcy is the only option. This is a legal remedy to clear your debts by declaring that you are insolvent (unable to meet your financial commitments). There will be a court hearing at which the district judge will appoint an official receiver to your case. The receiver will be responsible for all your financial matters for the period the court determines you are bankrupt (usually between 1 - 5 years).

The bankruptcy period is determined by how much debt you have. During this period you will be expected to pay your creditors an agreed amount from your income. At the end of bankruptcy you will be debt free with certain exceptions. Debts such as rent arrears, council tax and maintenance are not subject to bankruptcy. They are still owed and you are required to pay them.

Note, the official receiver has full power over your finances and will regularly look at your bank account. Any monies you receive, over and above the agreed amount that has been determined you can live on, will be taken by the receiver to pay your creditors.

Bankruptcy may seem to be the answer to your debt problems, but there are implications and it is not a decision to be taken lightly. You can become bankrupt in two ways. You can

make yourself bankrupt. You will need to pay a court fee to do this. Or, a creditor can apply to the court to make you bankrupt. Creditors will do this only if they are sure they will get the money you owe them.

Your bankruptcy will be registered in the court and usually placed in both the *London Gazette* and the local paper. This can cause distress and embarrassment, since all who read this would be aware of your situation. Once bankrupt, you are not allowed to incur any form of credit (not even a milk bill). This is an offence and could result in your imprisonment. You may also find it hard to get electric and gas without having a pre-payment meter. Also, you cannot hold certain jobs and offices whilst bankrupt. For example, working within the financial field, a prison officer and a parent governor.

Bankruptcy is not an easy option. You should get advice and think carefully before going down this route.

### **Getting help**

Lots of organisations can help you sort your debt problems or tell you who can. A list is included under the section **Useful Contacts**. You can also come and see us for advice on your debts.

### **Be realistic**

Only agree to pay what you can afford. Do not let creditors bully you into making payment agreements you cannot keep. If you do, you may find yourself struggling to pay what you agreed. Your creditors will then come back to you demanding the amount you agreed and may not be as willing to make a different agreement with you.

### **Regular payments**

It is better to make small, regular payments to slowly clear your debt than large occasional payments.

### **Your rights**

Legally, creditors can take action against you to recover any money you owe them. However, they have to go through certain procedures before they can take legal action.

You are also protected by the law. For example, you cannot be evicted from your home unless your landlord has taken you to Court to get its permission to do so. It is also illegal for creditors to harass you. You can obtain advice from organisations such as the Citizen's Advice Bureau.

## Useful Contacts

<p><u>Beechdale Community Housing Association Ltd</u> For assistance on dealing with debt, income maximisation etc Call 01922 648252 Website <a href="http://www.beechdaleha.org.uk">www.beechdaleha.org.uk</a></p>
<p><u>Debt Advice Group</u> For free and confidential advice on how to deal with your debts Call free on 0800 988 7637 Website <a href="http://www.debtadvicegroup.co.uk/debt/debt-advice">www.debtadvicegroup.co.uk/debt/debt-advice</a></p>
<p><u>National Debtline</u> For free and confidential advice and help on dealing with personal debts. Call free on 0808 808 4000 Website <a href="http://www.nationaldebtline.co.uk">www.nationaldebtline.co.uk</a></p>
<p><u>Consumer Credit Counselling Service</u> For free and confidential advice for people in financial difficulty call free on 0800 138 1111 Website <a href="http://www.cccs.co.uk">www.cccs.co.uk</a></p>
<p><u>Citizens Advice Bureau (Walsall)</u> For free, confidential and independent advice for legal, money and other Call 01922 700600 Website <a href="http://www.walsallcab.org.uk">www.walsallcab.org.uk</a></p>
<p><u>Age UK</u> Support charity for people over 50 Call free on 0800 169 6565 Website <a href="http://www.ageuk.org.uk">www.ageuk.org.uk</a></p>
<p><u>Walsall MBC Benefits Service Enquiry Line</u> For free advice on entitlement to housing benefits Call 0845 1112855 Website <a href="http://www.walsall.gov.uk">www.walsall.gov.uk</a></p>
<p><u>Walsall MBC Welfare Rights Service</u> For free advice on entitlement to housing and welfare benefit Call 01922 627247 Website <a href="http://www.walsall.gov.uk">www.walsall.gov.uk</a></p>
<p><u>Benefit Enquiry Line</u> For free advice and information on entitlement to benefits, debt etc Website <a href="http://www.direct.gov.uk">www.direct.gov.uk</a></p>
<p><u>Child Benefit Helpline</u> For problems with child benefit payments Call 0845 302 1444 Website <a href="http://www.hmrc.gov.uk/childbenefit/how-to-complain">www.hmrc.gov.uk/childbenefit/how-to-complain</a></p>
<p><u>Child Tax Credits Helpline</u> For child tax credits queries Call 0845 300 3900 Website <a href="http://www.hmrc.gov.uk/taxcredits">www.hmrc.gov.uk/taxcredits</a></p>

<p><u>South Staffs Water Trust Fund</u>  For financial assistance on your water debts  Call 0800 0930610  Website <a href="http://www.south-staffs-water.co.uk">www.south-staffs-water.co.uk</a></p>
<p><u>Social Fund</u>  This is administered through Jobcentre Plus- via Directgov  Call 01922 853700  Website <a href="http://www.direct.gov.uk">www.direct.gov.uk</a> follow links</p>
<p><u>Sure Start</u>  For early education, childcare, health and family support.  Call 0870 000 2288  Website <a href="http://www.direct.gov.uk">www.direct.gov.uk</a> follow links</p>
<p><u>Shelter</u>  For help on your rights, getting back on your feet and finding and keeping a home  Call free on 0808 800 4444  Website <a href="http://www.shelter.org.uk">www.shelter.org.uk</a></p>
<p><u>Office of Fair Trading</u>  For problems with credit, loans and hire purchase  Call 08454 040506  Website <a href="http://www.of.gov.uk">www.of.gov.uk</a></p>
<p><u>Energy Watch – now part of Consumer Focus</u>  For problems with gas and electricity companies  Call 08454 040506  Website <a href="http://www.energywatch.org.uk">www.energywatch.org.uk</a></p>
<p><u>Ofcom</u>  For problems with phone and telecoms companies  Call 020 7981 3000  Website <a href="http://www.ofcom.org.uk">www.ofcom.org.uk</a></p>
<p><u>Walsave Credit Union</u>  For loans, savings and budget accounts for those living and working in Walsall  Call 01922 653310</p>
<p><u>turn2us</u>  For free advice on entitlement to charitable grants and state benefits for people in financial need  Call 0808 802 2000  Website <a href="http://www.turn2us.org.uk">www.turn2us.org.uk</a></p>
<p><u>wincred.org</u>  Reaching out to help the residents of Walsall tackle debt  For useful information and advice long onto <a href="http://www.wincred.org">www.wincred.org</a></p>
<p><u>SSAFA</u>  <u>Soldiers, Sailors, Airmen and Families Association (ssafa)</u>  Help and support for those who serve in the Armed Forces and those who used to serve and their families  Call 01922 722778  Website <a href="http://www.ssafa.org.uk">www.ssafa.org.uk</a></p>

## LIST OF INCOME AND EXPENDITURE

**Income**

<b>Description</b>	<b>Amount per month £</b>
Your salary*/ wages	
Your partner's salary*/ wages	
Jobseekers allowance	
Income support/ pension credit	
Tax credit	
Pension	
Child benefit	
Incapacity benefit	
Maintenance payments	
Non-dependent contributions	
Other income	
Other income	
<b>TOTAL INCOME</b>	

\*actual pay you receive i.e. after deduction of national insurance, tax etc

**Expenditure**

<b>Description</b>	<b>Amount per month £</b>
Rent	
Mortgage payments	
2 <sup>nd</sup> mortgage payments	
Council tax	
Water rates (divide 1 year's cost by 12)	
Phone (divide 1 year's cost by 12)	
Gas (divide 1 year's cost by 12)	
Electrics (divide 1 year's cost by 12)	
Ground rent/ service charges	
Buildings/ contents insurance	
Other insurance e.g. life, car	
Housekeeping –food/ cleaning materials	
TV rental/ license	
Clothing	
Prescription/ health costs	
Travel expenses	
School meals/ meals at work	
Childminding	
Maintenance payments	
Other e.g. Birthday/ Christmas	
Other	
Other	
<b>TOTAL EXPENDITURE</b>	

**Summary income and expenditure**

Total Income	£
Total Expenditure	£
<b>Spare income to repay debts</b>	<b>£</b>

LIST OF ALL DEBTS OWED

Debts Owed to:	Debt for:	Phone Number	Address	Amount owed
e.g. Beechdale Community Housing Association	Rent arrears	01922 648252	Chilton House, Stephenson Ave, Beechdale, Walsall WS2 7EU	£500.00
TOTAL				

Date list produced.....

## LIST OF PRIORITY DEBTS

Priority Debt	Amount Owed	Payment Agreement made with creditors*	Frequency of payment (monthly/ weekly)
Rent arrears	£500.00	£5.00	weekly
Council Tax			
Gas			
Electrics			
Child support			
Other			
Other			
Other			
<b>TOTAL</b>			

\*Note, the amount you agree to reduce your debt is an amount over and above what you would normally pay. For example, if your weekly rent is £60.00 per week and you owe £500.00 in rent arrears, the £5.00 a week payment agreement is towards reducing the £500.00 debt. So you would pay your landlord £65.00, £60.00 for your normal weekly rent and £5.00 to reduce your debt on rent arrears.

Once you have calculated the excess income over expenditure (from Form A), you should contact your creditors to negotiate repayment of debts owed. Remember, don't agree to pay more than you can afford. You should also contact a debt advice agency such as the Citizen's Advice Bureau for help with your debts.

If you require any help in understanding this information or you need an interpreter to read it to you please ask someone to contact BCHA on your behalf.

If you would like this information in

## LARGE PRINT

Or audio tape, please contact BCHA on

01922 648252



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