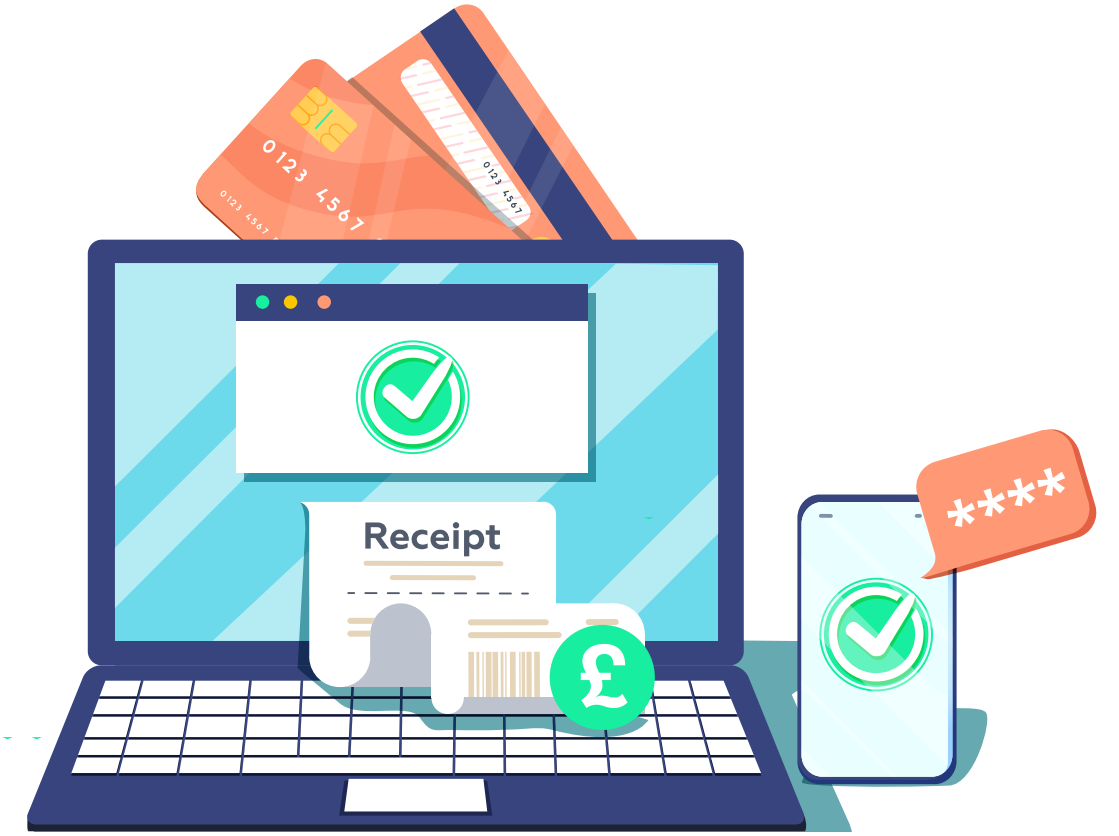
Bracknell Forest Council



Debt Advice Handbook

Introduction

There are millions of people in the UK who are currently struggling with debt in one way or another. Do not feel that you are alone, there is no need to feel embarrassed or think there is nowhere to turn to. The important thing is that you do something to improve the situation you are in.

Our handbook has a lot of information, but you do not need to read all of it, as it covers all areas, therefore you can read the sections that relate to you.

Hopefully the information here will help you manage your own budget and see what options there are to help you improve your situation.

There are sections to go through:

Create your own budget | **Increase your income** | **Reduce your outgoings** | **Review your debt options** | **Contact your creditors**

Do you have any debts that need urgent action?

For example – are you being threatened with eviction, been contacted by Enforcement Agents (bailiffs), owe money to your gas/electric provider, or been threatened with disconnection? or threatened with bankruptcy?

If so, you need to seek specialist advice as soon as possible.
www.citizensadvice.org.uk
www.stepchange.org
www.nationaldebtline.org

If you are currently in rented accommodation and been threatened with eviction, please contact our Housing Options Team 01344 352010 or complete the online form

Do you have any debt that you have not had any contact from the creditors for several years?

Please seek advice before you contact or make a payment towards a debt, as the debt maybe “statue barred” and would be legally unenforceable, meaning you may not need to pay.

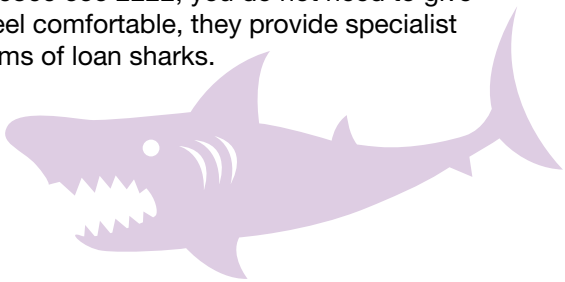
Do you own money to a loan shark?

A loan shark is someone who lends money but doesn’t have a legal licence to do so. There can be little or no paperwork to tell you about any interest rate or amount you owe, and you may not be allowed to settle your debt. Sometimes items are taken from you as security (e.g. passports or driving licences), or the person you owe money to might try to intimidate you, make threats or become violent.

A money lender must be authorised by the Financial Conduct Authority (FCA) to lend money legally. An unauthorised lender does not have the legal right to recover the debt as it is illegal.

How to spot a loan shark

- Little or no paperwork to confirm the repayment arrangements or how much you owe
- Very high rates of interest charged
- You might not be allowed to pay the debt in full
- Lends money to lots of people
- Threatens violence if you fall behind
- Valuable items taken from you are security
- You can report loan sharks on 0300 555 2222, you do not need to give them your details unless you feel comfortable, they provide specialist support, help & advice for victims of loan sharks.



Simple debt advice

- Don't panic. If you are having issues, please get help as soon as possible. You are not on your own and can seek advice at any time, it's never too late
- Don't ignore your debt problems, they can be resolved
- Check to see if you have claimed all the Benefits you are entitled to receive (Benefits calculators - (www.gov.uk)
- Try to avoid borrowing money to pay your debts, at all costs., It may seem the easier option but it could make your situation worse, always get advice first
- Always open your letters/emails so you are aware of the current situation, and then you can seek advice to assist in alleviating the problems.
- Ensure you deal with all creditors you owe money to
- Do not give up, if a creditor doesn't agree to your offer the first time, you can always try again and seek advice

Budget planning

This is the first step in improving your situation. Completing a budget planner can be a very helpful tool to see where your money is being spent and will help you work out any options you may have to increase your income & reduce your outgoings.

The Money Advice Service – www.moneyadviceservice.org.uk who have an online budget planner, you can create a free account and can update it later.

If you have debts, you can use the free budget calculator with StepChange who a debt advice charity that give free advice - www.stepchange.org

To complete the budget planner you will need to ensure you have as much information to hand with regards to your income and outgoings, you can find most of this information on your bank statements.

Increasing your household income

To check to see if you are claiming the benefits/tax credits you are entitled to, please complete the following form Benefits calculators - (www.gov.uk)

Can you or your partner or others living in your household undertake more work, to increase the household income? If you are in receipt of benefits, please check to see how taking on extra work will affect these. In some cases, you may find you are better off claiming Universal Credit if you work so do complete a benefit calculator.

Contribution from other household members. If there are other adults living with you, they should have their own income from either employment or benefits, and you should be receiving a contribution towards the rent/food/utility bills etc.

Your entitlement to either Housing Benefit/Universal Credit and or Council Tax Support could be reduced as there are other adults living with you, this means it's even more important that you receive a contribution from them.

Discretionary Housing Payment/Council Tax Discretionary Relief

If you are in receipt of Housing Benefit or the Housing Costs Element of Universal Credit and you have a shortfall in the financial support you receive to pay your rent, you might be able to apply for a DHP and if you receive Council Tax Reduction, and struggling to pay the Council Tax Bill, you can apply for CTDR (Discretionary Housing Payment/Council Tax Discretionary Relief).

Please look at relevant information and application form.
www.bracknell-forest.gov.uk/benefits/housing-benefit/discretionary-housing-payment

Debt payments deducted from your benefits

If you are in receipt of benefit and your entitlement is reduced by deductions to repay a debt you owe, you can contact the DWP (Department of Work and Pensions) to ask how much you owe for each debt that is being deducted and ask for them to be reduced if you are in financial hardship. If this debt is a Housing Benefit Overpayment, please email income.recovery@bracknell-forest.gov.uk or contact the team on 01344 351309.

Housing Benefit overpayments

If you are in receipt of Housing Benefit. Please contact the team to discuss a new reduced payment plan.
01344 351309 or email income.recovery@bracknell-forest.gov.uk

For more information regarding Housing Benefit Overpayments
www.bracknell-forest.gov.uk/benefits/housing-benefit/housing-benefit-overpayments

Reducing your outgoings

www.moneyhelper.org.uk

Compile a list of all your bills and your spending, then you can look at reducing your outgoings.

You can ask Council Tax, Car Insurance, Gas and Electric etc to increase the number of instalments to reduce the amount you pay over a longer period.

If you are billed annually or quarterly, you can ask to change the frequency to either weekly/fortnightly or monthly if this will make the payments easier for you to manage.

TV/Phone/Internet – renegotiate your contract to reduce the charge by cancelling services' you do not need such as voicemail or film/sports channels.

Switching Suppliers to get a cheaper deal, investigate bundle deals where the phone/TV and internet combined will save you having separate subscriptions.

Cancel your TV subscription and investigate purchasing a Freeview box (one off payment) therefore no monthly payments.

Landline or mobile phone – renegotiate your contract or cancel if your household can manage without one of them (but check for any potential cancellation charges).

Energy bills – Tariffs normally last for 12 months, and after the 12 months you could be moved onto a standard tariff which often costs more.

You can look reducing your costs with the following:

- switching suppliers and this can be done if you have a prepayment meter or debts under £200
- compare energy tariffs online, purchase both Gas and Electric from the same supplier
- pay by direct debit (if you can)
- have a smart meter installed for free
- if you have arrears, or difficulty paying your energy bill, contact your supplier and enquire about their support schemes and trust funds. Or contact https://britishgasenergytrust.org.uk

Water bill – to help reduce your bill, you may want to request a water meter, but before you do, contact your water provider to ask for advice with regards to if having a water meter will reduce your bill. If you cannot have a meter installed, please talk to your provider about changing your tariff.

Also talk to your water provider as they may have several ways to help some customers on low incomes with their water bill.

Reducing your food bill

You may be able to reduce your costs by:

Make a weekly meal plan using the ingredients you already have and then make a shopping list of any missing items, and do the shopping weekly, as doing the shopping daily will make you spend more.

Be strict about purchasing only what you will eat, as the average family with children throw away almost £60 of good food each month.

Try swapping to cheaper brands as this could save you money.

Make packed lunches for work/school, this can save money each week.

Budget meal planner – www.bbcgoodfood.com/guide/budget-family-meal-plan

General food budgeting – www.bbcgoodfood.com/feature/budget

Free school meals - If you are in receipt of an “income based” benefit (excluding Working Tax Credit), please check the website to see if you are eligible.

www.bracknell-forest.gov.uk/schools-and-learning/schools/free-school-meals

Dealing with your priority debts

You need to make a list of all your Debts, how much you pay towards them and the current outstanding balance. If you have any paperwork/letters regarding your debts, you need to get them all together.

Some debts are more important than others, this is because of the penalty you may get if they are not paid.

The following is a list of priority debts, and the penalty that could be applied.

Debt	Penalty
Rent or Service Charge	Eviction
Council Tax	Enforcement Agents, money taken from wages/benefits/bankrupt/imprisonment
Gas or Electric	Disconnection or money taken from benefits
Unpaid Court Fines	Enforcement Agents, money taken from wages/benefits/imprisonment
Child Maintenance	Enforcement Agents, money taken from wages/benefits/imprisonment
Income Tax Arrears	Imprisonment
TV Licence	A fine/imprisonment
County Court Judgement	Enforcement Agents, money taken from wages/charging order/money or assets frozen
Tax, VAT, National Insurance	Enforcement Agents, money taken from wages/charging order/bankruptcy or County Court Judgement
Hire Purchase	Repossession or County Court Judgement

Now you need to deal with your priority debts, if you have rent arrears this will be your first debt to deal with as you could be evicted from your home.

Then you need to decide an order to deal with your other priority debts, taking into account the consequences of not paying will affect yourself/family.

Contact your most important priority creditor, and explain the financial difficulties you are having, explain that you are putting together a financial statement, suggest an amount to pay them each month, this will be a regular payment, plus a contribution towards the arrears. You need to start paying this immediately.

If the creditor refuses this offer, increase your offer, and advise them you are seeking money guidance.

Once the payment plan has been agreed, start paying the agreed amount straight away, update your financial statement and recalculate your disposable income to take this payment into account.

Then you can repeat the above steps with your other priority creditors until all your priority debts have been dealt with.

Dealing with non-priority debts

Non-priority creditors do not have the power to take more serious action against you like evictions or imprisonment. You may think a non-priority debt is more urgent to you, but you need to deal with your debts in order of their priority.

Non-priority debts include:
- Credit Cards
- Personal Loans with finance companies (if not secured on property)
- Bank/Building Society loans and overdrafts
- Charge Cards
- Catalogues/mail order
- Personal debts to family and friends
- Doorstop and Payday loans

Contact your creditors to advise them you are having financial difficulties; you can ask for a temporary hold on recovery and interest charges, whilst you sort out your financial statement and choose an option to deal with your debts.

Debt options

Dependant on your situation, there could be more than one option for dealing with your non-priority debts.

Eg, you may choose a short-term informal option like extended holds to allow you to complete a long-term formal option like a Debt Relief Order, please see the options available to you listed below.

Informal debt options

- **Extended Holds** – a hold of usually six months can be requested if you are not able to repay your debts for a period of time, this is NOT a long-term solution.
- **Token Payments** – usually an arrangement of £1 to £5 per month, showing that you want to repay the debt, this is NOT a long-term solution.
- **Debt management plans** – shares your available income equally between each of your creditors based on the amount you owe them. You pay the arrangements yourself or set up a debt management plan where you make a single payment that is passed onto your creditors, make sure you use a charity like Stepchange as they are free of charge.
- **Full & final settlement** – if you have a sum of money available you can consider offering full & final settlements to your creditors. This is when a lump sum of less than the total debt is accepted to settle the debt.
- **Write off/partial write off** – you can try this before formal debt options if you have no available income or capital (savings) and your situation is unlikely to improve in the foreseeable future.

Formal debt options

These involve a court order, get help from one of the organisations offering free advice if you are considering one of the options below.

- **Individual Voluntary Arrangement (IVA)** – an IVA is a formal arrangement made through the county court where you agree to pay an agreed amount off your debts over a fixed period (eg five years). The rest of your debts are then written off after your final payment

- **Bankruptcy** – bankruptcy is a way of recognising that you are unable to pay your debts, in a reasonable amount of time. It can be seen as a last resort but can be a good option, particularly if your rent your home and have no assets. Your unsecured debts are normally written off.
- **Debt Relief Order (DRO)** – a DRO is a way to deal with your debts if you owe less than £30,000 and do not have much spare income or own your home.
- **Administrative Order** – this is an alternative to bankruptcy and DRO's if you have at least two debts totalling £5,000 or less and a County Court or High Court Judgement (CCJ) against you.
- **Breathing Space** – If you are not ready to use a debt solution or you can't afford to right now, the government backed Breathing Space scheme can you give you extra time. If you are eligible, you could get 60 days of breathing space where your creditors can't:
    - contact you
    - take action to make you pay
    - add interest and charges to your debt

It covers most debts, including credit and store cards, loans, overdrafts and arrears on household bills. You will need to get advice from a debt adviser first – they'll check all your debts to see if they're covered.

If you are getting mental health crisis treatment, you might be able to get breathing space from your creditors for the whole time you're getting crisis treatment, plus 30 days after. Speak to your mental healthcare provider about 'Mental Health Crisis Breathing Space'

Details of options

If you decide to action of the above options, please see below for advantages and disadvantages.

Extended holds

This is where a six-month hold is requested as you are not able to repay your debts for a period of time. This will NOT resolve your debt problems, so it is important to work towards a long-term solution. You should send a copy of your financial statement (copy at end of the booklet) with a sample holding letter (copy at the end of the booklet) to ask your creditor to suspend interest and other charges so that your debt does not increase. (They can refuse, but you can keep asking)

Advantages

- Allows you to focus on making payments to your priority debts, and helps maintain goods and services
- Provide you with some time to look at long term solutions without constant contact from your creditors
- Your creditors will understand your situation and can make informed decisions about collection of the debt

Disadvantages

- Creditors do not have to hold recovery; they can refuse your request and continue to add interest and charges
- This may affect your credit rating
- It does not repay your debts

Token Payments

Token payment are a low arrangement offered to a creditor, they can be anything from £1 per month, and show that you want to repay the debt. Token payments will NOT resolve your debt problems, so it is important to work towards a long-term solution. You should send a copy of your financial statement (copy at end of the booklet) with a sample holding letter (copy at the end of the booklet) to ask your creditor to suspend interest and other charges so that your debt does not increase. (They can refuse)

Advantages

- Sometimes token payment is the only way for a creditor to agree to hold interest and charges, and prevent recovery action
- You are paying something towards the debt whilst you are looking into long term solutions
- The creditor may agree to take no further action whilst token payments are being made

Disadvantages

- Token payments use money you may struggle to find
- There maybe costs involved in making payments, consider using Standing Order or Direct Debits
- This may affect your credit rating
- It does not repay your debts

Debt management plans

If you can afford to make smaller regular payments towards your debts and want an easy way of paying, you could consider a Debt Management Plan (DMP).

A debt management charity/company will go through your financial statement. If you have disposable income and can get out of debt in a realistic time, they will calculate pro-rata arrangements for you.

You then pay the total amount of your pro rata arrangements to the debt management charity/company, and they will send on each payment to your creditors.

Please be aware that some debt management charities/companies charge a fee to arrange a DMP & an additional monthly management fee for as long as the DMP lasts. This will take longer for you to repay your debts.

Advantages

- This is a fair and transparent method of distributing payments
- The debt management company will negotiate with creditors on your behalf – their offers are more likely to be accepted and interest/charges may be frozen
- The debt management company involved would be responsible for administering all the payments to your creditors – you just need to make one monthly payment to the debt management company
- You can increase your payments if your circumstances improve

Disadvantages

- You may not be able to make reduced offers if your circumstances get worse and you can afford to maintain higher repayments
- A DMP will not work if creditors won't accept or freeze interest
- This may affect your credit rating

Full and final settlement

If you have some money available, you can consider offering full and final settlements to your creditors. This is when a lump sum of less than the total debt is accepted to repay the debt because the creditor agrees to write off the rest of the debt.

Seek advice before offering full & final settlements to your creditors, so you can be supported to work out what to offer and have the confidence to make offers to your creditors. You can also be supported to ask again if your offers accepted the first time.

Advantages

- You repay less overall to clear the debt
- It is easier than having to maintain an arrangement over a longer period
- If only some of your creditors accept the offers, it would reduce your total debt, and may open alternative options to deal with your debts

Disadvantages

- Creditors may report a full & final settlement to credit reference agencies as a partial settlement, making it difficult to get credit in the future
- If a creditor becomes aware of the total sum of money you are planning to use to repay your debts, they may attempt court action to try and get more money for themselves

Write off/partial write off

This can be a good option to try before formal debt options if you have no available income or capital (savings or investments), and your situation is unlikely to improve (or may get worse) in the foreseeable future.

You can as for all or part of the non-priority debt to be written off. If the creditor agrees, it means they will not collect any further payments and removes the debt from their records.

Whilst most creditors accept the need to write off some debts, they don't always agree first when asked.

Advantages
- If the creditor agrees it will reduce the pressure, and the total amount of debt
- It will be accepted that further recovery action is not appropriate

Disadvantages
- The creditor may not easily accept to write the debt off
- This may affect your credit rating

Individual Voluntary Arrangement (IVA)

An IVA is a formal arrangement made through the county court where you agree to pay an agreed amount off your debts over a fixed period (eg five years), the rest of your debts are then written off after your final payment on the IVA is made.

If you receive a sum of money that could pay most of your debts (eg redundancy, retirement, insurance pay out etc) you could consider a full & final IVA. This is where a one-off payment of less than the balance you owe is made to settle your debts with any remaining debt written off.

Why apply for an IVA?
- There is more flexibility than with Debt Relief Orders (DRO) or bankruptcies
- They can be a faster solution than a Debt Management Plan (DMP)
- You are protected against further action from your creditors

Who can have an IVA?
You need to have a disposable income without paying any of your non-priority debts, typically of at least £80 per month for a low contribution IVA, or typically at least £200 per month for a standard IVA.

How an IVA works
- You need to make an application for an IVA through an Insolvency Practitioner (IP) Bracknell Forest Council Debt Advice Team can give you the details of who you can contact
- If your IP agrees that an IVA is the best option, they will help you complete a financial statement and prepare proposals for your creditors
- The agreement must be agreed by most of your creditors (by value)
- You make the agreed payments in accordance with the Court's terms

There is a cost to administer an IVA – this comes out of your regular payments. Some IP's charge an additional up-front cost to fully assess you for an IVA and take you through the whole process.

Always ask about any charges before starting the process – you could make your situation worse if you have any fees to pay that you have not planned for.

Advantages

- Alternative to Bankruptcy
- Not publicised
- You aren't bound by bankruptcy restrictions
- You can continue to run a business
- Assets like your home can be excluded if creditors agree
- Creditors are bound by the IVA even if they voted against it
- Usually lasts a maximum of five years
- Most insolvency practitioners allow fees to be paid on a monthly basis as part of the IVA

Disadvantages

- An IVA will affect your credit rating
- You must have high available income, lump sum or asset
- Costs are high and the insolvency practitioner may want payment up front
- You may still be made bankrupt if the IVA fails because your payments are set to high
- Your IVA's may end if you circumstances change and your IP can't get creditors to accept new terms
- Many IVA's have a built-on requirement to revalue your home and release any equity to pay your creditors – usually after five years of payments – this only applies if your own your home

Please beware some companies will agree to set up an IVA even it is not suitable for you – and they charge high fees

Bankruptcy

Bankruptcy is a way of recognising that you are unable to pay your debts in a reasonable amount of time, and do not meet the criteria of another insolvency option (DRO or IVA) - it can be seen as a last resort but can be a good option particularly if you rent your home and have no assets.

You can petition for bankruptcy yourself or a creditor can make you bankrupt.

Your financial affairs will be dealt with by the Official Receiver. Once you are declared bankrupt your unsecured debts are normally written off, and you will have financial restrictions placed on you for the duration of the bankruptcy (which is normally 12 months)

Advantages

- It can help relieve stress and anxiety
- You can make a fresh start after a year
- Your debts will be written off if you have no assets
- Your creditors can't take further action against you – except for debts secured against your home
- You pay regular monthly payments for a maximum of three years

Disadvantages

- It will affect your credit rating
- If you own your home and have equity, you may lose your home
- Creditors can take action to recover debts secured against our home
- There is a bankruptcy fee of £680
- Your assets may be sold by the Official Receiver
- Some debts (like student loans, court fines, penalties for Fraud, maintenance & child support payments) are not included and won't be written off
- Your employment maybe affected
- Your business maybe closed down
- You may have a 'bankruptcy restriction order' made against you for dishonesty or 'unfit conduct'
- The Official Receiver can take criminal action against you if you have committed fraud
- Your bankruptcy will be published in the London Gazette and the local paper

How it works

- You apply for bankruptcy online by filling in a form
- The cost of bankruptcy is £680, you can pay by instalments before submitting the form online, or pay the full fee in cash at any Royal Bank of Scotland branch
- Your application will be considered by an 'adjudicator' at the Insolvency Service, who will decide if you should be made bankrupt
- If a bankruptcy order is made your money will come under the control of the Official Receiver
- You maybe required to complete a telephone interview or attend an appointment to go through your paperwork in more detail with the Official Receiver

- The Official Receiver will ask you if you have any realisable assets which could be sold to pay towards your outstanding debts. They will also enquire if you have any disposable income to contribute towards your debts
- Once the bankruptcy order has been made, creditors chasing eligible debts in your bankruptcy petition cannot continue recovery activity, but they may still contact you
- You will be generally freed from bankruptcy after 12 months and any outstanding debts in your bankruptcy order will be written off in accordance with the insolvency rules, but you may have to make payments for up to three years
- Your bankruptcy order will stay on your credit file for 6 years – you may have difficulty in getting credit during this time

Responsibilities when bankrupt

- You MUST provide your account books etc to the Official Receiver – if you are self employed
- You MUST hand over any assets you have
- You MUST stop using bank accounts etc until you have disclosed all of your affairs to the Official Receiver – you can have 1 account for your income to be paid into
- You MUST NOT apply for credit of £500 or more without telling creditors you are bankrupt
- Debt Relief Order (DRO)

A Debt Relief Order (DRO) is a way to deal with your debts if you rent your home, have few assets and little disposable income. DRO's are granted by the Official Receiver.

If you have rent arrears you need to get specialist advice before applying for a DRO as there may be a risk to your tenancy.

If you have a DRO:

- Your creditors can't recover their money from you without the Court's permission
- You will usually be free from your debts after 12 months

Who can have a DRO?

You can apply for a DRO if you can't pay your debts and you meet all of the following criteria:

- You have qualifying debts of £30,000 or less

- You have less than £75 a month left from your income after you have paid your household bills
- The things you own (assets) and any savings are worth £2000 or less
- Your motor vehicle (if you have one) must be worth less than £2000 – unless it has been specially adapted because you have a physical disability
- You have lived or worked in England or Wales within the last 3 years
- You haven't applied for a DRO within the last 6 years

Advantages

- It helps relieve stress and anxiety
- There is no court hearing
- You can make a fresh start after a year
- Your debts are written off if they were included in the DRO
- Most debts can be included in the DRO, including priority debts, such as rent arrears, fuel debt and council tax
- Once you have a DRO your creditors cannot take any further action
- You will need to pay a fee of £90 but you can pay this in instalments – much cheaper than bankruptcy
- You won't make monthly payments on your debts included in the DRO

Disadvantages

- You can't apply if you own your home as this is counted as an asset
- Secured creditors can still act against you
- Not all debts are written off eg student loans, court fines, penalties for fraud, maintenance and child support payments
- If you forget about a debt, you cannot add it later
- Details of your DRO will be in the Individual Insolvency Register
- This will affect your credit rating
- You may have a 'debt relief restriction order' made against you for dishonesty or 'unfit conduct'
- There are some powers for the Official Receiver to take criminal action against you, eg if you have committed fraud

How do DRO's work

- DRO's are issued by the Official Receiver, but you must apply through an Approved Intermediary - contact the Debt Advice Team
- There is a fee of £90 which must be paid in advance – you may be able to pay by instalments, but the Official Receiver will not consider your application until you have paid the fee in full
- DRO's usually last for 12 months – during this time you won't make any payments towards the debts listed on your order

- At the end of the DRO period all debts listed on your order will be written off automatically (you will still have to pay any unpaid debts not included in the DRO)
- Your DRO will stay on your credit record for six years - you may have difficulty in getting credit during this time

Responsibilities under a DRO

- If you apply for credit over £500 you must tell the lender you have a DRO
- If you plan to start or run a business in a different name from the one you declared with your DRO you must tell everyone you do business with the name under which you were granted a DRO
- Before you get involved with promoting, managing, or setting up a limited company you must get permission from the court. You can't act a company director without this

Administrative Order

An Administrative Order (AO) is an alternative to bankruptcy and Debt Relief Orders if you have:

- At least two debts totalling £5,000 or less
- A County or High Court Judgement (CCJ) against you

How it works

You apply to the County Court using Form N92 – there is no application fee
Once the Administration Order is made:

- You make a single monthly payment to the Court – usually for three years
- The Court will divide this payment fairly amongst your creditors – less 10% administration fee to cover their costs
- Your creditors cannot take any further recovery action against you
- At the end of the payment period, you apply to the Court for a Certificate of Satisfaction (this costs £10) as proof you have settled your debts

You MUST tell the Court immediately if your circumstances change and you can't make your monthly payments - if you don't ,your AO could be revoked or suspended. An Administration Order is a public record and will stay on your credit file for six years.

Contacting your creditors

Please see sample letters below, that you can use to contact your creditors either in writing or email

Sample – Extended Hold Letter

Your name & address here

Creditors name & address here

Date:

Dear Sir/Madam

Re: Account/Reference Number

I/we have enclosed a financial statement prepared using realistic budgeting figures, given **my/our** current circumstances. This also shows the current levels of debts outstanding. You can see from this information, that **I/we** are finding it difficult to meet even my/our basic needs at this time. Therefore **I/we** are unable to make any realistic offer of payment at this present time.

I/we request therefore that you consider allowing a suspension of the payment on the account for a period of six months, when the situation can be reviewed.

(Include here any possible future changes to your circumstances to start payments again for example returning to work) Please remove if not required

If interest or other charges are being added to the account **I/we** would be grateful if you would freeze these so that all payments made will reduce what I/we owe you.

I/we hope you will be sympathetic to **my/our** request as this would greatly relieve some of the stress that **I/we** are experiencing.

I/we would appreciate any help you can give **me/us**.

Yours faithfully

(Sign your name here)

(Print your name here)

Sample – Write Off Letter

Your name & address here

Creditors name & address here

Date:

Dear Sir/Madam

Re: Account/Reference Number

I/we have enclosed a financial statement prepared using realistic budgeting figures, given my/our current circumstances. This also shows the current levels of debts outstanding.

You can see from this information, that **I/we** are finding it difficult to meet even my/our basic needs at this time. Therefore **I/we** are unable to make any realistic offer of payment at this present time.

(Explain your personal circumstances and reasons for your financial difficulties. Including any reasons for high expenditure, especially if this relates to any illness or disability)

Therefore **I/we** would like to request for the outstanding balance to be written off due to financial hardship grounds. The position remains bleak for the foreseeable future. It is unlikely that **my/our** financial position will improve at all.

I/we hope you will be empathetic to **my/our** request as this would greatly relieve some of the stress that **I/we** are experiencing.

I/we would appreciate any help you can give **me/us.**

Yours faithfully

(Sign your name here)

(Print your name here)

Sample - Token Payment Letter

Your name & address here

Creditors name & address here

Date:

Dear Sir/Madam

Re: Account/Reference Number

Since making the current agreement with you, **my/our** circumstances have changed, and I/we are unable to pay the current arrangement.

I/we cannot now afford the agreed monthly payments because ***(Add a paragraph here)***

I/we enclose a financial statement that shows my/our total income, and **my/our** outgoings. As you can see I/we have no money left for my/our creditors given my/our current circumstances.

In view of this, would you please accept a token offer of £ ***(add offer here)*** This would be reviewed after six months.

If interest or other charges are being added to the account I/we would be grateful if you would freeze these so that all payments made will reduce what I/we owe you.

Should **my/our** circumstances improve in the future **I/we** will contact you again.

I/we look forward to hearing from you as soon as possible.

Yours faithfully

(Sign your name here)

(Print your name here)

Financial Statement Form

About Your Income and Outgoings

Household income	Amount	How Often
Total wages/salary (take home pay)		
Total partners wages/salary (take home pay)		
Universal Credit		
Job Seekers Allowance		
Income Support		
Employment and Support Allowance		
Child Tax Credit		
Child Benefit		
Working Tax Credit		
Disability Living Allowance/Personal Independence Payment Mobility		
Disability Living Allowance/Personal Independence Payment Care		
Carer's Allowance		
Other income (please state)		

Priority expenditure	Amount	How Often
Full rent charge/Mortgage payment		
Council Tax		
Home Insurance		
TV Licence		
Gas		
Electric		
Water		
Childcare		
Food and Housekeeping		
Clothing		
Phone and Internet		
Mobile phone/s		
Landline phone		
Internet		

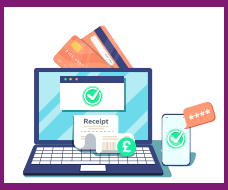
Travel	Amount	How Often
Public transport		
Car - Insurance		
Car – Road tax		
Car – Fuel		
Car - MOT		
Taxi		

Other living expenses - eg medical, gyms, memberships	Amount	How Often

Non-priority debts	Amount	How Often	Balance
These include credit cards, personal loans, court fines overdrafts etc (please state)			

Do you have any other debts, that are not listed above?

(Please confirm the debts and balances and provide proof)



Debt Advice
Handbook