

Our principles

The Citizens Advice service provides free, independent, impartial advice to everyone on their rights and responsibilities. We value diversity, promote equality and challenge discrimination.

Our aims

- Provide the advice people need for the problems they face.
- Improve the policies and practices that affect people's lives.



Help yourself... to sort out your debts

You owe money on your credit card, your bank account is overdrawn and you're struggling to pay back a loan – what can you do? This leaflet gives you some ideas and where you can get more help and information.

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This leaflet is about credit debts. Credit debts include things like credit cards, catalogues, store cards, loans and overdrafts. This leaflet will help you take the first steps to sorting out your credit debts.

It does not deal with debts for essentials like gas, electricity, council tax, rent, mortgage or other loans secured on your home. Make sure you sort these out first. If you don't, you may risk being cut off, having the bailiffs sent round or even losing your home. If you're not sure, get advice from your local Citizens Advice Bureau (CAB) or phone National Debtline on **0808 808 4000**.

1 Don't panic

There is a lot you can do to sort out credit debts yourself. If you get stuck, you can get help from your local CAB or National Debtline. Don't borrow any more money without getting independent advice first.

2 Don't ignore letters

Make sure you contact all the people you owe money to (your creditors). Tell them you are having difficulties and are taking steps to sort it out. If you ask them, creditors may agree to freeze interest and charges, although they don't have to.

3 Make a list of all your debts

Keep all paperwork in one place. If you are not sure how much you owe, write to your creditors for the outstanding balances.

Make sure you keep copies of your letters and make a note of any telephone conversations you have.

If any of your creditors have started court action or you don't think you owe the money, get advice from your local CAB.

4 Work out a budget

It is essential that you work out a realistic budget so you have enough money to live on and you don't have to borrow or go without essentials.

When you have done this the difference between your total income and your essential living expenses is the amount you have left to pay towards your debts.

You can get blank budget sheets and information on how to fill them in from your local CAB or by phoning National Debtline.

Check if there is anything you could do to get more money. Get our leaflet *Help yourself... to get more money* for more ideas on how to do this, available from your local CAB.



5 What choices do I have?

There are different options for paying off your credit debts depending on your circumstances. An experienced money adviser can go through the different options with you to help you make the right choice. See useful contacts on page 7 for details of where you can get free independent debt advice.

If you have no money left to make any payments, get advice – you may be missing out on benefits or other help.

If you do have money left to pay towards your debts, one option is for you to make offers of repayment to your creditors.

6 Work out what offers to make

Once you know how much money you have left to pay towards your debts, you can work out how much to offer each of your creditors.

To make sure you treat all creditors equally and fairly, offer each creditor a share of the money you have left according to how much you owe (these are called pro rata offers).

For example:

You owe £1,000 on a credit card, £350 to a catalogue and £150 to a store card – total credit debt is **£1,500**. You have £10 a month to pay towards your credit debts.

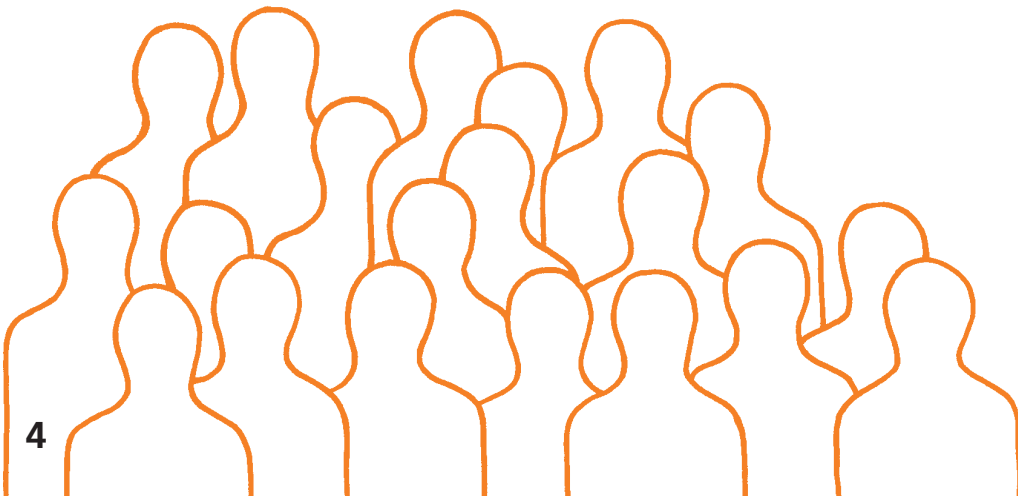
Offer to credit card: $£1,000 \times £10 \div £1,500 = £6.67$ a month

Offer to catalogue: $£350 \times £10 \div £1,500 = £2.33$ a month

Offer to store card: $£150 \times £10 \div £1,500 = £1$ a month

Write to each of your creditors with your offer along with a copy of your budget. While you are waiting for a reply, start paying what you have offered.

If you have no money left in your budget, get advice about what to do.



7 What if a creditor refuses my offer?

Don't give up. Keep paying what you have offered to pay. There's still plenty you can do to persuade your creditors to accept your offer.

National Debtline has sample letters that you can get by phoning 0808 808 4000 or visiting www.nationaldebtline.co.uk

8 What happens next?

Make sure you keep to the agreed payment plan. If your circumstances change, contact your creditors to explain or change your agreement.

After a period of time, your creditors might want to look at your situation again. Don't worry, just work out your offer again and send it to them. If your situation has not changed, they should let you keep to your agreement.

If you get any court papers, make sure you reply within the times stated and get advice.

9 Get advice

If you need further help or advice, visit your local CAB. To find your nearest CAB and for more information, including factsheets, sample letters and budget sheets, visit www.adviceguide.org.uk

10 Useful contacts (Check call rates before dialling)

Business Debtline www.bdl.org.uk
debt advice for small businesses
Helpline: ☎ 0800 197 6026

Community Legal Advice www.communitylegaladvice.org.uk
information on debt, money and tax, adviser search
Helpline: ☎ 0845 345 4345

Consumer Credit Counselling Service www.cccs.co.uk
online debt counselling, budgeting advice
Helpline: ☎ 0800 138 1111

Consumer direct www.consumerdirect.gov.uk
information on reducing your fuel bills
Helpline: ☎ 0845 404 0506

Direct Gov www.direct.gov.uk
information on managing money and debt

Financial Services Authority www.moneymadeclear.fsa.gov.uk
interactive tools for budgeting and borrowing, information and leaflets

National Debtline www.nationaldebtline.co.uk
debt information pack, sample letters, factsheets
Free independent debt advice line: ☎ 0808 808 4000

Payplan www.payplan.com
debt calculator, debt solutions, budgeting
Helpline: ☎ 0800 716 239

Shelter www.shelter.org.uk
housing advice including mortgage and rent arrears, repossession, eviction, court action
Helpline: ☎ 0808 800 4444 (England), ☎ 0845 075 5005 (Wales)

TaxAid www.taxaid.org.uk
help with tax problems
Helpline: ☎ 0845 120 3779

Turn 2 Us www.turn2us.org.uk
benefits calculator and details of grant giving charities
Helpline: ☎ 0808 802 2000