

Factsheet 75

Dealing with debt

August 2018

About this factsheet

This factsheet aims to help you understand how to recognise and deal with debt problems, as well as where to seek assistance with debt.

Included is information about:

- the stages of debt advice
- help to resolve debt problems
- how to seek assistance
- organisations that can help.

The information in this factsheet is applicable in England and Wales. If you live in Scotland or Northern Ireland please contact Age Scotland or Age NI. Contact details can be found at the back of this factsheet.

Note: Most local Age UKs and Age UK Advice are not licensed to give debt advice. Contact details for advice agencies that can offer debt advice can be found in the *Useful organisations* section.

Contents

| | | |
|----------|--|-----------|
| 1 | Realising there is a problem | 4 |
| 2 | Getting debt advice | 4 |
| 3 | What does a debt adviser do? | 5 |
| 3.1 | Initial contact | 5 |
| 3.2 | Looking at your finances | 5 |
| 3.3 | Discussing your options | 6 |
| 3.4 | Will my adviser speak to my creditors on my behalf? | 6 |
| 3.5 | Are debt advisers qualified or licensed? | 6 |
| 4 | How to prioritise debts and get organised | 6 |
| 4.1 | Emergency debts | 7 |
| 4.2 | Priority and non-priority debts | 7 |
| 4.3 | Gathering relevant information | 8 |
| 5 | Liability for debts | 9 |
| 5.1 | A long time has passed since you acknowledged a debt | 9 |
| 5.2 | Your husband, wife or civil partner has died | 10 |
| 5.3 | You are a guarantor for a credit agreement | 10 |
| 5.4 | Misrepresentation, fraud and duress | 10 |
| 5.5 | Mental capacity | 10 |
| 6 | Income and expenditure | 11 |
| 6.1 | Increase your income | 11 |
| 6.2 | Creating a financial statement | 11 |
| 7 | Options for dealing with debt | 12 |
| 7.1 | Negotiating repayment arrangement with creditors | 12 |
| 7.2 | Debt management plan through a third party | 12 |
| 7.3 | Full and final settlement offer | 13 |
| 7.4 | Releasing equity from your home | 13 |
| 7.5 | No disposable income | 13 |
| 7.6 | Deductions from benefits to pay essential bills | 14 |

| | | |
|----------|--------------------------------|-----------|
| 7.7 | Benefit overpayments | 15 |
| 7.8 | Frequently asked questions | 15 |
| 7.9 | Insolvency options | 16 |
| 8 | Holding letter template | 18 |
| 9 | Budget sheet | 19 |
| | Useful organisations | 20 |
| | Age UK | 23 |
| | Support our work | 23 |

Glossary

CCJ - County Court Judgment
DMP - Debt Management Plan
DRO - Debt Relief Order
DWP - Department for Work and Pensions
FCA - Financial Conduct Authority
FOS - Financial Ombudsman Service
IMA - Institute of Money Advisers
IVA - Individual Voluntary Arrangement
PPI - Payment Protection Insurance

1 Realising there is a problem

When you start to address debt problems, it can be difficult to know where to start. You may be receiving telephone calls and letters from creditors that sound very demanding and threatening. The first thing is not to panic.

This factsheet explains the process of debt advice, from the first steps of gathering up paperwork and unopened bills, through reaching an agreement with your creditors or other appropriate solutions. Age UK will always advise you to seek free independent regulated debt advice and to ensure you address the stages shown below:

- contact the Money Advice Service or another organisation in this factsheet for free debt advice
- get organised
- deal with any emergencies
- confirm what debts you are liable for
- work out a realistic budget
- find out if you are entitled to any extra money
- decide your strategy for dealing with your debt.

2 Getting debt advice

If you owe debts to several creditors and are struggling to cope, you should seek advice as soon as possible. Free and independent advice is available through a number of debt advice organisations, see the *Useful Organisations* section. They provide face to face, telephone, and online advice. As part of their service, they can talk you through your options to make sure you choose the one that is right for you.

Note

Age UK Advice can make initial contact with StepChange Debt Charity on your behalf.

Debt adjustment/negotiation firms

As well as free debt advice providers, some agencies offer to negotiate with creditors on your behalf, to reduce the total amount you owe, or re-structure payments to an affordable monthly amount. They usually do this in return for a percentage of the amount you pay the creditor, or by charging a percentage of the amount of debt written off. They advertise in newspapers and on television and the internet. They may try to offer you a loan to consolidate your total debt. In general, these options are not a good idea as they usually charge fees and increase how much you owe overall.

3 What does a debt adviser do?

A debt adviser should always work in your best interests. They assess your needs and explore all options available to you. Any emergencies are dealt with and your adviser may ask to see copies of credit or other agreements to confirm you are actually liable for the debt. They do not do anything without your consent.

Note

Many people feel overwhelmed by their debts or feel embarrassed about being in debt. You can be confident that if you seek help from a free independent adviser, they will be non-judgemental and completely confidential.

3.1 Initial contact

During your initial contact with a debt adviser, you have the opportunity to explain your situation. The adviser may need to ask about the length of time you have had the debt, the reasons for getting into debt, and whether you have any insurance such as payment protection insurance (PPI). The adviser will want to see letters you have received and to know about any court action or other enforcement action against you, but do not delay going to an interview if you cannot find these.

The adviser will ask you for information about your home life. This can include details of people you live with (such as their income and how much they contribute), any illness or disability (including mental health) you or the people you live with have, and other personal details.

Do not be alarmed if the questions seem probing and personal. Your debt adviser needs to get a full picture of your situation to best understand how to support you. The adviser builds a picture of your situation and your needs, so they can advise you on your options and act on your behalf, if you agree.

3.2 Looking at your finances

Your adviser may carry out a benefit check to work out if you are entitled to any other financial support or benefits. They may help you to search and apply for a grant from a charity or trust if you wish to do so.

The adviser can help you complete a financial statement based on the money you have coming in and going out. You must agree a realistic budget with the adviser based on your individual circumstances and this may mean you need to cut back on non-essential spending. It ensures you budget enough money for essential items, such as fuel and food, before allocating any money towards your debts. If you do not know what you spend, it may be useful to keep a diary to help work out where your money goes.

3.3 Discussing your options

When you complete a financial statement, your adviser explores with you the options available for dealing with your debts. These options depend on whether debts are '*priority debts*', whether you are liable for the debts, and whether you have money left over after essential expenditure.

The adviser looks at whether your circumstances are likely to change or remain the same as this can affect your options. For example, if you are near retirement, your circumstances are likely to be reviewed once you stop work. A copy of your financial statement is sent to your creditors to show them your financial situation and to justify payment proposals made to them.

3.4 Will my adviser speak to my creditors on my behalf?

Your adviser may negotiate with your creditors if they offer a case-work service. This means making telephone calls, sending letters, and negotiating repayments. They may challenge your liability for debts if they think you are not liable or the debt is unenforceable.

If you do not have any money to offer your creditors and your situation is not likely to improve in the foreseeable future, your adviser can explore other options, such as a temporary suspension of repayments, bankruptcy or a debt relief order.

3.5 Are debt advisers qualified or licensed?

Your debt adviser must be licenced by the Financial Conduct Authority (FCA) to provide debt advice and negotiate with creditors on your behalf.

You may be sent to another qualified organisation better suited to your individual circumstances. Some debt advisers gain accreditation and are qualified through the Institute of Money Advisers (IMA). Ask your adviser if they hold this accreditation and whether they are an IMA member.

4 How to prioritise debts and get organised

It is important to prioritise certain debts and pay them off before others, as some are more serious. This section helps you organise them into:

- emergency debts
- priority debts, and
- non-priority debts

If you seek advice from a debt adviser, you are likely to need to provide them with a range of information about all these types of debts, so any advice given and options discussed are based on your particular circumstances.

4.1 Emergency debts

Finding yourself on the receiving end of a threatening phone call or letter demanding payment in full can seem like an emergency – especially if the creditor is demanding a debt be repaid immediately. In reality, there are few things that constitute an emergency.

Debt emergencies carry a very imminent threat to your home, freedom or possessions. If your debts fall into this category, seek advice from a debt advice service immediately. Examples of debt emergencies include:

- receiving a Committal to Prison order from the Magistrates' court (for non-payment of council tax)
- bailiff warrant about to be executed (belongings seized)
- eviction notice served or repossession action by a lender
- energy supply about to be cut-off.

You should address these debts before doing anything else, because time can make all the difference.

You can come back to other debts once you have prevented any immediate emergency or crisis.

4.2 Priority and non-priority debts

Juggling household expenses is often quite a task, especially if bills are due on different dates or you use different methods to pay different bills. You may find you do not have enough money to pay all your bills, and deciding which ones to pay is not always easy.

As a general rule, if you do not have enough money to pay all your bills, ask yourself, "*What happens if I do not pay?*"

The most important thing is to keep a roof over your head and avoid a prison sentence and bailiff action. As such, it makes sense to put your rent, mortgage and Council Tax first.

If you miss a payment on your credit card or loan, your ability to obtain credit in future may be affected, but this can improve over time, unlike a criminal record or eviction.

On the next page are listed some typical household bills and the consequences of non-payment. They are split into '*priority*' and '*non-priority*' debts, as some have harsher consequences than others.

| Priority debts | Consequence of non-payment |
|---|-----------------------------------|
| Rent/mortgage/secured loan arrears | Eviction from your home |
| Council Tax arrears | Bailiffs/imprisonment |
| Magistrates' court fines | Bailiffs/imprisonment |
| Income tax/National Insurance and VAT arrears | Bailiffs/bankruptcy/imprisonment |
| Fuel debt | Supply cut-off |
| TV licence | £1000 fine |
| Hire purchase for an essential item | Repossession of goods |
| Non priority debts | |
| Credit card/unsecured loan | Court order |
| Water debt | Court order |
| Catalogue debt | Court order |
| Phone bill | Disconnection/court order |

Note

The consequences above are worst-case scenarios – seeking debt advice early gives you a good chance of avoiding them.

4.3 Gathering relevant information

Gathering information about your debts before seeking advice can speed up the process. Your first appointment can be spent assessing your circumstances and options for dealing with your debt, rather than asking you to gather more information. An adviser is likely to need:

- bank statements for the last three months
- proof of any income (such as wage slips or benefit award letters)
- a list of everyone you owe money to and balances (estimates will do), including money owed to friends or relatives
- all letters/emails about your debts (including debts you jointly owe with a partner or ex-partner and debts you have acted as guarantor for).

Try to gather as many of these as you can before you go to a debt adviser because you need to complete an accurate financial statement showing your income and expenditure. However, do not delay seeking advice if you cannot find some, or all, of this information.

Cannot find your paperwork?

If you do not have all the information above, ask for it if possible. Some things, like bank statements, may show benefits or income you receive and may be sufficient for your financial statement.

Consider writing to creditors asking them to suspend recovery action and any interest and penalty charges while you seek advice. This is known as a '*holding letter*' and creditors should suspend recovery action temporarily if they know you are seeking advice. See section 8 for a template holding letter.

If your debt adviser provides a case-work service, they may send holding letters on your behalf, if you have not contacted creditors.

If you are not sure who you owe money to, request a credit report which shows any creditors. It may not tell you whether your debt has been passed to a debt collection agency. The three main credit reference agencies are Equifax, Experian and Callcredit.

Note

If creditors refuse to suspend recovery of a debt, seek advice immediately. Do not be pressured into agreeing a repayment you cannot afford until you have got advice or prepared a financial statement. FCA guidance on responsible lending says lenders should suspend active recovery of a debt for a reasonable period where a customer tells them they are seeking debt advice.

5 Liability for debts

There are many factors to consider in relation to your liability for debts. If unsure, always seek free independent debt advice.

5.1 A long time has passed since you acknowledged a debt

If it has been many years since you last made a payment towards a debt, wrote to a creditor or an agent acting on their behalf, or made any acknowledgement that you owe a debt, seek advice. Debts are subject to time limits and providing court action has not been taken, the debt may be unenforceable.

As a general guide, if you have not acknowledged a debt for six years in England and Wales, the debt may be unenforceable (one notable exception is mortgage arrears that are subject to a 12-year limit).

5.2 Your husband, wife or civil partner has died

If your spouse or civil partner had debts in their sole name before they died, you are not necessarily liable for them. Their estate does remain liable and any debts need to be paid out of this, if there is money available. This can extend to jointly owned property. For more information, see factsheet 14, *Dealing with an estate*. Check if your partner had insurance policies that cover debts in the event of death.

If your council tax or utility bills are in the name of your late spouse or civil partner, you may be liable even if your name is not on the bill. If your debts are in joint names and you both signed an agreement, you are known as '*jointly and severally liable*' for outstanding debts. This means the creditor can pursue you for the whole amount, not half.

5.3 You are a guarantor for a credit agreement

If you signed a credit agreement as a guarantor to enable someone else to take out credit, you are jointly or severally liable for the debt if they are unable to make payments.

Check your obligations under the terms and conditions of the credit agreement and seek advice if the person who took out the credit agreement is unable to repay. If, as a guarantor, you make repayments towards their debt, you have a right to claim the money back from them, through the County Court if necessary.

5.4 Misrepresentation, fraud and duress

If you feel you do not owe a debt, have been harassed, bullied or the victim of fraud by someone else to sign something you did not want to sign, seek independent advice straight away.

Common scams include being called and asked about your personal and financial details and a courier coming to your home to request you sign documents about financial products such as private pensions.

5.5 Mental capacity

Creditors have a responsibility to take reasonable steps to establish whether a borrower is known (or reasonably known) to lack the mental capacity to make informed borrowing decisions and understand what they are entering into. However, if you lack mental capacity to take a form of credit, this does not automatically mean you are not liable for repayment. Seek advice if you think this applies to you.

6 Income and expenditure

Once you have prioritised your debts and made sure you are actually liable for them, look at your income and expenditure so you can assess your options for dealing with your debts.

6.1 Increase your income

An important part of dealing with debt is ensuring you receive all the money you are entitled to. There are different financial benefits available depending on your situation.

An easy way to find out if you are entitled to extra money is to complete an online benefit calculation tool, such as the Age UK benefit calculator on our website. If you do not have access to the internet, visit your local Age UK or another advice agency.

Questions to ask yourself

- Can you save money by switching energy supplier? (See factsheet 82, *Getting the best energy deal*)
- Are you claiming Housing Benefit or Council Tax Support? (See factsheet 17, *Housing Benefit* and factsheet 21, *Council Tax*. In Wales, see Age Cymru's factsheet 21w)
- Do you receive Pension Credit? (See factsheet 48, *Pension Credit*)
- Do you receive concessionary travel from your local authority?
- Do you have an occupational or private pension that could give you extra income or a lump sum? (See factsheet 91, *Pension Freedom and benefits*)
- Grants – are you entitled to a grant or other support from a benevolent and charitable organisation? Many large employers have benevolent funds or trusts open to former employees.

6.2 Creating a financial statement

After making sure you receive everything you are entitled to, make a list of all your income and expenditure (see example in section 9). This is called a financial statement and can be used to justify proposed repayment amounts to a creditor. If you have contacted a debt adviser, they can help you.

When listing income and expenditure, it is a good idea to review spending and unnecessary expenditure. Consider cutting back where possible but ensure you budget enough money to cover essential housing costs and food. Any money left over after covering essentials is called your '*disposable income*'.

7 Options for dealing with debt

After creating a financial statement, you have an idea whether you have excess money to put towards paying off your debts. Even if you do not, there are options to consider when deciding how best to deal with your debts. Always seek specialist debt advice before deciding how to deal with your debts, as some options may not be in your best interests.

7.1 Negotiating repayment arrangement with creditors

If you are struggling to make agreed payments or you have missed one, contact your creditors as soon as possible to let them know. It is a good idea to do this in writing or email so you can keep a record of correspondence. This is when your personal budget sheet/financial statement can prove useful.

When you complete your financial statement, you can see if there is any money left to offer creditors. If there is money left after essential household bills, offer priority creditors some of the money first and if anything is left, offer some to non-priority creditors.

Calculate a fair offer if you have multiple debts

If you have multiple debts and you have some disposable income available, you can divide it equally between creditors on an '*equitable*' and '*pro-rata*' basis. This means each creditor receives a fair portion of spare income, relative to the size of the outstanding debt owed.

7.2 Debt management plan through a third party

If you have disposable income from which you can offer reduced payments to creditors, a debt management plan (DMP) may be an option. A DMP is usually set up with a third party organisation who manages payments to each creditor on your behalf. Providing your offers are accepted, you only need to make one monthly payment and speak to one organisation. DMPs are available free of charge from voluntary or charitable organisations and are distinct from fee charging organisations.

DMPs mean you only have to contact one agency, rather than all your creditors individually, removing some stress. However, many do not deal with priority debts. If you use a DMP, it can take many years to clear debts and you may want to explore other options.

Note

Be wary of organisations charging fees for debt management services, as paying them to manage your debt means it takes longer to pay it off.

7.3 Full and final settlement offer

If you have received, or expect to receive, a lump sum of money (for example through selling your home, a pension or an inheritance), consider making a reduced offer to your creditors as a full and final settlement of your debt. This is where you make a one-off payment to your creditors instead of the full amount of debt.

Creditors may accept an arrangement if you do not have regular disposable income from which to offer repayments. Seek independent advice to ensure any offers you make are binding on the creditor.

7.4 Releasing equity from your home

If you have paid off your mortgage or have equity in your home, one option is to release some equity and use it to settle your debts. It is very important to seek advice and thoroughly consider the implications of doing this. Some plans involve the forced sale of your property when you pass away. You need to establish a manageable long-term budget to make sure debts do not arise again in the future. For more information, see factsheet 65, *Equity release*.

7.5 No disposable income

If you do not have any disposable income to make an offer to your creditors, you may need to consider one of the following.

Temporary suspension of debt recovery

If you anticipate an increased income in the future, consider asking your creditors to suspend payments for a period of time, usually 3–6 months, after which your situation is reviewed. This is known as a '*moratorium*'.

This can be useful if, for example, you expect a change of circumstances such as finding employment or the sale of an asset. A moratorium may be appropriate if you are paying off priority debts such as rent arrears and cannot afford to pay anything towards non-priority debts such as credit cards. If you take this course of action, ask the creditor to suspend any interest and penalty charges too.

Token payments

If you have a small number of debts and little disposable income or if your creditors refuse to accept a moratorium or suspension of debt repayments, offer to make token payments towards your debts. This usually involves making minimal payments (50p or £1 a month) as a token gesture, which is usually for a set period of time.

This demonstrates to creditors you are making efforts to pay something towards your debts, although this is not a long-term solution as you never pay off your debts. It may not be suitable if you have lots of creditors as it can be very expensive to pay each creditor £1 per month.

Write-off

If after a moratorium or period of token payments, your situation has not improved or is unlikely to improve in the foreseeable future, consider asking creditors to write off some, or all, of the debt. This may be useful if you have a chronic or long term illness or disability. You need to provide evidence from your doctor and/or social services.

7.6 Deductions from benefits to pay essential bills

It is possible for creditors to collect money from social security benefits to pay essential bills. If you missed several payments or have not been able to make acceptable repayment arrangements, creditors may ask the DWP to make deductions to pay arrears and this can include on-going costs.

Only priority bills can be paid off this way and include:

- housing costs excluding mortgage interest (for current address)
- care home fees
- rent arrears and service charges (for current address)
- water and sewerage charges (for current provider)
- fuel costs (for current provider)
- Council Tax arrears
- unpaid fines
- Child Maintenance.

These deductions are known as '*Third Party Deductions*' and should be used only where other repayment arrangements have been unsuccessful. Usually the creditor, landlord or local authority discuss this with you before making deductions, although in some circumstances creditors can apply to the DWP for a payment without your consent.

Limits on how much money can be deducted

There are rules about the total amount that can be taken out of your benefits, depending on your total income and whether you are repaying any loans or advances of benefit to the DWP. For more information including current deduction rates, contact the Pension Service or your local Jobcentre Plus office.

7.7 Benefit overpayments

If you are overpaid a social security benefit or tax credit, you may be asked to repay the overpayment. DWP guidance states that, when you are challenging a decision that you have been overpaid, no recovery of the overpayment should take place until the outcome of the challenge is known. You can also ask DWP or HMRC to use their discretion not to recover the overpayment although they may not agree to this.

7.8 Frequently asked questions

I am receiving debt advice and my creditors are still calling me to demand payments – are they allowed to do this?

FCA guidance on debt collection states it may be considered unfair and improper for a creditor to refuse to suspend the active pursuit of recovery of a debt for a reasonable period when it is clear you are developing repayment plans or seeking help to do this through a third party representative. Tell your debt adviser who can help with any complaints.

How can I complain about my creditor?

If you are not satisfied with an aspect of a creditor's conduct or service, you have a right to complain and receive a detailed response within eight weeks. Always request details of their complaints process and follow this until you get a response. If you are not satisfied with their response to your complaint, consider referring the matter to the free and independent Financial Ombudsman Service (FOS).

Using the FOS can be an effective way of resolving a dispute without having to go to court. They investigate the details of your complaint and provide you with their findings, which may or may not uphold your complaint. If you choose to accept their findings, this is a binding decision on the creditor or business you are complaining about.

I've received a 'default notice' from my lender – what does this mean?

A default notice is a formal notice from your creditor advising you that you have breached an agreement entered into with them. It states you have missed agreed payments and what you need to do to put this right. If you do nothing, they can issue a claim against you in the County Court, which could lead to enforcement being used, for example, a bailiff.

Creditors should only pursue this as a last resort, so make sure you get advice and make an offer of payment, especially if you cannot afford the payment or dispute the debt.

What if I cannot afford a payment that has already been reduced?

If you have an arrangement for reduced payments but you cannot make a payment, do not panic. If you have a debt adviser, let them know as soon as possible.

Otherwise, contact the creditor and explain any change of circumstances. You may need to review your financial statement to make sure your payment arrangements are realistic. Creditors often try to assess whether a customer '*can't pay*' or '*won't pay*'. They are far more likely to be flexible if you keep them informed of any changes.

I have rent arrears and council tax arrears, and am worried about being evicted from my home – what can I do?

If you are struggling with rent or Council Tax payments, seek advice immediately. Rent and Council Tax are priority debts and if you do not address them you could face legal action. Check if you are entitled to Housing Benefit and Council Tax Support.

I have received a County Court claim for a credit card debt I owe – what does this mean?

The court claim form is a formal declaration to the court that states what the creditor claims you owe and what action the creditor has taken to try to obtain payment. The form asks the court to agree you owe the money and to allow enforcement to commence via the court.

This means if you still do not pay the debt, the creditor can use methods of enforcement to recover the debt, such as bailiffs to seize goods from your home. If you receive a court claim, seek advice and act straight away. You have the chance to dispute you owe the debt or you can propose a repayment arrangement.

7.9 Insolvency options

If none of the above options work, you may wish to look into insolvency. Always seek specialist debt advice as these options have serious consequences, such as difficulty in getting credit in the future.

Debt Relief Order (DRO)

A DRO is an alternative to bankruptcy for people on a low income. To qualify, your debts must not exceed £20,000 and you must have less than £50 a month disposable income, after paying essential bills. You must not have assets worth more than £1,000, so homeowners are excluded.

A DRO protects you from enforcement action from creditors for 12 months. After this period, if your circumstances remain the same, your debts are written off.

Bankruptcy

Bankruptcy means your debts are taken over by the Official Receiver, who establishes if you are able to pay anything towards your debts or whether the debts should be written off completely. You can file a petition for your own bankruptcy. If you owe more than £5,000, creditors can apply to make you bankrupt. In either case, seek advice when considering the implications of bankruptcy.

Once you have been declared bankrupt, your creditors should no longer contact you directly regarding your debts and are notified of your bankruptcy. It is recorded on your credit file for six years and can make it difficult to obtain credit during this time.

Individual Voluntary Arrangement (IVA)

An IVA is a legally binding agreement between a debtor and their creditors to repay debts over a negotiated length of time. An IVA is authorised by a court and supervised by a qualified Insolvency Practitioner who works with you to produce a financial statement and offers of repayment to each of your creditors.

IVAs are more suitable for people with assets or larger available income. Your IVA may contain specific conditions about how you manage your money during the period of your IVA.

Administration Order

An Administration Order may be appropriate if you have one or more creditors, one of which must be a County Court judgment and debts of £5,000 or less. Similar to a debt management plan, you make one regular payment that is distributed by the County Court on a pro-rata basis.

The court can order you to pay back less than you owe. Once an order is granted, any creditors included cannot take further enforcement action. Administration orders are entered on the Register of Judgments, Orders and Fines and recorded with credit reference agencies for six years. This can make it difficult for you to obtain credit in the future.

8 Holding letter template

This letter can be used to send to creditors to request time to sort through your affairs and seek advice. It informs creditors you are dealing with your debts and will be in touch with proposals once you have sought advice. Enter your personal details e.g. address, reference, etc

[Your address]

[Name and address of your creditor]

[Date]

Dear Sir/Madam

Re: Account/Reference Number [Debt reference number/code]

I am writing to tell you that I am seeking advice and assistance regarding my current financial difficulties.

Because of this, I would appreciate it if you could hold any action on the above account for a period of at least 30 days.

Also, during this period, can you freeze interest and/or any other charges accruing on the account.

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

Yours faithfully

[Your name]

9 Budget sheet

Income (weekly/monthly)

| | |
|---------------------|--|
| Wages/salary | |
| Benefits | |
| Other | |
| Total income | |

Outgoings (weekly/monthly)

| | |
|-----------------------------|--|
| Rent/mortgage | |
| Service charges/ground rent | |
| Insurance | |
| Council Tax | |
| Electricity | |
| Gas | |
| Water | |
| Telephone | |
| Internet | |
| TV licence | |
| TV subscriptions | |
| Food | |
| Housekeeping | |
| Childcare | |
| Pets | |
| Repairs/maintenance | |
| Clothing | |
| Travel | |
| Health costs | |
| Entertainment | |
| Other | |
| Total outgoings | |

Total income minus total outgoings: £.....

Useful organisations

Callcredit

www.callcredit.co.uk

Telephone 0330 024 7574 (for queries on your credit report)

Credit reference agency offering information about your credit history.

Citizens Advice

England or Wales go to www.citizensadvice.org.uk

In England telephone 0344 411 1444

In Wales telephone 0344 477 2020

National network of advice centres offering free, confidential, independent advice, face to face or by telephone.

Equifax

www.equifax.co.uk

Credit reference agency offering information about your credit history.

Experian

www.experian.co.uk

Telephone 0344 481 0800 or 0800 013 88 88

Credit reference agency offering information about your credit history.

Financial Conduct Authority

www.fca.org.uk

Telephone 0800 111 6768 or 0300 500 8082

Regulator of the debt advice industry

Financial Ombudsman Service

www.financial-ombudsman.org.uk

Telephone 0800 023 4567 or 0300 123 9 123

An independent expert body to settle disputes between consumers and businesses providing financial services.

Gov.uk

www.gov.uk

Official government website for citizens with easy access to and information about public services including money, tax and benefits and a specific section for the over-50s.

Her Majesty's Revenue & Customs (HMRC)

www.hmrc.gov.uk

Telephone 0300 200 3300

Contact HMRC for information about taxes.

The Insolvency Service

www.gov.uk/government/organisations/insolvency-service

Telephone 0300 678 0015 (Insolvency helpline)

Part of the Department for Business, Energy & Industrial Strategy, they provide information about insolvency, and administers bankruptcies and debt relief orders in the UK.

Jobcentre Plus

www.gov.uk/contact-jobcentre-plus

Telephone 0800 055 6688

For information about job seeking and welfare benefits, including queries about third party deductions from your welfare benefits.

Money Advice Service (The)

www.moneyadviceservice.org.uk

Telephone 0800 138 7777 (English)

Telephone 0300 330 0520 (Welsh)

Free money advice on life events, such as pensions and retirement or divorce and separation, and everyday money advice covering basic banking, insurance and offering a range of financial planning tools.

National Debtline

www.nationaldebtline.org

Telephone 0808 808 4000

National telephone helpline for people with debt problems in England, Scotland and Wales. The service is free, confidential and independent.

Payplan

www.payplan.com

Telephone 0800 274 2303

A free service offering advice and help setting up a repayment plan.

Pension Service (The)

www.gov.uk/browse/working/state-pension

Telephone 0800 731 0469

State Pension Forecasting Team 0800 731 0176

For details of state pensions, including forecasts and how to claim your pension.

Shelter

www.shelter.org.uk

Telephone 0808 800 4444 (free call)

Shelter Cymru

www.sheltercymru.org.uk

Telephone 0345 075 5005

Charity providing advice to people with housing problems on tenancy rights, homelessness, repairs and housing benefit.

StepChange Debt Charity

www.stepchange.org

Telephone 0800 138 1111

Offers free and independent debt advice and can help explore your options including setting up a debt management plan.

Turn2us

www.turn2us.org.uk

Telephone 0808 802 2000

Offer free benefit entitlement check and database of charitable grants and other financial help.

Age UK

Age UK provides advice and information for people in later life through our Age UK Advice line, publications and online. Call Age UK Advice or Age Cymru Advice to find out whether there is a local Age UK near you, and to order free copies of our information guides and factsheets.

Age UK Advice

www.ageuk.org.uk

0800 169 65 65

Lines are open seven days a week from 8.00am to 7.00pm

In Wales contact

Age Cymru Advice

www.agecymru.org.uk

0800 022 3444

In Northern Ireland contact

Age NI

www.ageni.org

0808 808 7575

In Scotland contact

Age Scotland

www.agescotland.org.uk

0800 124 4222

Support our work

We rely on donations from our supporters to provide our guides and factsheets for free. If you would like to help us continue to provide vital services, support, information and advice, please make a donation today by visiting www.ageuk.org.uk/donate or by calling 0800 169 87 87.

Our publications are available in large print and audio formats



Next update August 2019

The evidence sources used to create this factsheet are available on request. Contact resources@ageuk.org.uk

This factsheet has been prepared by Age UK and contains general advice only, which we hope will be of use to you. Nothing in this factsheet should be construed as the giving of specific advice and it should not be relied on as a basis for any decision or action. Neither Age UK nor any of its subsidiary companies or charities accepts any liability arising from its use. We aim to ensure that the information is as up to date and accurate as possible, but please be warned that certain areas are subject to change from time to time. Please note that the inclusion of named agencies, websites, companies, products, services or publications in this factsheet does not constitute a recommendation or endorsement by Age UK or any of its subsidiary companies or charities.

Every effort has been made to ensure that the information contained in this factsheet is correct. However, things do change, so it is always a good idea to seek expert advice on your personal situation.

Age UK is a charitable company limited by guarantee and registered in England and Wales (registered charity number 1128267 and registered company number 6825798). The registered address is Tavis House, 1–6 Tavistock Square, London WC1H 9NA. Age UK and its subsidiary companies and charities form the Age UK Group, dedicated to improving later life.