

ABOUT US

DEBT GUIDANCE

Hafod is a housing association registered with the Welsh Assembly Government. We are a non-profit making organisation and operate under strict controls. We work with local authorities and other agencies to provide homes and services to people in housing need across South East Wales.

For further information about Hafod please visit our website at www.hafod.org.uk or phone us on 02920 675800.



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DEBT GUIDANCE

getting your finances
back on track



making a difference

ABOUT THIS BOOKLET

Sometime during our lives most of us will overspend and get into debt. We can get our finances back on track by cutting down on a few luxuries like holidays and socialising but at times the situation is a little more serious. This booklet provides advice on what to do if you find yourself in financial difficulties and information about where to go for help.

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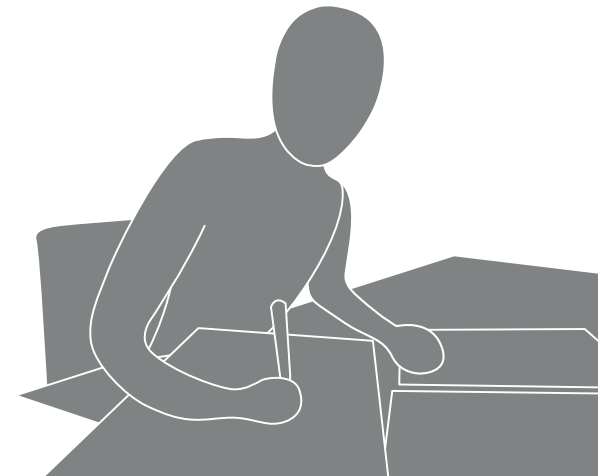
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Debts can arise when you are spending more money than you have coming in.

You might borrow money or stop paying bills because of:

- Unemployment
- High pressure doorstep tactics
- Sickness
- Bereavement
- Relationship breakdown
- Easily available credit

Lots of people are in the same or similar situations to you, so don't feel ashamed to ask for help.



FACING UP TO YOUR DEBTS

THINGS YOU SHOULD KNOW

It is often tempting to put off dealing with your debts but facing up to the problem will put you in control of the situation and help you feel better. Here are some things you should do:

WORKING IT OUT

Getting your paperwork together is one of the first steps to improving your situation. This can seem difficult if debts are being passed to different collection agencies and you have lost track of exactly how much you owe but account and reference numbers will be quoted on all correspondence, so this should help you. Don't worry if you can't find everything; a debt adviser will still be able to help you.

PRIORITY DEBTS

Pay your priority debts such as your rent, utilities and Council Tax **over and above** your non-priority debts.

BORROWING

Do not be tempted to borrow further money. As well as getting further into debt, further loans are likely to incur higher interest rates.

NEGOTIATE PAYMENT AGREEMENTS

Speak to your creditors and ask them to stop further action whilst you seek further assistance. Write to or email your creditors, quoting your reference numbers and explain the situation. At this point your creditors might try to pressure you into paying; do not enter into any unrealistic arrangements

with your creditors. If you cannot meet their requests tell them and seek further advice. Keep a record of all dates, telephone conversations and letters. If you don't seem to be making any progress contact one of the agencies at the back of this booklet for help.

BENEFIT ENTITLEMENT

You may be able to increase your income by claiming additional benefits and Tax Credits. Check your benefit entitlement with our Shelter Cymru Housing Benefit Advisers. If you or your partner or your children are sick or have a disability, you may be entitled to sickness or disability benefits.

FURTHER HELP

You can seek professional advice from agencies such as the Citizens Advice Bureau, the Consumer Credit Counselling Service or any of the other organisations listed at the back of this publication.

You might see adverts from finance companies offering to manage your debts for you. They often want a deposit and charge a monthly fee, which will leave you with less money to pay your debts with. You can seek free and confidential advice from the independent specialist agencies listed at the back of this publication. and Customs Enquiry Centre.

PRIORITY AND NON-PRIORITY DEBTS

Some debts are more important than others because there can be serious consequences if you don't pay so it's important to act quickly. You should be given notice of any actions taken against you, allowing you time to seek further advice.

Here is a list of priority debts and the consequences of non-payment:

TYPE OF DEBT	CONSEQUENCE
Rent	Loss of home
Council Tax	Attachment of earnings / bailiffs / prison
Gas / electricity	Pre-payment meter / disconnection
TV licence	Fine / prison
Telephone	Disconnection
Hire purchase	Loss of goods
Child Support	Attachment of earnings / bailiffs / prison
Magistrates' fines	Bailiffs / prison
County Court Judgments	Attachment of earnings / bailiffs
Income Tax, National Insurance, VAT	Bailiffs / prison / bankruptcy
Hire purchase on a car	Loss of car

Non-priority debts include credit cards, doorstep lending, bank loans and overdrafts, loans from friends and family and catalogue debts. This is because the creditor can't do things like take away your home. They will continue to send letters and send debt collectors though, so don't be

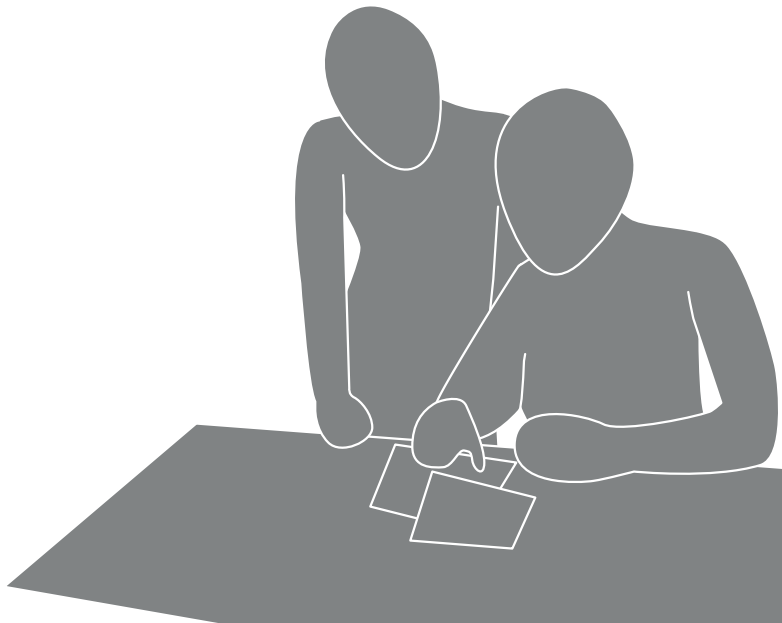
tempted to bury your head in the sand; the longer you leave it the worse it will be. You should still seek advice to manage the problem.

Contact your area office early on, who will be able to advise you on what you should do next.

GETTING EXPERT HELP

WHAT TO EXPECT

A debt adviser will help you to make informed choices about your situation. They provide an impartial and confidential service and work within very strict codes of practice.



“ the adviser will try to make you feel at ease; you should not feel embarrassed or ashamed about your situation ”

It is important that the adviser gets a complete picture of your circumstances so they will spend sometime discussing your debts with you. If you share the bills with someone else it is important that they also go along to the appointment because the whole household must be included in the advice. Make sure you tell the adviser about **all** of your debts. The adviser will try to make you feel at ease; you should not feel embarrassed or ashamed about your situation.

The adviser will then calculate your income and look at income maximisation, in case you are missing out on some income such as benefits or contributions from adult members of the household. They will look at your outgoings and discuss any overspends with you, for example, are you using the cheapest utilities supplier?

The adviser will then look at how to begin repaying your priority debts such as your rent and Council Tax and explain the consequences of not paying these. Once the priority debts are addressed, the adviser will look at strategies for dealing with your non-priority debts such as credit cards and loans.

The adviser will usually negotiate small monthly repayments with your creditors. The process can take several weeks and in the meantime you may continue to receive threatening letters from your creditors but don't panic. It is important that you do not enter into any other agreement with your creditors at this stage because it will undermine the process. Instead, you should tell them that your debts are in the hands of a professional debt adviser.

DEALING WITH AN EMERGENCY

There are some situations which need immediate action and specialist debt advice. This section explains what you should do in these circumstances.

BAILIFFS AND PREVENTING SEIZURE

- do not let bailiffs into your property unless they have a walking possession order. If you are unsure about this seek advice from a debt adviser urgently
- you can apply to suspend a County Court bailiff's order by applying on an N245 at the County Court as soon as possible with a payment offer

- you can try asking the local authority to withdraw the warrant if Council Tax bailiffs make an appointment to call at your property. You can make an offer of payment on the doorstep
- you can ask a Magistrates' bailiff for time to pay but success is unlikely
- always seek advice if you receive notice that a bailiff will call to your property from one of the agencies listed at the back of this publication

IMPRISONMENT

- if you refuse to pay your Council Tax bill, the Council might apply to the Magistrates' Court for committal to prison. If this happens you should seek legal

representation and provide a financial statement with a realistic offer of payment

DISCONNECTION OF UTILITY

- in order to disconnect your gas or electric, your supplier must obtain a court order. Your gas and electric should not be disconnected if there is an on-going dispute between you and your supplier about the amount owed
- suppliers must follow codes of practice if there are vulnerable people (children, elderly etc) living in the property
- get advice from a debt specialist immediately. See the back of this publication for details

USEFUL CONTACTS

CITIZENS ADVICE WEBSITE

www.adviceguide.org.uk

COMMUNITY LEGAL ADVICE

www.clsdirect.org.uk

Tel: 0845 345 4 345

CONSUMER CREDIT COUNSELLING SERVICE

www.cccs.co.uk

Tel: 0800 138 1111

NATIONAL DEBTLINE

www.nationaldebtline.co.uk

Freephone 0808 808 4000

Monday to Friday 9am to 9pm

Saturday 9.30am to 1pm

PAYPLAN

www.payplan.co.uk

Tel: 0800 917 7823

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QUERIES

If you have any queries, comments or need any further information please contact us by telephone, in person, by post or via our website:

Hafod Housing Association
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