

## Dealing with debt

If you are in debt don't panic, there are things that you can do. However it is important to do something as the problem won't just go away.

### Step one

The first thing that you should do is make a list of all the people that you owe money to (creditors) and how much you owe them. If you disagree with the amount that a creditor says that you owe you should seek specialist advice.

You then need to work out which debts to deal with first. Some debts have serious consequences if you do not pay them. These are known as priority debts and include:

- Rent arrears
- Council tax arrears
- Court fines
- Fuel arrears
- Income tax arrears
- Arrears of maintenance

Other debts such as credit cards, loans, benefit overpayments and catalogue debts are known as non-priority debts.

### Step two

Next you need to work out a budget by listing all of the money that your household has coming in, as well as all of the expenses that you have. It is important to be honest and realistic about this – remember you may have to stick to it for some time. Using a budget sheet will help. Once you've completed a budget you will be able to see how much money you've got left to pay your debts. If you have no money left over and you do not think that your situation is likely to change in the near future you should seek specialist advice.

A budgeting sheet is available from National Debtline here:

[www.nationaldebtline.co.uk/england\\_wales/budget\\_sheet.php](http://www.nationaldebtline.co.uk/england_wales/budget_sheet.php)

### Step three

Once you know how much money you have left over, you should contact each of your priority creditors and try to come to an arrangement to pay them back. They may ask you to send them a copy of your budget sheet. You should ask for confirmation of the agreement in writing. Once you have made an arrangement with your priority creditors it is very important that you stick to it.

Sample letters are available from National Debtline here:

[www.nationaldebtline.co.uk/england\\_wales/debt\\_advice.php#6](http://www.nationaldebtline.co.uk/england_wales/debt_advice.php#6)

### Step four

If you have any money left over after your priority creditors have been paid, you can also contact your non-priority creditors to make offers to them as well. If you don't have any money left you should seek advice.

### Other options

Besides making offers to your creditors, there are other options for dealing with your debts. These include Administration Orders, Individual Voluntary Arrangements and Bankruptcy. If you want further information about any of these options you should seek independent specialist advice.

### Independent Advice

Independent specialist advice on dealing with debt can be obtained from the following organisations:

Citizens Advice Bureau

Telephone: 08444994188

[www.adviceguide.org.uk/](http://www.adviceguide.org.uk/)

National Debtline

0808 808 4000

[www.nationaldebtline.co.uk/](http://www.nationaldebtline.co.uk/)

Consumer Credit Counselling Service

0800 138 1111

[www.cccs.co.uk/](http://www.cccs.co.uk/)

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