



Money Worries: Help with Debt

If you are in debt, don't panic.

But it is important to do something, because the problem won't just go away.



Don't ignore calls or letters from the people you owe money to; respond to all letters and bills; contact them and explain why you're having problems and make arrangements with them to pay a small amount while you organise yourself to get back in control of your finances.

Making a list of your debts

Before you can tackle a debt problem, you need to collect together all the information about your money affairs. Make a list of **ALL** your creditors (the people you owe money to). You will need the following information for each debt:

- The name and address of the creditor
- The account or reference number
- The amount you owe

Once you've got a list, you need to work out which ones to deal with first.

You need to deal with some debts first before others because the consequences of not paying these debts can be more serious than for other debts. The debts you deal with first are called **priority debts**. The rest are called **non-priority debts**.

Priority Debts

Priority Debts include:

- Rent arrears - if you don't pay these you could lose your home.
- Fuel arrears - if you don't pay these your fuel could be cut off.
- Court fines
- Income tax or VAT arrears



Non-Priority Debts



Non-Priority Debts include:

- Credit debts such as overdrafts, loans, hire purchase, credit cards and catalogue
- Student loans
- Money borrowed from friends or family

You can't be sent to prison for not paying non-priority debts, **but**, if you don't make any offers to pay without explaining why, your creditors may take you to court.

Work out your budgets

List all the income and expenses for your household. Be honest and make sure that the amounts are realistic.

Under income, include earnings for yourself and your partner, any benefits you are paid including Child Benefit and Tax Credits, maintenance from an ex-partner for you or your children, contributions from other family members of your family or lodgers.

Under expenses, include housekeeping, food, cigarettes and pet food, rent, secured loans, life insurance, home contents insurance, fuel charges, telephone charges, travel expenses including public transport, road tax, car insurance and maintenance, childcare costs, TV licence and any TV rental costs, clothes and any other essential expenses.

When you've added up all the figures, you'll see if you have any money left over to pay your debts. You may even be able to see if you can make some savings.

An advice agency can help you draw up a budget and help you increase your income if this is possible.

If you can't afford to pay anything to your priority creditors and your situation isn't likely to get better, the outcome may be very serious.

Get free advice straight away from one of the agencies listed below:



Citizens Advice Bureau Northern Ireland

028 9023 1120

info@citizensadvice.co.uk

www.citizensadvice.co.uk

Debtline NI

Everything is free and confidential from budgeting advice to practical debt management plans.

Free helpline Monday - Friday, 8:00am - 8:00pm

0800 027 4990