

guides in

money
skills Service

SELF HELP GUIDE

This self help guide will assist you in sorting out your debts and put you back in control of your finances.

Part of the Bolton Family

DEBT

This self help guide will assist you in sorting out your debts and put you back in control of your finances. Simply follow the steps set out below. If you experience any problems, contact Bolton's Money Skills Service. Details on the back page.

Identify the problem

- Make a list of all the people you owe money to, i.e. your Creditors. (You will find a creditors' sheet included in this Guide which you will find helpful when you are doing this.)
- Ensure that you owe the money.
- Do NOT take out any more credit.

Is there a crisis?

Are you threatened with losing something, which is essential to your needs? (e.g. is your home, gas/electric supply threatened?)

- If any of the above applies to you – urgent action is required.
- Contact the appropriate body straight away to arrange or discuss repayments.

If in doubt, contact your local Citizens Advice Bureau (CAB) or National Debtline.

Maximise your income

Are you receiving all the income you are entitled to?

- Can you claim Social Security Benefits or Tax Credits?
- Have you checked with your local Department of Work and Pensions?

Your local CAB or B.M.B.C Welfare Rights Service can offer advice on benefits available.

Are you paying too much tax?

Check your tax code by contacting your local tax office.

Are you entitled to a Council Tax Discount?

Can you get an extra part-time job for a while?

Personal Budget (See Budget Sheet)

Work out your family budget. Use the enclosed budget sheet for this. Include payments only to Priority Creditors. (See below for list of usual Priority Creditors).

Check that expenditure is realistic and that you feel confident that you could manage on these amounts for a long period of time.

Remember to include amounts for occasional expenditure i.e. Household repairs/maintenance.

Add up total Income and Expenditure and subtract one from the other – this will leave you with your surplus income. This is the amount you have to offer between your other creditors.

* If there is no surplus income, contact the CAB or Bolton Money Skills Service for further information and guidance.

Financial Statement

When you have completed your budget sheet and are satisfied with the figures, you should transfer these figures to the enclosed Financial Statement.

This will be sent to your creditors with a covering letter (see example) with your new reduced offer of repayment.

Priority Debts usually are:-

- Mortgage and arrears
- Rent and arrears
- Water
- Gas
- Electric
- Court fines
- Council tax
- Secured loans on your property
- T.V. licence

New repayment proposals to your creditors

To work out how much of your surplus income to offer to each of your creditors every month— (NB. If your figures are weekly ones, you will need to convert them to monthly amounts. Use the following calculation: multiply your weekly income by 52 and then divide it by 12 to give you your monthly surplus income.)

Do the following calculation for each creditor. (You may need to use a calculator.)

Amount owed to a Creditor Divided by Total amount owed to all Creditors	X	Monthly Surplus Income	=	Amount offered to creditor every month
Example £500 £2,500	X	£20	=	£4

Add this information to the bottom of your Financial Statement. Remember to keep a copy for yourself.

Enclosed is an example of a completed Financial Statement.

Keep to any arrangements made with your creditors. If your circumstances change, let them know immediately and repeat the process.

If you experience any problems, please contact Bolton Money Skills Service for further help to complete this form.

Always remember these basic rules

- Get in touch with creditors immediately and explain your difficulties. Go and see them or speak to them on the phone, or use the example letter on the separate sheet provided.
- If the first person you speak to is unhelpful, ask to speak to someone more senior who may be able to agree to what you want.
- Complete a Personal Budget Sheet.
- Tackle Priority Debts first – these are the types listed; which could mean you losing your home, or having your gas / electricity cut off, or going to prison. **DO NOT PANIC** - you cannot go to prison for ordinary debts such as credit cards, personal loans etc.
- Work out a reasonable offer to repay.
- Do not borrow money to pay off debts or consolidate your loans.
- Don't ignore creditors' letters or phone calls.

Important

- If you receive any official court papers it is very important to reply to them as soon as possible. You should supply a copy of your Financial Statement, so the court knows your financial circumstances.
- For ordinary consumer credit debts i.e. Personal Loans, Credit Cards etc – it is not necessary to attend court, but you must reply to the summons as above.
- Always try to attend court hearings for repossession of your home or car. Take a copy of your Financial Statement with you. Try not to worry about attending court it is not a Criminal Court and the hearings are usually in private.
- If you already have a County Court Judgement for a debt - it is very important to pay this regularly. If it is set too high, it can be reduced.
- Remember – Bolton's Money Skills Service are here to help with letters and forms and can explain what to do if you are asked to go to court.
- If you receive letters from bailiffs please see the National Debtline Website for more information.
- If in debt with your bank i.e. overdraft seek further advice.
- Other debt options may be more appropriate to sort your debt problem out. For example, Bankruptcy, Admin Order, IVA or Debt Relief Order.
- Please contact your local CAB or National Debtline for further advice.

Do not ignore the problem, it will not go away, and the longer you leave it, the worse it gets.

BUDGET SHEET

Date

Keep figures either monthly or weekly
Do not include arrears or credit debts

INCOME	
Wages	
Partner's Wages	
Jobseekers Allowance	
Income Support or Pension Credit	
Working Tax Credit	
Child Tax Credit	
Retirement or Work Pension	
Child Benefit	
Incapacity Benefit/ESA	
Maintenance	
Non Dependant Contributions	
Other	
TOTAL	

Include wages/salaries net (take home pay)

Include student grants/loans and other benefits including a lodger, working children

EXPENDITURE Housing

Rent/Mortgage	
2nd mortgage/secured loan	
Ground rent	
Service charges	
Home repairs	
Building insurance	
Contents insurance	
Endowment/Life insurance	

Enter usual payments required after Housing Benefit

Council tax	
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Enter usual payments required after council tax benefit

Utilities & fuel

Water (charges)	
Gas (charges)	
Electricity	
Other	

If possible, add a winter bill and summer bill and divide by 26 (weekly) or 6 (monthly) - if not possible, you may need to estimate

Including coal, oil and calor gas

Housekeeping

Food	
Gifts	
Cleaning & toiletries	
Nappies	
Pets	
Leisure activities	
Cigarettes/alcohol	
Childrens pocket money	
TOTAL	

Including food, insurance and vet bills

Enter the total figures in the appropriate boxes on the financial statement

TV Licence & rental

Television licence	
Television rental	
Internet	
Satellite/cable rental	
TOTAL	

Magistrates court fines	
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NOT County Court Judgements

Maintenance/Child support

Car Hire Purchase

Car running costs	
Breakdown/recovery	<input type="text"/>
Road tax	<input type="text"/>
Car insurance	<input type="text"/>
Diesel/Petrol	<input type="text"/>
Repairs/MOT	<input type="text"/>
Parking charges	<input type="text"/>
TOTAL	<input type="text"/>

Bus/rail/taxi fares (travelling expenses)	
To/From work	<input type="text"/>
To/From school	<input type="text"/>
Shopping trips	<input type="text"/>
Visiting	<input type="text"/>
TOTAL	<input type="text"/>

School meals/meals at work

Clothing

Laundry charges

If no washer/dryer at home

Telephone/mobiles	
Contract	<input type="text"/>
Rental	<input type="text"/>
Calls	<input type="text"/>
TOTAL	<input type="text"/>

Prescriptions and health care costs

For example dental costs/Contact lenses

Childrens Expenses	
School fees/Trips	<input type="text"/>
Childcare costs	<input type="text"/>
Childminding	<input type="text"/>
TOTAL	<input type="text"/>

Other

NOT Credit debts

Other

NOT Credit debts

Remember when calculating monthly figures from weekly figures there are 4.3 weeks to the month on average. When doing this calculation, multiply by 52 and divide by 12.

TYPICAL FINANCIAL STATEMENT

Personal Details			
Name	Mr & Mrs Anon		
Address	21 Such Street Bolton BL1 1AA		
No. of Adults	2	No. of Children	2

1. INCOME	Weekly (£)
Wages	188.46
Partner's Wages	0.00
Jobseekers Allowance	
Income Support or Pension Credit	
Working Tax Credit	
Child Tax Credit	96.32
Retirement or Work Pension	
Child Benefit	33.20
Incapacity Benefit/ESA	
Maintenance	
Non Dependant Contributions	
Other	
TOTAL INCOME BOX A	£ 317.98

2. EXPENSES	
Mortgage	
2nd mortgage/secured loan	
Rent payable (Rent £65-HB)	42.29
Ground rent/Service charge	
Buildings/Contents insurance	5.99
Life Assurance/Endowment	8.58
Council tax payable	14.03
Water charges	4.83
Gas	11.20
Electricity	11.00
Housekeeping	120.00
TV rental/Licence	4.50
Magistrates' court fines	
Maintenance payments	
Hire Purchase Vehicle	
Car (running costs)	
Travelling Expenses	24.85
School meals/Meals at work	13.00
Clothing and shoes	24.00
Laundry	
Telephone & mobile phone	5.50
Prescriptions & health costs	
Childrens expenses	8.00
Other (not credit debt payments)	
TOTAL EXPENSES BOX B	£ 297.77

3. MONEY FOR CREDITORS	
TOTAL INCOME [BOX A]	£ 317.98
Take away	
TOTAL EXPENSES [BOX B]	£ 297.77
= MONEY FOR CREDITORS BOX C	£ 20.21

Go to **Number 4.** if you have priority debts
Go to **Number 5.** if you have only credit debts

4. PRIORITY DEBTS	Amount owed (£)	Weekly payment (£)
Rent arrears	300.00	5.00
Mortgage arrears		
2nd mortgage arrears		
Council tax arrears		
Gas		
Electricity		
Other		
Magistrates fines		
Maintenance arrears		
Hire purchase arrears		
Other		
TOTAL PRIORITY DEBT PAYMENTS BOX D	£ 300.00	5.00

5. MONEY FOR CREDIT DEBTS	
MONEY FOR CREDITORS [BOX C]	£ 20.21
Take away	
TOTAL PRIORITY DEBT PAYMENTS [BOX D]	£ 5.00
= MONEY FOR CREDIT DEBTS BOX E	£ 15.21
Available income £15.21 per week = £65.90 per month	

6. CREDIT DEBTS		Amount owed (£)	Monthly offer of repayment (£)
CREDITORS			
1.	Company 1	2,400	19.92
2.	Company 2	1,500	12.45
3.	Company 3	3,200	26.56
4.	Company 4	840	6.97
5.			
6.			
7.			
8.			
TOTAL OWED BOX F	£ 7,940		
TOTAL MONTHLY PAYMENTS [BOX E]	£		65.90

This is an accurate record of my/our financial position

at (date):

Signed:

CREDITORS LIST

You will need the correct address and account number for when you write to your creditors, or debt collection agency acting on their behalf.

Name
Address
Account Number

Normal repayment amount	Type of loan eg. Credit Card, HP, Personal Loan	Current balance Outstanding (contact creditors if not known)

Name
Address
Account Number

--	--	--

Name
Address
Account Number

--	--	--

Name
Address
Account Number

--	--	--

Name
Address
Account Number

--	--	--

Name
Address
Account Number

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Name
Address
Account Number

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Name
Address
Account Number

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**More in depth advice is available from your local CAB
or National Debtline**

**Bolton CAB - Main Bureau
26-28 Mawdsley Street
Bolton
BL1 1LF
Telephone: 0844 826 9707
Website: www.boltoncab.co.uk**

**National Debtline Freephone: 0808 808 4000
Website: www.nationaldebtline.co.uk**

Further Information and guidance is available free from;

**Bolton's Money Skills Service
FREEPOST RRRK-HGXR-AEYK
1st Floor
Silverwell House
2 Silverwell Lane
BOLTON
BL1 1QN**

**Telephone: 01204 331968
e-mail: moneyskills@bolton.gov.uk
Visit: www.quids-in.org**

**Special thanks to Rochdale Metropolitan Borough Council
Advice Service who have allowed us to use information prepared
by them in this booklet.**