

No.2 Debt Advice

In this difficult financial climate, many of us are finding it increasingly hard to make ends meet, and unexpected events – or even just the extra demands of Christmas - can for some be the tipping point into crisis. This is what happened to one local lady, Ann, a widowed pensioner who is disabled and living on her State Retirement Pension. She had run into debt while caring for her grandson following a family bereavement. She was very distressed as her debts had spiralled while she was trying to provide her grandson with the normal things that any teenager wants. She eventually approached her Citizens Advice Bureau (CAB), where the adviser firstly checked that Ann was receiving all the benefits she was entitled to. They then discussed her options for dealing with her creditors. As Ann's debts were less than £15,000 the adviser was able to suggest a Debt Relief Order to her, an insolvency measure available to people on low incomes. The Debt Relief Order was approved and Ann is now debt free and feeling hopeful about the future.

Tracy also had problems, but for her they began when she was made redundant. While she was unemployed, she fell behind with her gas, electricity and credit card payments due to her low income, and ran up an unauthorised overdraft. By the time she found work again, the gas and electricity companies were threatening disconnection and the interest and charges were mounting up alarmingly on her overdraft and credit cards. She visited her local CAB, and a specialist money adviser examined her finances and agreed a budget to cover her living expenses, leaving her with £98 per month to pay to her creditors. A payment plan was set up to tackle her priority debts, so her gas and electricity were not cut off. Once these were up to date, Tracy was able to increase repayments to her other creditors, and as most had agreed to freeze interest and charges, she began to feel she was in control of her finances again.

Without the expert intervention of advisers such as those at the CAB, Ann and Tracy – and many more like them – would not have been able to escape the stressful and frightening cycle of debt they had found themselves in. Knowing who to turn to, and not being taken in by the many companies that promise to 'solve your debt problem instantly' for a (usually large) fee, is vital. Free, impartial advice from reliable, well trained staff and volunteers is available face-to-face, over the phone or online and if you think your debts are getting out of control, the sooner you get in touch with them, the easier the problem is to sort out.

Signs that you may have a debt problem:

- Ignoring bills or not opening post
- Using a credit card to pay bills/take out cash/pay for essentials
- Borrowing extra money regularly to make ends meet
- Considering a consolidation loan to reduce monthly payments

Debt Dos and Don'ts:

- **Don't** ignore the problem – it won't go away!
- **Don't** pay someone to sort out your debts, whatever they promise in return, without getting advice first.
- **Don't** take on more debt
- **Do** get a benefit check – contact Derbyshire Welfare Rights or a local advice agency
- **Do** get free money advice from your Citizens Advice Bureau, or other free, impartial, quality advice agency.
- **Do** make priority payments such as rent/mortgage, Council Tax, gas/electric, court fines and maintenance. Not paying these can have serious consequences – you could lose your home, be imprisoned, or have your power cut off.
- **Do** start planning now for Christmas 2011!

For free, impartial, confidential money advice, contact your local Citizens Advice Bureau on *****, or National Debt Line on 0808 8084000. For a free benefit check, contact Derbyshire Welfare Rights on 0845 120 2985. You can also visit the Derbyshire Directory on-line at www.***** to find other useful organisations in your area.

Note: case studies provided by Derbyshire Dales, Amber Valley & Erewash CAB. Names have been changed to preserve client anonymity.