

Debt advice for home owners

Getting on top of your bills





What to do if you're running into debt

This is a basic guide to help you if you are running into debt. For more detailed advice, you should contact a financial advisor, your local Citizens Advice Bureau or a debt counselling service.

We have a contract with CHAS CL (an independent debt advice charity), which means that you are entitled to their free, expert advice. Phone their advice line on **020 7723 5928** (Monday to Wednesday, 10am-1pm and 2-5pm, and Thursday 10am-1pm) or email advice@chascl.org.uk.

CHAS CL's website at www.chascl.org.uk answers many frequently asked questions about debt.

Don't ignore the problem

Debt problems don't disappear if you ignore them. If you are getting into debt, you should take a number of steps.

- Try not to borrow money to pay off debts, unless you are rescheduling all your debts at a good interest rate – and if you plan to do this, seek independent and impartial advice.
- If you are out of work or ill, check if you have any insurance that might pay out, and check if you can claim any benefits.
- Write to all your creditors, detailing your income and expenditure, and offering to make an agreement you can afford. Don't give up, even if the creditor is difficult.

- Make sure you settle **priority debts** first (see page 4).
- Complete any court papers you receive, letting the court know your problems fully. Make sure you attend hearings.
- Keep copies of all correspondence.
- Check all statements from your creditors. You may have made payments which aren't showing. Check your bank statements carefully and contact your creditors, showing them a copy of your bank statement. Now work out your income and expenditure, and prioritise your debts.

Make a personal budget

You will find a form in the centre pages to help you work out your personal budget. Add up your household's total income to include wages, benefits, contributions from your family such as housekeeping, and any benefits you are entitled to that you aren't claiming. Now work out your essential outgoings, to include:

- rent, mortgage and service charges
- council tax and water rates
- gas, electricity and phone charges
- housekeeping (food, toiletries, cleaning materials, etc)
- sundries and emergencies (repairs, dental fees, birthdays, etc)
- TV licence
- magistrates' fines
- child support or child maintenance payments
- travelling expenses (include car servicing, MOT, petrol)



- school meals
- clothing
- insurance payments (contents, buildings, life and endowment policies).

You should now be able to calculate how much money you have left over to pay off any debts.

Prioritise your debts

Sort out the priority of each debt, taking into account what may happen if you don't pay.

Type of debt	What may happen if you don't pay
Mortgage arrears and second mortgage arrears	Repossession/eviction
Rent arrears	Repossession/eviction
Council tax	Bailiff's levy or imprisonment
Water rates	Water meter fitted
Gas/electricity	Magistrates' warrant for access to fit payment meter or disconnection
Magistrates' fines	Bailiff's levy or imprisonment
Child maintenance	Bailiff's levy or imprisonment
Income tax	Bankruptcy
Hire purchase agreements	Goods recovery (depending on amount paid)
Credit loans	Consumer Credit Act default notice – bankruptcy

Take action on each debt

Rent and mortgage arrears

If you have problems paying your rent or mortgage, contact your lender and the Service Centre straight away to discuss your situation and come to an acceptable arrangement.

Ask your lender if they will accept interest only (for a capital repayment mortgage) or if the loan could be extended, for example, from 25 to 30 years.

It may also be worth re-mortgaging if you can obtain a better deal with a new lender without incurring high charges. You should seek advice from a financial advisor.

If you are eligible, housing benefit can help pay your rent and you may be able to claim mortgage interest benefit. See pages 12 and 13.

Council tax

If you are on a low income or benefits you may be able to apply for a reduction in your council tax, known as council tax benefit. If you live alone, you can claim a 25 per cent discount.

If you can't pay an instalment, don't stop paying. Pay as much as you can each month and contact the council to let them know you are having difficulties.

If you don't pay your council tax, you will be summonsed to the magistrates' court, which may issue a liability order and then use bailiffs to seize your goods. If the council are unable to seize your goods, the matter will go back to the magistrates' court for a means enquiry or a committal to prison. The council can apply to an employer to have money taken from your salary for any council tax you owe.



Water rates, gas and electricity

If you are paying half-yearly, ask if you can pay by instalments. Try to set up a direct debit payment if possible.

If you don't pay your water company, they will issue a court summons. The court will probably let you pay a monthly amount you can afford.

If you are a low consumer of water, consider getting a water meter installed.

Court fines

A magistrates' court fine must be treated as a priority debt. If you don't pay, you could be sent to prison. If you have a County Court Judgement (CCJ) against you, you can't be sent to prison, the county court takes into consideration your financial circumstances, and will set a sum they believe you can afford to pay.

If you don't make these payments, the court will instruct bailiffs to recover goods from you and/or that deductions should be made directly from your wage or benefits.

Your personal budget

Complete and detach the form that follows to work out your position and to provide evidence for your creditors.

Your personal budget

Name	Comment:
Address	
Number in household: Adults: Children:	

1 Income	Per month
Wages/salary (net)	
Wages/salary (net)	
Jobseekers' allowance	
Pension	
Child/lone parent benefit	
Child/working tax credit	
Any incapacity/disability benefits	
Maintenance	
Non-dependent lodger	
Other	
Total income A	

3 Total available income	A	B	C
Total income			
Less total expenses			
Money available for debts			

4 Priority debts	Court order	Arrears	Per month
Rent			
Mortgage			
Second mortgage			
Council tax			
Water rates			
Fuel bills			
Fines			
Maintenance			
Other 1			
Other 2			
Other 3			
Total priority debts D			

2 Expenses	Per month
Housing	
Rent	
Mortgage/s	
Endowment	
Secured loan	
Council tax	
Contents/buildings insurance	
Life insurance	
Repairs	
Utilities	
Water rates	
Gas	
Electricity	
Home	
Housekeeping/food	
School meals	
Childminding/nursery	
TV rental/TV licence	
Phone/internet service	
Travel	
Petrol	
Car insurance/MOT/tax/repairs	
Public transport	
Other	
Clothing/shoes	
Health expenses	
Child maintenance	
Other	
Total expenses B	

5 Total available for secondary debts	C	D	E
Money available for debts			
Less priority debts			
Money for secondary debts			

6 Secondary debts	Balance owing	Monthly repayment offer	CCJ
Creditor			
(eg credit, charge or store cards, catalogue, personal loans, HP agreements)			
Total			

This is an accurate record of my financial situation.
Signed
Dated

Maintenance

If you have been ordered to make maintenance payments and you have not kept up the payments, you could be asked to attend a court hearing for a means enquiry. If they aren't satisfied with your explanation, you could have payments deducted from your wages, bailiffs may be sent to seize goods from your home, or the court can issue an order to send you to prison.

Hire purchase

If you fall behind with payments, the goods you have purchased may be repossessed. If you have paid a third of the total owing, the creditor must go to court to recover the goods. If you are able to make the normal payments and pay a sum towards the outstanding arrears, bailiff action could be suspended.

In some circumstances, you may be able to agree to pay a lower amount than originally agreed. But you will need to prove you can't pay the full sum.

Credit

You are charged interest each month on any money you owe. Ask the creditor to freeze all the interest they are adding to your account. If they refuse to freeze the interest, write to them again. If any other creditors have agreed to freeze interest, point this out.

If your wages are paid into a bank or building society account and you become overdrawn, interest and any administration charges will be deducted from your account automatically. Contact your bank or building society



pointing out your financial problems, and ask them to freeze these additional charges. If your local branch doesn't agree to this, you should contact their regional or head office.

It may be necessary to stop using the account and have your wages paid into another account. Get advice about opening another bank account.

The creditor may take you to court. The court will then decide how much you must pay the creditor, so it is very important you attend the hearing with a copy of your income and expenditure form.

If you don't maintain these payments, the court will either deduct the money straight from your wages, instruct a bailiff to recover goods or apply for a charging order over your property.

Take steps to boost your income

There are a number of steps you can take to make sure you maximise your income.

Claim housing benefit

You may be eligible for housing benefit towards any rent and service charges for your home. Application forms are available at your local council offices. You will not be eligible to apply if you have savings of £16,000, or if you are a full-time student (unless you have a dependant child living with you) or an overseas student.

To assess your eligibility, your total income and any savings and unclaimed benefits will be calculated. Your total income will include most benefits, such as child benefit, retirement pension, jobseekers' allowance, employment and support allowance, incapacity benefit, income support, pension credit, child tax credit, working tax credit, as well as occupational pensions, but not disability living allowance.

Your claim must be submitted as soon as possible, as payments will be backdated to the first Monday after the date the form was received at the housing benefit office.

Rent that pre-dates your housing benefit claim is not eligible for benefit, unless you can provide a good reason for not making a claim earlier.

Claim jobseekers' allowance or income support

If you are out of work or working less than 16 hours a week, and you have less than £8,000 in savings, you may be able to claim income based jobseekers' allowance, contributory based jobseekers' allowance, or income support.

You may be entitled to claim mortgage interest benefit to cover the interest element of your mortgage. There is a waiting period before this benefit is paid.

Check out other benefits

Get advice to find out if there are any other benefits you would be eligible for, or go to www.entitledto.co.uk.



Check your tax status

Check if your tax code is correct, by asking your employer and/or your tax office. Has your code been updated since you had children?

If you are a parent, you will probably be eligible for child tax credit. If your income is low and you have savings of less than £8,000, you should check to see if you are entitled to working tax credit. To find out more and calculate what you might be entitled to, go to the Inland Revenue website at www.taxcredits.inlandrevenue.gov.uk

Reduce your fuel bills

Is your home adequately insulated? Your loft, cold water tank and pipes should be insulated. Are your windows double-glazed or draught-proof?

Check your child maintenance

If you have any children from a previous relationship, are you receiving maintenance or are you entitled to more? It may be worth contacting the Child Support Agency.

Reconsider some of your expenses

Are all the things you pay for essential? Ask yourself if you really need a mobile phone or satellite television subscription. If you decide to keep them, are you getting the best deal? Try shopping around for lower prices.

In exceptional circumstances

If you are a shared owner, in exceptional circumstances we may allow you to sell back part of your share in your home. You would first need to work with our debt advice service,

CHAS CL (see page 2) and they would need to recommend this course of action.

If you have taken financial advice and have come to the conclusion that you can't afford a regular mortgage, rent and service charges, you should consider selling your home. See your leaseholder handbook for details, or contact the Service Centre.

Key points to remember

- Work out your personal budget.
- Prioritise your debts.
- Contact your creditors.
- Keep to the arrangements you make.

Contact us

Service Centre opening hours, 8am to 8pm, Monday to Friday

If you live anywhere except the Isle of Wight phone **08456 066 366**

If you live on the Isle of Wight phone **08456 581 654**

Email us at servicecentre@shgroup.org.uk

Write to us at **Service Centre, Southern Housing Group,
PO Box 643, Horsham RH12 1XJ**

For help with translations, or if a large type, Braille or taped summary would be useful, please contact the Service Centre.

Arabic

لمساعدتك في الترجمة يرجى الاتصال بمركز الخدمة على هاتف 08456 066 366.

Bengali

অনুবাদ সাহায্য পেতে হলে সার্ভিস সেন্টারে 08456 120 041 নম্বরে ফোন করুন।

French

Si vous souhaitez recevoir de l'aide avec vos traductions, appelez le 08456 066 366.

Somali

Wixii ah caawimo turjumaan ka soo wac Xarunta Adeegga telefoonka 08456 066 366.

Spanish

Si necesita que le ayudemos con alguna traducción, llame al Service Centre: 08456 066 366.

Turkish

Tercüme konusunda yardım için 08456 120 031'dan Hizmet Merkezi'ni arayın.