Concerned about the amount of debt you have? Well you’re not alone! The first step is to make an honest assessment of all your debts. Then if you are struggling you need to take some positive steps to make things better. Don’t panic! We’ve put together this guide to help you.

Read straight through the Guide or jump to a particular section of interest as outlined on our contents page.

We’ve included a user-friendly glossary to help you make sense of the jargon! You can find all red words throughout the Guide in the glossary.

Check out our Money Guides
Click on the links below to view the guides for:
- Savings and Investments
- Borrowing
- Spending Wisely
Handling Debt Guide
Click on a Section to jump straight to that page.

Section 1: Don’t ignore debt
Section 2: Act now
Section 3: Get savvy
Section 4: What options are available to you?
Section 5: Talk to creditors
Section 6: Getting help
Section 7: Debt consolidation
Section 8: What is insolvency?
  - Part 1) Insolvency Options in England & Wales
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Section 9: Court proceedings
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Section 14: Top tips for dealing with debt

Appendix
a) What does all this jargon mean? (glossary)
b) Useful contacts
SECTION 1

How do you know you’re in trouble?

Don’t panic

How do you know you’re in trouble?

Don’t panic

The first step to handling your debts is to admit you have them!

• Are you honest with yourself about the seriousness of your situation?

• Are feelings of shame or embarrassment leading you to hide your debt?

• Are you keeping it from your family and friends?

The last thing you may feel like doing is admitting you have a problem, but it has to be the first thing you do. It won’t just go away! Preferably let all those nearest to you know. You will probably find it brings you a great sense of relief to have it all out in the open.

However if you feel you can’t face telling your family, you should at least confide in someone.

On the following pages you will find advice about how to start to handle your debts. However, if you find this all a bit daunting, you can get help with preparing the documents you will need. (See Section 5 ‘Talk to creditors’ and Section 6 ‘Getting help’).

Don’t ignore debt

Debts can mount up for many reasons! Sometimes it’s because we over commit ourselves, taking out more credit than we can cope with, or it may be as a result of family problems, relationship breakdown, illness, redundancy or unemployment.

How do you know you’re in trouble?

Perhaps you have felt for a while that you are losing your grip on your finances and money worries occupy your mind more and more. Don’t ignore this. You need to act on your concerns.

It might be that your lender may contact you! They may do this if they see signs that you are at risk of getting into financial difficulties. These ‘signs’ may include; high overdraft charges on your account, lack of payments coming into your account, dramatically increased borrowing, missed/ overdue payments or that you are regularly being refused money from a cash machine. They may write to you, email, call or text. View this positively!

They will want to help! Many banks and building societies subscribe to the Lending Code which is designed to give customers confidence that they will be dealt with sympathetically and positively when they are in financial difficulties.

Whatever the reason, once you’ve realised there is a problem you can do something about it.
Don’t ignore debt

Take stock

The next essential step is to take stock of your debts. Do you know how much you owe, and who you owe it to? Collect together all your paperwork and open any mail that you may have been ignoring. Set aside enough time away from interruptions and distractions to sort out the paperwork for your debts and place this into separate piles. Then put it all in date order with the latest on the top and make a file for each one. Also check your bank statements and remember to include debts from online transactions or accounts that you may have little paperwork for.

From all of this, put together a list of those you owe money to (known as your creditors) the amount owed (the debt) and other key information.

To help you, print off the sheet on the following page and use this to produce a List of Creditors.

Remember to include as much information as possible:

- Name and address of creditor
- Contact details of creditor
- Type of debt – e.g. mortgage, secured personal loan, unsecured personal loan, current account overdraft, credit card
- Account reference numbers
- Key dates – e.g. when started, payment missed, next payment due
- Current repayment details, amount, frequency, & APR amount of total debt
- Name and contact detail of any debt collection agency involved

APR

APR stands for the Annual Percentage Rate of charge. The APR indicates the total amount of interest payable over the year and also takes into account certain charges you would be expected to pay.
## List of Creditors

<table>
<thead>
<tr>
<th>Creditor</th>
<th>Type of Debt</th>
<th>Dates From/To?</th>
<th>Payments Annually/Monthly /Weekly?</th>
<th>Current Repayments + APR</th>
<th>Date Last Paid</th>
<th>Outstanding Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name:</td>
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<td>Contact no:</td>
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<td>Contact no:</td>
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</tr>
</tbody>
</table>

1. Handling Debt Guide
2. Money Guides

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SECTION 1: page 3 of 6
Don’t ignore debt

Create a budget sheet

To get a better idea of how much you can afford to pay towards your debts, you need to take time to look at all your finances. The easiest way to do this is to create a budget sheet. You can use the one on the next page. Work out and list all your income (salary, benefits and any other monies or payments in) and then your outgoings (money payments you pay out), both home (rent or mortgage, council tax, utilities, insurances, telephone, TV, etc.) and personal (food, drink, travel, childcare, clothes, toiletries, etc.).

Remember to include everything, as the little things can add up, and don’t forget to allow an amount for emergencies such as repairs and maintenance! Also if you are self-employed remember to allow for any national insurance payments, and VAT and tax liabilities.

By adding up all your monthly income and deducting your monthly outgoings, you will get a clearer picture of how much you have left that is ‘disposable’ and available to go toward your debts.
## Budget Sheet

### Income In

<table>
<thead>
<tr>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages/salary</td>
<td></td>
</tr>
<tr>
<td>Interest from savings</td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td></td>
</tr>
<tr>
<td>Partner's income</td>
<td></td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Personal Costs Out

<table>
<thead>
<tr>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and drink</td>
<td></td>
</tr>
<tr>
<td>Travel (public transport)</td>
<td></td>
</tr>
<tr>
<td>Car (fuel, insurance, tax)</td>
<td></td>
</tr>
<tr>
<td>Insurance (home, travel, health etc)</td>
<td></td>
</tr>
<tr>
<td>Childcare costs</td>
<td></td>
</tr>
<tr>
<td>Clothes</td>
<td></td>
</tr>
<tr>
<td>Toiletries</td>
<td></td>
</tr>
<tr>
<td>Household necessities</td>
<td></td>
</tr>
<tr>
<td>Mobile phones</td>
<td></td>
</tr>
<tr>
<td>Entertainment</td>
<td></td>
</tr>
<tr>
<td>Clubs or memberships</td>
<td></td>
</tr>
<tr>
<td>Credit card payments</td>
<td></td>
</tr>
<tr>
<td>Other outgoings</td>
<td></td>
</tr>
<tr>
<td>Leisure and recreation, sports, hobbies, holidays</td>
<td></td>
</tr>
<tr>
<td><strong>Total Personal Costs Out</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Home Costs Out

<table>
<thead>
<tr>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td></td>
</tr>
<tr>
<td>Council tax [or Domestic Rates for Northern Ireland]</td>
<td></td>
</tr>
<tr>
<td>Buildings and contents insurance</td>
<td></td>
</tr>
<tr>
<td>Mortgage protection plan</td>
<td></td>
</tr>
<tr>
<td>Service and maintenance charges</td>
<td></td>
</tr>
<tr>
<td>Landline telephone and internet</td>
<td></td>
</tr>
<tr>
<td>Utility bills, (e.g. gas, water, electricity)</td>
<td></td>
</tr>
<tr>
<td>TV licence</td>
<td></td>
</tr>
<tr>
<td>TV satellite/cable costs</td>
<td></td>
</tr>
<tr>
<td><strong>Total Home Costs</strong></td>
<td></td>
</tr>
</tbody>
</table>

Now add up your personal and home costs and take the total away from your income, then you should know how much you can pay toward your debts.

### Total Costs Out

<table>
<thead>
<tr>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total personal costs out</td>
<td></td>
</tr>
<tr>
<td>Add total home costs out</td>
<td></td>
</tr>
<tr>
<td><strong>Total Costs Out</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Income in</strong></td>
<td></td>
</tr>
<tr>
<td>Minus Total Costs Out</td>
<td></td>
</tr>
<tr>
<td>= disposable income</td>
<td></td>
</tr>
</tbody>
</table>
Don’t ignore debt

How do you know you’re in trouble?

Don’t panic

Take stock

Create a budget sheet

Your action plan

Now you are armed with a clear picture and details of your debts and know how much you have available toward paying them off, you are in a stronger position to put together an action plan. You are dealing with a solution not a problem now! You will feel more confident when seeking help, dealing with your creditors and involving your family and friends.

Even if you have no spare money (disposable income) left at all, do not despair, there are still steps you may be able to take (see Section 2) and you still have options to get through this (see Section 4).

Who are my creditors?
Any company, organisation or person you owe money to, is one of your creditors.

What is disposable income?
This is the amount of spare or surplus money you have left in your budget, once you have taken your total outgoings away from the total income you get.
Act now

There’s a lot you can do to improve things, but start on your action plan as soon as possible.

Use any savings

It may seem obvious, but there’s no point in having a large amount of savings when you have financial problems. Use any money that you may have saved (over and above a small amount for emergencies) towards reducing your debts.

Remove temptation

Only take cash with you when you shop or go out! If you can’t afford something now, save up for it!

Be very careful with your use of credit cards! Do not carry them with you at all times and only use them sparingly and wisely! While it is true that credit card deals that offer 0% balance transfers and introductory offers may be useful when you are trying to handle your debts, getting one when you are already in arrears may be difficult and watch those set up fees!

Increase your income

There are many ways to increase your income that you might want to consider.

- Could you or another member of the family increase the hours they work? If you’re not working, can you get a part-time job? Or could you do overtime? Or get a second job?

- Think carefully about what you own. Could you sell any possessions that are not essential, such as a second household car, a caravan, expensive sports equipment, electronic goods, etc.? Even having a clear out of the attic or garage could provide you with some much needed income, if you sell unwanted items on eBay or have a car boot sale.

- Have you checked that you are claiming all the state benefits, tax credits, and council tax discounts you are entitled to? This is especially important if your circumstances have changed recently.

  Check out the Gov.uk ‘Benefits Adviser’ online tool – simply answer questions anonymously and find out what benefits you might be able to get.

- Check that you are not overpaying any tax and if so claim it back – contact HM Revenue and Customs.

- Do you have a spare room? Have you considered taking in a lodger? The Government rent-a-room scheme allows you to receive £4,250 a year in rent tax-free.

- Does everyone at home make a contribution to the household costs and general living expenses?
Act now

Cut costs

- Why not start by keeping a spending diary. You might be surprised how much you spend that could be saved! Say you buy your lunch each working day and spend about £4.00 a day – that could add up to around £1,000 a year!
- Try and cut back on your non-essential spending such as eating out, nights out, entertainment, smoking, gym or club memberships, holidays and gifts.
- Change the way you think and act; only go shopping when you have to buy something you specifically need.
- Concentrate on ‘needs’ not ‘wants’ and consider ‘make dos’!
- For essential costs, such as food, gas, electric, phone, insurance, etc., shop around. Use comparison sites to find the best deals!

- Look out for ways to save more by paying online, by Direct Debit or securing a discount for using the same provider for your fuel costs or insurances.
- Are you travelling as inexpensively as you can? Do you take the car when it would be cheaper to take public transport? Do you take advantage of travel concessions? Could you car share for work?
- What about cycling or walking, all or part of the way? This would have a double benefit, reducing your costs and keeping you healthier and fitter – not to mention the environmental benefits!
- Could you remortgage to a better deal?

Could you borrow the same for less?

If you can get a loan with a lower interest rate than you are paying on your existing borrowing, then this will mean you have more disposable income at the end of the month or that you can pay off the loan over a shorter time with the same repayments. Be wary though, now is not the time to increase your borrowing, and never take out a new loan you know you will struggle to repay.
Get savvy

Once you have a list of those you owe money to, it’s not as simple as dividing any disposable income you have among these creditors. You need to understand the different types of debts and give priority to some over others.

Understanding different debts

Some debts are more important than others based on the rights held by the creditor or the possible consequences of non-payment to you and your family. You will need to divide those on your list into priority and non-priority debts.

Priority debts

Priority debts are those that if you don’t pay them, the creditor has certain powers to act to recover the money owed, which may have distressing consequences for you. For example, you may ultimately lose your home, have your gas or electricity cut off, or even be sent to prison. These include:

- Mortgage
- Rent
- Secured loan
- Council tax
- Maintenance and child support payments
- Also watch Hire Purchase Debt, if you have paid less than 1/3 the goods can be repossessed.
- Utilities bills
- Tax and NI
- Any court fines
- TV licence

Non priority debts

Also called credit debts. These include:

- Overdraft
- Store cards
- Catalogue debt
- Other types of loans including Payday loans
- Benefit overpayments you need to refund
- Unsecured loans
- Credit cards

You must deal with your priority debts first. You should remember to leave enough to pay for essential living expenses such as housing, food, clothing and any necessary travel. Only after this should you make payments to your non-priority debts with any money you have left over.

If your creditors were to seek a County Court Judgment (decree in Scotland) (see Section 9) against you to reclaim the money you owe them, the court will usually order repayment based on your ability to pay. This is where your budget and the financial statement you have prepared comes in, which will show how much you can afford to pay. The court will also recognise that you should first pay priority debts.
Get savvy

Secured and unsecured loans

Secured loans
With these you borrow money using something of value (an asset) as security, such as your home or car. Usually a secured loan allows you to borrow a larger amount of money and may allow you a longer time to pay it back than an unsecured loan would.

However, if you are unable to repay this type of loan, the lender can take and sell your asset to get its money back. The most common form of secured loan is a mortgage. If you borrow more money from your mortgage lender it may be described as a further advance or second charge. If you borrow money from a lender who is not your mortgage lender, it is usually described as a second or subsequent charge (see Section 11).

These are priority debts.

Unsecured loans
With these, the lender relies on your promise to repay the loan. However, the lender can take court action against you if you are unable to repay it.

These loans are considered non-priority debts.

Check the debt is really yours to worry about!

Don’t assume just because you receive a letter from a Debt Collection Agency that you are responsible for the debt they are highlighting. Check your own paperwork to be sure it’s genuine and you really are in debt to that specific company for the amount they state.

Do you understand how the debt arose? Note that if you have a joint current account (debit card) then your provider can seek repayment from either account holder regardless of who made the transactions creating the debt, or overdraft. Credit cards cannot be held jointly, so if you have allowed someone else to have an additional card attached to your credit card then you will be responsible for repaying their spending.

You may also be legally responsible for some bills you have not been guilty of running up, for example if you have your under 18’s mobile phone bill in your name.

You may also be liable for someone else’s loan if you agreed to guarantee it. Acting as guarantor is a serious commitment and you should think very carefully before you do it.

When someone dies and they alone signed a credit agreement, then their creditors will make a claim against the ‘estate’ (the assets and liabilities left after death). If there are no assets, then the debt will not be recoverable. The deceased’s family should not be liable.
What options are available to you?

Now you have faced up to your debts, got wise to the type and extent of the debt and have worked out an action plan, you are in a better position to consider what options you have.

If you have money left in your budget

With any disposable income you have, consider a plan to pay off the more expensive debts first – taking into account the rate of interest, likelihood of charges, etc. It is wise to keep a small fund for cash-flow, (to prevent incurring charges) and for any emergencies. If after meeting your commitments to these creditors you still have some money available, you should then plan to pay off your non-priority debts.

If you have some money left in your budget but cannot afford to pay the minimum contractual instalment towards your debts, after you have allowed for essential living expenses and repayment of any priority debts, don’t worry. There are still options available to you and we’ll tell you about these in the next section.

If you have no disposable money left for your debts

Have you given serious thought to how you might increase your income? Could you drastically reduce your outgoings? If you cannot change your circumstances then you need to carefully consider your options urgently. It might be best to get expert advice (see Section 6).

Whilst seeking advice, you should try to pay as much as you can. First pay your priority debts in full. You should divide any disposable income which you may have left after this, so that each remaining creditor gets their fair share. This formula will help you do that:

An advisor will help you consider all the options before deciding which would be best for you in your specific circumstances (see Section 8). Nowadays there are options when you are unable to pay your debts – bankruptcy and insolvency should be considered as a last resort.
What options are available to you?

Should you borrow more?

Borrowing money when you are already in financial trouble is not always wise. It may well be a good solution to consolidate your existing debts (combining them all into one,) provided you can afford the total repayment. This is called a debt consolidation loan (see Section 7) but be careful not to get pulled into any type of borrowing that will result in more debt.

Responsible lenders are committed to helping you make financial decisions that best suit your circumstances, so many may be unwilling to lend you more money if during the application process they realise you are already struggling financially. Lowering your monthly repayments should be your goal!

Be very wary that you do not then feel pressurised into other forms of borrowing such as Doorstep lenders, Payday loans, Logbook loans and other types of short-term cash loans. Frequently these loans can charge high interest rates – some even as high as 4,000% APR!

Also be careful when if you are considering using a broker to find a loan. Many brokers now operate online, but may charge you a fee even if the company they pass you to declines your application.

It is very important to check the lender is licensed with the Office of Fair Trading; if not they are illegal and you should not deal with them. Report any illegal lenders (called loan sharks) to the police and trading standards team at your local council.

Also inform the special Government taskforces:

**In England**
Tel: 0300 555 2222 (Available 24 hours)
Text: LOAN SHARK and the lender’s details to 60003

**In Wales**
Tel: 0300 123 3311 (Available 24 hours)
Text: LOAN SHARK and the lender’s details to 60003

**In Scotland**
Tel: 0141 2876 655

**In Northern Ireland**
Tel: 0300 123 6262

Or visit:
www.gov.uk/report-loan-shark
Communicating with your creditors is crucial. Make sure you speak to them to see how they may be able to help.

**Communicating with your creditors**

Do this as soon as you can. The longer you leave it, the more likely it is that they will try to contact you. Without contact they could ask a debt collection agency to contact you on their behalf, sell your debt to someone else or may start proceedings against you. You can do this either in person, by phone, email, or letter. Look on their website for details of who to speak to, and how they can help you. Lenders often have staff specifically trained to help customers with payment difficulties.

Be honest and open, explain who you are, the issues you are facing and that you are struggling to pay them. Once they know your circumstances they should offer to help; they’ll be as interested as you in finding a workable solution.

**‘Breathing space’**

Banks, building societies, credit card companies and debt collectors have committed themselves to give customers in difficulty at least 30 days “breathing space”. During this time you’ll be free from collection calls and letters and should find it easier to focus on working out a repayment plan. If you need more time they’ll give it to you, but you’ll need to stay in touch with them and should be prepared to demonstrate that you are making a genuine effort to develop a repayment plan using a debt advice agency or self-help tool.

You can find out more about the Lending Code at: [www.lendingstandardsboard.org.uk/docs/Consumer%20guide_singlesfinal.pdf](http://www.lendingstandardsboard.org.uk/docs/Consumer%20guide_singlesfinal.pdf)

Similar ‘breathing space’ provision can also be found in the Financer and Leasing Association Lending Code, to which many store card companies, finance houses and motor traders are committed to. See [www.fla.org.uk/consumers](http://www.fla.org.uk/consumers).

No matter who your creditors are, you will need to develop your budget sheet and financial statement, showing all your incomings, outgoings and a list of your creditors including the sums owed (see Section 1). However it is worth noting that creditors may well work to a budget sheet of their own design, or only accept one prepared by an advice agency, so you may be asked to complete an alternative one in a different format.
Talk to creditors

What to say

Explain why you can only offer to make a payment of a certain amount to them. Try to be positive and ask for their help and cooperation. Be specific, you may be able to agree reduced payments, cancellation of charges, or freezing of interest. In addition, if you know you will shortly be in a better position to pay (perhaps because you are starting a new job or selling an asset) they may sometimes agree a payment break until that time.

Never offer to make payments for more than the amount you know you can realistically pay, and don’t be talked into increased payments to one creditor at the expense of another. You only have so much available income to go around, and lenders should not seek to receive more than a fair proportion of the money that you have available (a pro-rata payment). Lenders should appreciate that you are trying to deal with your debts ‘as a whole’ and not solely with what you owe to them. Remember that if you don’t feel confident enough to negotiate with your creditors yourself, you should get advice or help (see Section 6).

Keep good notes of all conversations with dates, times and who you spoke to. Always ask them to put any agreed arrangement in writing for you.

Be aware that the longer you leave it without contact the more likely they are to take court action against you and you may face repaying the debt you owe with added interest and may even be liable for their expenses.
Getting help

You don’t have to pay for help and there’s is plenty of good FREE advice on handling debt to be had! Whether you just need general pointers or want to have an in-depth consultation with a professional, there are many ways of getting advice and help.

Information and general guidance

Besides the information given here, the internet, newspapers, magazines and leaflets or websites from national advice agencies are a good source of information and general advice. Remember though this is usually only ‘general’ advice, in that it is aimed at everyone and not tailored to your particular situation.

Free advice

Online or by phone

The Money Advice Service, some local authorities, national advice agencies and charities provide free debt advice services that enable you to deal with debt problems online or over the phone.

For example, the StepChange Debt Charity offer ‘Debt Remedy’ a free online service that will provide you with personally tailored advice from an expert debt counsellor in about 20 minutes, without you even having to give your name.

Face-to-face

You can get free face-to-face debt advice from agencies such as Citizen’s Advice Bureau, Shelter and some local authorities.
Getting help

Useful contacts:

- Citizens Advice Bureau
  www.citizensadvice.org.uk
  www.adviceguide.org.uk
  or visit or call your local CAB centre to make an appointment

- Money Advice Service
  www.moneyadviceservice.org.uk
  or call 0300 500 5000

- StepChange Debt Charity
  www.stepchange.org/
  or call 0800 138 1111

- National Debtline
  www.nationaldebtline.co.uk
  or call 0808 808 4000

- Gov,uk
  www.gov.uk/browse/tax/court-claims-debt-bankruptcy

- Credit Action
  www.creditaction.org.uk

- Shelter
  www.shelter.org.uk
  or call 0808 800 4444

- Advice UK
  www.adviceuk.org.uk
  or call 0300 777 0107

- Debt Advice Foundation:
  www.debtadvicefoundation.org
  or call 0800 043 4050

- Payplan
  www.payplan.com
  or call 0800 280 2816
Getting help

What they need to know

Remember, in order to help you, an adviser will need to know all the facts for your whole household. If you can’t or don’t want to include your spouse or partner or other family members in what you are doing you should let the adviser know. This way they’ll be much better able to help you.

This is where an accurate and full financial statement and budget come in. If you are able to complete these that will save time but if you are struggling to pull these together, ask for help. Many money/debt advisers will be happy to do this for you if you can supply the paperwork and details.

Be honest and let them see all the letters or notes you have. The advice they give may depend on what steps your creditors are taking to recover what they are due, so up-to-date information is crucial!

Companies that charge for advice

There are many companies that offer an immediate, easy solution to your debt problems. Their adverts often sound too good to be true, that is because they usually are! Some may have misleading names and websites that might lead you to think they were charities or advice agencies.

However, there are many reputable debt management companies. You just need to make sure you know what you are agreeing to and that their solution is what is best for you and not them! Remember their services are not free and are usually funded by the monthly management fees they charge you. (See Section 7).

Emotional support

Do not underestimate the emotional trauma that can be caused as you deal with your debt problems. The stress and anxiety people suffer can often take their toll both mentally and physically. This can be a particular issue when someone is already coping with another personal difficulty, such as family problems, relationship breakdown, illness, redundancy or unemployment. Often these issues have contributed to the debt in the first place, and are extremely stressful in themselves.

Now you have confided in someone and they are aware of your debt problems, you will benefit from their support, being free to share your concerns. If your debt problems are affecting your health, you should also get support from your doctor. Your employer may also be able to help and some even offer counselling.

In addition, speaking with others who have been in a similar situation and managed to become debt free can be encouraging. There are many self-help groups or blogs that serve this purpose.
Debt consolidation

What is debt consolidation? It refers to combining debts together so that instead of paying lots of different creditors, you only have to pay one single payment that covers all your debts. There are two main ways you can do this, either debt consolidation loans or Debt Management Plans.

**Debt consolidation loans**

You could take out a loan and use this to pay off all your existing debts. You will therefore have only one repayment each month, for the new loan, instead of lots of different debts.

You can use this type of loan to pay off any debt you have, including priority debts, credit cards, car loans, and secured loans.

The advantage is that you can shop around for better interest rates than you may currently be paying on your existing debts. You could also choose a loan with monthly repayments that are less than the total payments on all your current monthly debts. However to do this you would probably have to have a longer loan term; you would need to do the sums to check you were not paying more in the long-term than you would have for your existing debts. You could end up worse off!

In addition, your new loan may need to be secured, usually against your home. If things go wrong you may put your home at risk so it would be wise to consider taking proper advice before considering this option.

Beware also of any terms and conditions attached to any of the debts you need to repay. You may not be able to make a final payment that settles the whole debt, without incurring penalties or charges. Some lenders charge a flat fee, others a percentage of the remaining balance.
Debt consolidation

Debt Management Plans

A Debt Management Plan (DMP) is an informal agreement with your creditors, which allows you to make reduced payments to those you owe. You can only use this approach to pay off unsecured loans and non-priority debts. It will also only work if you have some money left over after you have dealt with your priority debts and essential living expenses.

These plans are typically set up for you by a third party – usually a debt charity or a Debt Management Company. They will negotiate with your creditors to agree the payments you make to them. They may even be able to get your creditors to freeze the interest and charges on your account or offer you a lower interest rate.

Certain debt charities like StepChange Debt Charity and PayPlan won’t charge you any fees but will distribute payments on your behalf, if you meet their minimum requirements (these can change so check out their websites for the latest).

If you only have enough to make token payments of £1 per month, or if you use some other charities that don’t currently distribute payments for people, you will be responsible for making sure the agreed amount is paid to the right creditor each month. You can do this by setting up standing orders – so don’t be put off, it can still be easy!

The Debt Management Company will also distribute payments to your creditors as per the agreements reached. However they charge fees for their service and the fee will come out of the money that you pay to them. You should therefore think carefully before using these companies, paying out fees when you are already in debt is best avoided if at all possible. Remember that with the added fees it will take you much longer to pay the debt off. If you do decide to use one, make sure it’s reputable by checking whether they have a consumer credit licence and are a member of the DEMSA (Debt Managers Standards Association) or the Debt Resolution Forum (DRF).

Approaching a charity first who offer their services free and are well respected by creditors would be the most advisable route. (See those listed in Section 6.)
What is insolvency?

Insolvency happens when you cannot pay debts that are due. It is when you have more debts than total assets, therefore nothing with which to pay them.

Insolvency procedures

The aim of insolvency procedures is to take the pressure of creditors away from you when you have overwhelming debt. It puts you in a position where you can ultimately make a fresh start financially.

Nowadays there are options other than bankruptcy when you are unable to pay your debts. You should take expert advice to help you consider all the options before deciding which would be best for you in your specific circumstances.

Depending on the route you take, there will be varying fees and charges to pay. In addition, your credit rating may be adversely affected for six years. (See Section 12.)

The options available have slight variations according to where in the UK you live, as there are different legal systems in England and Wales, Scotland, and Northern Ireland. Please browse over the next few pages to find the information most relevant to you.

Did you know?

You cannot be sent to prison for not paying non-priority debts, such as credit cards and bank loans. A prison sentence is a last resort, and apart from fraud, it can happen only for a few specific types of debt, e.g. tax owed.

Who are they?

Creditors are the people you owe money to.

Official Receivers (OR) are civil servants who are officers of the Insolvency Service, which is a government agency. They are answerable to the courts.

Insolvency Practitioners (IP) are authorised specialists, usually accountants or solicitors, who are qualified to provide services related to insolvency. They are therefore private debt specialists and their services are paid for by fees.

Trustees are usually either an OR or IP. In a bankruptcy case, the trustee takes control of the assets and sells these, then shares out the money between the creditors.
There are a number of insolvency options available dependent on your circumstances. If you live in England or Wales these options may be available to you.

**Administration Orders**

An **Administration Order** is when you apply to the county court to have all your non-priority debts put together.

You can only apply for one if your total debts are less than £5,000 and you have a County Court Judgment (CCJ) against you. If your application is accepted, you then make one affordable monthly payment to the court each month and they then pay your creditors for you.

The amount you pay will be decided by the court, after taking into account both your income and all your essential outgoings. If the agreed payment will not clear the debts in a reasonable amount of time you may apply for a **composition order** by which the court may agree that you pay only part of your total debt and the rest is written off.

You don’t have to pay a fee to apply for an **Administration Order** but the court will take off an administration fee every time you make a payment.

**Debt Relief Orders**

If you can’t afford to pay off your debts and have very limited assets you can apply for a **Debt Relief Order**.

If successful, your creditors will be unable to take action against you for debts you owe them and at the end of the order, usually a year, you will be free of the listed debts.

You can only apply for one if your total debts are less than £15,000, you have savings or assets worth less than £300 and you have less than £50 of monthly income left after paying for essential household bills and costs.

This is a non-court based scheme, which is only available through an authorised debt adviser who makes the application on your behalf to the Official Receiver. There is a fee of £90. They are a good alternative to bankruptcy for those that qualify, although a DRO will remain on public record for 15 months and on your credit record for six years.
(Part 1) Insolvency options in England & Wales

Individual Voluntary Arrangements

An IVA is a Government backed scheme that aims to help you become debt free usually within five years and may lead to some of your debt being written-off. IVAs are a good alternative to bankruptcy, if you cannot afford your current debt repayments.

An Insolvency Practitioner will work with you to prepare a proposal which your creditors will be asked to approve. If more than 75 percent by value of your creditors accept the terms of the proposal, it’s binding on all the creditors.

After that, you will only make one agreed monthly payment and will no longer have to deal with your creditors. Interest rates and charges are frozen and if you keep to the terms of your IVA, any remaining debt at the end of the period could be written off.

You should be aware though that you will need the services of an Insolvency Practitioner to set up an IVA and their fees may be high. They are, however, usually incorporated into your monthly payment.
Bankruptcy

Going bankrupt is a very serious step. If you have very critical debt problems and there’s no realistic way out, then bankruptcy may be right for you, with a view to making a fresh start.

You can be declared bankrupt in two ways, either by applying for your own bankruptcy, called petitioning, or one of your creditors may petition for your bankruptcy. Any person who owes more than £750 can be declared bankrupt.

Whoever ‘petitions’ (puts in the formal request) pays the costs, which are made up of court fees of £175 and a deposit of £525 made to the Official Receiver. A married couple will have to pay separate fees if they are both applying for bankruptcy.

The petition will then be heard by the court. Once the bankruptcy order has been made against you, your creditors can no longer pursue you to settle the debt. Repayment becomes the responsibility of the Trustee appointed by the court to administer your bankruptcy.

During the bankruptcy process any assets you have, other than basic household goods, can be taken and sold. This may include your home, which may be sold and any mortgages or secured loans repaid, with the surplus being added to the pot for paying your creditors. It may also include your pension rights or benefits. In addition you may also have to make regular payments from your income, if you can afford this after you have paid your essential living expenses.

The trustee also has the power to examine what you did with any assets prior to bankruptcy, particularly if you gave any away or sold them. You will also have to agree to certain restrictions.

During the process your bank or building society will freeze your accounts, including any joint ones. Details of your bankruptcy will be made public and may be reported in the newspapers.

You are normally discharged (freed) from your bankruptcy after one year: you are then released from your debts, although it will remain on your credit record for six years.
There are a number of insolvency options available dependent on your circumstances. If you live in Scotland these options may be available to you.

**The Debt Arrangement Schemes (DAS)**

The DAS scheme is government backed and allows you to make payments over a set period and gives you a level of protection from your creditors. If you have two or more debts and have some disposable income left each month, then you can apply for one. You will need the help of an approved adviser who will agree a Debt Payment Programme whereby you make one regular monthly payment to them for distribution to your creditors.

If you keep to the programme, interest and charges are frozen and will be written off – if you stick to it. In addition your creditors cannot carry out enforcement action against you if you have a programme in place or have applied for one. The charges for this service are deducted from what you pay in, so in effect the creditor pays all the fees and charges for you.

**Trust Deeds**

These are similar to IVAs (see Section 8, part 1). Its aim is to help you become debt free usually in three years. A Trust Deed is a legally binding voluntary arrangement with your creditors, but is less formal than sequestration (bankruptcy). This is set up for you by a trustee, who must be a qualified Insolvency Practitioner; their fees are usually met from your monthly payments. You pay an agreed monthly payment to the trustee and may also have to transfer any valuable assets to them to be sold to go toward paying your debts. (However, there are now ways you can have a Trust Deed without putting your home at risk.)

In addition, your creditors cannot add interest and charges and are unable to take any further action against you. However, if there are any creditors who have not agreed to the Trust Deed, they can still request your sequestration unless the Trust Deed becomes ‘protected’. This is achieved if the trustee writes to all creditors informing them of the intention to make it ‘protected’. To stop this, half of your creditors, or creditors with more than one third of your total debt, must object within five weeks. Once ‘protected’ no further action can be taken, by any creditors.
**Low Income Low Asset bankruptcy (LILA)**

As the name suggests if you have a low income and have limited assets you may apply for bankruptcy under the LILA rules. This is not available to those who own property or land, have total assets over £10,000 or a single asset worth over £1,000. In addition, you will have to be earning less than £243.20 for a 40 hour working week and be getting a means tested benefit.

The big advantage is that you do not have to prove ‘apparent insolvency’, or have a creditor who has agreed to make you bankrupt. It is similar to a Debt Relief Order available in the rest of the UK.

**Sequestration (bankruptcy) in Scotland**

Going bankrupt is a very serious step. If you have very critical debt problems and there’s no realistic way out, then bankruptcy may be right for you, with a view to making a fresh start.

Sequestration is the Scottish legal term for personal bankruptcy. You can be made bankrupt in two ways, either you apply yourself to be made bankrupt or your creditors can. However you must owe more than £1,500 and have a ‘certificate for sequestration’ from an authorised money adviser before you can apply yourself. In addition, you must owe at least £3,000 before your creditors can petition.

Whoever petitions pays the court’s administration fee of £100 and there will be court fees to pay as well.

During the bankruptcy process, which is dealt with in the Sheriff Court, a trustee is appointed by the court. Any assets you have, other than basic household goods, could be taken and sold. This may include your home, which may be sold and any mortgages or secured loans repaid, with the surplus being added to the pot for paying your creditors. It may also include your pension rights or benefits. Also you may be made to make regular payments from your income, if there is anything left after you have paid your essential living expenses.

During the process your bank or building society will freeze your accounts, including any joint ones. Details of your bankruptcy will be recorded in the insolvency register but will not usually be reported in the newspapers.

You are normally discharged (freed) from your bankruptcy after one year: you are then released from your debts although it will remain on your credit record for six years.
There are a number of insolvency options available dependent on your circumstances. If you live in Northern Ireland these options may be available to you.

**Token offers**

If you have no *disposable income* each month, you may decide to make a small ‘token offer’ as a gesture of goodwill to your *creditors*.

**Full and final offers**

This is not a formal insolvency option but you could ask your creditor if they would be prepared to accept a ‘full and final’ payment which is less than the full balance you owe them. In return they agree to write off the rest of your *debt*. Make sure you get your offer accepted in writing before you send any payment. Remember that if you have several creditors you will want to divide the lump sum so each gets a fair share. Also ask your *creditors* as part of the agreement to mark your *debt* as being ‘satisfied’ so this will show on your *credit rating*.

**Administration Orders**

If one or more of your *creditors* has obtained a judgment against you, the Enforcement of Judgments Office (EJO) may make an *Administration Order*. Under this Order you will make regular payments to the EJO to pay towards what you owe your *creditors*. Your total *debts* must not be more than £5,000 and you will need enough regular *income* to make weekly or monthly repayments. You do not have to pay a fee for an *Administration Order* but the EJO will take a small percentage from the money you pay towards its costs.

**Debt Relief Orders**

If you can’t afford to pay off your *debts* and have very limited *assets* you can apply for a *Debt Relief Order*. If successful your *creditors* will be unable to take action against you for debts you owe them and at the end of the order, usually a year, you will be free of the listed *debts*. 
(Part 3) Insolvency options in Northern Ireland

Individual Voluntary Arrangements

An IVA is a Government backed scheme that aims to help you become debt free usually within five years and may lead to some of your debt being written-off. IVAs are a good alternative to bankruptcy, if you cannot afford your current debt repayments.

An Insolvency Practitioner will work with you to prepare a proposal which your creditors will be asked to approve. If more than 75 percent of your creditors accept the terms of the proposal, it’s binding on all the creditors.

After that, you will only make one agreed monthly payment and will no longer have to deal with your creditors. Interest rates and charges are frozen and if you keep to the terms of your IVA, any remaining debt at the end of the period could be written off.

You should be aware though that you will need the services of an Insolvency Practitioner to set up an IVA and their fees may be high. They are, however, usually incorporated into your monthly payment.

Bankruptcy

You can be declared bankrupt in two ways, either by applying for your own bankruptcy, called petitioning, or one of your creditors may petition for your bankruptcy. Any person who owes more than £750 can be declared bankrupt.

Whoever ‘petitions’ (puts in the formal request) pays the costs, which are made up of court fees of £115 (although this may be waived if you receive certain benefits), a deposit of £525 payable to the Insolvency Service and additionally solicitor’s fees. The petition will then be heard by the High Court in Belfast. Once the bankruptcy order has been made against you, your creditors can no longer pursue you to settle the debt. Repayment becomes the responsibility of the trustee appointed by the court to administer your bankruptcy.

During the bankruptcy process any assets you have, other than basic household goods, can be taken and sold. This may include your home which may be sold and any mortgages or secured loans repaid, with the surplus being added to the pot for paying your creditors. It may also include your pension rights or benefits. In addition, you may also have to make regular payments from your income, if you can afford this after you have paid your essential living expenses.

You are normally discharged (freed) from your bankruptcy after one year: you are then released from your debts, although it will remain on your credit record.
Court proceedings for unsecured and non-priority debts

It is hoped that if you manage to follow your action plan, you will be able to avoid court proceedings. If, however, you fail to reach an agreement with your creditors and they take legal action, what happens?

Please note that there are some differences in court proceedings in Scotland and Northern Ireland, see page 3.

The claim

Such cases will normally be heard in the County Court, which is a civil court not a criminal court, or Sheriff court in Scotland. It’s normal for a creditor to send a written notice warning to you that they intend to take action through the courts if you do not pay the debt.

You shouldn’t be afraid, the court’s aim is to make sure everything is fair between you and your creditors and try to resolve the matter. The paperwork is crucial to how your situation will be worked out, so do not ignore it! You will be sent a ‘claim’ with a ‘response pack’. Always complete the forms as honestly and accurately as you can, within the timescales they give you. If you are unsure how to fill them in get help, as otherwise the court may make a decision without knowing your side of things.

This is your opportunity to let the court see your financial statement and budget sheet, explain your circumstances and offer to make affordable repayments. You can also dispute any debt and explain why.

If you agree that the money is due and can pay in total within the timescales, no County Court Judgment (CCJ) (decree in Scotland) is usually made. If your offer to pay in instalments is accepted by your creditor, the court will issue a CCJ outlining payments. If your creditor does not accept your offer, the court decides how much you pay based on the paperwork.

Remember that any costs your creditor has faced in trying to recover the debt, as well as interest on the original amount due, may be claimed.
Court proceedings

Going to court

If you’re disputing the debt or counter claiming you will go to court for a hearing. How the case is handled will depend on the amount claimed and other circumstances. Usually if the amount is less than £5,000 it will be referred to the ‘small claims track’, a more informal process where evidence given under oath and the involvement of solicitors are not normally required. The judge will normally tell you his decision and the reasons for it, at the end of the hearing.

If the claim is for more than £5,000 but less than £25,000, and is likely to take no more than one day to be heard in court, the case will be allocated to the ‘fast-track’. A trial date will be set and the process will be far more formal. It’s advisable to have a solicitor act for you. All other claims are usually referred to the ‘multi-track’.

Enforcement of a County Court Judgment (CCJ)

Some of the ways a CCJ may be enforced include:

- **Warrant of execution**: is when the court gives your creditor the right to seize your goods up to the value of the debt owed and any additional costs. Bailiffs are employed to do this (see Section 10).

- **Charging order**: is made against any property you own and will give your creditor an interest in it.

- **Attachment of earnings**: your employer may have to make deductions from your earnings and pay them to the court.
**Section 9: Court proceedings**

**Scotland**

**Differences in court proceedings in Scotland**
The legal system in Scotland is different from that in England and Wales. Although your options and court procedures are fairly similar, there are some notable differences:

- Cases are normally heard in the Sheriff Courts.
- The court’s decision is called a ‘decrees’ rather than a County Court Judgment.
- There are similarly three ways the case can be handled, and which is used normally depends on the amount of debt:
  - ‘Small Claims’ for debts up to £3,000
  - ‘Summary Cause’ for debts over £3,000 and up to £5,000
  - ‘Ordinary Cause’ for debts over £5,000
- ‘Diligence’ is the word used in Scottish law for how a decree might be enforced to recover the debt.

**Differences in enforcement in Scotland**

- **Inhibition:** securing the debt against your property.
- **Attachment order:** sheriff officers attend your property to remove goods to the value of your debt.
- **Attachment of earnings:** the court instructs your employer to deduct money from your salary or wages.

**Northern Ireland**

**Differences in court proceedings in Northern Ireland**

In Northern Ireland the legal system for dealing with debt is very similar to that used in England and Wales. However the differences include:

- The court in which the case is heard normally depends on the amount of debt:
  - ‘Small Claims Court’ for debt up to £3,000.
  - ‘County Court’ for debt between £3,000 and £15,000.
  - ‘High Court’ for debt over £15,000.
- If you dispute the claim the case will be heard before a judge, witnesses and evidence will be needed.
- No bailiffs operate in NI. The enforcement of judgments is undertaken by The Enforcement of Judgments Office (EJO).

**Differences in enforcement in Northern Ireland**

- **Charging order:** securing the debt against your property.
- **Attachment of earnings:** the court instructs your employer to deduct money from your salary or wages.
Debt recovery processes

Creditors need to do what they can to recover debt, which may mean that they employ a debt collector or bailiff to get their money back.

**Debt collectors**

Your creditor may employ a Debt Collection Agency or sell your debt to a Debt Purchase Company, to try and recover the monies due to them. You may be contacted by telephone or in person. You should not be intimidated or pressurised by them. Debt collectors have no legal right to enter your home or to try and take any of your possessions.

**Bailiffs**

There are three different kinds of bailiffs: County Court bailiffs, sheriff officers and private bailiffs.

- **County Court bailiffs**: are directly employed by the County Court.
- **Sheriff officers**: are contracted by the High Court and work in geographical county areas.
- **Private bailiffs**: can either be self-employed or employed by a private company or organisation (such as a local authority or Inland Revenue).

In addition, to deal with some debts, bailiffs need to be certified.

You should receive notification to say that bailiffs will be coming to your home. Try at this point to make a special effort to negotiate with them or your creditor. It’s also possible to make an application to the court to suspend the bailiff’s action. Your aim should be to get the matter out of the hands of the bailiffs if at all possible.

**Please note that bailiffs do not operate in Northern Ireland. In Scotland, sheriff officers perform a similar role.**
**Debt recovery processes**

**If bailiffs do come**

If bailiffs do come to your home, you don’t as a rule have to let them in and they shouldn’t use force to enter (see box). However, they do have the right to enter through any doors or windows you have left open. If you do not answer the door, or refuse entry or are not home at the time, they will no doubt return. If possible have a witness present and make sure you take a note of what is said. Some bailiffs claim to have powers they do not have. Ask for proof of identity and their authorisation from the court.

If they have gained ‘peaceful’ entry, they will try to find and then identify to you any goods and belongings they intend to take, which could be sold to pay off the debt. Bailiffs should only take goods that belong to the person that owes the money. They should not take any of your belongings that are necessary for you and your family’s basic domestic needs. Additionally, they cannot seize any items essential to your employment such as a vehicle, computer or tools.

Typically they will ask you to sign a ‘walking possession agreement’, which means that the goods now belong to the bailiffs – although they may remain in your home until they remove them. Alternatively, you may manage to negotiate payments even at this stage. If they accept any kind of payment from you, make sure you get a receipt.

Note that if they gain entry once, they then have the right to return and enter without your permission, which may even involve breaking in. Once a Bailiff is in your home, you should not try to get them out by force, they could accuse you of assault.

Depending on the circumstances, you will usually be charged fees and expenses for each visit and these will be added to the debt you owe.

**The exceptions to the rule**

Bailiffs do have the right to break into your home if you are behind with your rent or mortgage payments and your landlord or mortgage lender has got a County Court possession order to evict you (see Section 11).

Plus, if you are due money to HM Revenue & Customs or have unpaid Magistrates’ Court fines they can force entry.
Housing debt

This is a priority debt. If you fall behind with mortgage or rent payments you may lose your home and you really want to avoid this. Your home may also be at risk if you fail to keep up payments toward any further advance or second charge secured against it. As soon as you realise that you are unable to make payments, act!

Rent arrears

If you fall behind with your rent your landlord may take you to court to recover what is owed and could also take steps to evict you. This debt is called rent arrears.

Communication is crucial, talk to your landlord! Explain your situation, show them your financial statement and budget sheet and try to reach an agreement about paying off the arrears. Make sure you only agree to pay what you can realistically afford.

The person who is named on the tenancy agreement is responsible for the debt. In the case of a joint tenancy both are equally liable, but if one can’t pay the other is still responsible for the whole debt.

If you are a private tenant you will usually have an assured shorthold tenancy agreement, in which case your landlord may be able to have you evicted without legally having to provide a reason at a court hearing, provided they have given you proper amount of notice.

However, most landlords will be as keen as you are to avoid expensive and time consuming court action, so do your best to find an acceptable solution for you both. Remember that if you have been evicted for rent arrears you may find it difficult to find a new place to live!

Councils and Housing Associations should always try to help tenants before taking court action by meeting with them to discuss their debt and possible solutions. Use this opportunity wisely!

Even if you receive Housing Benefit, you are still responsible for making sure your rent is paid. If you are having problems with claiming this benefit, get advice and contact your local council to check what the hold-up is and make sure that you have done everything you should to progress it. Remember to ask if there are any other benefits you may be entitled to because of your present circumstances.
Housing debt

Mortgage arrears

Go to your lender first. The sooner you act the more options you will have. Remember too that many lenders will charge fees for late payments which will be added to your arrears, so it is best to speak with your lender before you miss a payment. Lenders should not levy arrears charges if they have agreed a payment arrangement with you, provided you keep to it. If you subsequently find that you cannot keep to the arrangement, contact your lender to explain what has changed and make a new payment arrangement.

Your lender may offer to:

- Defer the payment of interest for a short period.
- Change the day in the month when your payment is due (e.g. to a date after your salary is paid into your bank account).
- Change the method of payment, (e.g. allow you to pay by cash or cheque when you have the money, instead of direct debit with the risk of bank charges if there is insufficient money in your account on the relevant day).
- Accept reduced payments from you in the short-term.
- Change or lengthen the term of your loan.
- Allow you to add arrears to the total mortgage debt (called capitalisation).
- Temporarily change the type of mortgage you have, e.g. convert a capital and interest ‘repayment’ to an ‘interest only’ payment mortgage.

You should make sure you know how each of these options will have a bearing on your payments, the length of your loan and the overall amount it will cost. For example, deferring a payment can lead to being charged additional interest.

Your lender will usually make every effort to help you avoid repossession by reaching a workable settlement with you, so it’s best to keep the lines of communication open with your lender. You may also want to seek the help of an independent adviser, or contact your local Citizens Advice Bureau or Shelter Advice Centre, who will help you look for ways to keep your home. It’s never too late to get advice, so don’t just walk away or hand over your keys to your lender!

In the next few pages we suggest other options you should investigate:

- Should you sell your home yourself?
- Have you considered selling and renting back?
- What about a lifetime mortgage or a home reversion loan?
- There are several government schemes to help you stay in place; are any suitable for you?
- Do you have insurance cover that might help?
Housing debt

Should you sell?
You may decide that your problems are long-term and you need to sell your home yourself to clear the debt owed. You could then pay off your debt and move into rented accommodation or buy somewhere less expensive. This would obviously be preferable to having your home repossessed.

However, there are other alternatives you might want to consider.

Sale and rent back
There are specialist companies that offer to buy your home from you and then rent it back to you under a tenancy agreement. This can be done quickly for cash and you benefit from being able to continue to live in your home, but the sale price is usually significantly less than the amount you could get if you sold the property yourself. You are also unlikely to have long-term security of tenure under the tenancy – if the rent were to increase, could you afford higher payments? You would need to be sure this is right for you. Check also that the company is regulated by the Financial Conduct Authority or the Prudential Regulation Authority.

Lifetime mortgage
If you are older, a lifetime mortgage might be the answer. This is a type of equity release loan that is based on the value of your home. You get a lump sum or regular income but you are charged interest on the loan, which is added to the original loan amount. You still own your home and the loan is repaid when your home is eventually sold. Note though that the interest accruing is compounding (interest on the previous years’ interest). However if the lender is a member of the Equity Release Council you will never owe more than your home is worth. If there is any extra value in the property after it’s sold, say in the event of your death, it will be paid to your heirs.

A home reversion loan
A home reversion loan may be a suitable alternative for some. This is where you sell your home, or part of it, to a company in exchange for a cash lump sum, a regular income, or both. You have the right to continue to live in your home, under a lease, until you die. You can usually sell between 25% and 100% of your property, but the amount you get in return will be significantly less than that share of the market value. The actual amount will depend on your age – the older you are, the more you’ll get.
**Government help**

The type of help that is available to you will depend not only on your personal circumstance but also on where in the UK you live. There are various government sponsored mortgage rescue schemes which operate independently in England, Wales, Scotland and Northern Ireland. Your Citizens Advice Bureau will be able to let you know what is currently available in your area.

Various schemes that may be available to you include:

- **Support for Mortgage Interest**: which helps individuals and families on certain state benefits with their mortgage interest payments, but does not pay the capital repayment on your loan.

- **Shared equity loans**: where you sell part of your home to a Housing Association.

- **Mortgage to Rent schemes**: where a Housing Association buys your home and rents it back to you.

These schemes are primarily aimed at vulnerable households.

**Check insurance cover**

If your mortgage or rent arrears have arisen because you’ve become unemployed, ill or injured, have you checked whether you have any insurance cover that might help? There are several kinds of insurance that could help you to safeguard your repayments:

- **Critical illness**: this cover would provide funds if you should become critically ill.

- **Income protection**: this can give a regular monthly income if you can’t work because of an accident or illness.

- **Payment Protection Insurance (PPI)**: this may be in relation to an unsecured loan or for white goods.

- **Mortgage Payment Protection Insurance (MPPI)**: this can cover your mortgage payments if you’ve become unemployed, or can’t work because of an accident or illness.

- **Accident, Sickness, and Unemployment (ASU)**: this cover may be linked to your mortgage or have been taken separately.
Credit ratings

When you are in debt, it’s a big advantage to know how your creditors view you!

Credit reference agencies

This is where credit reference agencies come in, they evaluate your ‘credit worthiness’ based on your history of borrowing and repayment; they also take into account any other financial assets or liabilities you might have.

They provide information to lenders about your financial commitments, and whether you are up-to-date or in arrears with your repayments. Each lender will then interpret this information in their own way to generate a ‘credit score’ which will help them decide whether to lend to you based on their own criteria and, if so, how much to lend.

You have the right to check your rating and can do this for a small fee online via the main credit reference agencies, Experian, Equifax and CallCredit. (See Appendix b – Useful contacts). This will provide you with an overview of the what, where and when of all that you owe. It could help you greatly as you make plans to tackle your debt.

Remember that if you have failed to maintain payments this will be recorded on your credit file. Likewise if your creditor issues you with a default notice this will also be recorded. Such records will stay on your credit file for six years and thereafter your ability to get credit could be affected. In addition if you have a poor rating as a result, you will be considered a greater risk if you were to apply for a further loan or credit card. Lenders may therefore offer a less favourable interest rate or a lower credit limit on a credit card. Your application may even be rejected.

REJECTED!

CREDITCARD APPLICATION
Credit ratings

Improve your rating

There are some ways that you can improve your credit rating, such as:

- Check the information on your credit report is accurate and flag up any errors – the information may not be up-to-date or your circumstances may have changed, for example if you have separated or divorced, your partner’s rating may be linked to yours if you had any joint financial dealings.

- Check you are registered to vote at your current address.

- Pay bills on time and try not to miss any payments.

- Stay within the limits of any current credit arrangements you have.

- Close any accounts and cancel any contracts you no longer use.

- If you have any savings use these to pay off any existing debts.

- Build up a credit profile – you want lenders to see you have a good track record of managing credit wisely. A good way of doing this is by getting a credit card and using it wisely.

- Beware of fraud – protect your ID.

- Do not make too many applications for credit at the same time.

Did you know?
Your credit rating is about YOU not your address! So don’t worry that the financial circumstances of any previous occupiers may have a bearing on you!
Lesson learnt

You have come such a long way in dealing with your debts! Don’t forget the difficult journey you’ve been on to get to this point. You need to keep on developing good money habits. How is your action plan holding up?

Stay in control

Don’t think because you are now on top of things that you don’t need to continually review your spending and make sure your books balance. This is an on-going necessity if you want to stay debt free. Set yourself a time and a place to do this and try to stick to it! If you are keeping on top of your paperwork it will be so much easier! Make diary notes of important dates, when you need to have paid bills or renewed policies, so you do not incur charges for late payment, and it will also help your credit rating. Try to pay by Direct Debit and spread the cost of bills so you have no big shocks.

Stay out of temptations way! Try shopping using cash or debit card. If you have to have a credit card, make it work to your advantage and stay in control. And don’t forget to keep shopping around for the best deals and bargains if there is something you really need.

Circumstances change, life happens!

Whether it’s a new job, new relationship, new home, new baby or whatever, we need to keep our resolve to stay debt free! However, as we all know, life events are not all new and exciting and it’s when we face extremely challenging and upsetting circumstances such as illness, bereavement, redundancy, unemployment or the breakdown of a relationship, that our determination will be especially tested.

It’s particularly when your personal circumstances change that you need to review your finances and adjust your action plan to suit. Remember too that you may be entitled to different (or more) benefits as a result of the changes in your life. Make sure you research this!

- Citizens Advice Bureau
  www.adviceguide.org.uk/england/benefits_e.htm

Get the savings habit

Try to be pro-active now you are doing so well, start a savings account. Even if you start in a really small way, say with a few pounds a month by Direct Debit, you will be amazed at the feeling this will give you.
Top ten tips for handling debt

1. **Don't ignore debt**: be honest and admit you have a problem.

2. **Debt puts relationships under stress**: so it’s good to talk things through.

3. **Be proactive**: look at all your income and all your outgoings, and put together a workable action plan.

4. **Get savvy**: make sure you understand different debts.

5. **Prioritise your debts**: remember to deal with the priority ones first.

6. **Communication with your creditors is crucial**: they will be as interested as you in finding a workable solution.

7. **Try to get advice and help**: without having to pay for it.

8. **When you have made an offer of payment**: be determined to stick to it!

9. **Try to stay in control of your finances**: no matter what life throws at you!

10. **Make it a goal for everyone in your family to be able to manage their own money**: educate children from a young age.
<table>
<thead>
<tr>
<th>Glossary Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td><strong>Accident, Sickness, and Unemployment insurance (ASU)</strong></td>
<td>An insurance policy that pays out in the event that you are unable to work due to recovering from an accident; prolonged illness; or due to involuntary unemployment. It may be linked to your mortgage or can been taken separately.</td>
</tr>
<tr>
<td><strong>Administration Order</strong></td>
<td>Is a way to pay off your debts in monthly instalments and can help stop calls from your creditors. It is delegated by the county court for total non-priority debts amounting to less than £5,000. The court then pays the creditors on a pro-rata basis.</td>
</tr>
<tr>
<td><strong>Allowance</strong></td>
<td>A set amount of money or capital which you are allowed within a specified time frame.</td>
</tr>
<tr>
<td><strong>Annual Percentage Rate (APR)</strong></td>
<td>This is the interest rate you would pay over a year period and helps you to compare the 'cost' of borrowing between lenders. It takes into account interest to be paid, length of the repayment term and any other charges.</td>
</tr>
<tr>
<td><strong>Annuity</strong></td>
<td>Is a financial product bought from an insurance company with your pension or a lump sum which then provides a regular income, payable for life after retirement. The payout depends on the scheme in which the money is invested.</td>
</tr>
<tr>
<td><strong>Anti-virus and Anti-spyware</strong></td>
<td>This software searches your hard drive for any known or potentially malicious programmes or viruses that can cause damage to your computer.</td>
</tr>
<tr>
<td><strong>Apparent insolvency</strong></td>
<td>This happens when you don’t have enough funds to repay your debts and the creditors are making legal threats.</td>
</tr>
<tr>
<td><strong>Arranged overdraft</strong></td>
<td>(These can also be called authorised overdrafts.) This is when you and your current account provider have arranged for you to have an overdraft facility on your account. In many cases overdrafts are offered as a benefit of a specific account, some even offering interest free overdrafts.</td>
</tr>
<tr>
<td><strong>Asset</strong></td>
<td>Any item of economic value owned by an individual or corporation, especially that which could be converted to cash.</td>
</tr>
<tr>
<td><strong>Assured shorthold tenancy agreement</strong></td>
<td>Is a type of tenancy which offers the landlord a guaranteed right to repossess his property at the end of the term.</td>
</tr>
<tr>
<td><strong>Attachment of earnings</strong></td>
<td>Is when your employer may have to make deductions from your earnings and pay them to the court.</td>
</tr>
<tr>
<td><strong>Automated phone answering system</strong></td>
<td>An automated answering system that uses prompts to direct callers to the correct department or extension.</td>
</tr>
<tr>
<td><strong>Authorised overdraft</strong></td>
<td>See arranged overdraft.</td>
</tr>
<tr>
<td><strong>Bacs Direct Credit</strong></td>
<td>Is a simple, secure and reliable way for organisations to make payments direct into your bank or building society account. Funds paid this way can be used by you on the day they arrive into your account</td>
</tr>
<tr>
<td><strong>Bailiffs</strong></td>
<td>Are officers of the court who work to collect debt. There are several types of bailiffs who act differently according to the type of debt being collected</td>
</tr>
<tr>
<td><strong>Bank</strong></td>
<td>An organisation that offers a range of services such as current and savings accounts, loans and mortgages</td>
</tr>
<tr>
<td><strong>Bank of England</strong></td>
<td>Is the central bank for the United Kingdom and is responsible for setting interest rates, issuing bank notes and maintaining a stable financial economy</td>
</tr>
<tr>
<td><strong>Bank statement</strong></td>
<td>Is a record of your bank account transactions for a given time period</td>
</tr>
<tr>
<td><strong>Banker’s drafts</strong></td>
<td>Are cheques drawn directly on the account of a bank rather than the account of a customer. They are considered a safer option for some transactions as they are unlikely to be returned unpaid due to lack of funds</td>
</tr>
<tr>
<td><strong>Banking online</strong></td>
<td>See internet banking</td>
</tr>
<tr>
<td><strong>Bankruptcy</strong></td>
<td>A legal procedure which begins with a petition to the courts when outstanding debts cannot be repaid. It results in any assets, other than basic household goods, being sold off and any bank accounts frozen. Normally after a year you are freed from the bankruptcy</td>
</tr>
<tr>
<td><strong>Bankruptcy discharge</strong></td>
<td>When you are freed from your bankruptcy after a year and released from your debts</td>
</tr>
<tr>
<td><strong>Bare trust</strong></td>
<td>This is a trust in its simplest form and is sometimes called a ‘simple trust’ if you set up a bare trust the assets (such as money, land or buildings) which you have set aside will go directly to the people or organisations that you have initially agreed</td>
</tr>
<tr>
<td><strong>Basic bank account</strong></td>
<td>Is one that allows you to receive money and pay bills. A cash card is normally provided, but no overdraft facility, debit card or cheque book is provided</td>
</tr>
<tr>
<td><strong>Bonds</strong></td>
<td>A debt investment in which you loan money to an entity (corporate or governmental) that borrows the funds for a defined period of time at a fixed interest rate. Bonds are used by companies and also governments to finance a variety of projects and activities</td>
</tr>
<tr>
<td><strong>Borrowing Criteria</strong></td>
<td>What a lender uses to decide if they are willing to lend you money, may include passing their own credit scoring system and having an adequate salary</td>
</tr>
<tr>
<td><strong>Budget sheet</strong></td>
<td>A record showing all income and outgoings, prepared to work out how you are doing financially</td>
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</tr>
<tr>
<td><strong>Budgeting Loans</strong></td>
<td>A social fund loan for those on a low income and getting certain benefits, up to £1,500 can be borrowed to help spread the cost of certain important expenses over a longer period, for example, furniture, household goods, clothing, and travel expenses</td>
</tr>
<tr>
<td><strong>Building society</strong></td>
<td>A financial company that offers similar services to a bank (e.g. letting you save or borrow money) but is owned by its members (customers)</td>
</tr>
<tr>
<td><strong>Buy-to-let</strong></td>
<td>A property that people buy as an investment, which they then let to tenants</td>
</tr>
<tr>
<td><strong>Call centre</strong></td>
<td>A central office where customer service assistants help callers with their telephone banking</td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td>The amount of money you have actually borrowed, still owe on your loan (not including interest or other charges)</td>
</tr>
<tr>
<td><strong>Card Protection Policy</strong></td>
<td>Insurance cover against your cards being stolen. It usually enables you to cancel all your credit, debit and store cards and order replacements immediately, with just one phone call. You usually also get help to access cash in an emergency</td>
</tr>
<tr>
<td><strong>Cash card</strong></td>
<td>Any card that you can insert into an ATM or other cash dispenser</td>
</tr>
<tr>
<td><strong>Cash point machine</strong></td>
<td>A computerised device into which you insert your cash card and key in your Personal Identification Number (PIN) to get cash out or get account information</td>
</tr>
<tr>
<td><strong>Cashback</strong></td>
<td>Where you can ask for additional money when you are using your debit card to pay for purchases at certain retailers. The total amount of your purchases and the cashback are taken from your account right away</td>
</tr>
<tr>
<td><strong>CHAPS (Clearing House Automated Payments System)</strong></td>
<td>Is a secure, same-day guaranteed method of sending high-value payments, for which a charge is usually made</td>
</tr>
<tr>
<td><strong>Charging order</strong></td>
<td>Is an order obtained from a court or judge by a creditor, by which they gain an interest in any property, land, stocks or funds you own, in order to recover the debt owned</td>
</tr>
<tr>
<td><strong>Cheque</strong></td>
<td>Are written orders from account holders instructing their banks or building societies to pay a specific sum of money to another person, company or organisation</td>
</tr>
<tr>
<td><strong>Cheque book</strong></td>
<td>The book containing detachable blank cheques; which is issued by a bank or building society to account holders</td>
</tr>
<tr>
<td><strong>Cleared</strong></td>
<td>When a deposit into your account has been processed and is available to you</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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</tr>
<tr>
<td>Commission</td>
<td>The money a salesman makes for services or products which they have supplied</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>These bonds are issued by companies as a way of raising money to invest in their business. They are bought and sold on the stock market and their price can fluctuate</td>
</tr>
<tr>
<td>County Court Judgement (known as a decree in Scotland)</td>
<td>Is where a court makes a decision over an outstanding debt and orders that payment must be made, usually in monthly instalments</td>
</tr>
<tr>
<td>Credit Agreement</td>
<td>A formal agreement between someone borrowing money and the bank or building society lending the money</td>
</tr>
<tr>
<td>Credit Card</td>
<td>A plastic card which you use to buy products and services on credit, which is usually issued by a bank or building society. The issuer of the card will collect payment later or you can choose to defer payment and interest will be charged</td>
</tr>
<tr>
<td>Credit Rating</td>
<td>This is decided on information in your credit report, that lenders use to assess the credit risk you pose. Your ability to repay debts is ‘rated’</td>
</tr>
<tr>
<td>Credit Reference Agency</td>
<td>They evaluate your ‘credit worthiness’ based on your history of borrowing and repayment; they also take into account any other financial assets or liabilities you might have. From all this information, a ‘credit score’ is generated. The main credit reference agencies are Experian, Equifax and CallCredit</td>
</tr>
<tr>
<td>Community Development Finance Institutions (CDFIs)</td>
<td>Organisations that help people who struggle to get finance from banks, building societies or loan companies. They aim to help deprived communities by offering loans and support at an affordable rate</td>
</tr>
<tr>
<td>Composition Order</td>
<td>Is when a court agrees that you only pay part of the total debt you owe that is subject to an Administration Order</td>
</tr>
<tr>
<td>Contactless Payment</td>
<td>This typically takes the form of a chip in a credit card, which is simply placed on or very near a reader device to initiate a transaction. You can use them to make low value payments without having to use a chip &amp; PIN machine</td>
</tr>
<tr>
<td>Continuous Payment Authority</td>
<td>May also be called a ‘recurring transaction’. When you give your credit or debit card details to a company and authorise them to take regular payments from your account. Unlike Direct Debits, they do not offer the same guarantee if the amount or date of the payment changes</td>
</tr>
<tr>
<td>Cooling off Period</td>
<td>An agreed length of time during which you can decide not to buy something, or continue with something, you have previously agreed to</td>
</tr>
</tbody>
</table>
## Appendix a – Glossary

<table>
<thead>
<tr>
<th>term</th>
<th>definition</th>
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</thead>
<tbody>
<tr>
<td><strong>Credit report</strong></td>
<td>The report provided by the credit reference agency detailing their assessment of your credit risk</td>
</tr>
<tr>
<td><strong>Credit score</strong></td>
<td>This is a number, calculated based on information in your credit report, that lenders use to assess the credit risk you pose</td>
</tr>
<tr>
<td><strong>Credit union</strong></td>
<td>Are mutual financial organisations, which are owned and run by their members for their members</td>
</tr>
<tr>
<td><strong>Credit worthiness</strong></td>
<td>Your eligibility to borrow money based on the credit risk you pose</td>
</tr>
<tr>
<td><strong>Creditors</strong></td>
<td>Are those that you owe money to</td>
</tr>
<tr>
<td><strong>Crisis loans</strong></td>
<td>A social fund loan provided by the government, which provides £1,500 to help in an emergency or following a disaster for those who qualify</td>
</tr>
<tr>
<td><strong>Critical illness cover</strong></td>
<td>A form of protection insurance that can be taken to provide funds if you were to ever suffer from a critical illness</td>
</tr>
<tr>
<td><strong>Current account</strong></td>
<td>The most common type of bank account usually with the benefit of an overdraft facility, a debit card and a cheque book. You can also set up Direct Debits and Standing Orders to be paid out</td>
</tr>
<tr>
<td><strong>Debit card</strong></td>
<td>Are used to withdraw cash, buy goods or pay for services and the amount is taken from your bank account straight away</td>
</tr>
<tr>
<td><strong>Debt</strong></td>
<td>Money which is owed to a bank, building society or other lending organisation</td>
</tr>
<tr>
<td><strong>Debt Arrangement Scheme</strong></td>
<td>A Scottish government backed scheme designed to allow the repayment of multiple unsecured debts over an extended period of time at an affordable amount each month. An approved money adviser works to set up a Debt Payment Programme (DPP) with the creditors. You are protected from court action during the scheme</td>
</tr>
<tr>
<td><strong>Debt Collection Agency</strong></td>
<td>Is a business that collects unpaid, overdue debts for other businesses</td>
</tr>
<tr>
<td><strong>Debt consolidation</strong></td>
<td>This is where debts are combined together so instead of paying lots of different creditors, only one single payment is made that covers all debts</td>
</tr>
<tr>
<td><strong>Debt consolidation loan</strong></td>
<td>Is a new loan that is taken out to repay several existing debts, usually with a more competitive interest rate, so that only one single payment is required</td>
</tr>
<tr>
<td><strong>Debt management companies</strong></td>
<td>Will, for a fee, negotiate with your creditors to agree the payments you make to them. They may even be able to get your creditors to freeze the interest and charges on your account or offer you a lower interest rate</td>
</tr>
<tr>
<td><strong>Debt Management Plan</strong></td>
<td>An informal agreement with your creditors which allows you to make regular reduced payments to those you owe. Used only for unsecured loans and non-priority debts and if there is some money left over after priority debts and essential living expenses have been taken into consideration. These plans are typically set up by a third party</td>
</tr>
<tr>
<td><strong>Debt Managers Standards Association (DEMSA)</strong></td>
<td>They promote good practice within the debt management industry and aim to treat all members of the public with sympathy and compassion. You should check any debt management agent you use is a member</td>
</tr>
<tr>
<td><strong>Debt Payment Programme</strong></td>
<td>Is a way to repay debts set up under the Debt Arrangement Scheme in Scotland. It gives those who have two or more unsecured debts, longer to repay and prevents court action being taken</td>
</tr>
<tr>
<td><strong>Debt Relief Order</strong></td>
<td>Is a non-court based scheme, which is only available through an authorised debt adviser who makes the application to the Official Receiver. It is for those with total debts less than £15,000, savings or assets worth less than £300 and less than £50 of monthly income left after paying for essential household bills and costs. Usually after a year, freedom from the listed debts is achieved</td>
</tr>
<tr>
<td><strong>Default notice</strong></td>
<td>A formal document issued by a lender to a borrower who has failed to keep up payments</td>
</tr>
<tr>
<td><strong>Direct debit</strong></td>
<td>This is when you give authority for an organisation to claim money from your account. The amount taken can vary in amount and frequency, but advance notice of how much and when should be given</td>
</tr>
<tr>
<td><strong>Direct Debt Guarantee</strong></td>
<td>Provides protection against direct debit payments claimed in error</td>
</tr>
<tr>
<td><strong>Disposable income</strong></td>
<td>This is the amount of spare or surplus money you have left in your budget, once you have taken your total outgoings away from the total income you get in a given time frame</td>
</tr>
<tr>
<td><strong>Diversification</strong></td>
<td>Spreading your money around various investments so you lessen the risk and have a greater chance of seeing returns</td>
</tr>
<tr>
<td><strong>Dividend shares</strong></td>
<td>Your employer may allow you to use any dividends you receive from your free, partnership or matching shares to buy more shares to be held in the plan</td>
</tr>
<tr>
<td><strong>Dividends</strong></td>
<td>The payments which are made by a company to its shareholders</td>
</tr>
<tr>
<td><strong>Doorstep loans</strong></td>
<td>These are loans which are literally arranged and payments collected on your doorstep</td>
</tr>
<tr>
<td><strong>Electronic card reader</strong></td>
<td>The device at the cash register that accepts debit and credit card payments</td>
</tr>
<tr>
<td><strong>Electronic transfer</strong></td>
<td>Any transfer of funds from one account to another that occurs electronically</td>
</tr>
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</tr>
<tr>
<td><strong>Endowments</strong></td>
<td>Are policies which require a regular contribution and are offered by Life Assurance companies. They combine investments with life cover and have a fixed term length. They are sometimes used to repay interest-only mortgages</td>
</tr>
<tr>
<td><strong>Enforcement of Judgement Office</strong></td>
<td>This is a department of the Northern Ireland’s Courts &amp; Tribunal Service and is responsible for the enforcement of court judgments in respect of money, goods and property</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>The difference between the value of the property, and what you owe as a mortgage</td>
</tr>
<tr>
<td><strong>Equity release</strong></td>
<td>Where you can borrow more on a mortgage against any increase in the value of your property</td>
</tr>
<tr>
<td><strong>Equities</strong></td>
<td>Shares in companies, especially ordinary shares, or the activity of trading these shares</td>
</tr>
<tr>
<td><strong>ERNIE</strong></td>
<td>Stands for Electronic Random Number Indicating Equipment and is a computer which randomly generates the winning numbers for NS&amp;I Premium Bonds</td>
</tr>
<tr>
<td><strong>Fast track pay-in facilities</strong></td>
<td>A way of depositing cash or cheques within a bank or building society without having to speak a teller</td>
</tr>
<tr>
<td><strong>Faster Payments Service</strong></td>
<td>Is a service which allows you to make electronic payments, twenty four hours a day, seven days a week, with the funds normally being transferred within a couple of hours</td>
</tr>
<tr>
<td><strong>Financial Conduct Authority (FCA)</strong></td>
<td>The regulator of all retail and wholesale conduct</td>
</tr>
<tr>
<td><strong>Financial risk</strong></td>
<td>Is a term used to describe any risk associated with any form of investing or financing</td>
</tr>
<tr>
<td><strong>Financial Services Authority (FSA)</strong></td>
<td>The former independent non-governmental body that regulated the financial services industry in the UK.</td>
</tr>
<tr>
<td><strong>Financial Services Compensation Scheme</strong></td>
<td>Guarantees compensation to customers of financial institutions if they cease trading. The first £85,000 in any bank or building society account will be returned in the event of the institution’s collapse and for investments the guarantee is set at £50,000</td>
</tr>
<tr>
<td><strong>Financial Services Register</strong></td>
<td>A list of firms, advisers, etc that are regulated by the FCA/PRA, which means they meet certain standards and give information that you can trust</td>
</tr>
<tr>
<td><strong>Firewall</strong></td>
<td>A security barrier that prevents unauthorised users from gaining access to a computer</td>
</tr>
</tbody>
</table>
### Government bonds
These are issued by the government to raise money to cover expenditure that isn’t covered by their tax revenues. As such, they represent a promise to pay the holder a set level of interest during the lifetime of the bond and to repay the money in full on a set date. In the UK, they are often referred to as gilts.

### Group Personal Pensions
A collection of Personal Pension plans (PPPs) provided by an employer through a pension provider of their choosing, but it is an individual contract between you and the provider. The provider claims tax relief at the basic rate on your contributions and adds it to your fund.

### Guaranteed Future Value (GFV)
Is a final payment you may choose whether or not to make as part of a Personal Contract Purchase (PCP) of a car.

### Guarantor
Is someone who acts as insurance for the creditor in case the person who owns the debt can’t make the payments.

### Hire Purchase
When you make monthly repayments to repay the purchase price and the agreed interest. A deposit is usually required. The goods belong to the lender until the end of the contract period.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed interest security</td>
<td>These are a type of pooled investment such as bonds on which you receive an amount of interest that does not change with any short-term interest changes. At maturity you get the initial deposit back.</td>
</tr>
<tr>
<td>Fixed rate account</td>
<td>A loan in which the interest rate does not change during the entire term of the loan.</td>
</tr>
<tr>
<td>Free shares</td>
<td>A type of share incentive plan where employers can give their staff up to £3,000 worth of free shares per year.</td>
</tr>
<tr>
<td>Friendly Society</td>
<td>A mutual association for insurance, pensions or savings and loans or co-operative banking. It is directed by a body of people who join together for a common financial or social purpose and meet regularly to progress the society’s administrative requirements.</td>
</tr>
<tr>
<td>Further advance</td>
<td>(Also called a further loan) Additional borrowing taken out with the same lender as your existing mortgage lender, where your home is used as security.</td>
</tr>
<tr>
<td>Further loan</td>
<td>See further advance.</td>
</tr>
<tr>
<td>Gilts</td>
<td>See government bonds. These are bonds which you can buy from the government.</td>
</tr>
<tr>
<td>Government bonds</td>
<td>These are issued by the government to raise money to cover expenditure that isn’t covered by their tax revenues. As such, they represent a promise to pay the holder a set level of interest during the lifetime of the bond and to repay the money in full on a set date. In the UK, they are often referred to as gilts.</td>
</tr>
<tr>
<td>Group Personal Pensions</td>
<td>A collection of Personal Pension plans (PPPs) provided by an employer through a pension provider of their choosing, but it is an individual contract between you and the provider. The provider claims tax relief at the basic rate on your contributions and adds it to your fund.</td>
</tr>
<tr>
<td>Guaranteed Future Value (GFV)</td>
<td>Is a final payment you may choose whether or not to make as part of a Personal Contract Purchase (PCP) of a car.</td>
</tr>
<tr>
<td>Guarantor</td>
<td>Is someone who acts as insurance for the creditor in case the person who owns the debt can’t make the payments.</td>
</tr>
<tr>
<td>Hire Purchase</td>
<td>When you make monthly repayments to repay the purchase price and the agreed interest. A deposit is usually required. The goods belong to the lender until the end of the contract period.</td>
</tr>
<tr>
<td><strong>Hire Purchase Debt</strong></td>
<td>If you’ve paid less than a third of the debt built up from Hire Purchase you may have to return the goods or they may be seized. However, if you’ve paid more than a third of the total debt, they have to go through the Courts first</td>
</tr>
<tr>
<td><strong>Home Credit Loans</strong></td>
<td>See <em>doorstep loans</em></td>
</tr>
<tr>
<td><strong>Home reversion loan</strong></td>
<td>This is where you sell your home or a percentage of it to a company but retain the rights to live in it rent-free for the rest of your life. The money received can either be paid out in a cash lump sum, a monthly income, or a combination of the two. You have the right to continue to live in your home, under a lease, until you die. These types of plans are also sometimes referred to as <em>equity release</em></td>
</tr>
<tr>
<td><strong>Housing Association</strong></td>
<td>In the United Kingdom these associations are independent not-for-profit bodies that provide low-cost “social housing” for people in housing need</td>
</tr>
<tr>
<td><strong>Housing Benefit</strong></td>
<td>A social security benefit in the UK that is intended to help meet housing costs for rented accommodation</td>
</tr>
<tr>
<td><strong>HM Treasury</strong></td>
<td>Her Majesty’s Treasury (commonly known as The Treasury) is the place where the UK’s economics and finance policies are developed and executed</td>
</tr>
<tr>
<td><strong>In-store finance</strong></td>
<td>Financing deals offered in stores to help you pay for expensive purchases over time, but make sure you understand the costs and charges</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td>The amount of money you earn or you receive in benefits, gifts or interest on savings or investments</td>
</tr>
<tr>
<td><strong>Income protection</strong></td>
<td>This can give a regular monthly income if you can’t work because of an accident or illness</td>
</tr>
<tr>
<td><strong>Income Support for Mortgage Interest</strong></td>
<td>Which helps families on certain state benefits with their mortgage interest payments, but does not pay the capital repayment on your loan</td>
</tr>
<tr>
<td><strong>Income Tax</strong></td>
<td>Is a tax on income. Not all income is taxable and you’re only taxed on ‘taxable income’ above a certain level. There are also other reliefs and allowances that can reduce your Income Tax bill</td>
</tr>
<tr>
<td><strong>Individual Saving Account (ISA)</strong></td>
<td>A Cash ISA is a savings account offering variable or fixed rates of interest. Stocks &amp; Shares ISAs usually invest in unit trust funds across a range of ‘assets’ such as shares, bonds and property. They generally carry more risk as investments may fluctuate, but offer a greater potential return than cash savings over the long term. To have a Cash ISA you need to be aged 16 or over and for a Stocks &amp; Shares ISA you need to be aged 18 or over</td>
</tr>
</tbody>
</table>
## Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Instant access</strong></td>
<td>The most flexible type of saving account, which allows you to take your money out whenever you want.</td>
</tr>
<tr>
<td><strong>Interest</strong></td>
<td>The amount of money that is charged on money borrowed or that you receive on savings held.</td>
</tr>
<tr>
<td><strong>Interest rates</strong></td>
<td>For borrowing this is the percentage showing how much money you will have to pay as interest. It’s usually linked to the Bank of England’s rates and can move up or down. For savings this is the percentage rate of interest you will receive.</td>
</tr>
<tr>
<td><strong>Internet banking</strong></td>
<td>Also called online banking. Where the internet is used to access banking services and manage bank accounts any time of the day or night.</td>
</tr>
<tr>
<td><strong>Invest</strong></td>
<td>Putting money or capital into something with the hope that you will get a profit out of it at a later date.</td>
</tr>
<tr>
<td><strong>Investment bond</strong></td>
<td>A type of life insurance policy in which you can invest a lump sum, which goes into a variety of funds. They’re not the same as corporate bonds, Premium Bonds or fixed-rate bonds.</td>
</tr>
<tr>
<td><strong>Investment trusts</strong></td>
<td>These trusts invest in the shares of different companies, allowing investors to spread their risk. The main difference from unit trusts is that investment trusts are themselves companies in which you buy shares. So you’re investing directly, rather than indirectly through an open-ended fund.</td>
</tr>
</tbody>
</table>

### Appendix a – Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual voluntary arrangements</strong></td>
<td>An alternative to bankruptcy for those who have debts over £15,000. They are legally binding and government backed. An Insolvency Practitioner works to achieve an agreement on your behalf with your creditors to freeze interest rates and make lower repayments. If more than 75 percent by value of your creditors accept the terms of the proposal, it’s binding on all the creditors. You usually become debt free within five years and it may lead to some debt being written-off.</td>
</tr>
<tr>
<td><strong>Inflation</strong></td>
<td>In regards to money and economics, inflation is the rise in the price of goods and services over a period of time.</td>
</tr>
<tr>
<td><strong>Inland Revenue R85 form</strong></td>
<td>If you earn less than £143 per week you won’t need to pay tax. To ensure you still make interest from your income through your savings in a bank or building society, you must complete an R85 form.</td>
</tr>
<tr>
<td><strong>Insolvency</strong></td>
<td>Where you are unable to pay back your debts when the payment is requested and have no way of obtaining money. If you are insolvent you don’t have to declare bankruptcy.</td>
</tr>
<tr>
<td><strong>Insolvency Practitioners</strong></td>
<td>Are authorised specialists, usually accountants or solicitors, who are appointed by the courts to administer insolvency procedures. Their services are paid for by fees.</td>
</tr>
<tr>
<td><strong>The Insolvency Service</strong></td>
<td>Exists to provide the framework and the means for dealing with financial failure in the economy and with the misconduct that is often associated with it.</td>
</tr>
<tr>
<td><strong>Joint account</strong></td>
<td>When two people set up a bank account together; each person has access to the account and are mutually liable for any overdraft. In addition, account holders will be ‘linked’ for credit scoring</td>
</tr>
<tr>
<td><strong>Junior ISAs</strong></td>
<td>A savings account for children that will grow tax-free and is only accessible once the child reaches adulthood. Both Cash or Stocks and Shares ISAs are available and there is a limit to annual contributions. There are no contributions into them from the government</td>
</tr>
<tr>
<td><strong>Lease purchase</strong></td>
<td>This type of financing involves making a final lump sum payment at the end of the agreement, to gain outright ownership. This payment is called the Residual Value. However there is no option to return the car at the end of the contract</td>
</tr>
<tr>
<td><strong>Life Assurance</strong></td>
<td>Could pay a lump sum to you if you are terminally ill or a lump sum to your next of kin if you die</td>
</tr>
<tr>
<td><strong>Life cover</strong></td>
<td>Is a contract between an insured person and the insuring body, where the insuring body promises to pay a beneficiary, assigned by the insured person, a sum of money upon that person’s death</td>
</tr>
<tr>
<td><strong>Life style protection</strong></td>
<td>Insurance cover to protect your income in the short term. It usually covers your outgoings for a year if you were to be made redundant or are off work due to an accident or illness</td>
</tr>
<tr>
<td><strong>Lifetime mortgage</strong></td>
<td>A way for older homeowners to release value from their property as a lump sum or as a regular income</td>
</tr>
<tr>
<td><strong>Loan broker</strong></td>
<td>A person or a company that arranges loans for a fee</td>
</tr>
<tr>
<td><strong>Loan shark</strong></td>
<td>This is an illegal person or body that offers unsecured loans with high interest rates</td>
</tr>
<tr>
<td><strong>Logbook loans</strong></td>
<td>This is a type of short term secured loan in which you use the value of your car as security</td>
</tr>
<tr>
<td><strong>Low Income Low Asset bankruptcy (LILAs)</strong></td>
<td>If you live in Scotland, this is an alternative to declaring bankruptcy and is a method of managing your debts</td>
</tr>
<tr>
<td><strong>Matching shares</strong></td>
<td>Some employers offer to match the partnership shares which you have invested in the company of which you are employed</td>
</tr>
<tr>
<td><strong>Mini statement</strong></td>
<td>Can be requested from a cash machine and provides details of your most recent transactions</td>
</tr>
<tr>
<td><strong>Minimum Contractual Instalments</strong></td>
<td>The amount of money you need to pay in portions, usually equal, at specified intervals over a fixed period to pay the debt</td>
</tr>
<tr>
<td><strong>Mobile phone banking</strong></td>
<td>Where special mobile phone pages for small screens have been designed, so you can access your account quickly and easily</td>
</tr>
<tr>
<td><strong>Money Advice Service</strong></td>
<td>This is a service funded by the government, which provides free financial consultation for people living in the UK</td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Money Purchase Scheme</strong></td>
<td>With these schemes, the contributions you and your employers make are invested, for example in bonds or stocks and shares. Your final pension fund will depend on how well these investments perform and how much has been paid into the scheme. At retirement, you may take a percentage of your fund as a tax-free lump sum of up to 25% the rest is used to buy a pension giving you a regular income. This is why they are termed 'money purchase' schemes</td>
</tr>
<tr>
<td><strong>Mortgage</strong></td>
<td>This is essentially a loan. It’s an agreement to borrow money in order to buy a property, with the property belonging to the lender until all the money has been repaid by the borrower. Once the money is fully repaid, the property then belongs to the borrower</td>
</tr>
<tr>
<td><strong>Mortgage Deposit</strong></td>
<td>The money you put in up front towards buying a house, usually between 5 and 25% of the property cost, depending on the lender of the mortgage</td>
</tr>
<tr>
<td><strong>Mortgage Payment Protection Insurance (MPPI)</strong></td>
<td>This can cover your mortgage payments if you’ve become unemployed, or can’t work because of an accident or illness</td>
</tr>
<tr>
<td><strong>Mortgage to Rent schemes</strong></td>
<td>When a Housing Association buys your home and rents it back to you</td>
</tr>
<tr>
<td><strong>National Insurance</strong></td>
<td>National Insurance contributions is money which people in work make payments towards benefits, such as the National Health Service (NHS). The national insurance scheme is administered by HM Revenue and Customs (HMRC)</td>
</tr>
<tr>
<td><strong>Non-priority debts</strong></td>
<td>These are debts such as overdrafts, store cards, credit cards or unsecured loans. These should be tackled after you have paid your priority debts</td>
</tr>
<tr>
<td><strong>Notice accounts</strong></td>
<td>A type of savings account where you get a better rate of interest if you are willing to give notice of any withdrawals you wish to make</td>
</tr>
<tr>
<td><strong>Occupational Pension (sometimes called work or company pensions)</strong></td>
<td>They can be one of the following: contributory, where you give part of your earnings (typically 5% of your gross salary) in addition to your employer’s contribution; non-contributory, where your employer makes all the payments and open ‘stakeholder’ schemes</td>
</tr>
<tr>
<td><strong>Office of Fair Trading</strong></td>
<td>The UK watchdog that ensures consumer’s rights are promoted and protected</td>
</tr>
<tr>
<td><strong>Official receivers</strong></td>
<td>Are officers of the Insolvency Service and are civil servants. They are answerable to the courts</td>
</tr>
</tbody>
</table>
### Offshore accounts
A type of savings account that allows you to deposit money in sterling, euros or dollars. Although the interest is paid without tax being deducted, it is still liable to tax and must be entered in your tax return if you are a UK taxpayer.

### Online banking
See **Internet banking**. Where the internet is used to access banking services and manage bank accounts any time of the day or night.

### Online comparison tools
An easy way to compare products and services, using a search facility, so as to find a good deal.

### Open Ended Investment Companies (OEICs)
A type of company or fund in the UK that is structured to invest in other companies with the ability to adjust constantly its investment criteria and fund size. The company’s shares are listed on the London Stock Exchange, and the price of the shares are based largely on the underlying assets of the fund.

### Overdraft
This is when money is withdrawn from a bank account and the available balance goes below zero. You can have an agreement to borrow more money from your account than you have in it.

### Overdraft facility
When a bank or building society account allows you to borrow funds when nothing is left your account.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition/Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overdraft limit</strong></td>
<td>The agreed limit on an account, up to which you can borrow money on overdraft.</td>
</tr>
<tr>
<td><strong>Packaged accounts</strong></td>
<td>See premier account</td>
</tr>
<tr>
<td><strong>Partnership shares</strong></td>
<td>Staff can buy a further £1,500 of shares from their gross salary, or up to 10% of gross salary, depending on which is less.</td>
</tr>
<tr>
<td><strong>Password</strong></td>
<td>A chosen combination of letters and numerals you personally chose that will allow only you to access your account and keep your identity protected.</td>
</tr>
<tr>
<td><strong>Pawnbrokers</strong></td>
<td>Where you can get a short-term cash loan by handing over some item of value as security. At the end of the agreed term, typically six months, you repay the loan and the interest and get back your item. But the pawnbroker may keep or sell your item if you cannot repay the loan in full.</td>
</tr>
<tr>
<td><strong>Payday loans</strong></td>
<td>These are small, short-term loans which are designed to enable you to quickly obtain the funds you need. The term payday simply means that you usually borrow money until your next payday however; they can be expensive but do offer quite a lot of flexibility.</td>
</tr>
</tbody>
</table>
### Appendix a – Glossary

| **Payment Protection Insurance (PPI)** | Can be offered as part of your deal when you take out a loan or credit card, or it can be bought independently. Many lenders offer insurance cover to help you to keep up repayments if, for example, you are unable to work because of a serious illness, injury or if you are made redundant. |
| **Pension** | This is money which is saved throughout your working life to act as a salary or regular income when you have retired or are no longer in employment. |
| **Pension credit** | An income related benefit for pensioners. There are two variations of pension credit but they both aim to top up your weekly allowance to a specified amount. |
| **Pension trustees** | Trustees have a responsibility to ensure there is enough money in a pension scheme to pay members’ pensions as and when they need to be paid. |
| **Personal Assurance Message (PAM)** | When you register your card. In the future when you shop at certain retailers your PAM will be displayed to you, thus reassuring you that you are connected to your card issuer’s website. |
| **Personal Contract Purchase (PCP)** | A method of financing a car where an initial deposit is paid, followed by monthly payments over an agreed term followed by the option to make a final payment to keep the car or the car can be returned with nothing extra to pay. |
| **Personal Identification Number (PIN)** | Is a four digit number that you enter when using a cash machine or when using debit cards and credit cards. A microchip inside the card, which holds secure data, verifies your identity. |
| **Personal Pensions** | Any pension you organise for yourself, such as a Personal Pension, Stakeholder Pension or Self-Invested Personal Pensions (SIPPs). They are not directly linked to your employment. They are offered by financial organisations such as building societies, banks and insurance companies. |
| **Phishing** | The use of scams to try and fraudulently get valuable personal information over the Internet. |
| **Phone keypad response** | Is where you need to press your phone keys in response to the automated questions. |
| **Postal orders** | Are available from the Post Office and are similar to cheques in that they have the payment amount printed in words and numbers on them. Unlike a cheque though, the money comes out of your account right away. |
### Appendix a – Glossary

#### P - R

| **Pre-paid cards** | These are aimed at those who might not have a bank account (children, those with a poor credit rating, migrant workers, etc.). They are also often used by holidaymakers going abroad. As the name suggests, you put money on the card and then can spend with it as with other cards, until that amount is used. Most cards can be topped up with more money in several ways, usually including online and by phone. |
| **Premier or Packaged accounts** | Current accounts with extras, such as exclusive discounts, insurance cover, breakdown cover or higher interest on your balance. There is usually a monthly fee charged for these and several accounts offered with a varying degree of extras. |
| **Premium Bonds** | Are effectively a loan to the UK government, in exchange, all returns from them are tax-free. They are issued by NS&I (National Savings and Investment) and give you the chance every month to win £1 million and over a million other cash prizes. |
| **Priority debts** | These are debts which you must put money aside for; these includes essential living such as rent/mortgage repayments and utilities. If you do not pay these the creditor has certain powers to act to recover the money owed. |

<p>| <strong>Pro-rata agreement</strong> | A process of negotiating reduced payments with your creditors, based upon your disposable income. |
| <strong>Professional and Career Development Loan</strong> | Are provided by participating banks or building societies to help you develop your career through education and/or training. Although the interest is paid for by the Young People’s Learning Agency during the qualifying period, you will be expected to pay it after that. |
| <strong>Prudential Regulation Authority (PRA)</strong> | The prime regulator of banks, building societies, insurers and investment firms. |
| <strong>Purchasing power</strong> | The value of money, as measured by the quantity and quality of products and services it can buy. |
| <strong>Redundancy</strong> | A form of dismissal from your job, caused by your employer needing to reduce the workforce. |
| <strong>Regular savings</strong> | An account where a certain number of payments need to be made each year to avoid losing interest or paying a penalty. |
| <strong>Regulator</strong> | This refers to a person or body which monitors and enforces (regulates) an industry or business activity. |
| <strong>Remortgage</strong> | The replacement of an existing mortgage with a new one, secured against the same property, which may involve borrowing more money |
| <strong>Residual Value</strong> | The amount a company expects to be able to sell a fixed asset for at the end of its lease, or at the end of its useful life |
| <strong>Responsible lender</strong> | One that is licensed with the Office of Fair Trading or regulated by Financial Conduct Authority or the Prudential Regulation Authority and who has pledged to treat you fairly |
| <strong>Salary related pension schemes</strong> | Where the pension you get is usually dependent on your earnings and the length of time you are part of the scheme. Both you and your employer can make contributions |
| <strong>Save As You Earn</strong> | Is a scheme set up by the Treasury to encourage people to buy shares in the company they work for. Employees can save monthly out of their pay over a fixed term and at the end this funds the purchase of shares in the company at a discount of up to 20% of the normal share price at the time of the start of the SAYE scheme |
| <strong>Savings bonds</strong> | In Britain, these are bonds, or money loaned to the government. The government will use these funds in a similar way to taxes, to develop public services and infrastructure |
| <strong>Secured loans</strong> | These loans are only available to people who have assets such as property owners, where the lender can forcibly sell your house to get their money back if you can’t repay. They are less risky to the lender than unsecured loans and offer favourable interest rates |
| <strong>Security code (on the back of the card)</strong> | This is the last 3 numbers found at the top of the signature strip, on the back of a debit or credit card |
| <strong>Self-Invested Personal Pension (SIPPS)</strong> | Are designed for those that want to take a much more active role in their investments and access a much greater number of investment opportunities in a wider range of funds, equities, bonds or property |
| <strong>Self-select ISA</strong> | Offers you full control over your investments, allowing you to choose which shares you invest in. A stockbroker usually manages this on your behalf |
| <strong>Self-service tills</strong> | Non-manned service points |
| <strong>Sequestration</strong> | The Scottish term for bankruptcy |
| <strong>Share incentive plans</strong> | A method of investing in the company which you work for. The company will offer employees shares, normally as part of a monthly payment scheme, the benefit to the employee are attractive tax breaks |</p>
<table>
<thead>
<tr>
<th><strong>Shared equity loans</strong></th>
<th>Where you sell part of your home to a Housing Association</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders</strong></td>
<td>A person, group or company which own shares or stocks in a corporation or mutual fund</td>
</tr>
<tr>
<td><strong>Social Fund Loans</strong></td>
<td>Are interest-free loans provided by the government to recipients of certain benefits, or who are on a low income. They are dealt with by Jobcentre Plus and are usually repaid by clawback from future payments of your benefits</td>
</tr>
<tr>
<td><strong>Spending diary</strong></td>
<td>A daily, detailed record of everything you spend money on</td>
</tr>
<tr>
<td><strong>Stakeholder Pensions</strong></td>
<td>These are similar to Personal Pension but have to meet certain criteria and offer special features. They are flexible allowing you to stop payments for a while, without penalty charges, or to pay lower contributions at intervals to suit. There are also limits on management charges and fees your provider can make</td>
</tr>
<tr>
<td><strong>Standing Order</strong></td>
<td>This is an instruction you give to your bank to pay a fixed amount to someone else on a regular basis. They are different from Direct Debits, in that you are the only person who can change the date or payment amount</td>
</tr>
<tr>
<td><strong>State Pension</strong></td>
<td>The pension provided by the government. To qualify for a full basic State Pension you need to have paid enough NI contributions (or be treated as having paid or have been credited as having paid enough)</td>
</tr>
<tr>
<td><strong>State second pension</strong></td>
<td>(formerly known as the State Earnings-Related Pension Scheme (SERPS))</td>
</tr>
<tr>
<td><strong>Stockbroker</strong></td>
<td>Is a regulated professional broker who buys and sells shares</td>
</tr>
<tr>
<td><strong>Stock market index</strong></td>
<td>This is a method of measuring a collection of like stocks and a benchmark to measure the strength of a company</td>
</tr>
<tr>
<td><strong>Stocks and shares</strong></td>
<td>These are parts of a company which you can 'buy' stocks refer to any company and shares is the term you use when applying this to just the one company</td>
</tr>
<tr>
<td><strong>Student Loan</strong></td>
<td>These are available to students in higher education to help them with study costs, including tuition fees and living expenses. These low interest loans are run by the Student Loans Company, and are partly means tested. You start to repay them once you have finished your studies and are earning above a certain amount</td>
</tr>
<tr>
<td><strong>Tax liability</strong></td>
<td>The total amount of tax that you, another person or an organisation is legally obligated to pay to an authority through taxable items such as annual income, the sale of an asset or an inheritance</td>
</tr>
<tr>
<td><strong>Telephone banking</strong></td>
<td>Allows you to manage your money 24 hours a day, 7 days a week via the telephone. Many banks offer both an automated phone answering system, with phone keypad response or voice recognition capability, and also allow you to speak to a customer adviser located in a call centre or branch</td>
</tr>
<tr>
<td><strong>Tracker bond</strong></td>
<td>Tracker bonds are fixed-term investments where typically the bulk of your money is invested in a deposit based account and the rest is invested in the stock market</td>
</tr>
<tr>
<td><strong>Travel concessions</strong></td>
<td>Free travel, or a reduction in the usual price of various forms of travel, which is available to students or young, old or unemployed people</td>
</tr>
<tr>
<td><strong>Trust deed</strong></td>
<td>This is similar to the Debt Relief Order but is administered in Scotland</td>
</tr>
<tr>
<td><strong>Trust fund</strong></td>
<td>Is managed by a third party and is an account for you to deposit money which can later be used by another person, such as a child</td>
</tr>
<tr>
<td><strong>Trustee</strong></td>
<td>In a bankruptcy case, the trustee takes control of the assets and sells these, then shares out the money between the creditors</td>
</tr>
<tr>
<td><strong>Unauthorised overdraft</strong></td>
<td>See <em>overdraft</em></td>
</tr>
<tr>
<td><strong>Unarranged overdraft</strong></td>
<td>(These can also be called <em>unauthorised overdrafts</em>.) This is when you take more money out of your account than you have in it without a planned overdraft or if you have taken out more than your planned overdraft limit. There will be additional charges if you do this</td>
</tr>
<tr>
<td><strong>Unsecured loans</strong></td>
<td>Are not ‘secured’ by any asset. The lender relies on your promise to pay them back and they are therefore more risky to them than secured loans and this will be reflected in the interest rates</td>
</tr>
<tr>
<td><strong>User ID</strong></td>
<td>An additional security measure, which is supplied by your provider, to help protect you when using mobile, telephone or online banking</td>
</tr>
<tr>
<td><strong>VAT</strong></td>
<td>Stands for value added tax and is a tax imposed on goods and services</td>
</tr>
<tr>
<td><strong>Voice recognition capability</strong></td>
<td>Is used in telephone banking services. An automated phone answering system is used that recognises and responds to your spoken answers or instructions</td>
</tr>
<tr>
<td><strong>Warrant of execution</strong></td>
<td>Is when the court gives your creditor the right to seize your goods up to the value of the debt owed and any additional costs. Bailiffs are usually employed to do this</td>
</tr>
</tbody>
</table>
Appendix b – Useful contacts

We have compiled this lengthy list of places you can go for additional information and advice.

### Nationwide

- **Main site**
  www.nationwide.co.uk
- **Nationwide Education**
  www.nationwideeducation.co.uk
- **Money Worries**
  www.nationwide.co.uk/money_worries
- **Payment Difficulties**
  www.nationwide.co.uk/money_worries/paymentdifficulties
- **Managing your credit card**
  www.nationwide.co.uk/creditcard/managing-your-card

### Money advice

**Online Citizens Advice Bureau service**
- **Citizens Advice Bureau Advice guide**
  www.adviceguide.org.uk

**Find your local Citizens Advice Bureau**
- **For England & Wales**
  www.citizensadvice.org.uk
- **For Northern Ireland**
  www.citizensadvice.co.uk
- **For Scotland**
  www.cas.org.uk

**For money advice**
- **Money Saving Expert**
  www.moneysavingexpert.com
- **Money Advice Service**
  www.moneyadviceservice.org.uk/yourmoney
- **Money Advice Scotland**
  www.moneyadvice.scotland.org.uk

**Find an adviser**
- **Association of Independent Financial Advisers**
  www.aifa.net

### Banking advice

- **Bacs**
  www.bacs.co.uk/bacs/consumers
- **Bank of England**
  www.bankofengland.co.uk
- **British Bankers’ Association (BBA)**
  www.bba.org.uk
- **Building Societies Association (BSA)**
  www.bsa.org.uk
- **Cheque & Credit Clearing Company**
  www.chequeandcredit.co.uk/information/-/page/the_cheque_clearing_cycle
- **Direct Debits**
  www.directdebit.co.uk
- **UK Payments Administration Ltd**
  www.ukpayments.org.uk
- **Payments Council**
  www.paymentscouncil.org.uk
# Appendix b – Useful contacts

## Spending safely
- **The UK Card Association**  
  [www.theukcardsassociation.org.uk](http://www.theukcardsassociation.org.uk)
- **Bank safe online**  
  [www.banksafeonline.org.uk](http://www.banksafeonline.org.uk)
- **Get safe online**  
  [www.getsafeonline.org](http://www.getsafeonline.org)
- **MasterCard SecureCode**  
  [www.mastercard.co.uk/securecode.html](http://www.mastercard.co.uk/securecode.html)
- **Verified by Visa**  
- **Financial Fraud Action UK**  
  [www.financialfraudaction.org.uk/consumer-landing.asp](http://www.financialfraudaction.org.uk/consumer-landing.asp)

## Debt help
- **National Debtline**  
  [www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk)
- **StepChange Debt Charity**  
  [www.stepchange.org](http://www.stepchange.org)
- **Payplan**  
  [www.payplan.com](http://www.payplan.com)
- **Debt Advice Foundation**  
  [www.debtadvicefoundation.org](http://www.debtadvicefoundation.org)
- **Citizens Advice Bureau Advice Guide**  
  [www.adviceguide.org.uk](http://www.adviceguide.org.uk)  
  [www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)
- **Credit Action**  
  [www.creditaction.org.uk](http://www.creditaction.org.uk)
- **Gov.uk**  
  [www.gov.uk/browse/tax/court-claims-debt bankruptcy](http://www.gov.uk/browse/tax/court-claims-debt bankruptcy)
- **Advice UK**  
  [www.adviceuk.org.uk](http://www.adviceuk.org.uk)

## Credit reference agencies
- **Callcredit**  
  [www.callcredit.co.uk/consumer-solutions/your-credit-report](http://www.callcredit.co.uk/consumer-solutions/your-credit-report)
- **Equifax**  
  [www.equifax.co.uk](http://www.equifax.co.uk)
- **Experian**  
  [www.experian.co.uk](http://www.experian.co.uk)

## Housing debt advice
- **Shelter**  
  [www.shelter.org.uk](http://www.shelter.org.uk)

## Loan sharks
- **Report a loan shark**  
Appendix b – Useful contacts

The Lending Code
- The Lending Code can be referenced on:
  www.lendingstandardsboard.org.uk/docs/lendingcode.pdf
- And the customer leaflet can be found here:
  www.lendingstandardsboard.org.uk/docs/Consumer%20guide_singlesfinal.pdf
- The FLA Lending Code can be found at:
  www.fla.org.uk/consumers/The_Lending_Code

Benefits advice
- Gov.uk ‘Benefits Adviser’
  www.gov.uk/benefits-adviser

Complaints resolution
- Financial Ombudsman Service
  www.financial-ombudsman.org.uk
- The Pensions Ombudsman
  www.pensions-ombudsman.org.uk

Financial advice
- The Financial Conduct Authority
  www.fca.org.uk
- The Prudential Regulation Authority
  www.bankofengland.co.uk

Pensions
- Pensions Advisory Service
  www.pensionsadvisoryservice.org.uk
- The Pension Service
  www.gov.uk/calculate-state-pension

Find Grants
- Turn 2 us
  www.turn2us.org.uk/default.aspx

Insurance
Find an insurance broker
- British Insurance Brokers Association (BIBA)
  www.biba.org.uk
For an insurance broker who is an IIB member
- The Institute of Insurance Brokers (IIB)
  www.iib-uk.com
For factsheets and information on insurance
- ABI Information zone
  www.abi.org.uk
Appendix b – Useful contacts

Useful comparison websites

- Which
  www.which.co.uk/money
- Money Saving Expert
  www.moneysavingexpert.com
- Money Supermarket
  www.moneysupermarket.com
- uSwitch
  www.uswitch.com
- Money.co.uk
  www.money.co.uk
- Compare the Market
  www.comparethemarket.com

Vouchers, discounts and freebies

www.vouchercodes.com
www.myvouchercodes.co.uk
www.freestuff.co.uk

Product deals

- Amazon
  www.amazon.co.uk
- Price Runner
  www.pricerunner.co.uk
- Kelkoo
  www.kelkoo.co.uk
- UK Shopping
  uk.shopping.com
- Shopzilla
  www.shopzilla.co.uk

Sustainable Living

- Nationwide Education
  www.nationwideeducation.co.uk/sustainability-education/teachers/index.php
- Gov.uk
  www.gov.uk/browse/housing/safety-environment
- Energy Saving Trust
  www.energysavingtrust.org.uk

- Carbon Calculator
  carboncalculator.direct.gov.uk/index.html
- Love food hate waste
  www.lovefoodhatewaste.com

Solicitors

To find a solicitor in England and Wales
- The Law Society (England & Wales)
  www.lawsociety.org.uk

To find a solicitor in Northern Ireland
- The Law Society of Northern Ireland
  www.lawsoc-ni.org

To find a solicitor in Scotland
- The Law Society of Scotland
  www.lawscot.org.uk

Buying or Selling a Home

For information on mortgages
- Council of Mortgage Lenders
  www.cml.org.uk/cml/consumers