

# Dealing with debt

Getting help with  
money problems

*What if I can't make my HP payments?*

*How can I deal  
with bailiffs?*

*Can I go  
bankrupt?*



CREDIT CARD

**0845 345 4 345**

[www.communitylegaladvice.org.uk](http://www.communitylegaladvice.org.uk)

See page 10 for useful phone  
numbers and website addresses

A free and confidential advice  
service paid for by Legal Aid

community  
legal advice

# The Community Legal Service

This guide has been produced by the Community Legal Service (CLS), an organisation that has been set up by the government to help you find the right legal information and solve your problems.

The CLS:

- provides leaflets with advice on a range of problems, and
- can help you find people and organisations that can help you with your legal problems.

To find out more about how the CLS can help, call us or visit our website.

**0845 345 4 345**

**[www.communitylegaladvice.org.uk](http://www.communitylegaladvice.org.uk)**

*Community  
Legal Service*



# What can I do if I have money problems?

Bills are a fact of life, and sometimes you can feel swamped by debts. But you should never ignore bills, even if you can't pay them straight away.

This leaflet looks at some commonly asked questions about your rights, the rights of people you owe money to, and the rights of bailiffs and debt collectors. But everyone's situation is different and, especially if you owe money to several organisations, you'll need expert help in working out how to deal with your debts.

There are several organisations that will help you with your debts, and give you free, confidential, expert advice about how to get back on track with your finances – see the section 'Where can I get help and advice?' on page 10.

## I've got lots of debts – which ones should I pay first?

You need to work out which debts could have the most serious consequences for you. The action organisations can take to get the money you owe them depends on the type of debt. For example:

- If you don't pay your phone, gas or electricity bills, you could, as a last resort, be cut off. But you can't have your water cut off.
- If you don't pay your mortgage, the mortgage lender could repossess your home (take it back).
- If you don't pay your rent, you could be evicted.
- If you don't pay your council tax or TV licence, bailiffs may come to take your belongings – you could even be sent to prison.

However, working out the best way to deal with many different debts can be complicated. It will depend on how many people you owe money to, how much you owe, and whether it's likely that you can pay all the money you owe.

If you're in this position, it's important to get expert advice quickly – the sooner you start dealing with your debt problems, the more options you have for sorting them out. You can get free, confidential advice from:

- **Community Legal Advice**, phone **0845 345 4 345**, or visit [www.communitylegaladvice.org.uk](http://www.communitylegaladvice.org.uk), or
- **National Debtline**, phone **0808 808 4000** free, or visit [www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk)

## Can I go bankrupt?

Bankruptcy might sound like an easy way of dealing with your debts, but it's really only a sensible option if you:

- have very large debts that would take years to pay, and
- own very little of value that you could lose or be forced to sell (such as a house or flat).

And remember that if you go bankrupt:

- you will still have to pay some types of debt, such as fines and student loans
- it will be difficult to get credit in future, and
- you may lose your bank account.

Bankruptcy might be the right solution for some people, but there are less drastic ways of dealing with debts. **Community Legal Advice** or **National Debtline** can give you advice about your options.

## A debt from years ago has come back – do I have to pay?

This depends. The law says that organisations you owe money to can start legal action against you to get the money only within six years (or 12 years for mortgages) since you made a payment or wrote to the organisation about the debt.

But even if you think you're outside these time limits, don't ignore the debt – get expert advice about how to deal with the situation. You can get free, confidential advice from:

- **Community Legal Advice**, phone **0845 345 4 345**, or visit [www.communitylegaladvice.org.uk](http://www.communitylegaladvice.org.uk), or
- **National Debtline**, phone **0808 808 4000** free, or visit [www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk)

## How can I stop my gas and electricity being cut off?

Cutting you off should be a last resort for gas and electricity companies if you haven't paid your bills. They must first give you the chance to come up with a way of paying the money you owe at a rate you can afford. And if you're elderly or vulnerable because of your ill health or disability, you should never be cut off during the winter months (October to March).

If your gas or electricity company is threatening to cut you off, or if you're behind with your bills, ask the company not to cut you off, and say you are finding a way to pay. Then get some debt advice on making a payment plan, and tell the company about it.

If the company won't listen to you and is still threatening to cut you off, contact **Consumer Direct**, the government consumer advice body (phone **08454 04 05 06**) and ask it to refer you to Consumer Focus, which can take up your case.

## What if I can't afford my HP payments?

When you buy something on hire purchase (HP), you don't own it until you make the final payment – until then it belongs to the HP company. This means you can't sell it until you've paid it off. If you miss payments, and you have paid less than a third of the total cost, the HP company may be allowed to repossess (take back) the item. But it can't come into your home to take the things you're paying for (furniture, for example).

If you've paid more than a third, the HP company must start court action to get the goods back or get you to pay. If it does this, you can come up with a payment plan you can afford. The court will decide whether this is fair, or whether you must return the item.

If you can see no way of making the payments, you may be able to end the HP agreement and give back the item – but you may still have to pay the company some money. However, get advice before you end the agreement, because if you don't do it in the proper way, you may have to pay more than you need to.

## What can bailiffs do if they're chasing me for money?

With most debts, bailiffs should be used only as a last resort – and only after your case has been to court. The only time this doesn't apply is if you owe money to the tax office (Her Majesty's Revenue and Customs) – they can use bailiffs without a court hearing.

Bailiffs normally try to persuade you to pay your debt by threatening to take your belongings. It can be difficult to negotiate with bailiffs, but in most cases they're not allowed to force their way into your home unless they've been let inside on an earlier visit. So if you never let them in, they won't be able to take things from your home.

However, if they're chasing you for not paying a fine, bailiffs are allowed to force their way into your home. If bailiffs have arrived at your home, or you think they are coming, and you don't have the money they want, contact one of the advice organisations listed on page 10 – there may still be things you can do to stop bailiffs taking your belongings.

## I have a county court judgment, but I can't afford to pay. What can I do?

If you can't afford to pay your county court judgment (CCJ), get advice straight away. There are ways of dealing with it, but you need to involve the court. The court can, for example:

- reduce the payments in the court order, or
- say that you don't have to pay for a certain time, if you have a genuine, serious problem.

If you simply don't pay, the person you owe money to can ask the court to take other action against you, which could mean that:

- money is taken from your wages
- the debt is 'secured' to your home, so you could be evicted if you don't pay
- bailiffs are called in to take your belongings.

Seek advice, for example on what to ask the court to do, so that you can stay in control of your debt.

# I've missed payments for a fine from the magistrates' court. What should I do?

If you miss payments from a magistrates' court fine, for example a speeding fine, the fines officer will apply for an order to take money out of your wages (called an 'attachment of earnings order') or out of your benefits (a 'deduction from benefits order'). If neither of these is possible, they can take other steps, such as clamping your car or calling in bailiffs – even sending you to prison. So don't wait to hear about the action to be taken – seek advice quickly. Contact:

- **Community Legal Advice**, phone **0845 345 4 345**, or visit [www.communitylegaladvice.org.uk](http://www.communitylegaladvice.org.uk), or
- **National Debtline**, phone **0808 808 4000** free, or visit [www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk)

# Where can I get help and advice?

## Community Legal Advice

If you have a low income, including if you receive benefits, and qualify for legal aid, you can call us for independent advice about debt, education, benefits and tax credits, employment and housing problems.

If you do not qualify for legal aid, or if you have another type of problem, we can put you in touch with other organisations, helplines or local advice services that can help. We can also direct you to other legal information resources.

### How to contact us

You can speak to our advisers in several ways:

- Call us on **0845 345 4 345** from 9am to 6:30pm Monday to Friday. Calls cost no more than 4p per minute from a BT landline. Calls from mobiles usually cost more. Worried about the cost? Ask an adviser to call you back.
- Request a callback through our website, [www.communitylegaladvice.org.uk](http://www.communitylegaladvice.org.uk)
- Text 'legalaid' and your name to 80010 and we'll call you back within 24 hours.

### Help on the internet

If you have internet access, our website [www.communitylegaladvice.org.uk](http://www.communitylegaladvice.org.uk) has lots of help, including:

- our online directory of advisers, organised by areas of law

- more information about legal aid and who can get it
- online factsheets and leaflets that you can download, on lots of topics, and
- links to specialist organisations, charities and support groups in your area.

## National Debtline

If you need help dealing with money problems, National Debtline offers free, confidential, independent advice.

- It has a freephone advice line, **0808 808 4000** (9am to 9pm weekdays, and 9.30am to 1pm Saturday).
- Its website [www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk) has factsheets and other information about different types of debt problem.

## Citizens Advice

Citizens Advice can give you free, confidential and independent advice about dealing with debt problems.

- You can speak to someone in person at your nearest citizens advice bureau. It's listed in the phone book, or you can check the Citizens Advice website at [www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)
- Citizens Advice also has a website with advice and information about benefits at [www.adviceguide.org.uk/index/life/benefits.htm](http://www.adviceguide.org.uk/index/life/benefits.htm)

## Can I get legal aid?

If you need help with the costs of legal advice, you can apply for legal aid. Whether you will get it will depend on:

- the type of legal problem you have
- your disposable (spare) income and how much disposable capital (money, property, belongings) you have, and
- whether there is a reasonable chance of winning your case, and
- whether it is worth the time and money needed to win.

There is an online calculator on our website, at [www.communitylegaladvice.org.uk/en/legalaid/index.jsp](http://www.communitylegaladvice.org.uk/en/legalaid/index.jsp) where you can see whether you could be financially eligible for legal aid.

### What if I think I am eligible?

If you think you could be eligible for legal aid, you should speak to a legal adviser who can deal with legal aid cases. You can search our directory to find an adviser in your area, at the 'Find a legal adviser' section of our website [www.communitylegaladvice.org.uk](http://www.communitylegaladvice.org.uk), or call our helpline 0845 345 4 345.

# Help for other problems

This leaflet is one of a series of free leaflets produced by Community Legal Advice giving easy-to-read advice on a range of problem areas. The leaflets in this series are:

- C1 Dealing with rent problems**
- C2 Domestic abuse**
- C3 Fair treatment at work: your rights if you are disabled**
- C4 Your rights at work**
- C5 Dealing with debt**
- C6 Losing your home**
- C7 Claiming benefits**
- C8 Problems with school**
- C9 Mental health laws**
- C10 Community care**
- C11 Divorce and separation**
- C12 Living together**
- C13 Medical accidents**
- C14 Dealing with the police**
- C15 Care proceedings**
- C16 Claiming asylum**
- C17 Removal and deportation**
- C18 Dealing with a will**

You can order any of these leaflets free by:

- phoning **0845 3000 343**
- faxing **0845 5438 258**, or
- emailing [orderleaflets@communitylegaladvice.org.uk](mailto:orderleaflets@communitylegaladvice.org.uk).

All of these leaflets are also available in Welsh, Braille and Audio.



The Legal Services Commission manages the Community Legal Service and Community Legal Service Fund (legal aid). To find out more about us, visit [www.legalservices.gov.uk](http://www.legalservices.gov.uk).

This leaflet is published by the Legal Services Commission and the Ministry of Justice (MoJ).

**CLAC5E V1**

## legal services

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