

Debt advice guide

A photograph of a man in profile, looking down at an ATM. The man is wearing a dark green short-sleeved shirt. The ATM is a grey and white machine with a screen and a keypad. The background is a window showing a blurred outdoor scene. The image is overlaid with a large orange and yellow circular graphic on the left side.

*Free, Impartial
Debt Advice*

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Introduction

How this guide will help you

As the UK's leading debt charity, we help people with their debt problems by giving them free, impartial advice. If you need debt help, you've come to the right place; whatever your situation is, we'll be able to help and advise you.

You might be worried that your debts are getting out of control, or maybe you're struggling to make monthly payments on loans or credit cards. If that's the case, we're here to provide all the information and support you need to get your personal finances back on track.

Our online StepChange Debt Remedy tool can identify the best debt solution for you. Whatever your circumstances are we will be able to give you the help you need to resolve your debt problems.

This guide explains:

- What debt help you can get
- How to deal with your debt problem
- How we can help with your debt problem
- How you can contact us.



Free anonymous debt advice

Free debt help online from StepChange Debt Charity at www.stepchange.org



Our debt help

Getting our debt advice

Who is it for?

We know debt. If you have debt problems, we know how stressful it can be. You're bound to be worried and maybe feel like there is no way out. But here's the good news; we can give you the professional debt help you need.

It doesn't matter who you are or where you live within the UK, we give debt help to people from all areas and all walks of life. We can give you the information and support you need to tackle your financial troubles and win your battle with debt.

How does it work?

Our debt advice service is a way of getting the expert debt help you need. Our online Step Change Debt Remedy tool will take an impartial view of your unique circumstances and will recommend a solution for you. We help thousands of people each year and we will be able to give you the debt help you need.

StepChange Debt Remedy will also build a tailored budget for you, so you can see where your money is going to each month, and start to feel in control of your spending again.

You are not alone

There are millions of people in the UK who need debt help. There is no need to feel ashamed or embarrassed. Don't punish yourself or worry any longer; do something practical instead. Get free, professional debt advice from us today.

Debt problems

If you're having a problem with your debt, you may find that your creditors write to you or call you. This can be very stressful and difficult to deal with.

It's important to remember that you don't have to speak to creditors on the phone if you don't want to and you can ask them to write to you instead. We will be able to give you debt help and advice on how to deal with your creditors.

Further action

Your creditors will only take further action against you as a last resort. But it is still important to get debt help and find out how to deal with your situation as soon as possible. Please remember that it is not a criminal offence to owe money. You will not go to prison because of your debts.

Even if court action has started we will still be able to help you. Use our online StepChange Debt Remedy tool, to get immediate debt help today.

Don't make it worse

It's important to get in touch with us as soon as possible. Although debt problems are not solved overnight, speaking to us will allow you to take the first step towards solving your problem. It's also important that you don't borrow any more money before you speak to us. So:

- Don't take out any more loans
- Stop using your credit cards
- Don't increase your overdraft
- Don't consolidate your debts into one loan and secure it against your home

How we can help

We can give you free and impartial debt help. Again, our online StepChange Debt Remedy tool will be able to help you find a debt solution and give you the debt help you need.

Our debt help

General debt help

If managing your debt has become a problem, it's important to do something about it as soon as possible.

It can be tempting to do nothing and just hope things will sort themselves out, but if you start to miss payments, your creditors can put you under increasing pressure to settle the arrears.

If you're already in this situation, don't be bullied into agreeing to pay more than you can afford, because that will make your problem worse rather than solve it.

Where to find debt help

If you need debt help, it can be difficult to know who to turn to. If you look on the internet there are many different companies offering different solutions and know where to start can seem daunting.

Some companies only offer one debt solution, such as an Individual Voluntary Arrangement or a Debt Management Plan. If a company only offers one solution, they may persuade you that this is the best solution for you, even if another solution may be more appropriate.

At StepChange Debt Charity we can look at every debt solution available to you. We will take an impartial view of your situation in detail and tell you about all your options so you can be confident that the solution we recommend is the best answer to your debt problems.

What does debt help cost?

We are a charity, so there are no fees for any of our advice. However, there are many debt help companies where you can get advice support and a solution to your debt problem. But you will have to pay for the advice, help or solution they offer.

We believe that if you have debt problems the last thing you need is to be charged. That's why all of our advice and support is free of charge.



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Our debt help

How StepChange can help

Dealing with your debts can be difficult and stressful, and there can be so many options available to help solve the problem it can be difficult to know what to choose.

This is where we can help you. We can provide you with free debt help and a personalised debt solution. As a charity we have had many years experience in helping people with debt problems, and will be able to give you the debt help you need.

Our online StepChange Debt Remedy tool can identify the best debt solution for you. We will consider all the debt solutions available, including Debt Management Plans, Individual Voluntary Arrangements, Bankruptcy, and Debt Relief Orders.

Our debt help is free, which means you can be sure that we will provide you with the solution that is most appropriate for you. Whatever your circumstances are we will be able to give you the debt help you need to resolve your problems.

This guide will provide you with an overview of some of the most common debt solutions.



Free debt advice

Free debt help from StepChange Debt Charity
call **0800 138 1111**



Debt solutions

Debt management plan

Who is it for?

A debt management plan is designed to help people who have some money left over at the end of the month, but not enough to pay all their debts.

How does it work?

A debt management plan is normally arranged by a third party – for example, a charity like us or a debt management company. The organisation arranging your plan will draw up a proposal for your creditors, asking them to accept reduced payments. They will also ask for interest and charges to be stopped.

For example, if you have 10 unsecured creditors you will only pay 1 monthly payment (your available income) and the debt management organisation divides this payment between your creditors.

How can we help?

Our services are completely free and we don't charge you for arranging and managing your plan. That means everything you pay goes towards reducing your debts.

The key to the success of any debt management plan is that you only pay what you can afford and as your situation improves, you pay the debt off as soon as you are able to. Our priority in arranging a DMP is to make sure you have a reasonable amount of money to live on, meaning you can keep up to date with all your household bills, while clearing your debts as quickly as possible.

Debt management plans – at a glance

- Debt management plans (DMPs) are for people who can't afford to make the full monthly payments on their debts.
- A debt management plan won't write off your debts but it will allow you to make reduced monthly payments until they are cleared.
- A debt management plan is not legally binding and you can cancel it at any point.
- You may still be contacted by your creditors if you use a third party to arrange a debt management plan like ourselves.
- You make one monthly payment to the third party and they divide the money between your creditors, making your finances easier to manage.
- Profit-making debt management companies usually add fees to your monthly total which adds to your outgoings. This means it will take you longer to pay off your debts.
- As a charity we can arrange and manage DMPs completely free of charge, meaning all the money you pay goes towards paying your debts.
- A DMP may take longer to repay.
- Interest and charges are added, so you may repay more in total.
- A DMP may impact on your credit file.

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Debt solutions

Debt relief order

Who is it for?

A debt relief order (DRO) is designed to help people in England, Wales and Northern Ireland with debts of less than £15,000 (increasing to £20,000 on 01/10/2015) in total and have no more than £50 left over each month after paying essential living expenses.

It's a legal procedure similar to bankruptcy. It is not suitable for anyone who either owns their home or has assets totalling more than £300 (increasing to £1,000 on 01/10/2015 and excluding one car up to the value of £1,000).

How does it work?

You apply for a DRO through an intermediary who submits the application to the official receiver. You have to pay a fee of £90 which you won't get back if the application is unsuccessful. But if it is successful, your debts will be written off after 12 months as long as you keep to the terms and conditions of the order.

During the 12 months your creditors won't be able to chase you for payments or add interest and charges to the debt.

Your details will be on the public register and the DRO will have an impact on your credit file. If you live in Scotland, please see our website about a MAP.

How can we help?

We are one of the few approved organisations able to submit debt relief order applications, and we have a team of intermediaries who can help.

Free debt advice

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Individual Voluntary Arrangement

Who is it for?

An Individual Voluntary Arrangement (IVA) is a legal procedure to deal with unsecured debts. It is an alternative to bankruptcy and is available in England, Wales and Northern Ireland only.

How does it work?

An IVA is arranged by an insolvency practitioner who will help and advise you throughout the process. Your finances are assessed and the insolvency practitioner draws up a proposal for your creditors. Your available income is used to make affordable monthly payments towards your debt over an agreed amount of time, usually 5 years. You may also pay a lump sum as well as your available income. The remaining debt is written off at the end of the agreed time.

A creditor's meeting is called and a vote is taken. If creditors representing at least 75% of your total debt vote in favour of the IVA, then it can go ahead. This means that the creditors can no longer take any legal action to recover the debt providing you keep to the terms of the arrangement. There is a fee involved but this will be included in the payments you make. The insolvency practitioner contacts you once a year to review your finances and you and your creditors receive an annual progress report and notification when the IVA is complete.

There is a risk of bankruptcy if the IVA fails and there will be restricted spending. You may need to remortgage at a higher rate or extend the term. Your details will be on the public register and it will impact on your credit file. If you live in Scotland, please see our website about a PTD.

How can we help?

Our online StepChange Debt Remedy tool will be able to tell you if an IVA is suitable for you and if you decide to go ahead, StepChange Voluntary Arrangements, our IVA service, can support you through your IVA. You may also contact your own IVA provider if you wish.

Debt solutions

Bankruptcy

Who is it for?

Bankruptcy is a legal procedure for people who cannot pay their debts within a reasonable time. It's a form of insolvency and any assets you have (e.g. car or house) will usually be sold, so if your assets are worth more than your total debt, bankruptcy is unlikely to be a suitable option for you.

How does it work?

If you make yourself bankrupt, creditors write off your unsecured debts, meaning you have a fresh start. However, you will be subject to certain restrictions during the term of the bankruptcy, which is usually 12 months.

In order to file for bankruptcy, you have to pay a deposit of £525 plus any court fees. If the bankruptcy is approved, creditors must stop charging interest and are prevented from contacting you or taking legal action to recover the debt.

In some cases, you are asked to make monthly payments towards your debts from your available income. This is known as an Income Payment Agreement, and can last for three years. Any assets you have (e.g. car or house) will usually be sold and bankruptcy may affect your job and credit file.

Bankruptcy should not be taken lightly as it is a big step and you may have to give up your assets. You should always get expert advice before making the decision to go ahead with it.

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How can we help?

We can provide you with free, confidential debt advice and find the best debt solution for your situation. We can advise you more on bankruptcy if you use our online tool, Debt Remedy, which will advise if bankruptcy is the best option for you.

How we can help

By using our online tool, StepChange Debt Remedy, you can get an immediate assessment of your financial situation and we can provide emergency debt help if you need it.

We conduct a full review of your debts, income and spending, and recommend the best debt solution for your circumstances. Whatever your situation is, we will be able to give you some debt help so you can resolve your problems.

We'll send you a personal action plan containing our clear recommendations on how to solve your debt problems. You can access this by email, through the post or by direct download. We understand that you might need to act quickly so we provide a list of clear action points. Our first priority is to allow you to pay off your debts while having enough money for all your living expenses.

Contact us

StepChange Debt Remedy is free and confidential, giving you online debt help, advice and support when you need it most.

If you prefer to speak to someone confidentially, call our Helpline on 0800 138 1111 to arrange a telephone appointment. StepChange Debt Charity is part of the Foundation for Credit Counselling.