

How we helped Robert when he struggled financially following a reduction in his income

Robert's story

Six years ago Robert's marriage broke down. At the same time the industry he worked in was experiencing a downturn and he had to change jobs, leaving him £800 a month worse off.

"I was paying the mortgage for my wife and kids, trying to find somewhere to live, and starting again on my own as well. I managed to keep things going for about two and a half years, but then I started using payday loans to make ends meet.



"It was a simple case of too much going out and not enough coming in. There was a little bit of stubborn pride as well, in not wanting to admit that I couldn't keep everything going. I had never been out of work or had money problems in 25 years. But I was borrowing a bit extra each month to pay my debts back, and a bit more and a bit more, and it got out of control. The payday loans had astronomical interest rates – borrowing £800 and paying £1,100 back a month later."

He reached crisis point when he needed a new vehicle to pick his children up at the weekends, and so he called the bank up asking for a small loan: "They said to me 'I don't think you realise how bad things are. You need to seek help now.' They recommended that I contact StepChange."

Robert's situation

Age: 46

Reason for debt: reduced income

Debt solution: debt management plan

Term remaining: repayments complete

By the time Robert contacted us he had £9,000 of debt and was struggling to meet his minimum payments. After a full advice session where we looked at his whole financial situation based on his individual circumstances, we recommended that Robert start a debt management plan. Six years on, Robert has repaid all of his debts in full and feels very relieved: "I was really stressed out all the time, and it does make you a little bit short-tempered. Every little thing gets to you because you're always worrying about money."

What is a debt management plan (DMP)?

The most common solution for clients is a debt management plan, known as a DMP. Instead of paying each of their creditors individually, the client makes one monthly payment to the charity and we disburse it fairly across their creditors.

Every penny the client pays to us goes towards repaying their debt. Once the details are agreed we set up the DMP on the client's behalf, working with them to stay on track.