

How we helped Caitlin after she used credit to cover her essential living costs

Caitlin's story

Six months after getting her first job Caitlin moved into her first rental property and used credit to pay for a few items for her new home.

After writing off her car a few months later, she suddenly found it difficult to make her repayments as well as afford her everyday living expenses:



"I was sat at work in tears wondering how I was going to get through the month, and that's when I had a moment of madness and took out my first payday loan. Everything went downhill from there.

"The interest built up on that payday loan, and I had to take out another one to try and pay it off, but that was one that I was supposed to pay back in one go and I just couldn't afford it.

"I took out a debt management plan with another company, but it wasn't until my annual review with them that I realised what huge charges I had been paying – a year in I actually owed more to the creditors than when the plan had started.

"I found StepChange online last year, and have now felt able to tell my mum about the situation as I feel I am dealing with it and am on course to pay everything back."

Caitlin's situation

Age: 20

Reason for debt: used credit for living costs

Debt solution: debt management plan

Term remaining: 3 months

Following a full advice session looking at Caitlin's whole financial situation, we were able to advise that a DMP was still the most appropriate solution for Caitlin to resolve her debt problem.

Caitlin has now almost paid back everything she owed to her creditors, and has just 3 months left on her debt management plan.

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. We also conduct reviews at least annually to ensure their DMP is still affordable and the most appropriate solution.