

# CABmoney Debt Management Plan (DMP) Starting a New DMP

Your reference number: CABMONEY/ADM/ \_\_\_\_\_

North East Derbyshire Citizens Advice Bureau (NEDCAB) has produced this Assisted Self Help Debt Management Guide / Plan to assist people with managing their debts themselves.

This Debt Management Plan and much more is also available for free on our website at [cabmoney.org.uk](http://cabmoney.org.uk)

The online DMP allows you to save your details as you progress, and automatically generate letters and financial statements etc.



We are unable to assist in negotiations where clients take advantage of new credit after first contacting us or when clients make their own arrangements with individual creditors that are not equitable. Consequently, this pack must **not** be used in these circumstances.

The Citizens Advice Bureau is committed to providing free, confidential, independent, impartial advice to everyone and wish to make it clear that we are **not** associated with, and nor do we recommend or endorse **any** Debt Management Businesses or their Partner Companies.

**Disclaimer:** North East Derbyshire CAB has produced this guide / plan in good faith and cannot accept any responsibility for any actions taken as a result of following this guide / plan. The information in this pack is correct as of January 23rd 2014

**Free, Independent, Confidential, Impartial advice**

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# **NORTH EAST DERBYSHIRE CAB DEBT MANAGEMENT PLAN**

If a Debt Management Plan (DMP) is an appropriate and suitable option this Assisted Self Help system / guide has been designed to allow and assist **you** to deal with your debts yourself.

To understand how a Debt Management Plan works and to use the NEDCAB Assisted DMP efficiently you should have taken advice and / or read through the rest of our guide,

To use the NEDCAB Assisted DMP you will need to create your own reference number for correspondence purposes. This can be done by using your initials and numbers relating to your date of birth ex JS010568.

## **Correspondence / Documents / Letters / Telephone Calls**

Using the C Assisted Debt Management Plan you are likely to send and receive a number of letters, documents and make and receive phone calls relating to your debts. You should record details and make notes of these in the creditor checklists where relevant and keep all documents and letters safe in a personal case folder.

## **Genuinely Free**

The CABmoney Assisted Debt Management Plan is free to use with any payments you make going to your creditors in full. There are no start-up costs or fees to pay and we do not receive any funding, commission or donations from creditors out of your payments.

- Step 1:** Start your debt management plan
- Step 2:** List priority debts / arrears (if applicable)
- Step 3:** Deal with priorities (if applicable)
- Step 4:** List your non-priority debts
- Step 5:** Contact your creditors
- Step 6:** Record your balances
- Step 7:** Complete your personal budget sheet
- Step 8:** Notify non-priority creditors of your offer
- Step 9:** Record creditor responses
- Step 10:** Making payments and following up offers

## **Further Facilities / Stages / Standard Letters**

Creditor payment reviews, Change in Circumstances, Debt Write Offs

# **Step 1: Start your Debt Management Plan (DMP)**

The CABmoney Debt Management Plan (DMP) has been designed to help you deal with your debts and act as a budgeting tool where appropriate.

Like most things sound preparation is the key. To use the CABmoney Debt Management Plan efficiently and properly you will need to gather together all relevant details and information as set out below and put them in order.

## **Priority Creditors/Debts**

- Names
- Addresses
- Account reference numbers

## **Non-Priority Creditors/Debts**

- Names
- Addresses
- Account reference numbers (Separate these from the above Priority Creditors/Debts)

## **Examples of Essential Expenditure**

- Mortgages/Secured Loans: Your lender(s) Name, Address and Account Reference Number
- Rent: Name, Address of Landlord and Reference Number
- Council Tax: Name, Address of Local Authority (council) and Account Reference Number
- Electricity: Name, Address of Supplier and Reference Number
- Gas: Name, Address of Supplier and Account Reference
- Water: Name, Address of Supplier and Account Reference

## **All Income**

- Wages
- Tax Credits
- Benefits
- Pensions
- Non-Dependant Contributions (board etc.)
- Any other income

## **Expenditure**

- Board / Rent / Mortgage
- Council Tax
- Food and Housekeeping
- Utilities
- Telephone
- Travel and Car Costs
- Clothing etc.
- Any other expenditure

## Step 2: List Priority Debts / Arrears

List details of your priority debts / arrears (if any).

The other rows at the end should be used for unlisted debts or where debts are duplicated. For example third mortgages, other secured loans and CCJs.

Please note that in the event that you clear priority debts during the life of your Debt Management Plan this may mean your net disposable income available for non-priority creditors will increase. In these circumstances you may need to look at reviewing your payments to take into account any increase in disposable income.

### Example

No.	Creditor's Address and Account Number	Holding Letter or Telephone Call Date	Creditor Reply Date	Arrears Balance £	Financial Statement Date Sent	Offer Agreed Date	Miscellaneous Comments and Information
<b>P I</b>	<u>Mortgage 1</u>  Anytown Mortgage Company Anywhere Street Anytown Anyshire AA1 IAA  Account No. A/1234 987 - 01	Telephone 05/01/14	05/01/14	£1,200	N/A	05/03/12	Ongoing

## Priority Creditors: Check-List

No.	Creditor's Address and Account Number	Holding Letter or Telephone Call Date	Creditor Reply Date	Arrears Balance £	Financial Statement Date Sent	Offer Agreed Date	Miscellaneous Comments and Information
P	<u>Mortgage 1</u>						
P	<u>Mortgage 2</u>						
P	<u>Secured Loan 1</u>						
P	<u>Charging order</u>						
P	<u>Rent</u>						
P	<u>Council Tax</u>						
P	<u>Magistrates Court Fines</u>						

## Priority Creditors: Check-List

No.	Creditor's Address and Account Number	Holding Letter or Telephone Call Date	Creditor Reply Date	Arrears Balance £	Financial Statement Date Sent	Offer Agreed Date	Miscellaneous Comments and Information
P	<u>Child Support Agency (CSA)</u>						
P	<u>Tax / VAT</u>						
P	<u>TV Licence</u>						
P	<u>Electricity</u>						
P	<u>Gas</u>						
P	<u>Water (only enter here if included as part of your rent)</u>						
P	<u>Telephone / Internet</u>						

## Priority Creditors: Check-List

No.	Creditor's Address and Account Number	Holding Letter or Telephone Call Date	Creditor Reply Date	Arrears Balance £	Financial Statement Date Sent	Offer Agreed Date	Miscellaneous Comments and Information
P	<u>HP / Conditional Sale</u>						
P	<u>CCJ</u>						
P							
P							
P							
P							
P							

## **Step 3: Contact / deal with priority debts (if applicable)**

Priority creditors should be contacted first, to make any urgent and necessary payment arrangements.

### **If you have not yet agreed payments:**

Some priority creditors may request a financial statement in order to negotiate. If necessary you can use a quick budgeting calculator (on our website) to produce one which will assist you with any negotiations and offers of payments.

It may be necessary to temporarily assume the approximate balances of any non-priority debts if using the quick budgeting calculator.

You will need to return to your checklist at a later date to enter the amounts as they are agreed with your priority creditors but you can still continue with your Debt Management Plan while negotiations are in progress.

### **Mortgages / Secured Loans**

Contact your lender to discuss options / try to come to a long term or temporary arrangement / offer full contractual payments plus a monthly amount to clear your arrears over a suitable period. Check any possible DWP mortgage interest payment entitlement. If you are facing repossession / eviction / homelessness or not sure about anything get specialist advice & assistance. (for the threat of possession / eviction there are also schemes such as the Mortgage Rescue Scheme (MRS).

### **Charging Order**

Check application papers / contact the relevant creditor and try to make an arrangement / attend final charging order court hearing / make application to vary any payment order / if you are threatened with an order for sale or you are not sure about anything get specialist advice and assistance.

### **Rent**

Contact your landlord and try to come to an agreement / offer full monthly rent plus an affordable amount towards any arrears / check any housing benefit entitlement and possible backdating issues. If you are facing possession / eviction / homelessness or you are not sure about anything get specialist advice & assistance.

### **Council Tax**

Contact the relevant local authority and offer an amount on top of your normal payments before an application for a liability order is made (check any council tax benefit entitlement and possible backdating issues) If a liability order has been obtained you may still be able to negotiate with the local authority and discuss options before further recovery action is taken. If your accounts have been passed to the bailiffs you will need to contact them with an offer of payment or ask the local authority to take back the account back. Where applicable an offer of payment via a direct deduction from benefits may be accepted. If threatened with a charging order / bankruptcy or you are not sure about anything get specialist advice & assistance.

### **Magistrates Court Fines**

Contact the relevant court to discuss options / make a realistic offer of payment or request for a means hearing. If bailiffs are involved, contact with offer of payment / if threatened with imprisonment or you are not sure about anything get immediate specialist advice & assistance.

### **Child Support Agency (CSA)**

Contact Child Support Agency and co-operate fully / where liability order, charging order / order for sale / and other enforcement action threatened get specialist advice.



**Tax / VAT**

Contact HM Customs & Excise and try to come to an arrangement / discuss options / if threatened with bankruptcy or you are not sure about anything get specialist advice & assistance.

**TV Licence**

Contact TV Licensing regarding various payment schemes (0870 241 6468)

**Electricity / Gas**

Contact your supplier and offer an amount on top of your current usage costs. Other options - request a pre-payment meter or direct deduction from benefits if applicable. If you are threatened with a magistrates warrant for disconnection or not sure about anything get specialist advice.

**Water**

Contact your supplier and offer an amount on top of your current usage costs. Other options - request a pre-payment meter or deduction from benefits.

**Telephone / Internet**

Contact provider try to come to an arrangement / offer normal payments plus amount to clear any arrears.

**HP / Conditional Sale**

Contact lender and try to come to an arrangement / offer normal payments plus amount to clear any arrears.

**CCJ**

Complete court forms with offer and return within time limits / apply to vary current payment order / make an application to suspend bailiff warrant of execution & reduce payment order.

## Step 4: List your Non-Priority Debts

List details of your non - priority debts / creditors in the checklist as per the example below. If you need more pages than provided, photocopy them and add as needed.

### Example

No.	Creditor's Address and Account Number	Holding Letter or Telephone Call Date	Creditor Reply Date	Account Balance £	Financial Statement Date Sent	Offer Agreed Date	Miscellaneous Comments and Information
<b>NP I</b>	<i>Any Loan Ltd. Anywhere Street Anytown Anyshire AA1 IAA  Account No. 12349876</i>	<i>02/01/14</i>	<i>16/01/14</i>	<i>£5,000</i>	<i>19/01/14</i>	<i>03/02/14</i>	<i>Agreed for 6 months</i>

## Non-Priority Creditors: Check-List

No.	Creditor's Address and Account Number	Holding Letter or Telephone Call Date	Creditor Reply Date	Account Balance £	Financial Statement Date Sent	Offer Agreed Date	Miscellaneous Comments and Information
NP 1							
NP 2							
NP 3							
NP 4							
NP 5							
NP 6							
NP 7							

## Non-Priority Creditors: Check-List

No.	Creditor's Address and Account Number	Holding Letter or Telephone Call Date	Creditor Reply Date	Account Balance £	Financial Statement Date Sent	Offer Agreed Date	Miscellaneous Comments and Information
NP 8							
NP 9							
NP 10							
NP 11							
NP 12							
NP 13							
NP 14							

## Non-Priority Creditors: Check-List

No.	Creditor's Address and Account Number	Holding Letter or Telephone Call Date	Creditor Reply Date	Account Balance £	Financial Statement Date Sent	Offer Agreed Date	Miscellaneous Comments and Information
NP 15							
NP 16							
NP 17							
NP 18							
NP 19							
NP 20							
NP 21							

## Step 5: Contact your creditors

You will need to contact your creditors via holding letters, asking them to send you the latest up to date account balances and requesting temporary holds on any recovery action / interest / charges (please read carefully through the information below first).

You should suspend payments to non-priority creditors where necessary and send holding letters to all of your non-priority creditors. If a creditor does not respond within approximately 21 days (you could try contacting them by telephone) assume the latest balance available.

If you have a bank or building society into which your income is paid and have direct debits or standing orders set up to non-priority creditors they should be cancelled. This is especially necessary if your account is overdrawn incurring interest and charges leaving no money for essentials and increasing your debt. Any priority direct debits or standing orders (such as rent, mortgage, council tax, etc.) should always be left in place if possible, however see below.

**Important:** If you have a debt with any bank or building society into which your income is paid you will need to deal with this differently. The reason being that you may face problems with them taking monies from your account (without your permission) to bring any credit card, loan or overdraft associated with them up to date. This could result in no money being left for essentials and priority creditors including direct debits and standing orders set up through any such account.

In this situation, the best advice would be before sending a holding letter you should open a new basic account with a bank or building society not associated with any of your current creditors and transfer all of your income. After confirmation that all of your income payments (wages, pensions, benefits, etc.) have been transferred to your new account you can then send a holding letter and include the creditor in your plan.

If you do change your account, you must make sure that any priority payments such as mortgage, rent, council tax, insurances, utilities or TV licence are transferred or paid manually.

**Holding Letter**

Your name and address

Date .....

Creditor's name and address

My/Our Ref: CABMONEY/ADM/.....

Dear Sir/Madam

I am writing to you regarding the outstanding account - agreement number .....

Unfortunately I am suffering financial difficulties and I am finding it very difficult to meet my contractual payments.

I have taken advice from ..... Citizens Advice Bureau.

I would be grateful if you would help me make a full assessment of the current financial situation by providing me with up to date account details. It would also be appreciated if interest/charges were stopped and any recovery action suspended, pending satisfactory payment arrangements.

When I have received all up-to-date balances, I will draft a financial statement / offer and forward to you for your consideration and acceptance with an early response being appreciated.

Your assistance and co-operation would be greatly appreciated.

Yours faithfully

.....

## **Step 6: Record your balances**

As you receive / establish / assume your non-priority creditor balances, record the details on the checklist.

## **Step 7: Complete Your Personal Budget Sheet**

When you have recorded details on the creditor checklist you will need to complete your personal budget sheet / Financial Statement.

You will need to put in details of your household (name & address etc) and all of your income / expenditure (guideline figures provided if appropriate).

It is essential that your Financial Statement clearly shows all income and outgoings (expenditure). You should include all income (salaries, wages, benefits, tax credits, pensions etc) however if you work overtime we would only advise that you include this if it is guaranteed.

You may wish to look into ways of increasing or maximising your income. For example, check your benefit and tax credit entitlement, contributions from other household members (board, etc.), renting rooms, other part-time jobs, etc.



# Personal Budget Sheet / Financial Statement

## Household Details

Name:

Partner's Name:

Address:

Number of people in my household: Adults

Children

Non-Dependant / Other

### a) Income

#### Monthly

Wages / Salary £

Wages / Salary (Partner) £

Income Support / JSA £

Child Tax Credits £

Working Tax Credits £

Child Benefit £

Pension 1 £

Pension 2 £

DLA (Care) / PIP £

DLA (Mobility) / PIP £

Attendance Allowance £

Child Maintenance £

Non-Dependant Contributions £

Benefits / Other £

Benefits / Other £

Benefits / Other £

Benefits / Other £

Benefits / Other £

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**Total Income** £

**Example: To calculate monthly amounts:**  
 $(\text{weekly wage} \times 52) \div 12$   
= monthly amount

## Expenditure Guidelines (Monthly)

When you have entered all of your income details you will now need to work out your expenditure and include any arrears payments to your priority creditors.

If you enter expenditure figures above the CABmoney guidelines, your creditors may request information as to why.

### Food / Housekeeping

Single Person	Up to £320 approx
Couple	Up to £545 approx
Each Child	Under 14 Up to £90, 14+ Up to £155

### Care/Mobility Costs (eg. DLA & AA)

These benefits should normally be used for care and mobility costs

### Electric, Gas, and Other Fuel

Usage

### Clothing

Each person Up to £40 approx

### Telephone

Up to £38 (single person), Up to £16 (add. adult)  
Children under 14 (Up to £7 approx)  
Children 14-18 (Up to £10 approx)

### Travel / Car Costs / Petrol

Include all costs – petrol, repairs, tax, insurance, MOT, bus & train fares including school travel

Up to £85 (first adult) Up to £70 (additional adults)  
Up to £28 (children under 14 yrs), Up to £50 (children aged 14-18 yrs)  
Up to £180 (per vehicle)

### Health Costs / Prescriptions

Include extra costs if you have special needs  
eg: Diet & Bedding

### Remember

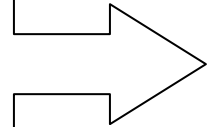
Depending on your circumstances (eg. low/benefit income), your outgoings may be different from our guidelines and you may have extra expenses for emergencies, pets etc. Please take this into account. Don't leave yourself short, as this may lead to difficulties in the future

**b) Outgoings****Monthly**

**Example: To calculate  
monthly amounts:**  
 $(\text{weekly rent} \times 52) \div 12$   
= monthly rent

Mortgage(s)	£	<input type="text"/>
Secured Loan(s)	£	<input type="text"/>
Rent	£	<input type="text"/>
Board / Lodgings	£	<input type="text"/>
Council Tax	£	<input type="text"/>
Food / Housekeeping	£	<input type="text"/>
DLA Care Costs / PIP	£	<input type="text"/>
DLA Mobility Costs / PIP	£	<input type="text"/>
Attendance Allowance Costs	£	<input type="text"/>
Electricity	£	<input type="text"/>
Gas	£	<input type="text"/>
Other Fuel	£	<input type="text"/>
Water	£	<input type="text"/>
TV Licence / Rental	£	<input type="text"/>
Hire Purchase / Conditional Loan	£	<input type="text"/>
Child Maintenance Payments	£	<input type="text"/>
Clothing / Footwear	£	<input type="text"/>
Telephones / Internet	£	<input type="text"/>
Travel / Car Costs / Petrol	£	<input type="text"/>
School Meals	£	<input type="text"/>
Insurances	£	<input type="text"/>
Health Costs / Prescriptions	£	<input type="text"/>
Childminding	£	<input type="text"/>
-----	£	<input type="text"/>
-----	£	<input type="text"/>
-----	£	<input type="text"/>
-----	£	<input type="text"/>
-----	£	<input type="text"/>
-----	£	<input type="text"/>
-----	£	<input type="text"/>
-----	£	<input type="text"/>
-----	£	<input type="text"/>
<b>Total Outgoings</b>	<b>£</b>	<input type="text"/>

Copy in the same  
order as set out on  
your Priority Creditor  
Check List  
(if any)



**c) Money For Creditors**

**Monthly**

c1) Total Income                      £                       **Total of Step a**

- c2) Total Outgoings                      £                       **Total of Step b**

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**c3) Money For Creditors**                      £                       **c1 minus c2**

**d) Priority Debts (Copy these from your checklist)**

**Arrears**

**Monthly  
Payment**

\_\_\_\_\_ £                       £

\_\_\_\_\_ £                       £

\_\_\_\_\_ £                       £

\_\_\_\_\_ £                       £

\_\_\_\_\_ £                       £

\_\_\_\_\_ £                       £

\_\_\_\_\_ £                       £

\_\_\_\_\_ £                       £

\_\_\_\_\_ £                       £

\_\_\_\_\_ £                       £

\_\_\_\_\_ £                       £

\_\_\_\_\_ £                       £

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**Total Priority Debts Repayment**                      £

**e) Money For Non-Priority Debts**

**Monthly**

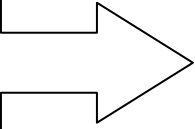
e1) Money For Creditors                      £                       **Value in c3**

- e2) Total Priority Debts Repayment                      £                       **Total of Step d**

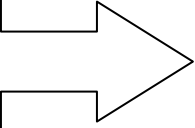
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**e3) Money For Creditors**                      £                       **e1 minus e2**

Copy in the same  
order as set out on  
your Non-Priority  
Creditor Check List



Refer to “Calculating  
and Making Offers to  
Non-Priorities” section



**f) Non-Priority Debts (Copy these from your checklist)**

	<b>Balance Owed</b>	<b>Monthly Offer</b>
_____	£ <input type="text"/>	£ <input type="text"/>
_____	£ <input type="text"/>	£ <input type="text"/>
_____	£ <input type="text"/>	£ <input type="text"/>
_____	£ <input type="text"/>	£ <input type="text"/>
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_____	£ <input type="text"/>	£ <input type="text"/>
_____	£ <input type="text"/>	£ <input type="text"/>
_____	£ <input type="text"/>	£ <input type="text"/>
<b>Totals</b>	£ <input type="text"/>	£ <input type="text"/>

This is an accurate record of my financial position at ..... (date)

Signed \_\_\_\_\_

## Step 8: Calculating & Making Offers to Non-Priorities

Once you have completed and agreed your income and expenditure form including payments to your priority creditors you will then be in a position to calculate the amount available (if any) for your non-priority creditors. (This can also be calculated automatically using the CABmoney DMP online).

This calculation will be based on any surplus income available (if any) after your total expenditure is taken away from your total income. If you have any surplus or disposable income available you will then be in a position to make a pro-rata offer to your non-priority creditors. This basically means that your surplus income is divided proportionately between creditors.

### Example:

If you owe a total of £10,000 to 5 different creditors, and you have £100 per month surplus income. You will now have to calculate pro-rata payments to non-priority creditors using the following formula.

Debt to creditor divided by total debt times total surplus = offer to creditor

Examples below

Creditor	Debt	Monthly Offer	Calculation
Any Loan Ltd	£5,000	*£50	<b>Any Loan Ltd</b> £5,000 divided by £10,000 (total debt) multiplied by £100 (surplus) = *£50 offer
Any Card Ltd	£2,000	£20	
Catalogue Ltd	£1,500	£15	
Any Finance	£1,000	£10	
Any Cards	£500	£5	

The above is just an example. You may have fewer or many more non priority creditors and would therefore need to repeat this calculation depending on the number of creditors.

If you do not have any disposable income (this is often the case) we would advise you make monthly token offers (possibly £1) to your non-priority creditors as this would show goodwill. In some circumstances it may be worth asking creditors to write off your debts (token offer and write off letters included). If you require further advice on token offers or write offs please contact the Bureau.



## **Notifying Non-Priority Creditors Of Your Offer**

When you have completed **all** pro-rata offer calculations for your non-priority creditors or wish to make token offers you will need to write to them with your offer (including a copy of your Financial Statement). We have included blank offer letters (please take copies as required) with this pack for you to fill in your creditor details and send. You should keep a record of these offer letters for future reference on the creditor check lists provided.

**Pro-rata Offer Letter**

Your name and address

Date .....

Creditor's name and address

My/Our Ref: CABMONEY/ADM/.....

Account number: .....

Dear Sir or Madam,

With the assistance of ..... Citizens Advice Bureau, I/we now enclose a financial statement for myself/ourselves giving full details of my/our situation.

I/We offer to make payments of £..... each month based on an equitable distribution of available income. Whilst I/we appreciate that this offer is small, I/we feel it is the only realistic one in the circumstances.

I/We would also ask that you agree to suspend interest on this account to enable me/us to make some inroad into the debt.

In order to assist me/us in making payments, please could you forward me/us a payment book, giro credit slips, or standing order mandate details if applicable?

Your patience and co-operation in this matter is greatly appreciated and I/we look forward to your acceptance of this proposal.

I/We will contact you immediately if there is any change in my/our circumstances.

Yours faithfully,

.....

## Token Offer Letter

Your name and address

Date .....

Creditor's name and address

My/Our Ref: CABMONEY/ADM/.....

Account number: .....

Dear Sir or Madam,

With the assistance of ..... Citizens Advice Bureau, I/we now enclose a financial statement for ourselves giving full details of my/our situation.

As you can see from this I am/we are struggling to manage my/our priority commitments. I/We would like to ask if you would agree to accept token offers of payment of £..... per month until my/our situation improves. Whilst I/we appreciate that this offer is small, I/we feel it is the only realistic one in the circumstances.

I/We would also ask that you agree to suspend interest on this account to enable me/us to make some inroad into the debt.

In order to assist me/us in making payments, please could you forward me a payment book, giro credit slips, or standing order mandate details if applicable?

Your patience and co-operation in this matter is greatly appreciated and I/we look forward to your acceptance of this proposal.

I/We will contact you immediately if there is any change in my/our circumstances.

Yours faithfully,

## Step 9: Record creditor responses

When a creditor confirms acceptance of your offer you should make and maintain payments and record the acceptance date on your checklist. If a creditor does not accept your offer or does not respond within 21 days we would advise that, where possible, you still make payments as set out in your Financial Statement and send a follow up offer letter (see next page).

## Step 10: Making Payments & Following Up Offers

Some creditors may reject your offers and pass accounts around internal departments and external collection agencies. Where this happens don't panic, just send a copy of your Financial Statement and follow up offer letter (blank template provided) on to whichever department or collection agency takes over your account and payment if possible.

**Please note:** some departments and collection agencies may persist in making calls and unrealistic demands, however you should stick to your offers. There are OFT debt collection guidelines and harassment laws in place for your protection (see below for further information on these)

### Office of Fair Trading (OFT) Debt collection guidelines

There are guidelines in place for debt collection / debt management plans that creditors and collection agencies should follow these were revised by the OFT in October 2011 (see sample OFT guideline excerpts below)

- failing to allow for alternative, affordable, repayment amounts when a reasonable proposal is made by a debtor or a third party representative acting on his behalf (for example, a debt adviser)
- not having appropriate regard to the principles of the Common Financial Statement
- refusing to engage, appropriately or at all, with a third party representative, such as a debt adviser at a free sector centre or a debt management business or with a debtor developing his own payment plan, unless there is an objectively justifiable reason for doing so

### Harassment by Creditors

If you feel that a creditor or collection agency is not dealing with your account fairly or harassing you then there are guidelines and laws in place

### Complaints

If you have any problems with creditors & collection agencies, feel that you are not being treated fair, guidelines are not being followed, then there are procedures and agencies by which and to which to complain (see below)

Office of Fair Trading	0845 722 4499	<a href="http://www.oft.gov.uk">www.oft.gov.uk</a>
Financial Ombudsman	0845 080 1800	<a href="http://www.financial-ombudsman.org.uk">www.financial-ombudsman.org.uk</a>
Lending Standards Board	0207 012 0085	<a href="http://www.lendingstandardsboard.org.uk">www.lendingstandardsboard.org.uk</a>

**Follow up Letter**

Your name and address

Date .....

Creditor's name and address

My/Our Ref: CABMONEY/ADM/.....

Account number: .....

Dear Sir or Madam,

With the assistance of ..... CAB, I have been corresponding with you for some time now with regard to debt management.

I recently sent you a copy of my Financial Statement and a payment offer letter (copies attached)

You appear to have rejected / not responded to the offer of payment.

The offer set out in the Financial Statement is all I can realistically afford under my current financial circumstances.

As a gesture of goodwill I have decided to commence payments of £..... per month as set out on the Financial Statement.

Information on the OFT guidelines on debt collection is available on the NEDCAB website.

Your patience and co-operation is appreciated and I look forward to confirmation that this offer has been accepted.

Yours faithfully

.....

## **Further Facilities / Stages / Standard Letters**

### **Creditor payment reviews**

Creditors usually agree payment plans for set periods for example 3, 6 or even 12 months then ask for a review of your financial circumstances. If a creditor asks for a review you could try contacting them by telephone or / and send an up to date Financial Statement attached along with a review letter (blank template provided)

### **Change in circumstances**

If your circumstances deteriorate or indeed improve (temporary or long term) you should draft a revised Financial Statement showing your re-calculations / reduced / improved offers. You should then send your amended Financial Statement and offer letter (change in circumstances blank template letters provided).

### **Asking creditors to write off your debts**

In certain circumstances & situations creditors may be prepared to consider writing off your debts.

Your creditors will usually only agree to write off your debt in exceptional circumstances such as:

- Low income and particularly circumstances that are likely to improve long term
- Long term serious health problems
- Age issues

You will usually need to show genuine details proof of your circumstances /situation, for example medical evidence, before creditors will seriously consider agreeing to a debt write off.

If and where creditors do agree to write off your debts then it is good practice to request written evidence from them.

**Deteriorated Circumstances Letter**

Your name and address

Date .....

Creditor's name and address

My/Our Ref: CABMONEY/ADM/.....

Account number: .....

Dear Sir or Madam,

With the assistance of ..... CAB, I have been corresponding with you for some time with regard to debt management.

Unfortunately my circumstances have changed due to ....., leaving less money available for my creditors.

Please find enclosed an amended Financial Statement showing the current position.

I would ask that you accept the reduced offer of £..... each month.

I will commence payments as outlined on the amended financial statement.

If my situation improves I will review my Financial Statement again and increase my offer of payment.

I thank you for your continued support in this matter.

Yours faithfully

.....

**Improved Circumstances Letter**

Your name and address

Date .....

Creditor's name and address

My/Our Ref: CABMONEY/ADM/.....

Account number: .....

Dear Sir or Madam,

With the assistance of ..... CAB, I have been corresponding with you for some time with regard to debt management.

My financial circumstances have improved which has led to an increase in disposable income available for creditors.

Please find enclosed an amended Financial Statement showing the current position.

I would ask that you accept the improved offer of £..... each month.

I will commence payments as outlined on the amended financial statement.

I thank you for your continued support in this matter.

Yours faithfully

.....



**Review Letter**

Your name and address

Date .....

Creditor's name and address

My/Our Ref: CABMONEY/ADM/.....

Account number: .....

Dear Sir or Madam,

With the assistance of ..... CAB, I have been corresponding with you for some time.

With regards to reviewing my circumstances, please find enclosed my latest financial statement showing the current position.

I would ask that you accept the current offer of £..... each month.

I will commence/continue payments as outlined on the financial statement.

I thank you for your continued support in this matter.

Yours faithfully

.....

**Write Off Letter**

Your name and address

Date .....

Creditor's name and address

My/Our Ref: CABMONEY/ADM/.....

Account number: .....

Dear Sir or Madam,

With the assistance of ..... CAB, I now enclose a financial statement giving full details of my situation.

As you can see, after essential expenditure, there is no available income to make repayments towards this account/debt.

My situation is not likely to change due .....

In these circumstances, I would like to ask you to write off the debt completely. While I realise that this is unsatisfactory, I feel it is the most practical course of action at this time.

However, if you feel it is impossible to clear the debt in its entirety, I could offer no more than a token payment of £..... per month.

Yours faithfully

.....

## USEFUL CONTACTS

<b>Age Concern</b>	0800 00 99 66	<a href="http://www.ageuk.org.uk">www.ageuk.org.uk</a>
<b>Business Debtline</b>	0800 197 6026	<a href="http://www.bdl.org.uk">www.bdl.org.uk</a>
<b>Callcredit</b>	0870 060 1414	<a href="http://www.callcredit.co.uk">www.callcredit.co.uk</a>
<b>Equifax</b>	08700 100 583	<a href="http://www.equifax.co.uk">www.equifax.co.uk</a>
<b>Experian</b>	0870 241 6212	<a href="http://www.experian.co.uk">www.experian.co.uk</a>
<b>Financial Services Authority (FSA)</b>	0845 606 1234	<a href="http://www.fsa.gov.uk">www.fsa.gov.uk</a>
<b>Financial Ombudsman Service</b>	0845 080 1800	<a href="http://www.financial-ombudsman.org.uk">www.financial-ombudsman.org.uk</a>
<b>Her Majesty's Courts Service</b>	0845 456 8770	<a href="http://www.hmcourts-service.gov.uk">www.hmcourts-service.gov.uk</a>
<b>Insolvency Service</b>	0845 602 9848	<a href="http://www.insolvency.gov.uk">www.insolvency.gov.uk</a>
<b>Local Government Ombudsman</b>	0845 602 1983	<a href="http://www.lgo.org.uk">www.lgo.org.uk</a>
<b>National Debtline</b>	0808 808 4000	<a href="http://www.nationaldebtline.co.uk">www.nationaldebtline.co.uk</a>
<b>Office of Fair Trading (OFT)</b>	0845 722 4499	<a href="http://www.oft.gov.uk">www.oft.gov.uk</a>
<b>Royal British Legion</b>	08457 725 725	<a href="http://www.britishlegion.org.uk">www.britishlegion.org.uk</a>
<b>Shelter Free Housing Advice Helpline</b>	0808 800 4444	<a href="http://www.shelter.org.uk">www.shelter.org.uk</a>
<b>StepChange (CCCS)</b>	0800 138 1111	<a href="http://www.cccs.co.uk">www.cccs.co.uk</a>
<b>Taxaid</b>	0845 120 3779	<a href="http://www.taxaid.org.uk">www.taxaid.org.uk</a>