



# Contents

|                                   |       |
|-----------------------------------|-------|
| Facing your debt                  | 3     |
| Getting started                   | 3     |
| Rent and service charge arrears   | 4 - 5 |
| What are credit debts?            | 4     |
| What are priority debts?          | 5     |
| Budget planning                   | 5     |
| Using a budget plan & useful tips | 5 - 7 |
| Energy grants                     | 8     |
| Repaying credit debts             | 9     |
| Loans & loan sharks               | 9     |
| Credit Unions                     | 10    |
| Further advice & useful contacts  | 10    |

## Facing your debts

Many people are finding it harder to manage their debts and living costs in the present financial climate.

Facing a difficult financial situation may feel at times just too much to face. However, leaving the debts in the hope that they will just go away or 'burying your head in the sand, won't help you in the long-term.

We can help you face your financial difficulties and help you produce a repayment plan if you find yourself struggling to make ends meet.

This booklet gives you confidence in managing your finances and sticking to a repayment plan. The important thing is to prioritise your debts and work out what you can afford to pay to reduce your debts, so you can gradually become 'debt - free'.

At the end of this booklet there are useful contact numbers should you need a bit more support and advice about a financial situation.

## Getting started

Speak to your Creditors (the people you owe money to.) Once they are aware you are having difficulties meeting payments, they should make an arrangement with you to re-pay the debt in affordable amounts. The sooner you talk to the people you owe money to and make a suitable arrangement, the sooner you will get peace of mind.

If you feel unable to talk to your Creditors, we work in partnership with the East London Financial Inclusion Unit (ELFI) to offer you free classes to keep you debt free. This training will enable you to:

- reduce your expenses
- increase your income
- be financially intelligent
- plan your budget
- Learn how to deal with debt

For more information on this, please contact our Rents Team on 020 8531 8097.

## Rent and service charge arrears

If you cannot afford to pay your rent or service charges you need to contact your Rent Income Officer or Leasehold Finance Officer immediately. They will help come to an agreement to clear any arrears by regular instalments, whilst still paying your weekly rent or quarterly service charges. We expect you to pay your rent or service charge first and if you are in arrears, you must consider this as a priority debt. If you can't pay your rent or service charges you can be taken to Court and pay further costs. You could even lose your home, so this should be your first priority.

## What are credit debts?

These are debts where the Creditor does not have any extra powers such as eviction.

These debts include credit card debts, personal loans and store cards. While these debts aren't as high a priority as your rent or service

| Priority Debt                               | Possible action against you  |
|---|--|
| Rent / mortgage                             | Eviction from your home  |
| Gas / Electricity / Telephone               | Supply cut off / pre-payment meter fitted  |
| Council Tax                                 | Seizure of personal goods (bailiff attendance) / deduction from wages or benefits / imprisonment |
| TV License                                  | Court fine / Seizure of personal goods / imprisonment  |
| Magistrates Court Fines                     | Seizure of personal goods / deduction from wages or benefits / imprisonment                      |
| Child Support Payments                      | Seizure of goods / deduction from wages or benefits / imprisonment / take away driving license   |
| Income tax, National Insurance, VAT arrears | Seizure of personal goods / bankruptcy   |

charge, you still need to contact your Creditors so they know of the difficulty you are having. Never hide from your debts, it will only get worse if you ignore it.

## What are priority debts?

The debts in the table to the left are the most important due to the consequence of non-payment. Other debts such as credit cards, loans etc. (i.e. any credit debts) should be treated as a lower priority although you must contact the lenders so they are aware of the difficulty you are having, as you may be able to come to an agreement to reduce the amount of interest.

## Budget planning

You should use a budget sheet to see where your money is going and work out what you need to live on so you know how much you can afford when making offers to repay your debts.

Be realistic, leaving yourself short won't mean you can pay within

reason. We don't expect you to go hungry, but we do expect you to pay a reasonable amount towards your debt. Our Officers will help you

with this. Remember you are not alone and there are a number of agencies and partners that we work with who can offer you help and advice on rent arrears and benefit entitlement. A list of agencies is provided at the end of this booklet.

## Using a budget plan

By working out your own personal or family weekly or monthly budget you can work out a reasonable offer to re-pay the money you owe.

Budget sheets are a really useful tool to re-create at home. If you have access to a computer you can access our website for the budget plan template at

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

If you don't have access to a computer, don't be put off, you can still make budget sheets, all you need is some paper, a pen and a ruler!

Simply follow **steps 1 - 4** in this booklet to start creating your own personal budget sheets. Once you have done this you will start to feel like you are back in control of your finances, its a win-win situation!

## Useful tips

- **Wages:** enter your take-home pay after any deductions, only include overtime if it is regular.
- **Rent:** include charges for heating, hot water etc, be cause you'll need to pay this on top of any arrears.
- **Service charges:** include ground rent and buildings insurance.
- **Fuel:** work out the cost of your last 4 bills and divide by 52 if paying weekly or by 12 if paying monthly.

## Step 1

List all your income and the amount you receive for each one, then enter your **'Total income'**.

| Income                                 | * Weekly / Monthly Amount |
|--|---------------------------|
| Wages / Salary                         | £                         |
| Working Tax Credit                     | £                         |
| Child Tax Credit                       | £                         |
| Child Benefit                          | £                         |
| Income Support / Job Seekers Allowance | £                         |
| Other State Benefits                   | £                         |
| Pension                                | £                         |
| Child Support                          | £                         |
| Other contributions                    | £                         |
| Other income                           | £                         |
| <b>Total income</b>                    | <b>£</b>                  |

## Step 2

List all your outgoings, take this away from your income, to get your **'Money for Creditors'** amount. This shows what you can pay towards your outstanding debt.

| Outgoings                   | * Weekly / Monthly Amount |
|-----------------------------|---------------------------|
| Rent / mortgage             | £                         |
| Service charges             | £                         |
| Council Tax                 | £                         |
| Water Rates                 | £                         |
| Gas                         | £                         |
| Electricity                 | £                         |
| Contents Insurance          | £                         |
| Other fuel                  | £                         |
| TV rental / Licence         | £                         |
| Food / Housekeeping         | £                         |
| Court Fines                 | £                         |
| Child Support / Maintenance | £                         |
| Hire Purchase               | £                         |
| Travel costs                | £                         |
| School / Work lunches       | £                         |
| Clothing costs              | £                         |
| Laundry bills               | £                         |
| Telephone bills             | £                         |
| Healthcare                  | £                         |
| Childcare fees              | £                         |
| Other outgoings             | £                         |
| <b>Total outgoings</b>      | <b>£</b>                  |
| <b>Total income</b>         | <b>£</b>                  |
| <b>Money for Creditors</b>  | <b>£</b>                  |

## Step 3

Take time to think about what your priority debts are and write them down. Remember, rent should be your first priority debt. List the outstanding balance you owe on each and write a figure which you can reasonably manage to pay back every week or month.

| Priority Debts                          | Balance owed | * Weekly / Monthly Repayment amount |
|---|--------------|-------------------------------------|
| Rent / mortgage Arrears                 | £            | £                                   |
| Council Tax                             | £            | £                                   |
| Electricity                             | £            | £                                   |
| Gas                                     | £            | £                                   |
| Other Fuel                              | £            | £                                   |
| Other Fines                             | £            | £                                   |
| Child Support / Maintenance             | £            | £                                   |
| <b>Total repayment amount</b>           | <b>£</b>     |                                     |
| <b>Money available for Credit Debts</b> |              | <b>£</b>                            |

Once you have filled in your balances and repayment amount on each priority debt, you can see how much money is left over to pay Creditors.

## What if your outgoings are more than your income?

Try the following:

- Check whether you are entitled to extra benefits. Visit [www.entitledto.co.uk](http://www.entitledto.co.uk)
- Spread out payments on your household bills
- If you receive benefits you can ask for repayment amounts of £3.25 for rent / Council Tax arrears
- Contact your fuel supplier for an energy efficiency check, their recommendations may lead to a reduction in your fuel bills

## Energy Grants

If you're struggling to pay gas or electricity bills you may be entitled to a grant, available to customers of British Gas or EDF Energy. For more information on this please contact EDF Energy Trust Grants on 020 8534 3487 or visit [www.elfi.org.uk](http://www.elfi.org.uk)

## Energy Efficiency

We are working in partnership with North East London Energy Efficiency Advice Centre (NELEEAC) to assist council tenants to save money and energy around the home. For more information please contact NELEEAC on 0800 4587 107

If you have any money left over after making arrangements to re-pay your priority debts, complete this table. To calculate the monthly '**Offer of repayment**' column you should complete **step 4**:

## Step 4

1) Times the 'Total monthly repayment figure' (the money left over for credit debts) by each debt

2) Divide the 'Total Amount owed'

| List of Creditors                     | Balance owed | Offer of repayment |
|---------------------------------------|--------------|--------------------|
| 1                                     | £            | £                  |
| 2                                     | £            | £                  |
| 3                                     | £            | £                  |
| 4                                     | £            | £                  |
| 5                                     | £            | £                  |
| 6                                     | £            | £                  |
| 7                                     | £            | £                  |
| <b>Total owed</b>                     | £            |                    |
| <b>Total monthly repayment figure</b> | £            |                    |

## Re-paying credit debts

When working out how much you can afford to pay back after you have sorted out your repayment figures to your 'priority debts' remember to spread what you have left to all your Creditors. You should have a reasonable offer for each Creditor. When you contact your Creditor do show them a copy of your budget sheet/s, so that they know you are suggesting a repayment figure that is genuinely within your means.

Many agencies, such as The National Debtline provide sample letter templates, which you can use to write to your Creditors. It is important to get help from specialist agencies and you shouldn't be expected to pay for debt advice.

## Loans and loan sharks

Plan your budget and contact your current lenders or see if your bank will increase your overdraft first. Loan sharks are unlicensed money lenders who are not regulated by the Office of Fair Trading. They

operate outside the law and offer very bad terms, making you pay a very high interest rate and will harass you if you get behind with your payments. Your local Credit Union can offer assistance on loans. If you have already borrowed money from an unlicensed money lender you are under no legal obligation to repay the debt and should contact your local Trading Standards Officer immediately for help.

## Credit Unions

A Credit Union is a non-profit cooperative which can provide cheap loans. Members are helped to take control of their money with budgeting advice, helped to save and referred to other agencies which can help if necessary.

## Further advice

Call or book an appointment with a Rent Income or Leasehold Officer:

**Ascham Homes**  
**Willow House**  
**869 Forest Road**  
**London E17 4UH**

**Ascham Direct** 020 8496 4197  
[www.aschamhomes.org.uk](http://www.aschamhomes.org.uk)  
**Rent Arrears hotline** 020 8502 6242  
**Right to buy & Leasehold Services**  
020 8496 4087

## Other useful local contacts

Walthamstow Citizens Advice  
Bureau  
167 Hoe Street  
Walthamstow E17 3AL  
Telephone: 0844 826 9696  
[www.walthamforestcab.org.uk/wca](http://www.walthamforestcab.org.uk/wca)

Leytonstone Citizens Advice Bureau  
Greater London House  
547-551 Leytonstone High Road  
Leytonstone E11 4PB  
Telephone 020 8988 9620  
[www.walthamforestcab.org.uk/lcab/](http://www.walthamforestcab.org.uk/lcab/)

Waltham Forest Community Credit  
Union, at Harmony Hall  
10 Truro Road  
Walthamstow E17 7BY  
Telephone 020 8520 8740  
<http://www.wfccu.org/>

London Borough of Waltham Forest  
Benefits Service  
Telephone 020 8496 8550  
<http://www.walthamforest.gov.uk>

The National Debtline:  
Telephone 08088 084000  
<http://www.nationaldebtline.co.uk>