

## 7 - After debt advice - do you need more help?

Your debt adviser will close your case once you have your debts under control. Sometimes, though, you will need more advice later. This leaflet explains what to do if your circumstances change or new problems develop.

**Read leaflet '6** – After debt advice – dealing with creditors on your own' for guidance on how to deal with non-priority creditors on your own, and

**leaflet '8** - Debt advice – other sources of information'.



After debt advice - do you need more help?

This leaflet deals with three situations in which you may have more questions or problems after you have finished receiving advice.

- ✓ **First, it explains that there are certain things that may happen that mean that you should get more advice.**
- ✓ **Second, it answers questions you may have about what happens when your circumstances change. Sometimes, you may need more advice because of a change in your circumstances.**
- ✓ **Finally, it discusses whether and when you should borrow money again in the future.**

## Should I take new developments seriously?

Your adviser will not keep you on until your debts are cleared, only until you have them under control. It is possible for things to get out of control again. It is highly likely that at some point your creditors will get back to you. You will need to decide whether you need advice again. These pages should help you decide.

### Main messages

You need to take seriously and respond properly to:

- ✓ anything you receive from a court;
- ✓ any new action a priority creditor threatens to take against you; or
- ✓ a 'statutory demand'.

Although they are less serious, don't just ignore other letters from non-priority creditors. The next part of this guide will tell you what to do about them.

### If you have received something from a court

You should not ignore anything that you receive from a court. If you think you have received something from a court, remember two things.

- Is the document really from a court, and not just a letter made to look like a legal document? Is it threatening court action, and is it actually from a creditor?
- Courts can help you, not just your creditor. However, you need to respond to the courts for them to be able to help you.

Even if you have, or think you have, arrangements in place, you need to take some kind of action if you receive court documents. Some examples of the documents you might receive are as follows.

- **A summons.** A summons tells you that someone is starting court action against you.
- **A hearing.** There are lots of reasons why there may be a new hearing in an old case.

- **Notice of some kind of enforcement action.** Most kinds of enforcement action need the creditor to get a court order first. Once they have a court order, they may try to take a number of different kinds of enforcement action later.

While it is not possible to list all the possible types of documents you could receive from a court, do not ignore anything you receive. You should also consider getting advice on how to deal with it. For example, your adviser may tell you:

- if you are disputing your responsibility for paying off a debt, that this is your opportunity to say so;
- if you admit that you owe money but need time to pay, that this may be your opportunity to set out your circumstances and make an offer to pay the amount in instalments;
- if a creditor wants to use a particular type of enforcement method against you, that this may be your opportunity to persuade a court not to let them; or
- if you know that you have broken the terms of any previous agreement, that this may be your opportunity to explain to the court why, and ask for another chance.

Leaflet '5 – Understanding the process for getting debt advice' tries to explain debt advice, and may help you to understand what is happening.

Leaflet '8 – Debt advice – other sources of information' tells you how you may be able to find a self-help guide, a telephone advice line, or online information.

Leaflet '3 – How do I get independent debt advice?' can help you find a new adviser if you need to.

### If a priority creditor is threatening to take action

Leaflet '5 – Understanding the process for getting debt advice' will help you to understand which creditors are priorities. Remember, it is not to do with how much they are writing to you, and how annoyed or threatening they sound, it is to do with what they can do if you do not pay what they want.

So, if a priority creditor makes new demands on you, you should take them seriously. You should respond, and you may need more advice on how to do this.

### If a creditor has served you with a 'statutory demand'

A statutory demand is a formal notice that a creditor plans to make you bankrupt. There are advantages and disadvantages to being made bankrupt, which are explained briefly in leaflet '5 – Understanding the process for getting debt advice'. Unless you are clear that there is no harm in you being made bankrupt, you should get advice on whether or how you should respond to a statutory notice.

### If a non-priority creditor is making threats other than court action

Generally, if a letter is not from a court and not about a priority debt, it is not something that you should worry about. That does not mean that you should simply ignore it. But it does mean that you should not be pressured into doing what it asks. Leaflet '6 – After debt advice – dealing with creditors on your own' tells you some of the things that non-priority creditors might do, and how you should respond to them.

## What if my circumstances have changed?

### Main messages

- ✓ The changes in your circumstances that matter are those that mean that you have more or less money available.
- ✓ You should still not be persuaded to treat one non-priority creditor more favourably than the others.
- ✓ You should still not do anything that would put payments to your priorities at risk.

### The changes that matter

The changes that matter are changes that affect the amount of income that you have available to pay your debts. A change that either increases or reduces the amount of money that you have available is a change that matters. Other changes in your circumstances are unlikely to matter.

Some of the changes that are likely to increase or reduce the amount of money you have available are:

- a change in your wages;
- a change in your benefits;
- a change in how much you have to pay to a priority creditor – for example, if your rent goes up or your mortgage goes down;
- if you finish paying off a debt – you will normally be making payments to your priority creditors that will clear those debts much faster, so when you no longer have those debts you will have more available income; or
- if you find that you have a new debt to pay.

### How a change in your circumstances affects what you should be paying

The theory behind debt advice is that once you have put money aside to meet all your reasonable needs, the rest is available to clear your debts.

So if you have become worse off, you may need to offer smaller amounts to your creditors because you will not be able to keep to the agreements you have previously reached. On the other hand, if you have become better off, you may be able to pay more towards your debts.

If you need to offer more or less to your creditors, you should offer more or less to all of your creditors on exactly the same basis. You should not treat some creditors more favourably than others.

If one of your creditors wants to review your circumstances and you find your circumstances have improved, it is important to remember that all your creditors should benefit from that improvement, not just the one who wrote to review your circumstances.

## Should I take out new debts?

### Main messages

- ✓ Don't take out new debts while you still have an arrangement to pay off the old ones.
- ✓ Consider the alternatives to borrowing, and the safer forms of borrowing discussed in leaflet '1 – Making money go further'.
- ✓ Consider whether you can manage the borrowing.

### Don't take out new debts while you still have an arrangement to pay off the old ones

There are lots of reasons why you should not normally take out new debts while you still have an arrangement to pay off the old ones. These are set out below.

- **You can't afford it.** You will already be using all your available income.
- **It isn't fair on your existing creditors.** As you have promised to pay your current creditors first, you should keep to that commitment.
- **It isn't fair on your new creditors.** If you were to treat all creditors fairly, that would mean you immediately breaking the agreement you had just made.
- **You may be committing fraud.** If you take out a new loan and plan not to repay it in line with the contract, you may be committing fraud.
- **You may not be allowed to.** In particular, if you have been made bankrupt and are still being supervised by the trustee in bankruptcy, you should not borrow more than £500 without declaring that you are an 'undischarged bankrupt'.

### Consider the alternatives and other safer forms of borrowing

However, there are some reasons why you may need to take out new debts. In particular, you may see some items as so essential that the debt becomes a priority debt. An example may be a vehicle you need for work, because if being without your vehicle means you end up without your job, you will not have done yourself or your creditors any favours. In exceptional circumstances, if you need to take out a new debt for an essential item that would be treated as a priority, it may be fair to your other creditors.

If you need an essential item, always consider the alternatives to borrowing and the safer forms of borrowing discussed in leaflet '1 – Making money go further'. In particular, consider how credit unions can help, consider shopping around, and consider saving as an alternative to borrowing.

## Consider whether you can manage the borrowing

If you are planning to take out new debts, either after your repayment arrangements have ended or to buy an essential item, check whether you can realistically manage the repayments. New borrowing will mean new debt problems unless the following apply.

- **You have enough income to pay the instalments.** Write a financial statement. Leaflet '4 – Preparing for your appointment for getting debt advice' gives guidance on this and includes a blank financial statement you can use. Do the figures add up? Can you afford the debt and everything else you must pay from your income?
- **You will continue to have enough income for as long as you are making the repayments.** How reliable is your source of income? Are you likely to stay fit for work? Are you likely to be made redundant? Are you likely to retire before you've paid back the full amount? If you are going to rely on insurance, does the insurance cover the likely risks? Does it cover your full payments or the minimum payments you have to make? How long would it pay for?

### This leaflet is part of a series of eight leaflets.

- 1 – Making money go further
- 2 – Why do I need independent debt advice?
- 3 – How do I get independent debt advice?
- 4 – Preparing for your appointment to get debt advice
- 5 – Understanding the process for getting debt advice
- 6 – After debt advice – dealing with creditors on your own
- 7 – After debt advice – do you need more help?
- 8 – Debt advice – other sources of information

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