



SOUTHWARK LEGAL ADVICE NETWORK
working together to provide high quality advice

www.southwarkadvice.org.uk

YOU *and* YOUR MONEY

Help and advice with your financial concerns



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If money and debt is a worry, this booklet will help you to take control of your finances.

Do you need help?
Get detailed advice and assistance from local advice agencies. Find out where.
www.southwarkadvice.org.uk

Need affordable credit?
Find out where to get it here in Southwark.
www.creditunion.co.uk

Need information on issues such as pensions, insurance, mortgages and budgeting
www.moneymadeclear.org.uk
0300 500 5000

◆ Dealing with debt

Top ten tips

1

Don't ignore the problem – it won't go away. The longer you leave it the worse it gets.

2

Make the most of your income – check that you are claiming all the benefits and tax credits that you can. If you have lost your job or you are off work because you're ill, check if any debts are covered by payment protection insurance. If so put in a claim immediately or you may lose out.

3

Tackle your priority debts first – for example, debts that would mean losing your home (like rent & mortgage arrears), having your gas or electricity cut off or possible imprisonment (like council tax and magistrates fines)

4

Work out your personal budget – show it to your creditors when you contact them. A form to help you do this is included in this information pack.

5

Get in touch with your creditors straight away and explain your situation. Contact all your creditors not just the ones which are shouting the loudest. If you arrange to pay some and not others you may get into difficulty again.

4

YOU AND YOUR MONEY

6

Keep copies of letters and papers you send or receive. Record dates and times of phone calls and the name of the person you speak to.

Need advice?
Go to page 11

7

Work out a reasonable offer for each creditor. Don't worry if the offer seems small. Creditors prefer a regular, small amount rather than an offer you can't meet every time. If you owe one creditor £100 and one £1,000 don't offer them the same repayment. The one you owe a £1,000 will expect more! (see section 4 to work out payment offers) Once you have made arrangements, stick to them!

8

Don't give up trying to agree an offer even if the creditors are difficult. If the first person you speak to is unhelpful, ask to speak to someone more senior. Failing that send in what you can afford to show 'good faith'.

9

Borrowing money to pay off your bills or debts is rarely the best option. Be cautious of all companies offering to turn all your loans into one. This usually costs you more in the long-run. Get advice first, especially if the company wants to take your home as security.

10

If you get taken to court make sure you get advice and reply to all letters immediately and give the court all the facts. Always go to court hearings and take your personal budget with you.

5

◆ Priority bills and debts

Debts are either priority or non-priority depending on the penalties that can be imposed if you do not pay. If you are struggling to pay all your debts always makes sure you pay your priority debts first.

Never be pressured into paying non-priority debts before priority debts, even if the collectors call at your home. Seek advice immediately if you feel you are being bullied or harassed.



PRIORITY DEBTS	POSSIBLE CONSEQUENCES
Rent or mortgage	<ul style="list-style-type: none"> You could lose your home
Secured loan	<ul style="list-style-type: none"> You could lose your home
Council tax	<ul style="list-style-type: none"> A bailiff could take your belongings You could have money taken from your benefit or wages You could go to prison You could be made bankrupt
TV licence	<ul style="list-style-type: none"> You could have money taken from your benefit or wages A bailiff could take your belongings You could be fined up to £1000 You could go to prison
Maintenance including child support	<ul style="list-style-type: none"> A bailiff could take your belongings You could have money taken from your benefits, wages or bank account You could go to prison
Electricity, gas, telephone, water rates	<ul style="list-style-type: none"> You could be cut off Water can no longer be cut off
NON-PRIORITY DEBTS	POSSIBLE CONSEQUENCES
Catalogue Credit card Store card Personal loan Bank overdraft Doorstep lender Water rates	<ul style="list-style-type: none"> You could be taken to county court and receive a County Court Judgement. This could lead to bailiffs action or money could be taken from your wages. If you own your own property you could receive a Charging Order. However, you cannot be imprisoned and rarely lose your home

Income and expenditure sheet

Income

	Weekly or Monthly
Income	
Net wages – self	
Net wages – partner	
Other net wages	
Benefits	
Income support/JSA	
Incapacity benefit	
Disability living allowance/attendance allowance	
Child benefit	
Child tax credit	
Working tax credit	
Other	
Pensions	
Retirement	
Occupational	
Pension Credit	
Other	
Other Income	
Child support/maintenance	
Non-dependant contribution	
Other	

Expenditure

	Weekly or Monthly
Expenditure	
Rent	
Mortgage	
Second mortgage	
Secured loan	
Endowment	
Service charges	
Council tax & arrears	
Water rates & arrears	
Insurance and costs	
Buildings	
Contents	
Mortgage	
Protection	
Life insurance	
Housing repairs	
Car	
Fuel	
Road tax	
Insurance	
Service/repairs	
MOT	
HP (if essential)	
Transport	
School	
Work	

Expenditure

	Weekly or Monthly
Housekeeping	
Food	
Pets	
Cigarettes	
Laundry/cleaning	
Fuel	
Gas	
Electric	
Hairdressing/barbers	
Other credit	
Children	
Educational expenses	
Baby (nappies etc)	
School uniform/meals	
Pocket money	
Childcare	
Breakfast club	
Other	
Other	
Clothing	
TV/video licence	
TV/video rental	
Prescriptions etc	
Child support	
CCJ/magistrates	
Telephone	
Loans and arrears	

YOU AND YOUR MONEY

NHS Credit Crunch Stressline

If you are feeling overwhelmed by your debt problems and this is affecting your health.

**Call the NHS stress line
0300 123 2000**

Total Income	£
Total Expenditure	£
Available Income	£



◆ Making offers to creditors

Priority creditors

Priority debts include rent, mortgage, secured loans, council tax, TV licence and maintenance. These are the first debts you need to arrange payments for. Ensure that you are meeting any ongoing commitments to these creditors or your priority debts will increase. Once you have completed the income and expenditure sheet, you will have a better idea of how much money you have left to pay non-priority creditors. Each one you owe money to should be contacted so that you come to an arrangement to make payments each week or month at an amount you can afford. If you have problems with this, seek advice from one of the agencies on the next page.

Non-priority creditors

Non-priority debts include credit cards, unsecured loans, store cards and catalogues. Once you have completed the income and expenditure sheet and have agreed payments to your priority debts, the money left over can be used to pay your non priority debts. Don't worry if the offer seems small. Creditors prefer a regular, small amount rather than an offer you can't meet every time. If you owe one creditor £100 and one £1,000 offer a higher repayment to the one you owe £1,000 to. Use this formula.

Creditors	Amount Owing (£)	Using the formula	Offer (£)
HFC	2049.61	$2049.61 \times 40.00 \div 5407.90 =$	15.16
Dorothy Perkins	660.00	$660.00 \times 40.00 \div 5407.90 =$	4.88
Catalogue	320.00	$320.00 \times 40.00 \div 5407.90 =$	2.37
Lloyds TSB	1569.29	$1569.29 \times 40.00 \div 5407.90 =$	11.61
Provident	809.00	$809.00 \times 40.00 \div 5407.90 =$	5.98
Total amount owing	5407.90	Available income	40.00

If you require further help or assistance there are a number of agencies that will do this free of charge. Don't pay someone to help you out of debt without approaching a **FREE** agency first.

◆ Where to get free debt advice

Blackfriars Advice Centre (BAC)

Cambridge House,
131 Camberwell Road, London SE5 0HF
020 7358 7035
www.blackfriars-advice.com

Southwark CAB Service

Peckham & Bermondsey
0844 499 4134
www.southwarkcabservice.org.uk

Other languages

Multi-Lingual Community Rights
020 7703 4442
www.mlcrs.co.uk

◆ Other help

Getting back to work

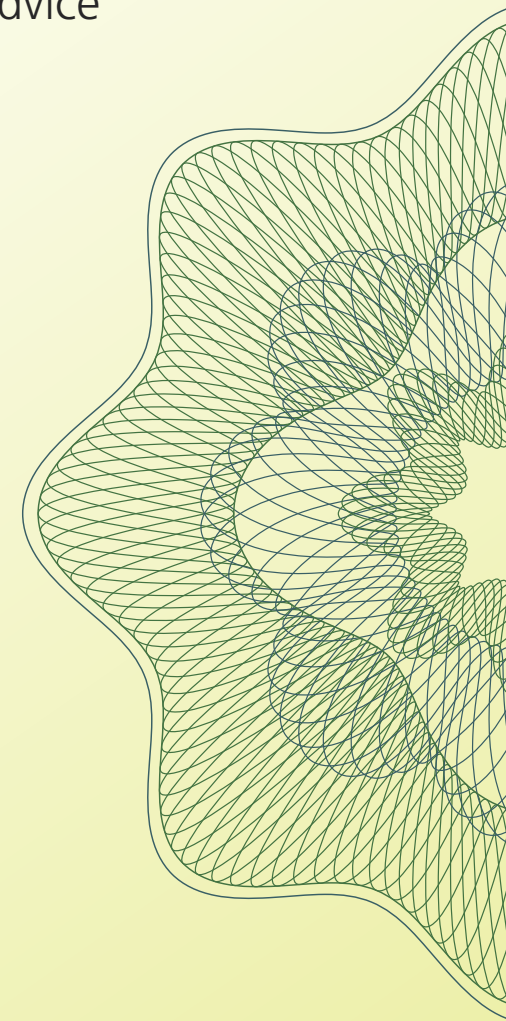
On benefits? Need help to get back to work?
Southwark Works 0800 052 0540

60+

Southwark Joint Team
Benefits and services for people living in Southwark aged 60 and over. Tel: 020 7089 6026 joint.team@southwark.gov.uk

National debtline

0808 808 4000
Free confidential and independent advice 24hours



For telephone advice?

Go to page 16

Affordable borrowing and savings

High street banks and building societies offer credit. For how to compare the cost of loans see page 16.

Sometimes it's hard to get access to affordable credit, or even a basic bank account.

London Mutual Credit Union has been working in the borough for over 27 years and can offer anyone who lives or works in Southwark an alternative to high cost credit – even if you are on benefits.

If you borrow from a doorstep lender you will probably have to pay £410 interest on a loan of £500 over a year – that means you are paying back £910! The same amount borrowed from the London Mutual Credit Union over a year costs £67.36 in interest – a potential saving of over £340

Do you need a bank account? Having a bank account may save you money on utility costs and can help to make sure regular payments, like rent and council tax, are made on time. The London Mutual Credit Union Current Account means you can access your money through the cash machine network. Come and see us at one of our branches.

79 Denmark Hill, Camberwell
London SE5 8RS

18 Pilgrimage Street, London SE1 4LL

221 Rye Lane, Peckham, SE15 4TP

224b Brixton Hill, London SW2 1HF

www.creditunion.co.uk

London Mutual Credit Union has expanded to now also cover Lambeth



Stop Loan Sharks

The best advice for dealing with loan sharks is don't. They are unlicensed money lenders who charge very high interest rates and sometimes use threats and violence to frighten people who can't pay back their loan.

Free advice and support if you have been a victim - London Illegal Money Lending Team call 0300 555 2222 or Duty Officer on 020 7364 6886

Avoid the debt trap

- If you need to use credit, shop around for the cheapest rates.
- Read all the small print before signing.
- Work out the total amount repay not just the weekly payment.
- Make sure the repayments stay within your budget.

0% interest can be an advantage, but only if you repay within the specified time.

Annual percentage rate

This takes into account the interest and any other charges such as arrangement fees. All lenders have to tell you what their APR is so that you can compare the cost of borrowing.

Payment protection insurance

- This insurance can be very expensive and in many instances will not cover you when you need it most.
- Be sure that you are eligible for the insurance and will be able to make a claim when you need

Store cards

Don't be fooled by the '10% off if you take a card today' offer. This is only a good deal if you can afford to pay the outstanding amount in full. Otherwise the interest will soon make that purchase a very expensive bargain.

Credit cards

If you borrow £1,000 on a credit card at 17.9% APR and make only the minimum monthly repayment of 2% - It will take you over 25 years to repay. This is a very expensive way to borrow.



◆ Help with housing costs

There are a number of government schemes that may help people who are worried about paying their housing costs.

Whether you are a tenant or a homeowner living in a house or a flat you can find information on the schemes by calling the Housing Options service on **020 7525 5950** or see Get help from government schemes at www.direct.gov.uk

Or speak to one of the advice agencies see page 11 for contact details
www.southwarkadvice.org.uk

Telephone: 020 7237 9532

E-mail: leasehold@southwarkcabservice.org.uk

◆ Independent Advice for Southwark Leaseholders - Southwark CAB Service

Residential property owners with a lease from Southwark Council.

You may have bought your property through Right to Buy or from a previous owner. You may need advice if you are concerned that:

- The service charges you are being asked to pay are excessive; the services or building works are not value for money
- The council is spending too much on services and works
- The standard of works are unacceptable
- Neglect of the building or estate is affecting your property

Telephone: 020 7237 9532

E-mail: leasehold@southwarkcabservice.org.uk

◆ Help with Fuel costs

If you are having difficulty paying you bills or heating your home, you may be entitled to some extra help. Southwark council has a range of schemes to help make your home more energy efficient

Contact: www.southwark.gov.uk

Energy Savings Trust

Free advice and information for people looking to save on energy costs and reduce waste

www.energysavingstrust.org.uk

0800 512 012

Consumer Focus

To find out about the best fuel deals and your consumer rights

www.consumerfocus.org.uk

0845 54040506

For advice and information on grants, benefits and debt advice contact one of the local advice agencies on page 11.

Useful Contacts

visit www.southwarkadvice.org.uk
www.moneysavingexpert.com
www.moneysupermarket.co

National organisations providing debt advice by telephone

National debtline

0808 808 4000
www.nationaldebtline.co.uk
Free confidential and independent advice 24 hours

Community Legal Advice

0845 345 4 345
www.clsdirect.org.uk
Directory of agencies providing legal advice

Consumer Credit Counselling

Service Helpline
0800 138 1111
www.cccs.co.uk
*Free, confidential and independent advice on debt
Free helpline 8am to 8pm*

Taxaid

Free help and advice on tax issues
www.taxaid.org.uk
0845 120 3779

Debt advice outreach across London

For details of where to get free face to face debt advice across London in outreach locations see www.capitalise.org.uk

Bank accounts

If you don't have a bank account it can be costing you money! For example if you pay your household bills by direct debit you could save on average each year around:

- £22 in electricity charges
- £38 in gas charges
- £12 in telephone charges

Direct debit also makes it easier to change your supplier if you find a better deal.

- People are often wary about opening a bank account because they are afraid of going overdrawn and getting into debt.
- The answer to this is a basic bank account, which will not allow you to go overdrawn.
- London Mutual Credit Union offers a current bank account with full banking services.

Sending money home

Compare the costs on www.sendmoneyhome.org and get advice on this government supported site.



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