

lumber, rubble, w  
dregs; N. Amer. trash  
lock; informal dreck,  
**debt** ► noun ① he c  
count, dues, arrear  
tion, outstanding  
Amer. check; inform

# DEALING WITH DEBT

A money advice guide

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**Councillor Jeremy Kite**  
Leader of the Council

“The recession has hit some of our residents hard, so we have put together a one-stop guide with helpful contact numbers and organisations to help residents who may be experiencing financial difficulties at this time. When the bad times hit it’s important not to bury your head in the sand and hope they’ll go away but there are people here to help. You don’t have to face these worries alone.”

# Are you worried about debt?

Most of us worry about money at some point in our lives. Lots of people fall into debt through no fault of their own or because they just don't know how to make ends meet. People can fall into debt for many reasons, such as a change in financial circumstances caused by reduced income, overuse of credit, relationship problems, or a change in employment status or illness.

## How can you sort out your debt?

If you have found yourself in debt, try not to panic but **do not ignore this problem** as it won't go away.

This booklet gives some practical tips on how to deal with debt. If you are worried by debt and want to sort it out, we recommend that you also seek help from a specialist money advisor. Details of free, impartial and confidential money advice organisations can be found on page 17.

## Tips on using this booklet

If you are not sure about the meaning of some words used in this booklet, there is a jargon buster on page 15, which will tell you what these words mean. Words that you will find in the jargon buster are in **pink** throughout this booklet.

The booklet also includes some **golden rules** about dealing with debt, which are very important to remember. A re-cap of the golden rules is on page 14.

There is information on:

- Contacting your creditors
- Sorting your debts into priority and non-priority order
- Drawing up a personal budget
- Looking at ways to increase your income
- Dealing with a court summons

The appendices at the back give you examples of a:

- Holding letter
- Personal budget sheet
- Letter to send to your creditors making a repayment offer

# Contacting your creditors

Ignoring letters or not getting in touch with your **creditors** could make matters worse. If your creditors don't know your situation, they may just assume that you do not want to sort the problem out and may proceed with further action against you.

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**! Golden rule:** Do not ignore the problem. It won't go away.

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## Get organised

Getting organised is the first step. Gather all of your paperwork and information you have about your debts together in one place, including any agreements you have with your creditors. Once in order, you need to write this down in a list.

## Contact your creditors

It is then very important to contact your creditors. If you haven't done so already, go and see them, phone them or write to them as soon as possible. Go and see them, phone them or write to them. Explain your difficulties and that you are in the process of working out how much you can pay them. Ask them to suspend any action, including charging **interest**, until you are back in touch with a repayment offer. If you phone or see your creditors in person, follow this up with a letter confirming what you said to them. Appendix A on page 20 is a sample letter you can use which asks your creditors to hold action.

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**! Golden rule:** Always keep copies of all letters you send or receive. You may need to refer back to them at a later date.

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## If you have not been in touch with your creditors or made payment to your account for six years or more

One exception where it **would not** be advisable to contact your creditors is if you have not been in touch with them or made payment to your account for six years or more. If this is the case, it may be possible to claim that the outstanding debt is **statute barred** under the conditions of the Limitations Act 1980. If you think that you may be able to claim statute barred, contact the Citizens Advice Bureau for advice on how to deal with this.

However, statute barred does not apply if you owe council tax and the local authority has obtained a **liability order** within six years of the date the debt becomes due. In this case, the debt can be pursued for as long as it takes to collect. If you are in council tax arrears, contact the revenues section of Dartford Borough Council on 01322 343700 for advice.

## Don't be put off or pressurised by your creditors

If you have contacted your creditors, don't be put off if they are not co-operative at this stage and refuse to suspend action. You are no worse off than before you got in touch. At least you have made the first step and acknowledge to them you are addressing the matter.

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**! Golden rule:** Do not be pressurised into making repayment arrangements with your creditors before you know how much you can realistically afford to pay. There is no point making an agreement if you cannot manage it.

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**! Golden rule:** Do not borrow money to pay off your debts. Get advice first. You may end up paying back a lot more than you borrowed and the interest rates may be very high. Some loans can be secured against your home and you could end up losing it if you fail to meet them.

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# Sorting your debts into priority and non-priority order

The next step is to work out which debts are the most urgent ones to deal with first. You need to place your debts into a category of either being a **priority** or **non-priority** debt.

Priority debts are the most important debts. These are the ones that creditors can take the most serious action against you if you do not pay them. Non-priority debts are still important but the action that creditors can take against you is not as serious as priority debts. You must always pay your priority debts first, before you consider paying your non-priority debts.

The table below will help you decide what is a priority or non-priority debt.

Priority debt	Worst that could happen if you do not pay
<ul style="list-style-type: none"><li>Rent arrears/ mortgage arrears/ secured mortgage/ secured loan</li></ul>	<ul style="list-style-type: none"><li>You could lose your home. If you lose your home because you did not pay your rent or mortgage, you may be classified as <b>intentionally homeless</b>. To be intentionally homeless means that you deliberately did (or did not do) something that caused you to leave your home which you could have otherwise stayed in, and it would have been reasonable for you to stay there.</li></ul> <p>If you are found intentionally homeless, the local authority will not accept a duty to re-house you permanently <u>even</u> if you have children. They will only help for a short while and offer advice on how you can find your own accommodation.</p>
<ul style="list-style-type: none"><li>Council Tax</li></ul>	<ul style="list-style-type: none"><li>You could have money taken from your benefits or wages.</li><li>A <b>bailiff</b> could take your belongings.</li><li>You could go to prison.</li></ul>
<ul style="list-style-type: none"><li>Gas or electricity</li></ul>	<ul style="list-style-type: none"><li>You could have your supply cut off.</li></ul>
<ul style="list-style-type: none"><li>Magistrates court fines</li></ul>	<ul style="list-style-type: none"><li>You could have money taken from your benefits or wages.</li><li>A bailiff could take your belongings.</li><li>You could go to prison.</li></ul>
<ul style="list-style-type: none"><li>Child maintenance</li></ul>	<ul style="list-style-type: none"><li>You could have money taken from your benefits or wages.</li><li>A bailiff could take your belongings.</li><li>You could go to prison.</li></ul>

## Priority debt

## Worst that could happen if you do not pay

- TV Licence
- You could have money taken from your benefits or wages.
- A bailiff could take your belongings.
- You could receive a large fine.
- You could go to prison.

## Non-priority debt

## Worst that could happen if you do not pay

- Overdrafts
  - Loans
  - Hire purchase
  - Catalogue/mail order
  - Credit card
  - Store card
  - Local lenders
  - Family and friends
  - Water rates  
(You cannot be disconnected for water rate arrears. However, some landlords include water in their rents which can become a priority debt)
- You cannot be sent to prison for not paying these debts, but you can be taken to a county court where your creditors may ask for a **county court summons or judgement** (or called a CCJ). This will affect your credit rating.
- If your creditors do apply to the county court, follow the guidance on page 13 which tells you how to deal with court papers. If you miss CCJ payments, the judgement can be enforced through a bailiff taking your belongings (with a court order) or a regular deduction from a bank account or wages. If you ignore all court contact, you could be found in **contempt of court**, which is an imprisonable offence.
- If you are a home-owner, non-priority debts can be secured on your property if the creditor takes action to apply for a **charging order**.

# Drawing up a personal budget

Once you know how much you owe your creditors and which are your priority debts and non-priority debts, you are in a position to draw up your personal budget.

A personal budget will tell you how much money you have coming in (i.e. **income**) and how much is going out (i.e. **outgoings**). This will help you work out how much money you have left to pay off your debts and it can help you take control of your future spending.

But, it is important you do not send the personal budget sheet to your creditors. It is just a tool to initially help you work out what you are doing with your money and to see where you may be able to make savings or changes in the way you manage it. When you come to making an offer of repayment to your creditors, you would need to draw up a separate budget plan to send to them, which is a summary of your personal budget.

A money advisor, such as the Citizens Advice Bureau, can help you work out your personal budget. So, when you go and see them, it is important that you take along all of the paperwork you have about your income, expenditures and debts. Once you have completed your personal budget, a money advisor can then:

- Work out offers of payment that you can afford.
- Put together a summary of your budget plan to send to your creditors.
- Talk to your creditors on your behalf.

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**! Golden rule:** Don't go anywhere that charges for debt advice. There are organisations listed at the back of this booklet that do not charge for giving advice.

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If you want to work out your personal budget on your own, you can use the sample one at Appendix B on page 21.

If talking to your creditors yourself and offering a repayment amount, explain clearly whether you will be offering weekly or monthly payment intervals. Wherever possible, ask your creditors to freeze the **interest**. This will make sure that the debt will not grow any larger if you are making regular payments. But, don't offer to pay more than you can afford. Get advice first from a specialist money advisor on how to work out how much you should offer to your creditors. Appendix C on page 25 is a sample letter that gives you an idea of the type of offer letter that can be sent to creditors.

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**! Golden rule:** Offers on non-priority debts should only be made after offers are made on priority debts have been accepted and assuming you have income left over to pay them.

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### **If the creditor refuses an offer of payment**

If the first person you have contact with is unhelpful, ask to deal with someone else. Creditors don't have to accept your offers but usually they will accept them if the amount you offer is fair.

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**! Golden rule:** Don't give up trying to reach an agreement, even if the creditors are being difficult.

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### **If you do not have any available income to pay your creditors**

If you have no money to spare to make offers to any of your priority and non-priority creditors, you must still deal with this situation. This situation is more serious, so seek advice from a specialist money advisor, such as the Citizens Advice Bureau who would be able to go through your options.

# Looking at ways to increase your income

Lots of people are in debt because they don't receive all the money they are entitled to. Below are some tips in relation to increasing your income. This list is not exhaustive, and you may find it useful to speak to a specialist money advisor to help you with this.

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**! Golden rule:** Check whether there is any way you can increase your income.

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## Minimum wage

Check that you are being paid the national minimum wage. Visit HM Revenue and customs at [www.hmrc.gov.uk](http://www.hmrc.gov.uk) for the current rates. If you think you are being paid below the minimum wage, contact the National Minimum Wage helpline on 0845 650 0207 for advice.

## Benefits and tax credits

Below are a selection of benefits and tax credits that you may find you are entitled to:

- **Jobseeker's Allowance** is for people who are signing on for work. Contact Jobcentre Plus on 0800 055 6688 or visit [www.dwp.gov.uk](http://www.dwp.gov.uk) for more information.
- **Income Support** is for people who do not have to sign on for work (i.e. because they are caring for someone). Contact Jobcentre Plus on 0800 055 6688 or visit [www.dwp.gov.uk](http://www.dwp.gov.uk) for more information.
- **Employment and Support Allowance** replaces Incapacity Benefit from October 2008 for people who are unable to work because of an illness or disability. Contact Jobcentre Plus on 0800 055 6688 or visit [www.dwp.gov.uk](http://www.dwp.gov.uk) for more information.
- **Disability Living Allowance/Attendance Allowance** are paid to people with disabilities, Carers Allowance is paid to their carers. For more information contact the Benefit Enquiry Line on 0800 882 200.
- **Pension Credit** is for people aged 60 or over and is income based. Contact the Pensions Service on 0845 606 0265 or visit [www.pensions.gov.uk](http://www.pensions.gov.uk) for more information.
- **Working Tax Credit** is for people who are working on a low income, which can be paid on top of your wages. Contact the HM Revenue and Customs on 0800 055 6688 or visit [www.taxcredits.inlandrevenue.gov.uk](http://www.taxcredits.inlandrevenue.gov.uk) for more information.
- **Child Tax Credit** is paid to people with a responsibility for children and can be paid whether you are in or out of work. Contact the HM Revenue and Customs on

0800 055 6688 or visit [www.taxcredits.inlandrevenue.gov.uk](http://www.taxcredits.inlandrevenue.gov.uk) for more information.

- **Child Benefit** is a tax-free payment that you can claim for your child. Contact HM Revenue and Customs on 0845 302 1444 or visit [www.hmrc.gov.uk/childbenefit/index/htm](http://www.hmrc.gov.uk/childbenefit/index/htm) for more information.
- **Education Maintenance Allowance** is for people who have children aged 16 or over who are in full time education. You may be able to qualify for up to £30 a week depending on your income. Contact the Learner Support helpline on 0800 121 8989 or visit [www.direct.gov.uk/moneytolearn](http://www.direct.gov.uk/moneytolearn) for more information.
- **Child Maintenance** makes sure that parents who live apart from their children contribute towards their upkeep. Contact the Child Support Agency on 0845 713 3133 or visit [www.csa.gov.uk](http://www.csa.gov.uk) for more information.
- **Housing and Council Tax Benefit** helps people on a low income to pay their rent or council tax. Contact 01322 343705 or visit [www.dartford.gov.uk/benefits.index.com](http://www.dartford.gov.uk/benefits.index.com) for more information.

You can get a rough guess as to what your benefit entitlement may be by completing an online calculator at [www.debtadvicenetwork.org](http://www.debtadvicenetwork.org)

### Other tips to increase your income or help you out

- If you are on Income Support, Job Seekers Allowance, Pension Credit or Employment and Support Allowance, you may be able to ask the Department for Works and Pensions (DWP) to pay some of the interest on your mortgage. Contact Jobcentre Plus on 0800 055 6688 or visit [www.dwp.gov.uk](http://www.dwp.gov.uk) for more information.
- If you are on Income Support, Job Seekers Allowance, or Pension Credit you may be able to claim free school meals. Visit [www.kent.gov.uk](http://www.kent.gov.uk) for more information.
- If you have grown-up children or other relatives living in your home, make sure they are paying enough towards the household expenses.
- If you are pregnant or have a child under four, you may qualify for help with milk, fruit and vegetables and vitamins under the Healthy Start scheme. Contact the Healthy Start Issuing Unit on 0845 607 6823 or visit [www.healthystart.nhs.uk](http://www.healthystart.nhs.uk)
- If you have no income or there is an emergency or disaster, you can apply for a crisis loan from the Social Fund. Visit [www.jobcentreplus.gov.uk](http://www.jobcentreplus.gov.uk) for more information.
- If you are over 60 you may be entitled to a winter fuel payment. Contact the winter fuel payment helpline on 0845 915 1515 or visit [www.thepensionerservice.gov.uk/winterfuel](http://www.thepensionerservice.gov.uk/winterfuel) for more information.
- Warm Front and Warm Front Plus offer energy/heating grants of up to £2,700 (or £4,000 if oil fired central heating), for people on a low income and pensioners, which can help towards helping with heating measures. Contact Warm Front on 0800 316 2805.

- There are ways you can save money by getting better deals as a consumer. Visit [www.moneysavingexpert.com](http://www.moneysavingexpert.com) for useful tips on finding the best deals, legal loopholes and how to save money on everything and anything.
- Think about what you may be able to live without. For example:
  - Could you do without the extra takeaway meal each week?
  - Could you investigate whether you can get a cheaper deal on your mobile phone?
  - Could you write a shopping list each week to cut food costs?
- There is a useful website that lists organisations which give grants to people in need. For example, it lists some charities which give grants to people to help pay their bills or buy essential items. The website address is [www.turn2us.org.uk](http://www.turn2us.org.uk)

# Dealing with a court summons

You should **never** ignore papers sent from the court. If you have received court papers, you must deal with them straight away.

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**Golden rule:** Do not ignore court papers. Deal with them straight away.

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If you receive a county court claim form, you do not have to go to court as this matter is usually dealt with through the post.

The claim form includes all of the details of the debt. You will need to fill out the reply forms that come with the claim form and let the court have all of the facts. The information you provide will be used by the court to decide if you owe the money and what instalments you should pay. It is your opportunity to put your case across.

But don't delay this as the forms should be sent back within 14 days, unless you have completed the 'Acknowledgement of Service' form which will give you 28 days instead of 14 days.

There will be an 'Admissions' form and a 'Defence' form included in the paperwork.

If you agree with the claim, you will need to fill out the Admissions form giving details of the payment offer you want to make. Return this form to the address shown on the form. If your repayment offer is accepted, the court will inform you of what you have to pay and when.

If you do not agree with the claim, fill out the Defence form and include all of the reasons why you do not agree with it. This form needs to be sent to the court. A hearing will be arranged and you must make sure that you attend this.

If you ignore the court paperwork, an order could be made against you even if you do not owe the money. Because the court has not been given details of your circumstances, it could also be set higher than you can afford.

If you need help with court paperwork, contact the Citizens Advice Bureau and they will be able to help you.

## Council tax arrears and court proceedings

For council tax arrears, the local authority will go through the magistrate's court as opposed to the county court. When council tax is not paid as requested on the bill/ reminders, the local authority can apply to the magistrate's court for a summons to be issued. If you receive a summons, it will include information about the court process. If you are in council tax arrears, contact the Dartford Borough Council revenues section straight away on 01322 343700 for advice.

# Golden rule recap

- ! Do not ignore the problem. It won't go away.

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- ! Do not be pressurised into making repayment arrangements before you know how much you can realistically afford to pay.

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- ! Do not borrow money to pay off your debts. Get advice first. You may end up paying back a lot more than you borrowed and the interest rates may be very high. Some loans can be secured against your home and you could end up losing it if you fail to meet them.

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- ! Do not ignore court papers. Deal with them straight away.

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- ! Offers on non-priority debts should only be made after offers are made on priority debts have been accepted and assuming you have income left over to pay them.

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- ! Check whether there is any way you can increase your income. For example, check whether you are claiming all of the benefits and tax credits you are entitled to.

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- ! Always keep copies of all letters you send or receive. You may need to refer back to them at a later date.

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- ! Don't give up trying to reach an agreement, even if the creditors are being difficult.

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- ! Don't go anywhere that charges for debt advice. The organisations listed at the back of this booklet do not charge for giving advice.

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# Jargon buster

- **Available income** - is money you have left over after paying your priority creditors.
- **Bailiff** - a person legally authorised to enforce judgements by collecting debt by seizing goods and property.
- **Charging Order** - is an order from the court placed on a debtor's property (house or land) for monies owed to a lender.
- **Contempt of court** - is a court order which, in the context of a court trial or hearing, deems a person as having been disrespectful of the court, its process, and its invested powers.
- **County court judgement or summons** - is a judgement issued by the court when you have failed to make the payments stated in the contract of your credit agreement. The courts then set an affordable regular payment based on the individual's circumstances.
- **Creditor** - is the person or organisation you owe money to.
- **Debtor** - is the person who has the debt and owes the money.
- **Income** - is the money you have coming in (e.g. wages or benefits).
- **Intentionally homeless** - where you deliberately did (or did not do) something that caused you to leave your home which you could have otherwise stayed in, and it would have been reasonable for you to stay there.
- **Interest** - the percentage of a sum of money charged for its use.
- **Liability order** - gives the power to a local authority that you owe Council Tax to, to instruct bailiffs, deduct money from your benefits or earnings, or seek committal to prison.
- **Non-priority debts** - are all your other debts that are not priority debts. They are still important but the action that creditors can take against you is not as serious as priority debts.
- **Outgoings** - is the money you have going out (e.g. bills or rent).
- **Personal budget** - shows what money you have coming in and what money you have going out (i.e. income and expenditure). It is helpful for working out what you can pay your creditors.
- **Priority debts** - are the most important debts. These are the ones that creditors can take the most serious action against you if you do not pay them.
- **Repayment arrangement** - an agreement with your creditor to clear your debt.

- **Statute barred** - if the last payment of a debt was made over six years ago and no further written acknowledgement or payment has been made since that time, the debt becomes statute barred and the creditor can take no further action against you.

# Useful organisations

## Specialist money advisors

There are specialist money advisors that offer support and information. Some may be able to help you work out what you can offer your creditors and speak to them on your behalf. If you contact a specialist money advisor for help, make sure you tell your creditors.

- **Citizens Advice Bureau**

Trinity Resource Centre, High Street, Dartford, Kent, DA1 1DE  
01322 224686 [www.adviceguide.org.uk](http://www.adviceguide.org.uk)

Drop in:

Monday 10am – 1pm

Tuesday Closed

Wednesday 10am – 1pm

Thursday 10am – 1pm

Telephone advice:

Monday 10am – 1pm

Tuesday 10am – 1pm

Thursday 10am – 1pm

There is a home visiting service by appointment.

- **Community Legal Advice**

0845 345 4345 [www.communitylegaladvice.org.uk](http://www.communitylegaladvice.org.uk)

Monday – Friday 9am – 6.30pm

- **Consumer Credit Counselling Service**

0800 138 1111 [www.cccs.co.uk](http://www.cccs.co.uk)

- **Debt Advice Network**

0300 011 2340 [www.debtadvicenetwork.org](http://www.debtadvicenetwork.org)

- **National Debtline**

0808 808 4000 [www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk)

Monday – Friday 9am – 9pm

Saturday 9.30am – 1pm

- **Neves Scott Solicitors**

Trinity House, 82 High Street, Dartford, Kent, DA1 1DE  
01322 277732 [www.neves-scott.com](http://www.neves-scott.com)

- **Payplan**

0800 716 239 [www.payplan.com](http://www.payplan.com)

- **Shelter Kent (North) Housing Aid**  
12-16 Ordnance Street, Chatham, Kent, ME4 6SL  
0844 515 1740 [www.shelter.org.uk](http://www.shelter.org.uk)

## Other useful organisations

- **Dartford Borough Council Housing and Council Tax Benefit**  
Housing and Council Tax Benefit are national means tested welfare benefits. The purpose of the Housing Benefit Scheme is to help people who have a low income to pay their rent. The Council Tax Benefit Scheme provides help with council tax charges.  
  
Benefits: 01322 343705 [email: benefits@dartford.gov.uk](mailto:benefits@dartford.gov.uk)  
Revenues: 01322 343700 [email: council.tax@dartford.gov.uk](mailto:council.tax@dartford.gov.uk)
- **Dartford Borough Council Housing Options and Advice**  
If you are homeless or threatened with homelessness due to your financial situation or any other reason, Dartford Borough Council's Housing Options and Advice team can provide advice and assistance regarding your housing situation.  
01322 343114 [email: housingadvice@dartford.gov.uk](mailto:housingadvice@dartford.gov.uk)
- **Dartford Borough Council Housing Rents**  
If you are a Dartford Borough Council tenant and in rent arrears, contact the Housing Management team straight away to discuss your options.
  - **Area Team East**  
Swanscombe, Bean, Greenhithe, Longfield, Southfleet, Fleet Estate, Sutton-at-Hone, Darenth, Stone  
01322 343570 [email: rents@dartford.gov.uk](mailto:rents@dartford.gov.uk)
  - **Area Team West**  
Tree Estate, Temple Hill, Wilmington, Joydens Wood, Dartford West  
01322 343070 [email: rents@dartford.gov.uk](mailto:rents@dartford.gov.uk)
- **DIAL North West Kent**  
Provides information and advice on all disability issues. Assists people to fill in benefit forms, represents people at disability benefit tribunals, and provides outreach services and home visits.  
  
The Veterans Hall, The Hill, Northfleet, Kent, DA11 9EU  
01474 321761 [www.dialnwk.co.uk](http://www.dialnwk.co.uk)



# Appendix A:

## Sample holding letter

Please note: Do not send this letter if you have not had contact with your creditor in the last six years, as your debt may be statute barred. See page 4 for more information.

Creditors name

Your name

Creditors address

Your address

Date

Account number

Dear sir or madam

I/we have been experiencing some difficulty in meeting my/our financial commitments because...

Please could you forward me an up to date balance of my/our account and details of any interest being charged. Once I/we have this information, I/we will be in a position to work out an offer of repayment to you.

In the meantime, I/we request that you hold any action on my/our account and freeze any interest and other charges to prevent my/our debt with you increasing.

Your co-operation in this matter is appreciated and I look forward to hearing from you.

Yours faithfully

[Sign your name here and print your name below]

# Appendix B:

## Sample personal budget sheet

Please note: It is important you do not send this personal budget sheet to your creditors. This is a tool to initially help you work out what you are doing with your money and to see where you may be able to make savings or changes in the way you manage it. When you come to making an offer of repayment to your creditors, you will need to draw up a separate budget plan to send to them, which is a summary of your personal budget.

<b>INCOME - SECTION A</b>	<b>You</b>	<b>Partner</b>	<b>Other</b>	<b>TOTAL</b>
Wages/salary (after tax)				
Income Support				
Working/Child Tax Credit				
Child Benefit				
Job Seekers' Allowance				
Employment & Support Allowance (previously Incapacity Benefit)				
Other state benefits				
Retirement/Works Pension				
Non-dependant contribution				
Other				
<b>TOTAL INCOME (A)</b>				

OUTGOINGS - SECTION B	You	Partner	Other	TOTAL
Household				
Mortgage/rent				
Ground rent/service charges				
Council tax				
Gas				
Electricity				
Water				
Food and drink (supermarket shop)				
TV licence/rental				
Phone/internet/satellite, etc				
Mobile phone				
Other				
Financial products				
Secured loan				
Credit cards/store cards				
Hire purchase repayments				
Pension contributions				
Buildings/contents insurance				
Life insurance/endowment				
Medical insurance				
Mobile phone insurance				
Car insurance				
Magistrates' court fines				
Other				

Children				
Childcare				
Child maintenance				
Other				
Travel				
Getting to work				
Road tax				
Petrol				
Other				
Other outgoings				
Clothing and footwear				
Toiletries				
Medicines/prescriptions				
School meals/meals at work				
Going out/takeaways				
Alcohol/cigarettes				
Holidays				
Gym membership/sports activities				
Books/magazines				
Other				
<b>TOTAL OUTGOINGS (B)</b>				
<b>SURPLUS INCOME FOR CREDITORS - SECTION C</b>				
(total (A) minus total (B))				

## How to fill in the personal budget sheet

It may be useful to write on the personal budget sheet in pencil first so that you can rub out any mistakes or changes that you make along the way. You can work your personal budget out weekly or monthly, whichever is easier for you. But, don't mix the two. Stick to one or the other when you are filling out your personal budget sheet.

### SECTION A - Income

First you need to fill out Section A and list all of the regular income you have coming in. We have included examples in Section A to help you. If the amount of your wages is different each month, average them over three or six months.

### SECTION B - Outgoings

Then you need to write down your regular spending, which is your money going out. We have included examples in Section B to help you, but try to think about everything that you spend your money on. No matter how small it is, it is very important to include it all. But, don't include any of your debts or arrears at this stage.

To change a weekly figure to a monthly figure just multiply the weekly figure by 52 (weeks) and then divide this by 12 (months). For example, if you receive an income of £100 per week, on a monthly basis this is worked out as

$$(\mathbf{£100 \times 52}) \div 12 = \mathbf{£5,200} \div 12 = \mathbf{£433.33}$$

To change a monthly figure to a weekly figure just multiply the monthly figure by 12 (months) and then divide this by 52 (weeks). For example, if you receive an income of £500 per month, on a weekly basis this is worked out as

$$(\mathbf{£500 \times 12}) \div 52 = \mathbf{£6,000} \div 52 = \mathbf{£115.38}$$

To change a four weekly figure to a monthly figure just multiply the four weekly figure by 13 (payments) divided by 12 (months). For example, if you receive an income of £400 every four weeks, on a monthly basis this is worked out as

$$(\mathbf{£400 \times 13}) \div 12 = \mathbf{£5,200} \div 12 = \mathbf{£433.33}$$

### SECTION C - Surplus income for creditors

Once you have put in your income and outgoings, you now need to take away your total outgoings from your income (i.e. total A minus total B). This will give you what income you have left at the end of the week or month. It is this that you can use to offer your creditors as repayments to your debts.

# Appendix C:

## Sample letter to make an offer to your creditors

Creditors name

Your name

Creditors address

Your address

Date

Account number

Dear sir or madam

Further to my/our recent correspondence/telephone conversation, I/we have assessed my/our financial circumstances and would like to make you an offer of repayment based on careful consideration of my/our situation.

I/we am/are experiencing difficulties because...

I/we enclose a summary of my/our personal budget plan which shows my/our total income and outgoings. As you can see, I/we only have £... left for my/our creditors. I/we also enclose a list of my/our other creditors with offers of repayment to them.

Because of my/our circumstances, please would you accept an offer of £... per week/month commencing...

So that all payments I/we make will reduce what I/we owe, I/we would also be very grateful if you could please freeze any interest on my/our account.

I/we will continue to monitor the situation and will contact you again with a revised payment proposal if my/our circumstances improve.

You co-operation in this matter is appreciated and I/we look forward to receiving written confirmation from you as soon as possible.

Yours faithfully

[Sign your name here and print your name below]





ਪੰਜਾਬੀ Punjabi 01322 343610	தமிழ் Tamil 01322 343611	Polski Polish 01322 343612	česky Czech 01322 343613	简体中文 Mandarin 01322 343614	Français French 01322 343615
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If you or anybody you know requires this or any other council information in another language, please contact us and we will do our best to provide this for you. Braille, audio tape and large print versions of this document are available upon request.

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Calls are welcome via typetalk

*We will do our best to keep this booklet as up to date as possible. We cannot be held responsible for changes in the law since this edition was issued.*

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