

## 10 Steps to sorting out your debts



**1** Don't panic—no matter how desperate things seem, there are ways to manage your debts

**2** Check you actually owe the money. Are you responsible for the debt?

**3** Are the amounts they claim you owe correct.

**4** Prioritise the debts. Some debts need sorting first as they can cause you serious problems if you don't pay them.

These are priority debts:

Rent or Mortgage; Loans secured on your home; Council Tax; Income Tax, National Insurance and VAT;

Gas and electricity for where you are currently living; TV licence; Child Support and Maintenance; Fines; Hire Purchase.

Non Priority Debts include:

Credit & Store cards; Catalogue debts; water debt; book clubs; gym and health club; unsecured loans; personal debts.

**5** Do the fire fighting—this means take steps to stop people from taking immediate action against you.

**6** Maximise your income. Check that you are receiving all the benefits you are entitled to.

**7** Draft a financial statement. This means working out your regular income and the amounts you spend on things you really need, not including debt payments

**8** Negotiate with creditors. Once you have worked out your disposable income, you can work out how much to offer each creditor. The priority debts come first



**9** Put all agreements in writing. Send your creditors a letter confirming what you have each agreed and keep a copy

**10** Check your payment progress from time to time. If your income drops review your payments, but write to each creditor before you change how much you pay them. If your income increases consider increasing your payments.

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