



# Debt and Money Management

If you are struggling with debt or money management, it is very important to ask for advice and help as soon as possible – especially if you are at risk of losing your home.

If you lose accommodation due to financial problems, but you haven't sought assistance before that, it could affect what help you can get from the Council in the future.

If you're struggling financially and have a lot of debt it can be hard to know what to pay first, so you need to get your priorities right.

Debts are divided into two categories – Priority and Non-Priority.

They are split this way because the consequences of not paying a Priority Debt are much more serious than a Non-Priority one.

It can be hard to work out because the creditors for the non-priority debts can sometimes be the ones that chase more aggressively.

Regardless of what you may be told by them, Priority debts should always be dealt with before your Non-Priority debts.

## Priority

Priority debts include:

- mortgage repayments and loans secured on your home
- rent
- gas and electricity debts
- Council Tax
- certain payments ordered by the courts
- Child support and maintenance payments are also considered priority debts, as are payments for your TV licence.

Make sure you get help with debts before they build up. There are serious consequences if you don't pay a priority debt. For example you could:

- lose your home through mortgage or rent arrears
- go to prison if you don't pay your Council Tax, TV licence, taxes or magistrates court fines.

- have your gas or electricity supply cut off, or have to accept an expensive prepayment meter instead
- lose belongings on hire purchase such as a car, furniture or other goods

## Non-Priority

Failing to pay non-priority debts is usually less serious than not paying a priority debt.

However, your creditors (the people that you owe money to) may sue you for any money that you owe them. This could result in a **county court judgment** against you.

Non-priority debts include:

- credit card debts
- hire purchase agreements
- unsecured bank and payday loans (loans that are not secured against your property)
- water bills
- loans from friends and family

When a creditor gets a county court judgement against you, you must keep to the terms of the court order.

If you don't, for example you fail to pay a certain amount each month, your creditor can go back to court and apply to enforce the debt.

Depending on the amount of the debt and your circumstances, your creditors could ask the court to send bailiffs to seize your non-essential goods or make you bankrupt. If you are a homeowner, this could result in you losing your home.

You can find more information about Priority Debts and Non-Priority Debts on the **Money Advice Service** website.

## Where to get help

The most important thing to do is to seek advice as soon as possible. The longer you leave it the worse it will get. However, it's never too late to get advice, especially if your home is at risk.

There are many organisations both locally and nationally that can provide you with assistance to resolve your debt issues, for example:

Citizens Advice

Shelter

Christians Against Poverty

Stepchange

Advicenow

Money Advice Service

National Debtline