

MADE OF MONEY

SESSION 3: Debt and Communication

FACILITATOR CHEAT SHEET

Dos and Don'ts when you're in debt

These tips are provided on laminated cards for the group.

Instruct the group to sort the laminated cards into 'do' and 'don't' piles.

Get group to discuss each card and use the info below to explain more about each one as you need to.

Stay calm: try not to feel afraid or too negative

-stressing that there are things that can be done and the important thing is to actively seek to address the problem as it will only get worse if you do nothing.

Seek help for any health, emotional or family problems caused by stress of debt

Health and well-being of family of utmost importance and not to be jeopardised by worry, important not to get stuck into a downward spiral where health gets worse, money gets worse, health gets worse...

Seek immediate help if there are financial emergencies such as court dates, house repossession and bailiffs.

You will fare much better in these hearings if you make contact, preferably having done a financial statement and ideally with some professional support.

Tell family and friends - and keep them informed

Up to the individual but it can help to share problems and have a supportive friend on your side, if not tell family why not see if there is a local support group or ring a helpline.

Borrow money to pay off existing debts

No! What happens if you then can't pay that debt? Also you don't want to pay interest on interest. The only exception is where credit unions may run schemes to loan you money to pay off high interest loans (eg doorstep lenders) at a lower rate.

Go on holiday

No! Do not spend money on non-essential items, find free ways to de-stress

Despair

Why? There will be a solution

Pay your credit card bills before you pay your rent

No! You could be evicted for non-payment of rent, your credit card bills are a non-priority debt and if you are placed in a position whereby you can pay one bill but not another always pay the ones attached to a priority debt (i.e. rent).



MADE OF MONEY

SESSION 3: Debt and Communication

Leave letters unopened - it will only be bad news

No point burying your head in the sand, a letter can't bite and you definitely need to know about any action that is being taken against you.

Don't open the door, keep the curtains closed and the kids quiet- it'll only be the bailiffs,

If the bailiffs haven't been there before, they cannot enter forcefully (unless they are collecting court fines – see other stuff for facilitators). But they can use *any usual way of entry* if it is unlocked or open so keep doors/gates etc. locked. If you let them in once and they *took control of your belongings* then they can enter again through force, so do not let them in the first time!!! If they threaten you / unduly harass you, you can call the police. Generally, if you have a car outside your property bailiffs can take it from wherever it's parked – be aware!

Start saving

It is better to pay off existing debts rather than start saving as the interest you would make on a savings account would be nothing compared to the interest you will be charged on debts.

If you have a bank loan / overdraft debt with the bank where your salary / benefits are paid in, have them paid in to another bank before you talk to the bank.

Once you inform the bank that you are unable to pay the debt they can take money from your account to pay the debt, and might not leave you with enough to pay other bills.

Pay a company to help sort out your debts

No! Lots of them advertise on daytime TV and in the newspapers and make it seem like it's a great, easy friendly option. However they are taking money from you that could be used to pay your debts off quicker. There are charities that will offer you free help to sort out your debts: locally there should be a CAB, or Money Advice charity, or Christians Against Poverty centre. Or you can try National Debt Line, Stepchange (formerly CCCS) or Payplan. All of these organisations offer FREE debt advice. You should never pay for it!

Negotiate extra payments to creditors

Generally- not a good idea. Often creditors will call and ask if you can do a 'one off' payment as an extra. As tempting as this may be, if you have a bit of spare cash one month, your creditor may well then expect it again the next month (and put pressure on you to do so). Once you've got an agreement with your creditor, you need to stick to it. (This is particularly important if you've got a CCJ arrangement). If you find that your circumstances changes for an extended period, you will need to renegotiate your payments for all your creditors so get some advice about what the best thing is to do- talk to a free debt advisor.

