

## SESSION 4: Debt

	DEBT	CONSEQUENCES
<b>PRIORITY DEBTS</b> (ones you should pay FIRST)	TV Licence	<ul style="list-style-type: none"> <li>▪ Fine</li> <li>▪ Good repossessed</li> <li>▪ Money taken from wages/benefits</li> <li>▪ Prison</li> </ul>
	Mortgage	<ul style="list-style-type: none"> <li>▪ Repossession</li> </ul>
	Rent	<ul style="list-style-type: none"> <li>▪ Eviction</li> <li>▪ CCJ to recover arrears (&amp; reduced credit rating)</li> </ul>
	Council Tax	<ul style="list-style-type: none"> <li>▪ Good repossessed</li> <li>▪ Money taken from wages/benefits</li> <li>▪ Prison</li> </ul>
	Gas or Electricity	<ul style="list-style-type: none"> <li>▪ Disconnection</li> </ul>
	Secured Loan <i>Priority if secured on house or other goods you need</i>	<ul style="list-style-type: none"> <li>▪ Goods repossessed</li> <li>▪ Eviction/repossession if secured on house</li> </ul>
	Benefit overpayment <i>Priority if money is already being taken from your benefit or if the overpayment was to a private landlord or housing association</i>	<ul style="list-style-type: none"> <li>▪ Money taken from benefits</li> </ul>
<b>NON-PRIORITY DEBTS</b> (less serious consequences)	Water <i>But can become <b>priority</b> if water company wishes to use water direct – see below</i>	<ul style="list-style-type: none"> <li>▪ County Court Judgement</li> <li>▪ (they cannot disconnect a water supply)</li> </ul>
	Hire Purchase Arrears <i>This is a non priority debt if you do not need the item. If, however, the loan is for something you need, for instance on a van you need for work, then then the debt would be a priority debt.</i>	<ul style="list-style-type: none"> <li>▪ Goods repossessed</li> </ul>
	Catalogue Debts/Store or Credit Cards	<ul style="list-style-type: none"> <li>▪ CCJ (and reduced credit rating)</li> </ul>
	Doorstep Lenders/Payday loans	<ul style="list-style-type: none"> <li>▪ CCJ (and reduced credit rating)</li> </ul>
	Phone or Cable TV subscriptions	<ul style="list-style-type: none"> <li>▪ Disconnection</li> <li>▪ CCJ (and reduced credit rating)</li> </ul>
	Loan sharks	This is illegal lending- so they have no legal way of making you pay... Report to the police!

- Other priority debts are **maintenance** and **child support payments** and **magistrates courts fines** as a court could use bailiffs to come into your home and take your goods away if any of the these debts are unpaid.
- Water direct & fuel direct are schemes whereby deductions can be taken from your benefits (not wages) if the water/energy companies chooses to do so. If the amount deducted is less than a quarter of your benefits the deduction can be made **without your agreement**. Note: for some people this is a useful way to repay debts.

Once you have a CCJ making payments is a **priority** as the court can take actions if you do not pay, such as attaching an order to your earnings.