

DEBT



If you are worried about your financial situation, the best thing you can do is to seek debt advice, straight away. The sooner you address your debt problem, the sooner you can start to regain control over your life and reduce your level of stress. If you wish to speak to someone about your current debt situation then please call email us on welfare@railwaybenefitfund.org.uk or call us on 0345 241 2885. We can take you through the various options available to you together with looking at maximising your income to ensure that you are receiving your full benefit entitlement.

We can also provide access to specialist debt advice services if you require assistance in sorting out your debts and negotiating with your creditors,.

How do people get into debt?

By being aware of the type of situations that can cause debt you will in turn be able to seek advice early on which will hopefully minimize the impact of change on your finances.

Major life changes such as loss of your job, loss of a loved one, or a break up with your partner, can all lead to financial hardship. Suddenly you may find that you have to split the household finances all whilst funding two homes for each of you to live in.

Mental or physical illness can cause people to fall into debt. If you lose your job or have to spend a long time off work your income will reduce and so it is important to seek advice straight away so that your financial options can be explained to you. By being aware of what you are entitled to early on you can avoid Mortgage or rent arrears, or utility arrears. If you are mentally unwell you may stop seeing people, find it hard to concentrate, find it hard to communicate or just find it too much to think about money and bills. You can easily get into debt from just ignoring paperwork and bills.

If you live on a low income and suddenly have to buy a household essential item, for example a fridge freezer, you may find that you have to borrow money or go without paying for something which can cause financial hardship.

If you any of the above situations suddenly become your reality please contact us as soon as possible so that we can support and assist you to get through these tough times. Do not let a bank or a loan company encourage you to take out a loan without seeking debt advice first

Prioritising your debts

Debts can range from anything to rent arrears to catalogue repayments. It is important to be aware of the difference between priority debts and non-priority debts. Priority debts are debts which will have a more serious consequence if you do not pay them when compared to other debts. Priority debts either have to be paid by law or because they meet basic living requirements for every individual or family. If you cannot pay these bills, you may lose the property or service. Because of this, they are a higher priority than your unsecured debts. It is important to understand what you should pay first, especially if you're in debt. Credit lenders, like payday loans lenders may shout loudest but utility bills debt, secured debts and tax bills should be paid first. These ensure you continue to have a home and heating.

If you are in debt ask yourself the questions; what is the consequence of not making this payment? Which payments should I prioritise; and **always seek debt advice straight away to address both priority and non-priority debts.**



The table below lists what are classed as priority and non-priority debts. If you have any questions please contact us.

PRIORITY DEBTS

Mortgage or secured loan
Rent
Council Tax
Child Maintenance
TV Licence
Magistrate's Court fine
Tax, VAT or National Insurance
County Court Judgement
Gas or Electricity
Water
Hire purchase or logbook loan
Telephone

NON-PRIORITY DEBTS

Credit Cards
Store Cards
Catalogue debts
Unsecured loans
Bank Overdrafts
Money borrowed from friends or family

Other Organizations

Citizens Advice Bureau

Citizens Advice Bureau give free, confidential, impartial and independent advice to help you solve problems. To find your nearest CAB go to www.adviceguide.org.uk and use the *Find your local bureau* feature or look under C in your phone book.

Adviceguide

www.adviceguide.org.uk is the main public information service of Citizens Advice. The website contains a wealth of information and fact sheets (www.citizensadvice.org.uk/debt-and-money/debt-and-money-factsheets) on debt related topics that you may find useful.

National Debtline

National Debtline can give free information to people with debt problems. The National Debtline telephone number is **0808 808 4000**. There is also a website at: www.nationaldebtline.co.uk

StepChange Debt Charity

StepChange Debt Charity is a registered charity offering free, confidential advice and support to anyone who is worried about debt. StepChange Debt Charity has a freephone helpline on **0800 138 1111** where you can speak to a Debt Counsellor; a website where you can get information on how to deal with your debt problems at: www.stepchange.org; and an online Debt Remedy tool. This asks you a series of questions about your household, income and expenditure and then provides you with a Debt Remedy tailored to your personal circumstances.

Payplan

Payplan is an independent company offering free debt advice and solutions to clients, such as debt management plans (DMPs). When you contact Payplan, an adviser will look at your financial situation and help you decide the best option to sort out your debts. If a repayment option is appropriate, they can help you approach your creditors with a repayment plan and distribute repayments on your behalf until the debts are repaid. You can contact Payplan on Freephone: **0800 280 2816**, mobile calls may be cheaper on: **020 7760 8980** or at: www.payplan.com.

The Insolvency Service

Enquiry line: **0300 678 0015** - www.gov.uk/the-insolvency-service. A range of information about bankruptcy is available from the website or to order.