

Debt Cruncher

Now that the credit crunch is biting deeper more of us will find it harder to pay our bills. For some of us this struggle will result in rising debts and put us under huge strain. What we must not do though is allow this situation to dominate our lives. There is help out there. Act early, seek help and follow advice and we can all ride out this storm.

DOs & DON'Ts

Do switch lenders

Why pay a doorstep lender 400% for a loan when you could get one for a *maximum* of 27% from a Credit Union. Your Housing Association may also have an affordable loan scheme in place.

Don't pay for debt advice

Why add to your debts when you can get **free** debt advice from a Citizens Advice Bureau

Do switch energy supplier

It's not as much bother as you think and could save you £££s over the year.

Don't ignore letters

Often serious situations can be avoided by simply taking early action. If you need help to do this it **is** available [see below]

Do seek help

Many people have money problems. *You are not alone.* A Money Adviser can talk to your creditors for you and advise you on what options are open to you to deal with your money worries.

CASE STUDY

Sharon is a single mum of two. She has a job, and receives Tax Credits but was finding it hard to make ends meet.

After receiving a letter threatening to take her to court, she went to her local Citizens Advice Bureau for help.

A Money Adviser checked Sharon's income and it turned out she was not claiming for the full amount of childcare costs through her Tax Credits. So they helped her to do this. They also advised her to switch her gas supplier and change her doorstep lender loan into a Credit Union loan.

They helped Sharon to work out a proper Budgeting Plan, and now that she had a few extra pounds each week, offers were made to her creditors to pay off her debts.

Two years later Sharon has now paid off her loan and some of her debts and she says:

"It's like a weight being lifted from my chest. I now feel ready to move on with my life after years of treading water"

MYTH BUSTER

Myth:

"If you don't pay your debts you will be sent to jail"

Truth:

You **cannot** be jailed for consumer debts in Scotland. All consumer debts are a civil matter.

Myth:

"I am on benefits so I cannot become bankrupt"

Truth:

The new Low Income Low Asset [LILA] rules in Scotland means that anybody who satisfies the conditions can apply for bankruptcy for a fee of £100

Myth:

"You must let the Bailiff in to your property if they request it"

Truth:

There are NO bailiffs in Scotland. Sheriff Officers may apply to the court for permission to enter your property but only under exceptional circumstances

Useful Sources for Help with your Debts and Money Worries

One-to-One Advice

Citizens Advice Bureau

Local Advice Agencies

Housing Associations
[many offer in-house support]

Local Authority Services
[e.g. Welfare Rights or Money Advice]

Web Sites

www.adviceguide.org.uk

www.moneysavingexpert.com

www.nationaldebtline.co.uk

www.slhmoneywise.co.uk

www.moneymadeclear.gov.uk

If you require this leaflet in any other format please contact your Housing Association

Ten Steps for Avoiding Debt Problems

- 1. Work out a budget and stick to it.**
Good budgeting becomes a habit. Practise, practise, practise, it will become the norm
- 2. Never go food shopping when you are hungry or you will overspend.**
This is why supermarkets bake bread on the premises, it makes you feel hungry.
- 3. Think about why you are spending.**
Will you still want it next week if so why not wait a week before buying and see how you feel.
- 4. Go to a free cash machine only once a week, and don't go back**
This forces you to think about your spending and stick to your budget.
- 5. Always read the Terms & Conditions carefully before signing.**
Look out for penalties and charges and take it away to read at home. Never sign there and then.
- 6. Shop around for the lowest interest rate and don't borrow more than you can afford to repay.**
- 7. Consider your spending in a different way, as a portion of a household bill and then ask "do I really need this?"**
In other words if you realise that DVD boxset adds up to half of your quarterly electricity bill does it still seem like a good deal?
- 8. Plan your week's meals, find out the prices in different shops, then go shopping sticking to your budget.**
- 9. Resist the temptation to use credit to pay for other credit.**
This is how debt spirals out of control. Be very wary of "Consolidation Loans", you are usually turning several small loans into one BIG loan and it could be more expensive.
- 10. Speak to your lender if you are struggling with payments.**
Better still seek help and get your Money Adviser to negotiate with them for you.

Edinburgh Financial Inclusion Project

The Financial Inclusion Project is a partnership formed between five Housing Associations, Castle Rock Edinvar, Dunedin Canmore, Hillcrest, Margaret Blackwood, Port of Leith and Citizens Advice Edinburgh

The Money Advisers are provided by Citizens Advice Edinburgh. They are exclusively based within the project but are not employed by the housing association and so can offer a confidential and independent money advice service to the all Edinburgh tenants of the five housing associations.

The Project was launched in February 2007 with the aim of tackling problems created by financial exclusion. We offer help and information on a variety of money matters such as dealing with debts; budgeting; applying for grants; switching to more affordable lenders, such as Credit Unions and finding cheaper utility providers or tariffs.

To date the Money Advisers have seen over 370 tenants and helped them to reschedule a total of nearly **£890,000** of debt. We have also helped some 280 tenants to set sustainable budgeting plans.

If you are a tenant of one of the five partner housing associations **AND** you live in the Edinburgh area, then this free service is available to you. Please call us on the appropriate number listed below, and we can arrange for you to speak to one of the Money Advisers.

- ❖ Port of Leith 0131 553 8745
- ❖ Castle Rock Edinvar 0131 657 0655
- ❖ Margaret Blackwood 0131 317 0110
- ❖ Dunedin Canmore 0131 624 5772
- ❖ Hillcrest 0131 558 8555

If you are not an Edinburgh tenant you can call the National Debtline on **0800 808 4000**

