

MANAGING DEBT

BENEFIT CHANGES

From April 2013, thousands of households in Croydon will be affected by changes to the benefits they will receive. For some, these changes will mean less income from benefit, and could result in money problems. Download a copy of our 'Managing your money' fact sheet at www.croydon.gov.uk/benefitchanges for handy tips on how to manage your money.

If you have a problem with debt, it's important not to panic but don't ignore it either – it won't go away. The key to debt problems is to deal with them sooner rather than later. Putting off sorting out money issues can make things worse. So try and talk to someone at a free, independent and confidential service as soon as you can, such as your local Citizens Advice Bureau.

SORT OUT YOUR DEBTS

To deal with a debt problem, you will need to:

- sort out how much money you owe;
- work out which are the most urgent debts for you to pay off. Some debts are more urgent than others. These are mortgage or rent arrears, council tax arrears or gas and electricity arrears.
- work out if you've got any money to pay your debts off and, if so, how much
- deal with the most urgent debts as a matter of priority
- look at your options for dealing with the less urgent debts and work out how to pay them off
- contact your creditors and make arrangements to pay back what you owe
- work out your options if you don't have enough money to pay off all your debts.

If you are thinking of borrowing money to cover your living costs, **STOP!**

Before you go any further find out about the different ways to borrow money, how to borrow sensibly and how to avoid some of the pitfalls of borrowing.

BORROWING MONEY

Make sure you get advice **BEFORE** you borrow money. It's important to make sure you will be able to keep up the repayments, otherwise you could be taken to court and might even lose your home or other valuable possessions.

Credit Unions

Credit unions are responsible lending companies who can help you manage your money. Many work with local money advice agencies to make sure you get the information and guidance you need. They provide current accounts, savings accounts, affordable loans and money advice.

Home credit (Doorstep lenders)

Home credit is where you borrow money and the lender calls at your home to collect the repayments. The loans are usually for smaller amounts and you will be charged a high rate of interest for borrowing in this way.

Pawnbrokers

A pawnbroker is someone who lends money according to the value of goods left with them (pledged). When you leave your goods with the pawnbroker they must give you a receipt known as a ticket.

The pawnbroker must keep the goods for at least six months but you can get them back at any time by paying off the loan plus interest. The period can be extended by paying the interest only and re-pledging the goods.

If you don't repay the loan or extend the credit, the pawnbroker can sell your goods and use the money to pay off your debt.

Payday loans

Payday loans are short-term loans for small amounts of money. They are available from high street shops and internet sites. Payday loans can be easy to get but interest rates are very high. There may be other ways for you to sort out your short-term money problem so think about the alternatives before you borrow.

If you decide to get a payday loan, shop around and compare the interest and charges before you borrow. Make sure you are clear about what will happen if you can't pay it back.

Personal loans

A bank, building society or finance company can give you a personal loan whether or not you're a customer. You can apply for a loan in person at a branch or by post, phone or online.

Unlicensed money lenders (loan sharks)

To lend money lawfully you have to be licensed by the Office of Fair Trading (OFT). People who lend money without a licence are breaking the law. They are known as loan sharks.

Loan sharks often work from home, charge very high rates of interest and don't give you much paperwork to confirm the arrangements they have made with you.

Loan sharks often take other illegal action to collect the money they have lent you, such as threatening violence or taking away your credit cards or valuables. In extreme cases they have been known to force non-payers into prostitution and drug dealing.

Unlicensed moneylenders are not regulated by the Office of Fair Trading (OFT) so operate outside of any codes of practice, rules, regulations and the law.

Do not borrow from a money lender if they are not licensed - you are putting yourself at risk .

You can find out whether a money lender is licensed by checking the Consumer Credit Register on the OFT website at www.offt.gov.uk/consumercreditregister
You can phone **020 7211 8608**, lines are open Monday to Friday, 9.30am to 4pm.

HELP AND ADVICE

There are a number of debt advice organisations to help you manage your debt.

Business Debtline

☎ 0800 197 60 26

Citizens Advice Bureau: Addington

☎ 01689 846890

Minicom: 01689 846927

🌐 www.croydoncab.org.uk

Citizens Advice Bureau: South Norwood

Opening spring 2013 see

🌐 www.croydoncab.org.uk for details.

Citizens Advice Bureau: Access Croydon

Taberner House, Park Lane, Croydon CR9 3JS

10am - 12.30pm and 1pm - 4pm on Mondays, Tuesdays, Thursdays and Fridays.

Community Money Advice

☎ 01743 341929

Consumer Credit Counselling Service (CCCS)

☎ 0800 138 11 11

Consumer Credit Register

🌐 www.offt.gov.uk/consumercreditregister

☎ 020 7211 8608, lines are open Monday to Friday, 9.30am to 4pm.

Debt Clinic at the South West London Law Centre

☎ 020 8767 277

My Money Steps

🌐 www.mymoneysteps.org

National Debtline

☎ 0808 808 40 00

PayPlan

☎ 0800 280 28 16

Croydon, Merton & Sutton Credit Union

🌐 www.croydonsavers.co.uk

☎ 020 8760 5711