

Dealing with debts that can't be included in a DMP

Should I include all my debts in a Debt Management Plan?

When entering a Debt Management Plan (DMP), you don't have to include all your debts. However, if you were to enter a DMP with PayPlan then we would advise you to include all your debts.

If you decide to leave a debt out, you may find that the creditors that have been included will reject the DMP.

This could happen when the creditors feel that your offer of reduced payment is unfair as you're not treating all your creditors (those you owe money to) in the same way.

You don't have to tell other creditors that you're leaving a certain debt out of your DMP, but it does mean that you won't be able to include that debt in your expenditure. This could lead to your DMP not being accepted, meaning creditors can continue to add their interest and charges.

What about joint debts?

If it's only you that starts the DMP, the person you have the joint debt with will still be liable for the debt. To combat this, you can start a joint DMP where you include both of your debts and base the monthly payments on the disposable income of the household.

If you have joint debts and the person you share the debt with isn't aware that you are struggling with your finances, we'd suggest speaking to them about your debts. You'll need to come to an arrangement on how to deal with the debt, as the joint owner will be contacted to make full payments.

Which debts are excluded from a DMP?

The main debts left out of DMPs tend to be secured and priority debts, like mortgages or car finance agreements, which will need to be paid as usual. If you're struggling to pay any of your priority debts, you'll need to speak to your suppliers.

HMRC debts or tax arrears will also be under separate arrangements organised by HMRC, as they'll need to be repaid within 12-18 months.

Can I continue to use credit during a DMP?

Things like utility bills and your existing mobile phone contract can continue to be paid on a monthly basis during a DMP.

It's unlikely that you'll be able to take out any other form of credit as the supplier will complete a credit check on you and likely refuse your application.

What if I'm self-employed?

If you run your own business, it's understandable that you may need lines of credit to continue operating. You aren't required to include business credit cards or key accounts in your DMP if you require these lines of credit to keep your business running.

Remember, if you're unable to keep up with repayments, our team are here and ready to help.
