

# REPAYMENT ARRANGEMENT (WITH YOUR CREDITORS)

Your step-by-step guide to taking charge of your finances

TACKLING  
DEBT

BUDGETING

LIFESTYLE

MONEY  
ADVICE

PayPlan<sup>®</sup>  
live again

# START **LIVING AGAIN**

## MAKE MORE OF YOUR MONEY

### CHECK YOUR BENEFITS

**Tax credits, income-related benefits, Council Tax reductions, Carer's Allowance, Universal Credit, Job Seekers Allowance** – there are lots of benefits available, and they could make a real difference to your household income. To find out if you're eligible, visit [www.gov.uk](http://www.gov.uk) and search for '**benefits calculators**'.

If you live alone, you can get **25% off your Council Tax bill**, regardless of your income or financial situation. Contact your local council to find out more.

### TAKE IN A LODGER

The '**Rent a Room**' scheme allows you to let out a furnished room in your home without paying any tax on the first **£7,500** you earn each year. Find out more - visit [www.gov.uk](http://www.gov.uk) and search for '**rent a room**'.

Or you could think about asking a friend or relative to move in with you and share the bills.

### CUT DOWN YOUR UTILITY BILLS

Your utility bills are probably one of the biggest regular costs of running your home. Why not use an online comparison site to find out if you could reduce your energy bills?

For a list of **Ofgem**-accredited comparison sites, visit [www.goenergysshopping.co.uk](http://www.goenergysshopping.co.uk).

Some of these comparison sites also let you shop around for better deals on your TV, home phone, broadband and mobile packages. Make sure you're not paying for services and airtime you don't actually need or use.

### SAVE ENERGY

There are many ways to reduce your gas and electricity usage and save on your utility bills. For lots of handy hints and tips – and details on schemes to help make your home more energy efficient – visit [www.energysavingtrust.org.uk](http://www.energysavingtrust.org.uk). Or call: **0300 123 1234** (in England & Wales), **0808 808 2282** (in Scotland) or **0800 1422 865** (in Northern Ireland).

### SAVE ON WATER BILLS

If your water usage is relatively low, it might be worth having a water meter fitted. Check with your water company's website to see if this could help you save money. **Most water companies also offer water saving tips** and can provide simple devices to help reduce water consumption.

### SHOP SMARTER

**By planning your meals and sticking to a budget**, you should be able to avoid buying things that will only go to waste. Write a list before heading off to the shops. Use instore special offers and money-off vouchers, but only for items you actually need. See if you could switch to a cheaper supermarket, and look out for end-of-day reductions on fresh goods.

### INCREASE YOUR INCOME

If you're **not already in full-time work**, could you increase your working hours or even **take on a second job**? Or maybe you could make some extra money by selling unwanted items at car boot sales or online?

### SAVE WHERE YOU CAN

Visit [www.payplan.com/living-room](http://www.payplan.com/living-room) for regular articles offering ideas on ways to make more of your money.

**\*Calls to 03 numbers cost no more than calls to geographic numbers (starting 01 or 02) from your landline or mobile, and are included in free call packages.**

At PayPlan we fully understand the effects that debt can have on your life, and we've been successfully helping people deal with their debts for over 20 years. By following this guide, you'll have the tools you need to organise your finances, advice on how to deal with your creditors and a clear direction of how to take charge of your debts.

In this guide we'll help you to:

- **Make more of your money**
- **Plan your budget**
- **Manage what you owe**
- **Contact your creditors**

## PROTECT YOUR BANK ACCOUNT

If you have a credit card, overdraft or loan with the same bank or building society as your current or savings account, they can take funds out of your account to pay towards your debt without your consent.

This is called the '**Right to Offset**' and is legal in the UK. We recommend switching your account – to a bank or building society that isn't in the same group as your debts – before you start making reduced debt repayments.

To find out which banks or building societies are linked to each other, check with your bank or visit [www.payplan.com/self-help/safe-bank](http://www.payplan.com/self-help/safe-bank)

Changing bank accounts is a straightforward process. For more information visit [www.moneyadvice.org.uk](http://www.moneyadvice.org.uk) or call the **Money Advice Service** on **0300 500 5000**.

# PLAN YOUR BUDGET

Gather all the facts about your finances to complete steps 1 to 5 on the following pages – be honest with your figures and if you're not sure, find out!

## STEP 1 | YOUR MONTHLY INCOME

Once you've checked that you are getting everything you are entitled to, fill in this section – **but only include incomes that you receive regularly**

## STEP 2 | THE COST OF LIVING

Once you've checked if you can reduce any of your bills, work out what you spend on essential bills and living costs – **don't include any debts on these yet**

## STEP 3 | BEHIND ON YOUR BILLS?

If you're in arrears on any of your **essential bills** enter them here. Speak to your creditors to **find out how behind you are** and **how much extra you need to pay each month** to cover the arrears

## STEP 4 | ALL OTHER DEBTS

**Find out exactly what you owe** on your **unsecured debts** and fill in here – such as credit cards, overdrafts, store cards etc

## STEP 5 | FINANCIAL SUMMARY

Use the totals you worked out in steps 1 to 4 to fill out step 5 – you can use this to send out to your creditors to inform them of your financial situation

**If by doing this you realise that your finances are worse than you thought, don't worry. It's only once you fully understand your finances that you can start to tackle your debts**

# STEP 1 | YOUR MONTHLY INCOME

Fill out what's relevant to you on this form to **work out your monthly income** –

SALARY AND WAGES:	MONTHLY AMOUNT:	BENEFITS OR TAX CREDITS:	MONTHLY AMOUNT:
Your salary or wages <small>(Only include what you take home after all deductions have come out)</small>	£	Jobseeker's Allowance	£
Your partner's salary or wages	£	Income Support	£
Other salary or wages <small>(Only include overtime, bonuses or other income if it is a regular income)</small>	£	Child Benefit	£
		Child Tax Credit	£
		Working Tax Credit	£
		Housing Benefit	£
		Personal Independence Payment	£
		Employment and Support Allowance	£
		Universal Credit	£
		Disability Living Allowance	£
		Other benefits <small>Please state _____</small>	£
		Other benefits <small>Please state _____</small>	£
<b>TOTAL MONTHLY INCOME:</b>			£

If you receive any income or benefit on a non-monthly basis, such as weekly or every 4 weeks, calculate how much this works out monthly – for example, **if you get paid every week, multiply the amount by 52 and divide it by 12** to get your monthly amount.

## STEP 2 | THE COST OF LIVING

Fill out what's relevant to you on this form to **work out your monthly essential bills and living costs**. Use the guides, where included, as indicators for what is considered an acceptable amount to spend –

ESSENTIAL BILLS:	MONTHLY AMOUNT:	HOUSEKEEPING:	MONTHLY AMOUNT:
Mortgage / rent	£	Food and toiletries <small>Between £200 – £250 for one adult, £100 – £150 per additional adult, up to £90 per child over 14 years, up to £60 per child under 14 years</small>	£
Ground rent and service charges	£	Nappies and baby items	£
Second mortgage or secured loan	£	Clothes / shoes <small>Between £30 – £50 per adult, between £15 – 25 per child</small>	£
Endowment policy / PPI	£	School meals / meals at work	£
Household insurance	£	Pet food	£
Pension / life insurance	£	Other Please state _____	£
Council tax	£	OTHER SPENDING:	MONTHLY AMOUNT:
Electricity	£	Medical / dental / glasses <small>Average £30 per adult (over 16 years) if need all 3</small>	£
Gas or other fuel	£	Hairdressing <small>Up to £15 per adult, up to £8 per child</small>	£
Water charges	£	Phone costs (including mobile) <small>No more than £30 per person</small>	£
TV licence	£	Internet / satellite <small>Up to £30 per household</small>	£
Hire purchase e.g car	£	Pocket money / school trips	£
Maintenance or child support	£	Hobbies / sport / gym	£
Childcare costs	£	Vet bills / pet insurance	£
Other Please state _____	£	Other Please state _____	£
TRAVEL:	MONTHLY AMOUNT:	Other Please state _____	£
Travel expenses (petrol / public transport)	£	Other Please state _____	£
Car tax and insurance	£	<b>TOTAL MONTHLY ESSENTIAL BILLS AND LIVING COSTS:</b>	£
MOT and car maintenance (include breakdown cover) <small>Between £20 – £30 per vehicle</small>	£		
Other Please state _____	£		

Now do this calculation to work out what you have left to put towards repaying your debts:

<b>TOTAL MONTHLY INCOME:</b>	£	
		MINUS
<b>TOTAL MONTHLY ESSENTIAL BILLS AND LIVING COSTS:</b>	£	
		=
<b>TOTAL SURPLUS:</b>	£	

## STEP 3 | BEHIND ON YOUR BILLS?

If you have fallen behind on an essential bill, you need to pay back these arrears as a priority – on top of continuing to pay your monthly bill – because if you don't pay back the arrears, there may be serious repercussions, such as losing your home or being disconnected from essential services. These are called '**Priority Debts**'.

**Speak to the creditors of your priority debts to find out what the minimum monthly repayment amount is that they will accept to pay back the arrears on these bills.**

If you have no priority debts move on to step 4, otherwise **fill out what's relevant to you on this form –**

PRIORITY DEBT:	TOTAL AMOUNT IN ARREARS:	PRIORITY DEBT MINIMUM MONTHLY REPAYMENT AMOUNT: (to cover your arrears only)
Mortgage / rent arrears	£	£
Second mortgage or secured-loan arrears	£	£
Council tax arrears	£	£
Electricity arrears	£	£
Gas or other fuel arrears	£	£
Water charge arrears	£	£
TV licence arrears	£	£
Hire-purchase e.g. car arrears	£	£
Maintenance or child-support arrears	£	£
Magistrates' or sheriff court fine arrears	£	£
Other priority arrears Please state _____	£	£
Other priority arrears Please state _____	£	£
Other priority arrears Please state _____	£	£
<b>TOTAL PRIORITY DEBT:</b>	£	
<b>TOTAL PRIORITY DEBT MINIMUM MONTHLY REPAYMENT AMOUNT:</b>		£

Now do this calculation to work out what you have left to put towards repaying your non-priority debts:

<b>TOTAL SURPLUS:</b>	£	
		MINUS
<b>TOTAL PRIORITY DEBT MINIMUM MONTHLY REPAYMENT AMOUNT:</b>	£	
		=
<b>AMOUNT LEFT FOR NON-PRIORITY DEBTS:</b>	£	

## STEP 4 | ALL OTHER DEBTS

Fill out what's relevant to you on this form to **work out your total unsecured debts**. These are called 'Non-priority Debts' –

NON-PRIORITY DEBT:	CREDITOR NAME:	TOTAL DEBT AMOUNT:
Credit card		£
Overdraft		£
Store card, catalogue / mail order account		£
Unsecured loan		£
Payday loan		£
Benefit overpayment (for benefits no longer received)		£
Money borrowed from friends and family		£
Other non-priority debt Please state _____		£
Other non-priority debt Please state _____		£
Other non-priority debt Please state _____		£
Other non-priority debt Please state _____		£
Other non-priority debt Please state _____		£
Other non-priority debt Please state _____		£
Other non-priority debt Please state _____		£
Other non-priority debt Please state _____		£
Other non-priority debt Please state _____		£
Other non-priority debt Please state _____		£
<b>TOTAL NON-PRIORITY DEBT:</b>		£

It's important to review your income, essential bills and living costs, priority debts and non-priority debts at least every 3 months. Your circumstances may change and your creditors will expect to be kept up-to-date.

## STEP 5 | FINANCIAL SUMMARY

Using the information you've gathered in steps 1 to 4, fill in the totals again here to **clearly see your financial situation** (you can use this to inform your creditors) –

PERSONAL DETAILS:			
Name		Number of adults in household	
Postcode		Dependant Children under 14 years	
Date		Dependant Children aged 14 +	
		Number of Non Dependants	
		Number of vehicles in the household	
INCOME AND EXPENDITURE:		NOTES:	
<b>TOTAL MONTHLY INCOME:</b>	£		
<b>TOTAL MONTHLY ESSENTIAL BILLS AND LIVING COSTS:</b>	£		
<b>TOTAL SURPLUS:</b>	£		
DEBTS:		NOTES:	
<b>TOTAL PRIORITY DEBT MINIMUM MONTHLY REPAYMENT AMOUNT:</b>	£		
<b>AMOUNT LEFT FOR NON-PRIORITY DEBTS:</b>	£		

Make a copy of this and send it to each of your creditors with a letter explaining your financial situation

# CONTACT YOUR CREDITORS

Depending on your financial situation, you should be in one of these positions:

- 1 You can meet all of your Priority Debt Minimum Monthly Repayments (or have no Priority Debts), and have a surplus to pay towards your non-priority debts**
- 2 You can meet all of your Priority Debt Minimum Monthly Repayments (or have no Priority Debts), but have no money left over to pay towards your non-priority debts**
- 3 You don't have enough money left to meet all of you Priority Debt Minimum Monthly Repayments**
- 4 Your monthly expenditure is greater than your monthly income**

Read the advice relevant to you on this page or the next:

- 1 You can meet all of your Priority Debt Minimum Monthly Repayments (or have no Priority Debts), and have a surplus to pay towards your non-priority debts**

Pay each of your non-priority creditors a share of the surplus you have available every month. This is called a 'pro-rata offer of payment'. To work out how much to pay each creditor, use the form you filled out in step 4 and the following calculation:

Divide each individual **non-priority debt amount** by your **total non-priority debt**, then multiply this figure by the **amount left for non-priority debts**, for example;

Your **total non-priority debt** is **£10,000**

Owing to each creditor:

Non-priority debt 1: **£1,500 ÷ £10,000 = 0.15**

Non-priority debt 2: **£5,000 ÷ £10,000 = 0.50**

Non-priority debt 3: **£3,500 ÷ £10,000 = 0.35**

**Amount left for non-priority debts = £50**

Non-priority debt 1: **0.15 x £50 = £7.50**

Non-priority debt 2: **0.50 x £50 = £25.00**

Non-priority debt 3: **0.35 x £50 = £17.50**

Send each of your non-priority creditors a copy of **steps 4 and 5** with a letter stating:

- You have spoken to PayPlan for free debt advice and due to your financial situation, you can only make a pro-rata offer of payment to the amount of (insert amount)
- You are committed to repaying your debt and request that they freeze any further interest and charges so that your debt does not increase
- You will keep them informed of any changes to your circumstances
- Request confirmation of the above

**If your surplus increases to £100 or more, get back in touch with PayPlan as we may be able to offer you another solution**

- 2 You can meet all of your Priority Debt Minimum Monthly Repayments (or have no Priority Debts), but have no money left over to cover your non-priority debts**

If you can, find the funds to pay each of your **non-priority creditors** a token payment – which could be as little as £1 a month – and write to them to inform them of your situation.

Send a copy of **steps 4 and 5** to each of your **non-priority creditors** with a letter stating:

- You have spoken to PayPlan for free debt advice and due to your financial situation, you can only make a token payment to the amount of (insert amount)
- You are committed to repaying your debt and request that they freeze any further interest and charges so that your debt does not increase
- You will keep them informed of any changes to your circumstances
- Request confirmation of the above

- 3 You don't have enough money left to meet all of your Priority Debt Minimum Monthly Repayments**

Each of your priority debt creditors expect you to make a realistic offer of payment to repay your arrears but if you are unable to pay them all the amounts they have requested, speak to your creditors and negotiate an amount you can afford.

Prioritise your mortgage/rent or a secured loan on your property, then any council tax, gas, electricity, or any debt which is pending court action.

Send each of your priority debt creditors a copy of **steps 3, 4 and 5** with a letter explaining your financial situation.

- 4 Your monthly expenditure is greater than your monthly income**

Contact Citizens Advice Bureau on 0344 111 444\* (in England and Wales), 0808 800 9060 (in Scotland), and 0800 028 1881 (in Northern Ireland).

\*Calls to 03 numbers cost no more than calls to geographic numbers (starting 01 or 02) from your landline or mobile, and are included in free call packages.

## TIPS FOR STAYING ON TOP OF YOUR MONEY

- 1** Keep a record of all the letters you write to your creditors, any attachments you send and anything they send to you.
- 2** Even if you don't hear back from your creditors, continue to make the token payments to them.
- 3** Review your finances at least every 3 months. Adjust and redistribute any extra money you have once you have paid off any of your debts.

LET'S TALK

Call us free on **0800 917 7819**

(0800 numbers are now free from landlines and mobiles)

We're open 9am-5pm Monday to Friday

**payplan.com**

Please contact us if you'd like this leaflet in Braille, large print or other languages.

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