

Dealing with Debt

Your legal rights



*Community
Legal Service*



This leaflet explains your legal rights when you have debts, and the protection you have from people who are demanding money from you. There is information on:

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The leaflets in this series give you an outline of your legal rights. They are not a complete guide to the law and are not intended to be a guide to how the law will apply to you or to any specific situation. The leaflets are regularly updated but the law may have changed since this was printed, so information in it may be incorrect or out of date.

If you have a problem, you will need to get more information or personal advice to work out the best way to solve it. See 'Further help' on page 19 for sources of information and advice.

Most of us owe money to people or organisations most of the time: bills are a fact of life. But, occasionally, we may find ourselves swamped by debts, and can't see a way of paying them all. But it's never a good idea to ignore bills. Instead you need to get help to deal with them. The 'Further help' section on page 19 gives details of where you may be able to find this help.

If you are behind with payments to someone you owe money to (legally called a 'creditor'), they have legal powers to get their money. Exactly what they can do depends on the type of debt, and some are more serious than others. In the worst case, you could lose your home or even go to prison. So if you have several debts, you need to work out which ones you must deal with first and try to make arrangements to repay them.

Here, we outline common types of debt and what the law says that you, and the creditor, must each do when the creditor wants to get the money you owe.

Rent or mortgage payment problems

If you have missed your rent or mortgage payments, landlords and mortgage lenders may have the right to evict you. But the procedure for doing

this, called 'possession proceedings' is quite long, and you should have enough time to come up with a plan to make reasonable repayments to your landlord or your mortgage lender before the court gets involved.

If you have a second mortgage (or a loan secured on your home, regulated by the Consumer Credit Act 1974), and your payment plan is refused by the lender, you may be able to get a 'time order' through the courts, which will let you keep your home. Under a time order, the court can reduce or even stop the interest that is adding up on the money you owe, and reduce the instalments you pay to a level you can afford. But you have to show the court that you are having genuine difficulty making the payments. You may also have to show that you would be able to pay the full instalments again at a later time.

For more details, see 'Time order' on page 7.

Possession proceedings

The possession procedure starts with a notice from your landlord or a solicitor's letter from your mortgage lender warning you that they could take you to court. After that you will receive a county court claim with a date and time for you to go to the local county

court. At the court you will have to explain to a judge what your situation is and what you plan to do.

The court will need to see that you have missed payments, and that your landlord or mortgage lender used the proper procedures in trying to get the money you owe. If your landlord has not done what they were supposed to do (for example, they didn't repair your house or flat), the court might not make a possession order.

If you are a local authority (council) tenant, and unless you have what's called an 'introductory tenancy', the court must decide if an order is reasonable. It will take account of whether you are vulnerable (for example, if you are elderly) and whether you have tried to make payments.

If your landlord or mortgage lender proves their case, then the court usually grants a possession order. But normally, if you start paying the money you owe, you won't be evicted. The court can allow you to pay off the mortgage repayments you've missed over the years you have left on your mortgage. It can also let you clear any payments you've missed on your council rent, depending on how much you can afford to pay.

If you then miss payments, the landlord or mortgage lender can ask for an

eviction warrant. You won't be warned of this beforehand, although the court should tell you the date of eviction. At this stage, you can ask for a court hearing to ask the judge to call off (suspend) the eviction. You should do this before your eviction is due, because after that, your application will probably be refused. You will need specialist legal help if you are in this situation.

The main exceptions to this procedure are if:

- you have an 'assured shorthold' tenancy from a private landlord (not the council or a housing association, for example); and
- you have missed more than two months' rent payments. In this case, the court will automatically award a possession order against you which cannot then be suspended to give you time to pay.
- you have an 'introductory tenancy' from a public landlord (such as a local authority). Again, this means a possession order will be awarded automatically.

There can be other reasons why the court can award a possession order. For more on tenancy types and rights, see the Community Legal Service leaflet 'Renting and letting'.

Also see the Community Legal Service Leaflet, 'The Human Rights Act', which explains the Act and how it might affect you. This Act gives everyone the right to 'respect for privacy and family life, home and correspondence'. It doesn't mean that you cannot be evicted, but the courts may see eviction more as a last resort.

Council Tax bill problems

If you haven't paid your Council Tax, the council will make an application for a 'liability order' in the Magistrates Court for arrears of Council Tax. If the court grants the liability order, it will mean the council can:

- use bailiffs to get the money from you (by taking things of value that you own); or
- take money from your wages or benefits.

Are you paying too much?

At this stage, it is worth checking whether you could ask for lower Council Tax payments, or whether you should have to pay Council Tax at all (Council Tax exemption). There are different ways you might be able to reduce what you owe. Some examples include:

- claiming backdated Council Tax Benefit for a maximum of 52 weeks if you have been on a low income

and there's been a good reason – such as a very serious illness;

- asking for Council Tax discount of 25% if you were the only adult in the house (other than students, full-time carers, severely mentally disabled people and anyone whose main home is elsewhere);
- asking to have your house or flat revalued (if it is revalued into a lower Council Tax band, you will pay less Council Tax);
- not having to pay Council Tax if the house or flat has only students living in it; or
- not having to pay Council Tax if the people who live in the house or flat are 'severely mentally disabled'.

There are other circumstances where you may not have to pay or could get payments reduced. Contact your local Citizens Advice Bureau for more about this (see 'Further help' on page 19 for details).

Hire Purchase (HP) problems

If you buy goods such as cars or furniture under hire purchase (HP) or a similar scheme, known as a 'conditional sale agreement', you don't own them until you have made the final payment. Until then, they belong to the creditor (the finance company).

If you miss payments before you've paid a third of the total amount you owe (this figure will be on the front of your agreement), the creditor can 'snatch back' the item. They can do this only if it is in a public place, so they may be able to repossess a car, but they cannot come into your home and take furniture.

If you have paid a third or more of the total amount you owe, the creditor must start court action to get the goods back, or to get you to pay.

You will then receive a hearing date, when the court will decide whether you must return the item or accept any offer by you to make payment.

You can ask for a 'time order', under which the court can reduce the payments to a level you can afford (see 'Time order' on page 7, for more about how this works). The court can also make a 'suspended order', which means that the finance company can get the goods back only if you miss future payments.

If you want to avoid court action, you can write to the creditor to end your contract and return the goods. You will have to pay only half of the total amount you originally owed (this figure will be on the front of your HP agreement), and the cost of repairing any damage to the goods.

Gas, electricity and phone bills

Gas, electricity and phone companies can disconnect you if you haven't paid your bills, without having to go to court. But they should give you written notice that they will disconnect you.

Gas and electricity companies must also take notice of customers in need. They should allow you to repay the money you owe over at least a year, if that is all you can afford, instead of disconnecting you or fitting a pre-payment meter (which makes the gas or electricity more expensive and means you end up without fuel if you run out of payment cards).

If you come up with an amount you can afford to pay, but the company won't accept your offer, you should:

- seek advice, for example, from a Citizens Advice Bureau; or
- get in touch with the gas and electricity consumer body, energywatch, or the phone-company watchdog, Oftel.

See 'Further help' on page 19 for their numbers.

Responsibility for the bill

The person who has to pay any gas or electricity debt is the person who originally asked for it to be supplied. In the past, some energy companies have

also demanded payment from anyone living at the house when the gas or electricity was being used – calling them ‘beneficial users’. But several courts have refused to allow companies to pursue this kind of debt now, and if you are in this situation, you may be able to stop them insisting that you have to pay. If a company is trying to make you pay a bill that you don’t think you are responsible for, get in touch with the energy watchdog, energywatch, for advice (see ‘Further help’ on page 19 for details).

Water bills

Any debts to water companies are treated differently from money owed for gas, electricity and telephone bills. It is illegal for a water company to disconnect you for missing payments. The only way they can force you to pay is to get a ‘money-only’ county court claim (see ‘The ‘money-only’ claims procedure’ on page 8 for how this works).

If you have missed payments on your water bill, find ways of paying other household bills first. But you should try and make sure that you have enough money to pay your water bills in the future.

Loans and credit problems

Most loans that you have which aren’t on a hire-purchase agreement, and aren’t secured on your home (e.g. mortgages), are what are called ‘regulated’ credit agreements. If you have several debts, any loans are ‘non-priority’ debts. This is because you can make an arrangement through the courts to pay the loan back at a rate you can afford. Provided you continue to pay what you’ve agreed, and payments are on time, the creditors cannot use methods like bailiffs to get your belongings.

If you receive a ‘default notice’ from the creditor make sure you get expert advice, because this means that they can then take court action against you.

Time order

If you have a regulated credit agreement and the creditor has sent you a default notice, you can ask the court for a ‘time order’. This means the court can reduce or even stop the interest that is adding up on the money you owe, and reduce the instalments you pay to a level you can afford. But you have to show the court that you have real difficulty making the original payments. You may also have to show that you would be able to pay the full instalments again at a later time.

If you get a time order, the missed payments will still be listed on your credit reference file, so you may have trouble getting credit in the future.

If you do want to apply for a time order, you must first write to the creditor explaining what you want, how much you think you can afford to pay and over what time period. If the creditor refuses your offer, you can apply to the county court for the time order, and it will decide whether what you have offered is reasonable.

Alternatively, you can simply go ahead and pay the creditor what you've offered. If it still doesn't think that what you're paying is enough, it has the option of taking you to court. You can apply for a time order at this point. The advantage of this route is that it would be the creditor, not you, who pays the court fee (currently £120).

What the creditor can do to get their money

If you don't apply for a time order (or the court won't grant you one), the creditor's main legal option to get its money is through a 'money-only' claim in the county court.

If a creditor succeeds in a 'money-only' claim, you will have a County Court Judgment (CCJ) registered against you.

This will go on your credit file and will affect your credit rating – probably making it more difficult for you to get a loan or credit card, for example, in future. It will also increase the amount you owe, because you will have to pay the creditor's costs awarded against you. You must pay what the court orders or the creditor can use bailiffs and other measures to make you pay. If you own your own home, the debt could be secured against it by means of a charging order (see 'Charging order' on page 11, for more about how this works).

But there are advantages to a County Court Judgment (CCJ), if you really can't come to an agreement with the creditor to pay back the money. In most cases it should mean that they stop adding interest to what you owe and the court will generally set out a repayment plan that you should be able to afford. As long as you keep to the plan ordered by the court, the creditor can't use enforcement, like bailiffs, against you.

The 'money-only' claims procedure

The 'money-only' claims procedure starts when the creditor (the 'claimant') asks the court to send a 'claim form' to you (the 'defendant').

At this stage, you have two choices:

Defending the claim

You can choose to defend the claim in several situations including:

- if you have already paid the money;
- possibly if the creditor has already agreed to allow you to make lower payments; or
- possibly if the creditor has refused to discuss your offer of lower payments.

See 'Other legal protection if you are in debt' on page 14 for more information.

But don't defend a claim without getting expert advice first. If you lose your case, you may have to pay the creditor's court costs, which could mean that your debt becomes even bigger.

If you aren't going to defend the claim, you might want to ask the county court not to make you pay any court costs. This is up to the judge. He or she will decide taking into account if the creditor:

- has behaved badly towards you, for example; or
- hasn't followed the proper procedure in getting the money you owe.

Admitting the claim

If you admit the claim, you should come up with a payment plan, based on what you think you can realistically afford. If the creditor accepts this offer, it will be recorded by the court and you will have to stick to it. But if the creditor turns down your offer, then a court official will generally consider what you have offered, what the creditor wants, and then decide how much you should pay (though there is no hearing in court).

If you don't agree or the creditor doesn't agree with the court's payment plan, you have 14 days to ask for the decision to be 're-determined' by a district judge. If the court then decides to have a hearing, the case will be transferred to your nearest court. You and the creditor will both be able to have your say before the court decides whether to change the payment plan set out in its original judgment.

If you don't respond to a claim

If you don't respond to a claim at all, it doesn't just go away. The procedure will continue and the court will come up with a judgment which will include how much you should pay. If you don't make these payments, the creditor can legally use bailiffs or other measures to get the money you owe.

However, there are circumstances where you might not have been able to respond to the claim (for example, because it was sent to the wrong address, or you were away when it was sent). If this is so, you may be able to get the judgment 'set aside'. To do so, though, you will usually have to show that you have a good chance of defending the claim or you have another good reason for it to be set aside. If you want to get a claim set aside, you should get expert advice first.

If you can no longer afford the payments

If you can no longer afford the payment plan set out in the County Court Judgement (CCJ), you can ask the court to break it down into smaller instalments. This is called 'varying the judgement.'

When you won't have to pay

If your financial situation means that you really can't repay the debt, or you are in a genuine crisis (for example, you have a serious illness), the court may be able to suspend the judgment so that you don't have to pay for a limited period of time.

Going to court

After getting a judgment, the creditor can ask for you to be questioned in court about your circumstances, so they can find out how best to get the money you owe. In court, you can be ordered to answer questions on oath, about:

- your income;
- what you spend money on; and
- what things you own.

If you do not go to the hearing, the court could issue a warrant for your arrest. However, the creditor may call off the hearing if you provide them with the details they want.

If you don't make the payments

If you do not pay what has been ordered in a judgment, there are several things a creditor can do:

Warrant of execution

This is when the county court involves bailiffs (see 'Dealing with bailiffs' on page 12).

Attachment of earnings

This is when the creditor asks the court to make an order to take regular payments from your wages. They will send you a form in which they will ask you to give certain details so they can take the payments. If you don't co-

operate with the court in this, you could be arrested, or sent to prison for up to 14 days.

If there is an attachment of earnings, the court will set a 'protected earnings rate' (PER). This is a level below which they can't make deductions. It is based on Income Support rates, and takes account of other earnings (like your partner's wages) and things you must pay for. The court will then set a normal deduction rate (NDR), which is normally between half and two-thirds of the difference between the PER and your wages or salary.

Charging order

This is when the creditor asks the court to secure the debt to your home. If you don't make payments, the creditor could sell your home to get the money you owe. The court will not normally allow your home to be sold, though you will need expert advice if the creditor asks the court to do this.

High Court enforcement

For some types of debt (for more than £600, and debt on unregulated agreements), your creditor could use High Court Sheriffs' Officers acting as bailiffs to collect what you owe. If you cannot come to an agreement on how much you should pay, you will need to get advice on:

- applying to court to stop bailiff action; and
- arranging a way to pay what you can afford.

Dealing with many debts

If you have many different debts, there are several ways, using the courts, that you can sort things out yourself.

Administration orders

If you have at least one High Court or County Court Judgment (CCJ) against you, and your total debts are no more than £5000, you can apply for an 'administration order' (AO). This allows the court to send payments to all your creditors. You make one monthly payment to the court and this is then split between all your creditors in a way the court decides.

Once this happens, a creditor can't take any action against you, and they will stop adding interest to your debt. The administration order can include:

- Council Tax;
- gas, electricity, phone and water bills;
- fines.

These creditors may object to being included on the administration order, but the court will decide whether or not to include them.

Individual voluntary arrangement (IVA)

An IVA is a legally-binding arrangement between you and your creditors that is drawn up by a qualified insolvency practitioner (usually an accountant). You must agree to pay money, as a lump sum, instalments, or both. In return, your creditors may:

- write-off part of the debt; and
- not take court action against you or make you bankrupt.

You have to pay all the costs and fees and also a large amount of the debt, so it is realistic only if you have a fair amount of spare money or things you can sell to pay your debts.

If you are considering this option, you should shop around to compare the fees an insolvency practitioner would charge.

Bankruptcy

This releases you from your debts after two or three years. But your finances will be officially investigated, and you will have to make reasonable payments towards your debts for the first two or three years, if you can afford to do so.

Bankruptcy is not an easy option and you should also get expert advice before

applying to make yourself bankrupt. It may not be suitable for people:

- with certain types of job (for example, if you work in finance, you are a solicitor, or self employed);
- if you own (or are buying) your own home; or
- if you have a lot of other assets.

And there are some types of debt you will still have to pay after bankruptcy:

- magistrates' fines;
- maintenance for a partner or children;
- debts from fraud; and
- some forms of student loans.

Finally, you must make a lump-sum payment (currently at least £250) to make yourself bankrupt (even if you are receiving benefits). This fee alone rules it out for many people.

Dealing with bailiffs

With most debts, bailiffs are only involved if you can't come to an arrangement to repay your creditors, and then only after your case has been to court. But once bailiffs are involved it can be difficult to stop them – although this doesn't apply to county court bailiff, (see 'County court bailiffs') below.

Bailiffs usually work by threatening to take your possessions to persuade you to pay what you owe, or taking and selling things you own to repay your debt.

Although you may believe bailiffs are allowed to force their way into your home, and some bailiffs may give you this impression, this is generally not the case. But this is only if they have not been inside your home for the same debt on an earlier occasion.

If you do let a bailiff into your home, they will usually take 'walking possession' of some of your belongings. This means that if you miss future payments on your debt, the bailiff is legally permitted to force entry into your home and take those items away. So if you never let the bailiff in your home, they will never be able to take 'walking possession' of your belongings inside it. But things not inside your house (a car, for example) can be taken.

For most types of debt, 'basic household items' can't be taken away by a bailiff. This includes a bed, for example, but not a television or many other items.

County court bailiffs

If you have a County Court Judgment (CCJ) and you don't make the payments, the creditor can ask the

court to issue a 'warrant of execution'. This will involve county court bailiffs. But you can ask the court to stop them by filling in a special form at your local county court, with a statement about what you can afford to pay.

County court bailiffs also carry out evictions after possession proceedings (see 'Rent or mortgage payment problems' on page 3). This is the main situation in which you cannot physically stop bailiffs from coming into your home, but again you can ask the court to do so.

Debt collectors

It's important to realise that debt collectors are not the same as bailiffs. Debt collectors cannot take any direct action against you, apart from asking you to pay. If you believe a debt collector is falsely acting as a bailiff, contact the trading standards department at your local council. If you are being physically threatened, contact the police.

Bailiffs and the Human Rights Act

The Human Rights Act, which came into force in October 2000, may see bailiffs being used less frequently. Part of the Act protects your right to 'peaceful enjoyment of possessions and respect for your privacy, family life and home'.

In practice, this should mean that courts and public authorities use bailiffs more as a last resort, and should consider using less intrusive and distressing ways of getting you to pay what you owe. These include:

- benefit deductions;
- attachment of earnings; and
- voluntary payment arrangements.

There is a separate Community Legal Service leaflet in this series, 'The Human Rights Act', which explains how the Act works and what it might mean for you.

Other legal protection if you are in debt

There are several laws and regulations designed to make sure that any credit deals you sign up to are fair, and any organisations you owe money to behave reasonably.

Unfair credit agreements

Parts of the Consumer Credit Act allow a court to rewrite any credit agreement (including a mortgage) if it thinks the agreement is an 'extortionate credit bargain'.

This means that it:

- has payments which are 'grossly exorbitant' (too high compared with similar agreements); or
- 'grossly contravenes the ordinary principles of fair dealing', which means where you have been a victim of sharp practice.

Courts have used this law to reduce very high interest loans, especially in cases where the person signing the agreement was pressurised into signing. But this is not easy to prove, and if you think you might have a case, you should get expert advice from an adviser or the trading standards department at your local council.

Unfair contract terms

When you sign a contract for credit, or to buy something, it should spell out all the terms and conditions of the deal. The law says that a company can't enforce any part of a contract if it is not in plain English or if it is unfair (but this doesn't mean a price that you think is unfair).

These regulations prevent lenders from:

- charging much higher interest to customers who have missed payments; and

- taking customers by surprise with unexpected or hidden small print or unclear wording in agreements.

If you think that there was a term in a credit agreement which you weren't aware of when you took it out, contact an adviser or the trading standards department at your local council.

Credit licence

Anyone who offers credit (a creditor) must have a licence from the Office of Fair Trading. They won't be able to legally enforce the terms of their credit agreements if they didn't have a licence at the time you signed the agreement.

Most credit agreements that consumers sign are 'regulated agreements' under the Consumer Credit Act. This means that they must be in writing and also explain, among other things:

- the amount of money you are borrowing;
- the interest rate; and
- how long you will be paying the debt back.

Creditors who arrange credit using regulated agreements should not be able to use court action against you if you never signed such an agreement. Creditors cannot start court action if they haven't given you an agreement to

sign. You can get advice on other details of the Consumer Credit Act from:

- an adviser or solicitor,
- the Office of Fair Trading; or
- the trading standards department at your local council.
- your local Citizens Advice Bureau

Undue influence

A creditor might not be able to make you pay back a loan if you have been put under a lot of pressure from someone you know to sign up for it.

The most likely situation is if your husband or wife or partner persuaded you to sign a secured loan agreement (a mortgage, for example) which was entirely for their business. But you must also show that the lender didn't explain to you how the loan worked, and that you should have got independent advice before signing.

This law is complicated, so if you are in this situation, you will need to get specialist legal advice.

Limitation period

The Limitations Act 1980 gives creditors a maximum amount of time to start legal proceedings after the last payment or written contact from the debtor. For most debts, this is 6 years, or 12 years for mortgages. If you have

not paid anything towards a debt for more than 5 years, you should get specialist advice before you speak to the creditor about an arrangement to pay what you owe.

Harassment to repay

It is a criminal offence for a creditor to needlessly upset you to get you to repay. Harassment includes:

- threatening you with a criminal prosecution when you can't be prosecuted;
- pretending to be a court official;
- sending letters which look like court forms; and
- telling other people, such as neighbours and your employer, about your debt to force you to pay.

If you are being harassed, keep a record of exactly what happened and when, and report it to your local trading standards department at your local council. A creditor could have their credit licence taken away, if they are found guilty of harassing you (see 'Credit licence' on page 15).

If the creditor ends up taking you to court to get you to repay, you can tell the court about the harassment then. This could reduce the court costs you may have to pay. Some types of harassment may also break the

Human Rights Act (see 'Dealing with bailiffs' on page 12).

When you can be sent to prison for your debts

Being sent to prison is a great fear for many people with serious debts. In most cases, it's not very likely, since a prison sentence is only a last resort, and apart from fraud (see 'Fraud' below) it can happen only for three types of debt. They are for when:

- you haven't paid fines from the Magistrates' Court;
- you haven't paid your Council Tax; or
- you haven't paid maintenance for your husband or wife or your children.

You can be sent to prison only if the magistrates believe that you 'won't pay' rather than 'can't pay' your debts (you have deliberately refused to pay, or you have chosen to spend the money on other things that weren't essential).

If this is the case, the court will probably give you a 'suspended committal order'. This means that the magistrates will set an 'instalment order'. You would have to pay certain amounts at certain times to repay the money you owe. You would be sent to prison only if you miss any of these

payments. And if that happened, you would be sent a warrant to be arrested and brought before the magistrates. You cannot be sent to prison without another hearing, although you may be put in police cells overnight.

If you receive a warrant, you should:

- get expert advice, if you can;
- prepare a personal budget statement by setting out all your income, your expenses (what you spend your money on) and all your debts;
- report to the police or magistrates when the court is actually sitting.

Sometimes, magistrates will ask you to spend the whole day at court to satisfy the committal order, so you should make any arrangements you need to, such as childcare, before you go.

It is very important to realise that at the committal stage, even for non-criminal debts such as Council Tax, you have the right for a lawyer to speak for you even if you cannot afford to pay for one. The magistrate should give you time to speak to a duty solicitor at the court before they hear your case. This is important because, before any order is made, the court has the right to forgive or write-off all or part of your debt (called 'remitting') to make it easier for you to pay. Your solicitor may be able to give them reasons for

doing this, as well as preventing you from ending up with a committal order.

Fraud

If your debt is due to criminal activity such as fraud, then a prosecution for this could lead to prison. Examples of this are fraudulently applying for state benefit, or taking credit when you have no intention of repaying it. If you are accused of fraud you should see a criminal law solicitor. An unfair accusation of fraud, or a threat of prosecution from a creditor may well amount to harassment, (see 'Harassment to repay' on page 16).

Terms used when dealing with debt

There are several words and phrases that you may come across, from credit providers, the courts or bailiffs, for example, when you are in debt.

Administration order When you make a single payment (or series of payments) to the court, which then distributes the money to the people you owe money to.

Arrears When you are behind with payments (for rent or a loan, for example).

Attachment of earnings When you can have money taken out of your wages or benefits to pay off your debts.

Committal Being sent to prison.

Suspended committal order If you are given a suspended committal order by the court because you have not paid your debts, it means that you won't go to prison as long as you make payments of a certain amount that have been worked out by the court.

County Court Judgment (CCJ) When the county court decides that a credit debt must be repaid, the creditor can use methods including bailiffs, a charging order and attachment of earnings (see above and below) to get you to do so.

Charging order Where the county court adds a credit debt onto your home (if you are a home owner or if you have a mortgage).

Conditional sale agreement A way of borrowing money to buy things, similar to hire purchase. See 'Hire purchase (HP) problems' on page 5 for more information.

Creditor Someone you owe money to.

Default notice A formal warning that you have missed payments on a credit debt, and that court action may be started against you.

Harassment Where a creditor causes someone who owes them money 'alarm, distress or humiliation'. They can be prosecuted for this, and lose their licence to carry on their business.

Individual Voluntary Arrangement (IVA)

A legally-binding way of making an arrangement with creditors to pay them back at an agreed rate, in return for them not taking court action against you. See page 9 for more information.

Possession The court order that allows a landlord or mortgage lender to take steps to evict you from your home.

Regulated agreement A consumer credit agreement that is protected by the Consumer Credit Act 1974. It means that you are entitled to a properly-written credit agreement, a 'default notice' if you fall behind with payments before the creditor can take action against you, and the right to apply for a time order (see below).

Return order When a county court forces you to return goods taken out under hire purchase to the creditor.

Time order Something you can ask the court for to stop interest adding up on the money you owe, and to reduce the instalments you have to pay.

Warrant of execution What a creditor does when they want to get bailiffs to get back the money you owe them.

Further help

Community Legal Service Direct

A free, easy-to-use service to help you solve your legal problems.

Call: 0845 345 4 345

to speak to a qualified legal adviser about Welfare Benefits, Debt or Education or find local advice services for other problems.

Log on at: www.clsdirect.org.uk to search for a quality local legal adviser or solicitor or find links to other sources of online information and help.

Citizens Advice

Your local CAB is listed in the phone book www.citizensadvice.org.uk/cabdir.ihtml

The National Debtline

for advice and help with dealing with personal debts

phone: 0808 808 4000
www.nationaldebtline.co.uk

The Business Debtline

for advice and help with dealing with business debts

phone: 0800 197 6026
www.bdl.org.uk

Consumer Credit Counselling Service

phone: 0800 138 1111
www.cccs.co.uk

TaxAid

phone: 020 7803 4959
www.taxaid.org.uk

energywatch

For problems with both gas and electricity companies

phone: 0845 9060708
www.energywatch.org.uk

Oftel

For problems with phone companies

phone: 020 7634 8700

www.oftel.gov.uk

Office of Fair Trading

For problems with credit, loans and hire purchase

phone: 0845 7224 499
www.of.gov.uk

The Community Legal Service

The Community Legal Service has been set up to help you find the right legal information and advice to solve your problems.

You can get help through a national network of organisations including Citizens Advice Bureaux, Law Centres, many independent advice centres and thousands of high street solicitors. All of these services meet quality standards set by the Legal Services Commission. Look for the Community Legal Service logo, shown below.

Many of the organisations offer some or all of their services for free. If you cannot afford to pay for advice you may be eligible for financial support through the Community Legal Service Fund (Legal Aid). You can order leaflets about funding from the LSC Leaflet line on 0845 3000 343. You can also use a Legal Aid eligibility calculator on the CLS Direct website at www.clsdirect.org.uk

Community
Legal Service



The Legal Services Commission (LSC)

The Community Legal Service and the Community Legal Service Fund are managed by the Legal Services Commission. To find out more about us visit our website at www.legalservices.gov.uk or find the details for your local Legal Services Commission office in the phone book.

legal services

COMMISSION

The leaflets are also available online at: www.clsdirect.org.uk

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- 2 Employment
- 3 Divorce and Separation
- 4 Renting and Letting
- 5 Buying and Selling Property
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- 22 Mental Health
- 23 Alternatives to Court
- 24 Family Mediation

The leaflets are also available in Welsh, Braille and Audio

To order any of these leaflets contact the LSC leaflet line on **0845 3000 343** or email LSCleafletline@stivesdirect.com or Fax 01732 860 270



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