

Debt

Easy read booklet



What is debt and what to do if you have debt

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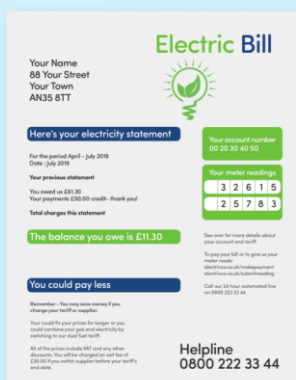
What is debt?



A **debt** is when you owe someone or a company money. This can include:



Companies you have bought furniture, electrical goods, clothes or shoes from.



The company that provides your electricity or gas.



You could also owe money to a family member or friend.



Most people pay back the money they owe each month.



When people are not able to pay the money they owe, they get into debt.



There are **different types of debt**. We will explain what they are in this booklet.

Which debts to pay first



If you have more than one debt, it is important to work out **which debts to pay first**.



Some debts need to be paid first. These debts are called **priority debts**.



It is important to pay priority debts as soon as you can because they can cause **serious problems**.



This can include your gas or electric getting cut off, losing your house, or being in trouble with the law.

Rent or mortgage arrears



If you have missed one or more rent or mortgage payments, you are in **arrears**.



Arrears is an amount of money that you owe, usually for regular payments you should have paid already.



Please leave by

**23rd
September
2023.**

If you don't pay your rent or mortgage payments, your landlord or bank could make you leave your house.



They cannot remove you from your house unless they have an order from the court.

Council Tax arrears



If you are asked to pay council tax and miss one or more payments, you are in arrears.



If you do not pay your Council Tax, the council can take legal action to collect the money you owe, like visits from **bailiffs**.



Bailiffs are people who have legal powers to collect some debts. They can ask you to pay back what you owe or take belongings from your home to cover the debt.



If you have the money to pay your debt but chose not to, you could go to prison.

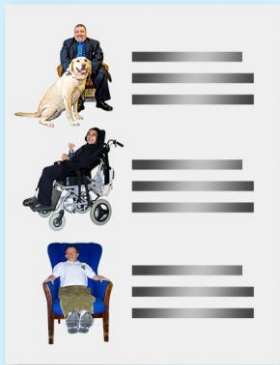
More information about bailiffs



Bailiffs have rules they have to follow.



Usually, they should send you a letter 7 days before they plan to visit your house to collect a debt.



They might have to follow different rules if you are vulnerable.



You could be vulnerable if you have a disability, or if you don't speak or read English well.

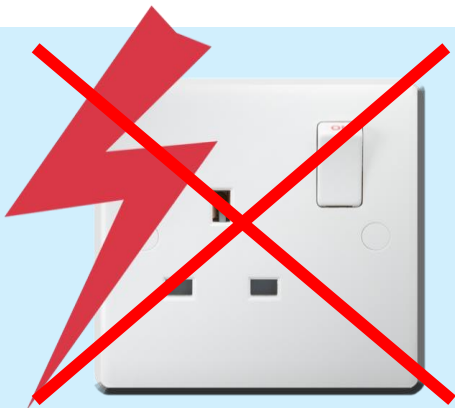
Unpaid electricity or gas bills



If you have not paid your energy bill you will be get a new red bill. This bill will say 'overdue'.



This means you have missed your gas or electricity payment.



If you don't pay your energy bills, your energy supplier might cut off your gas or electricity.



They have to tell you in writing 7 working days before if they are going to cut off your supply.

Unpaid phone or internet bills



If you don't pay for your phone or internet, they could be disconnected.



If it is very important for you to use your phone or internet, let the company that provides your phone or internet service know.



This **may** be a priority debt if you need your phone or internet to do your job, find work, or because of your health.

Unpaid TV licence payments



If you watch or record live TV, you need a TV licence. This includes **streaming** shows.



Streaming is watching live TV on a laptop, computer, or another device that is connected to the internet.



If you don't need a licence, it is a good idea to let the TV licence company know.



If you watch TV without a licence, you could be taken to court and asked to pay an amount of money.

Court fines



This is if you have to pay a **fine** to the court. The court will send you a letter if you have to pay a fine.



A fine is an amount of money you have to pay. Fines are set by the court or other authorities.



You might have to pay a court fine if you have broken the law, for example watching TV without a licence.



If you have the money to pay your fine but choose not to, you could go to prison.

Payments for items bought on hire purchase



If you buy something on hire purchase or conditional sale, you pay for it in instalments.



When you buy items this way, they don't belong to you until you have made all the payments.



If you don't keep up with payments, the seller could take the item back.



In some cases, the company who sold you the item might need to go to court to get permission to take the item back.

Overpaid Tax Credits



Sometimes people are given too much Tax Credit. They cannot keep this extra money and will be asked to pay it back.



HM Revenue and Customs (HMRC) will let you know if this has happened.



**HM Revenue
& Customs**

HMRC is part of the government. They collect tax and pay some benefits, like Tax Credits.



If you have been paid too much Tax Credit, you have to pay the overpayment back to HMRC.



If you have enough money to pay but choose not to, HMRC can arrange repayments from your benefits or wages.



They can also use bailiffs to take items from your home to recover the money.



If you have the money but choose not to pay, HMRC can also take you to court.



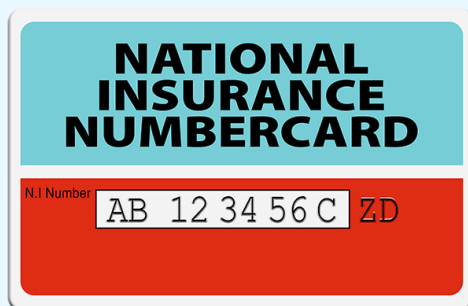
You could even go to prison if you do not go to court when asked, or if you do not do what the court tells you to.

Unpaid debts to HMRC

It is important to pay debts to HMRC so they don't take action to collect the debt.



If you have a business and you do not pay enough Valued Added Tax (VAT), this is a **priority debt to HMRC**.



Unpaid Income Tax and unpaid **National Insurance** payments are also priority debts to HMRC.



You have to pay National Insurance contributions if you are over 16 years old and make over a certain amount of money from your job.



Your National Insurance payments come out of your pay – your employer should set this up for you.

Unpaid Child Maintenance payments



Child Maintenance payments help pay everyday costs of bringing up a child when the parents are not together anymore.



Normally, payments are made every week or every month. They can be paid directly or by using the Child Maintenance service.



If you don't pay, the Child Maintenance Service can take money from your wages or your bank account.

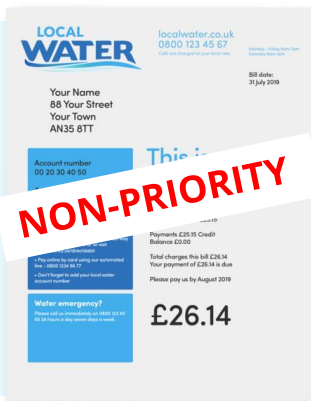


If you have money but choose not to pay, the court can take away your driving licence for 2 years or send you to prison.

Debts that are not a priority



Some debts do not lead to such serious problems if you do not pay.



They are called **non-priority debts**.



The letters you get about non-priority debts may look very frightening, but remember to pay priority debts first.



You will still need to make a plan to sort out your non-priority debts.

Examples of non-priority debts



Credit card, store card or catalogue debts.



Unpaid water bills – these are not a priority because the water company cannot turn off your water supply.

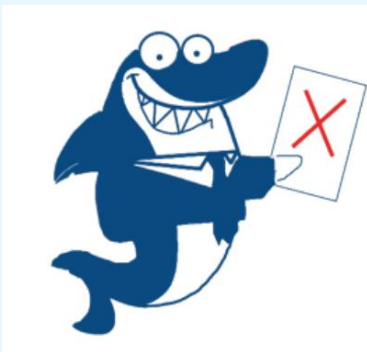


Debts to friends or family.

Loan sharks



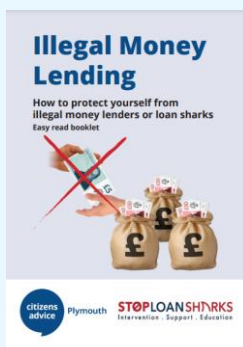
When people get into debt they can be forced to make unsafe decisions.



Be careful of people you do not know who act like a friend and offer to lend you money. They could be a **loan shark**.



Loan sharks are people who lend money illegally. They can force you to pay back much more money that you borrowed.



We have a booklet that explains what loan sharks are and how to get help if you need it.

What to do if you have debt



There is lots of support available if you need help with debts.



You might feel worried or embarrassed, but it is ok to ask for help.

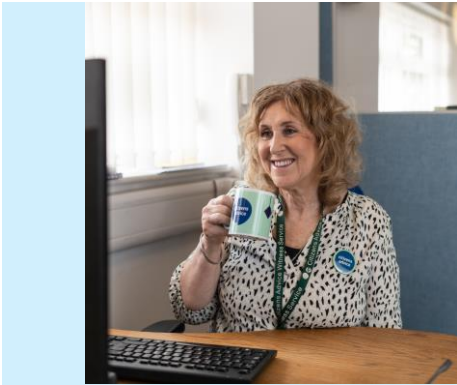


It is a good idea to ask for help as soon as you can if you get into debt or miss a bill payment.

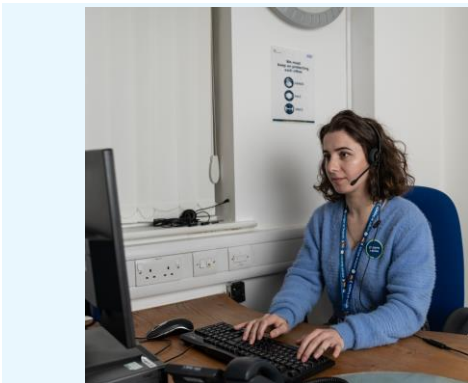


Remember that you should never have to pay for trustworthy debt advice.

Where to get help



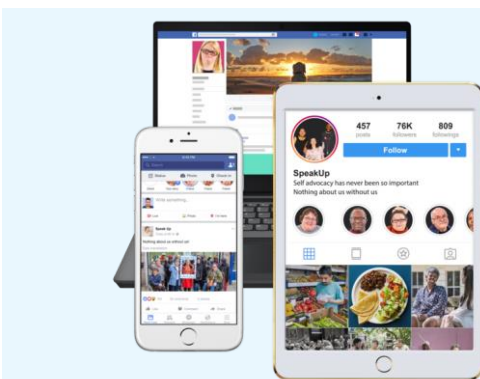
Visit or call your **local Citizens Advice** branch if you need help with debts.



Or you can call the national Citizens Advice debt helpline on **0800 240 4420**.



Your support worker or someone else you trust can help you to get in touch with Citizens Advice.



It can be tempting to take advice from friends, family or online, but the advice might not be right.



This booklet was made to help people understand debt. It covers information about what debts you need to pay first, what happens if you don't pay priority debts, and where you can get help with debt.

Citizens Advice Plymouth can provide free and confidential advice to anyone who needs help with debt.

For face-to-face advice

Visit our walk-in service at Cobourg House,
32 Mayflower Street, Plymouth PL1 1QX

Monday to Thursday, 9am – 4.30pm
Friday: 9am – 4pm

For telephone advice

Call our national debt helpline on **0800 144 8848**

Monday to Friday, 9am – 8pm
Saturday: 9.30am – 1pm

Download the booklet for free here:

<https://citizensadviceplymouth.org.uk/campaigns/>

Date published: September 2023