



DEBT MANAGEMENT PLANS

Are you struggling to pay credit cards, loans, store cards or catalogues?

Would you like someone to help sort out your payments and deal with your creditors for you?

Would you like to be able to pay one affordable amount to all your creditors each month?

If this sounds like you, a debt management plan (DMP) may be just the thing to help.

What is a debt management plan?

- A DMP is an affordable repayment programme set up by National Debtline and managed by an independent debt management company.
- We help you work out what you can afford to pay each month.
- You pay this amount to the debt management company.
- The debt management company pays your money to all your creditors for you.

Who can use the service?

Anyone who answers **yes** to these three questions.

- Do you have debts of £5,000 or more?
- Do you have at least two or more debts with either the same or different creditors?
- Do you have £100 or more available income per month – after you have paid all your normal household bills?

How does it work?

First you need to put together a personal budget sheet to see whether you have enough available income. You can use our pack 'Dealing with your debts' which includes a budget sheet and a guide on to how to complete it.

- Add up all your household income. Then add up all your essential expenses, like rent, mortgage, household bills, food, travel, child care.
- Take the second figure from the first.
- What you have left over is your available income to pay your credit debts.

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If your available income is £100 or more, a DMP might be a good option for you.

Is it the best option for me?

A DMP is a good option for people who can afford to make regular payments to their creditors and want an easy, hassle-free way to pay. At National Debtline we look at all your options with you so that you can make the best choice.

We can give you more information about DMPs, as well as advising you on bankruptcy, individual voluntary arrangements (IVAs), debt relief orders (DROs) and self-help options for dealing with your debts.

Warning

Creditors do not have to freeze interest under a DMP. The debt management company will have to persuade each creditor that it makes sense for them to freeze interest and charges to avoid the debt increasing.

Information

Under the rules in the **Consumer Credit Act 1974**, your creditors will usually have to keep sending you annual statements, as well as arrears and default notices in a set format. This will happen even when you are in a debt management plan. Don't worry, this does not mean that there is a problem with your debt management plan. If you receive other letters from your creditors demanding payment, **phone us for advice**.

Remember

If you would like more information on anything about your debts, our advice is free and completely confidential. **Phone us for advice**.

Will I be charged for a DMP?

You may come across companies who offer to arrange a DMP for you if you pay a fee. These companies will also charge you a monthly fee for as long as you have a DMP with them. Be very careful about agreeing to get involved with these companies because there is no need for you to pay for a DMP.

If you ask National Debtline to help you to set up a DMP we will not charge you for this help and neither will the DMP providers that we work with.

The DMP provider will use all of any payment you make to reduce your debt, but usually your creditors will make a voluntary payment to the DMP provider and National Debtline will receive part of this payment. We will use any payments we receive to support our ongoing charity work of giving help and advice to people with debt problems.

What do I do next?

If you are interested in a DMP with National Debtline and you are a first time caller, phone us now on our freephone number **0808 808 4000**. When you ring, select '**option one**' to speak to an adviser who can give you more information about DMPs and advise you on your options.

If you have called us before and we have advised you that a DMP is a good option for you, please call our freephone number and select '**option four**' to speak to the Referrals Team who can help you with your application. They will then send you our DMP application pack.

Your credit reference file

Warning

If you miss payments on a credit debt, this will be recorded on your credit reference file by your creditor whether or not you then set up a DMP. This will usually make it harder for you to get credit. Some creditors may also ask for a note to be put on your credit reference file to say you are on a DMP.

Advice

If you need further information on how to obtain a copy of your credit reference report, **phone us for advice**.



My Money Steps is a secure and confidential online debt advice service that is available from the National Debtline website

www.nationaldebtline.co.uk. If you would like to use My Money Steps you will need to enter some details about your circumstances, including your income and expenditure. My Money Steps can help you to work out a budget and give you personalised advice about what options you might want to consider to help you deal with your debts.

Remember: You can always contact us for advice about any difficulty you have in dealing with your debts.

Freephone 0808 808 4000 Website www.nationaldebtline.co.uk

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