

Helpful Debt Advice – Get Back In Control Of Your Finances!

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Debt is a slippery slope and it only goes in one direction – down! Many people have found themselves on it and some have unfortunately slid all the way to the bottom where bankruptcy, bailiffs, repossession and unemployment await. Others, thankfully, addressed the problem in time and avoided such an outcome. So what did they do that the others didn't? They sought out free debt advice that allowed them to get back in control of their finances and back onto level ground.

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One of the first things they will have done is to make a list of their debts, separating them into 'priority debts' and 'non-priority debts'. Priority debts are things like your mortgage, utility bills and council tax. Non-priority debts include credit cards, store cards and personal loans. Priority debts need dealing with first as the consequences of not paying them are much more serious than the non-priority debts.

{bot_wrgoogle}Now you have a list of your debts, you need to work out how much you can afford to pay. This can be done by deducting your essential expenses (Food, clothing, mortgage/rent, utility bills, council tax, insurance, travel expenses, childcare...etc) from your earnings. The amount you have left over can be used to pay your non-priority debts.

If you do not have anything left over, or you do not have enough to even pay your essential expenses you should seek professional advice immediately. A good place to start would be the Citizens Advice Bureau public information website.

If you do have some money left over, but not enough to cover the minimum payments on your debt the next step is to contact your creditors to negotiate reduced payments. This may sound daunting and unrealistic, but you may be surprised at how much you can achieve. If you are honest and demonstrate a willingness to pay back what you owe you should be able to negotiate successfully. It is also important to ask your creditors to freeze the interest on your debts otherwise your debt will continue to grow and take longer to repay.

Of course, there are other options. If you do not feel comfortable contacting creditors yourself, you can seek the help of a debt management company who will negotiate on your behalf. Besides having many years experience, debt management companies have often built up good relationships with creditors and can thus succeed in negotiating better terms. Be wary that some debt management companies charge for their services, only adding to your debt. Make sure you seek out one of the many who offer their services for free.

If debt management isn't for you, some other options you could choose are:

Debt consolidation - A method of replacing multiple debts with one loan. Your debts are easier to manage and you can often get a better rate.

IVA - An IVA is a legally binding agreement between you and your creditors. If you qualify for an IVA, you can write off all the debt you can't afford.

The solution you choose is completely dependant on your circumstances and what is best for you. The key is recognizing the debt problem and addressing it.

Get further information on the solutions above and more in depth free debt advice [here](#).