

Money Worries

Practical Advice



**Housing
Executive**



In the current financial climate many of us are concerned by money worries. More people are finding that they are struggling to make ends meet, or worse find they are faced with debt and can not see a way out.

The Housing Executive is fully committed to helping you organise your finances so you can keep making your rent payments and meet your other expenses too.

This booklet gives advice on how to stay out of debt and tells you what to do if you find yourself in financial difficulties.





Prevention

Prevention is always better than the cure, so here are some tips to keep you as debt-free as possible;

1. Budget your money

Planning is important. You could draw up a budget which should include:

- A list of all your income
- A list of all your expenditure
- A list of all occasional expenses, such as Christmas and school uniforms.

To avoid debt try to make sure your spending, including occasional expenses, does not exceed your income. Remember to prioritise your bills - i.e. Rent/Rates payments should not be missed.

Please see pages 10 - 19 for a step by step guide on how to budget.

2. Check what you are entitled to

Check your **tax code** is correct. You can do so by contacting Inland Revenue. If you are on a low income look into your entitlement to benefits i.e.

Working Tax Credit.

3. Maximise your income

Seek professional advice from the Northern Ireland Housing Executive or others e.g. Citizens Advice on what benefits you may be entitled to i.e. Housing Benefit/ Tax Credits/ Social Security Benefits. We can advise you how to contact others for help.

4. Opening a bank account

We can help you to open a basic bank account if you are receiving Housing Benefit. Not having one can leave you at a disadvantage. Arranging for bills



to come out of an account by **standing order/direct debit** soon after you have received your benefits/ salary could prevent you missing priority payments such as rent which may have serious consequences. As well as being convenient, in some cases you will get discounted rates for using this method of payment.

5. Opening a savings account

This can be with a bank or credit union.

Getting into the habit of regularly putting money into a savings account can help when you find yourself facing financial difficulties that can occur when least expected such as losing your job, becoming ill or even a relationship break-up. It can also help with occasional expenses like holidays, Christmas. Shop around to get a good rate of interest on your savings.

6. Use telephone or internet banking

This is a more up-to-date way to keep track of your money. You can check your balance and payments in and out of your account twenty-four hours a day, seven days a week.

7. Check all your statements and receipts

It's a good idea to read over bank and credit card statements make sure everything is correct and any payments due have been withdrawn.

Keep all receipts for proof of payments.

8. Using cash

Avoid buying on credit where possible as interest charges can build up.

Try to get used to saving and break the cycle of credit dependence.



9. Applying for credit

When applying for credit, shop around and try to get an interest-free deal or a low interest rate.

Be aware that if you are borrowing from **doorstep lenders**, who can target people with bad credit history, that the interest rates they charge are very high. For example a loan of £300 paid back over 56 weeks at £9 per week could cost you £504.

Ask yourself whether it is necessary - sometimes we take out more credit to try and solve the situation but this only makes things worse.

10. Buying on credit

When using **credit cards**, try and pay as much of the balance as possible each month to avoid interest fees and try not to draw out cash on them as there is a higher charge for this.

Try to avoid '**buy now pay later**' schemes. If you have no other option than to use them, try to budget each month for the money you will need to 'pay later'.

11. Saving energy

Saving energy saves money. If you can change the way that you use energy, over the year you will save a substantial amount. Here are our top tips for saving energy in your home;

1. Make sure you have good loft and cavity wall insulation.
2. Use energy saving light bulbs wherever possible.
3. Only use the heat and light appliances you really need.
4. Do not leave equipment on standby.



5. Turn your heating thermostat down 1°C to take 10% off your heating bill.
6. Try to wash only full loads at the lower temperature of 40°C.
7. Install your own renewable technology to heat your house or generate electricity.
8. A wood fuelled boiler could save you up to £172 per fill of fuel compared to oil (at its current price).
9. Freephone Warm Homes 0800 9880559

12. Home insurance

The Housing Executive does not insure your belongings and home contents. Insurance companies offer a low cost, easy payment plan against fire, theft, vandalism or weather damage such as floods. Information on this can be obtained from your local office.

13. Parents

Being or becoming a parent can affect all aspects of life, not at least money. Planning ahead is the key to staying on top the family finances.

The Financial Services Authority has a step-by-step guide which may answer some of your questions about finances and your rights as a parent.



In debt

1. **Don't ignore the problem.** It won't go away - the longer you leave it the worse it will get.
2. **Get in touch with your creditors straight away** and explain your circumstances. Try to get a contact name for future reference.
3. **If the person you speak to is unhelpful,** ask to speak to someone more senior.
4. **Deal with your priority bills first** - the bills that can mean losing your home or having your gas or electricity cut off, or even going to prison.
5. **Always fill in reply forms to court papers** and give the court all the facts. You should supply a copy of your financial statement (See page 16).
6. **Don't borrow money to pay off debts without thinking very carefully.** This kind of borrowing sometimes makes matters worse. Get advice before making a decision.
7. **Always answer creditors' letters or phone calls.** Don't give up trying to reach an agreement.
8. **Remember - ask for advice.** Citizens Advice Bureaux and the Housing Executive can help you.

Did you know?

If you are in arrears with your rent you can:

- **Contact your local office** to make an agreement to pay any rent you owe in regular instalments, along with your current rent/ rates charge.
- **Get money advice/referral to Citizens Advice Bureau** for specialist advice on money, if appropriate.



- **Maximise your income** - you may be entitled to Social Security benefit, Tax Credits or Housing Benefit/ Rate Relief.
- **Arrange for your rent to be paid direct from your salary** if you are employed. You will not be charged a fee for this.
- **Arrange for your rent to be paid direct to us from certain benefits.**
- **There are various ways to pay your rent:**
 - At the Post Office
 - Paypoint and Payzone
 - Standing order
 - Online at www.nihe.gov.uk
 - At your local area accounts office
 - Over the telephone **03448 920 900**

What can happen if you don't pay your rent?

You may be at risk of losing your home. The Housing Executive does not want to make anyone homeless and will make every effort to assist you.

We will try to come to a fair voluntary agreement with you to clear your arrears. If your circumstances change and you are unable to keep the agreement contact your local office. We may be able to negotiate a new agreement.

The Housing Executive can apply for direct payment from certain social security benefits or any other payments such as re-decoration or self help allowances.

If payment is still not being made, we reserve the right to take you to Court and recover possession of your property. You will be responsible for legal costs, which may be substantial.

Don't let this happen.



Contact us

Our staff can offer you practical advice - call to your local office or contact us on **03448 920 900**

The service we provide is:

- Free
- Confidential

It starts the process to resolving your financial problems, helps reduce the pressure of your financial worries and makes you more aware of how to budget your money. You can bring a friend along to any appointments.

The following budget plan is designed to give you a step by step guide to free yourself of your money worries.



Budget Plan

Step 1

- Make a realistic and comprehensive list of all your income and expenses.
- Include expenses that don't necessarily occur every week or month. Spread them equally across the year.

Example

A quarterly insurance payment of £30
(i.e. a £30 pound charge every 3 months).

$£30 \times 4 \div 12 = £10$ per month or $£30 \times 4 \div 52 = £2.31$ per week

- Make sure all your figures are consistently either weekly or monthly.

INCOME	£	EXPENDITURE	£
Basic Salary		Weekly Rent & Rates Charge	
Guaranteed Overtime		Gas/ Solid Fuel/ Electricity/ Oil	
Child Benefit		TV Licence	
Income Support		Phone/ Internet Charges	
Jobseekers Allowance		Car Costs	
Tax Credit		Other Travel Costs	
Other Social Security Benefits		Life Insurance	
Occupational Pension		Contents Insurance	
State Pension		Food & Housekeeping	
Maintenance Payments		Work Meals/ School Meals	
Other Income		Clothing Costs	
		Maintenance & Child Support	
		Child Care Costs	
		Other Expenditure	
TOTAL INCOME		TOTAL EXPENDITURE	



Step 2

MONEY AVAILABLE FOR ALL CREDITORS

TOTAL INCOME - TOTAL EXPENDITURE	=	£
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Step 3

Your aim should now be to increase your budget surplus to enable payment of overdue bills.

1) Maximise your income

- Apply for all benefits you are entitled to, consider extra employment or overtime, check your tax code is correct.
- **Housing Benefit/ Rates Relief** can reduce your expenditure.

Contact your local Housing Executive Office for further information.

2) Reduce your expenditure

- Either reduce or totally cut out unnecessary spending.
- Then recalculate your budget plan.

For further help contact your local Housing Executive office

Step 4

- List all outstanding bills/ arrears.
- Divide these into priority and non priority debts.
- Priority debts are those where non payment can result in loss of your liberty, home or essential goods and services.

Rent arrears are priority debts.



PRIORITY DEBTS	£	NON PRIORITY DEBTS	£
Rent & Rates Arrears		Bank Overdraft	
Gas/ Electricity Arrears		Bank Loan	
Arrears on Fines		Credit Cards	
Arrears on Maintenance		Credit Sales Agreement	
Hire Purchase (Essential)		Store Budget Accounts	
Tax & VAT		Interest Free Credit	
National Insurance		Trading Cheques/ Vouchers	
Income Tax		Mail Order	
TV Licence		Others	
Others			
TOTAL PRIORITY DEBT		TOTAL NON PRIORITY DEBT	

Step 5

Arrange to pay arrears on all priority debts first.

There are ways we can make it easier for you to pay your housing arrears;

- 1) You can arrange for your rent to be paid direct from your salary if you are employed
- 2) You can arrange for your rent to be paid direct to us from certain benefits

Come to an agreement with all priority creditors to pay off the arrears in affordable instalments.

When making contact, make sure you have all the details to hand and keep notes on all agreements.

Don't forget, the arrears payments are on top of the normal payments you make!!

Keep your agreements.



Do not reduce or miss payments to priority creditors.

Add these instalments to your expenditure list and remove them from your list of debts.

INCOME	£	EXPENDITURE	£
Basic Salary		Weekly Rent & Rates Charge	
Guaranteed Overtime		Gas/ Solid Fuel/ Electricity	
Child Benefit		TV Licence	
Income Support		Phone/ Internet Charges	
Jobseekers Allowance		Car Costs	
Tax Credit		Other Travel Costs	
Other Benefits		Life Insurance	
Occupational Pension		Contents Insurance	
State Pension		Food & Housekeeping	
Maintenance Payments		Work Meals/ School Meals	
Other Income		Clothing Costs	
		Maintenance & Child Support	
		Child Care Costs	
		Other Expenditure	
		Rent & Rates Arrears Payment	
		Other Priority Arrears Payments	
TOTAL INCOME		TOTAL EXPENDITURE	

Step 6

MONEY AVAILABLE FOR NON PRIORITY CREDITORS	
TOTAL INCOME - TOTAL EXPENDITURE INCLUDING PRIORITY DEBT PAYMENTS	= £



Step 7

- If you do not have enough money available for non priority creditors reconsider Step 3.
- Consider contacting the Housing Executive or for more specialist money advice. Please see useful numbers at the end of the booklet.
- Now contact all creditors in writing, using the sample letter below.

Your name
Your address

Creditor's name
Creditor's address

Date

Dear Sir/ Madam

Account Number:

I am currently having financial difficulties and, so that I can assess my financial situation, I need the exact outstanding balance on the above account. Please supply this information as soon as possible so that I can make an offer of payment.

I am in the process of writing to all of my creditors.
Thank you for your co-operation in this matter

Yours faithfully,

Your signature



Step 8

- When you have received their replies it is time to fairly split the money available between your creditors.
 - This will be based on how much you owe each one. Use the following figures and slot into the equation below. Repeat for each creditor. The result is what you will offer each one;
- 1) **Individual debt** - the amount you owe each individual non-priority creditor. You should have these listed in your table in Step 4.
 - 2) **Available income** - this is the result of Step 6.
 - 3) **Total debt** - see Step 4. This is the total you owe to non-priority creditors.

$\frac{\text{INDIVIDUAL DEBT}}{\text{TOTAL DEBT}} \quad \times \quad \text{AVAILABLE INCOME} = \text{OFFER}$
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Step 9

Now create a financial statement. A financial statement shows your income, expenditure and priority and non priority debt. You will find one at the back of this booklet.

Step 10

- Write a second letter making your offer.
- Enclose a copy of your financial statement.
- This will allow your creditors to assess how reasonable your offer is.

See sample letter on page 16.



Your name
Your address

Creditor's name
Creditor's address

Date

Dear Sir/ Madam

Account Number:

Following my recent letter about my financial situation I enclose a copy of financial statement which shows my total income and expenditure.

My total debts and an equal share of available income to all my creditors are also shown. You will note that I can offer to pay you £..... a month.

While I appreciate that this offer represents a reduction in my normal payments, it reflects a realistic assessment of my current situation.

(Put in a paragraph here explaining your circumstances)

To help me further and to make it easier for me to clear the debt I would be grateful if you would agree to freeze interest on the account. Please supply me with a payment booklet which can be used at any bank, as this will help me make regular payments.

I hope you are able to accept this offer and look forward to receiving your confirmation in due course.

Yours faithfully,

Your signature



Once you have made the offer start making the payments even if they have not replied. Keep making them even if the offer is refused.

It is very important to keep to the agreements you have made. If you find that you can't, contact your creditors immediately.

Always remember communication is vital. Be honest about your situation, and seek advice at any stage.

Useful telephone numbers

Housing Executive

03448 920 900

02890 240 588

www.nihe.gov.uk

Consumer Credit Counselling Service

0800 138 1111

www.cccs.co.uk

contactus@cccs.co.uk

Citizens Advice Bureau

02890 231 120

www.citizensadvice.co.uk

info@citizensadvice.co.uk

Housing Rights

02890 245 640

www.housingrights.org.uk

NI Advice

02890 645 919

www.adviceni.net

info@adviceni.net



Useful telephone numbers

Omagh Independent Advice Services

02882 243 252

Northern Ireland Energy Agency

0800 512 012

www.nienergyagency.org

Energy Saving Trust

www.energysavingtrust.org.uk/northern-ireland-advice-centre

Inland Revenue

www.hmrc.gov.uk

Benefits Enquiry Line

0800 882 200

www.jobcentreplus.gov.uk

Financial Services Authority

0845601234

www.fsa.gov.uk



FINANCIAL STATEMENT

Name _____

Address _____

Phone No. _____

INCOME	£	EXPENDITURE	£
Wages		Weekly Rent Charge	
Benefits		Gas/ Solid Fuel/ Electricity/ Oil	
Family		TV Licence	
Other Income		Other Expenditure	
TOTAL INCOME		TOTAL EXPENDITURE	

TOTAL INCOME LESS
EXPENDITURE =
AVAILABLE INCOME FOR
ALL CREDITORS

INCOME LESS EXPENDITURE
LESS OFFERS TO PRIORITY
CREDITORS = AVAILABLE
INCOME FOR ALL NON
PRIORITY CREDITORS

OFFERS TO PRIORITY CREDITORS	£
Rent & Rates Arrears	
Gas/ Electricity Arrears	
TV Licence	
Other Arrears Payments	
TOTAL PRIORITY PAYMENTS	

OFFERS TO NON PRIORITY CREDITORS

CREDITOR	BALANCE	OFFER
1		
2		
3		
4		



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www.nihe.gov.uk
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www.johnbirsdall.co.uk