

Lewisham Homes

Self Help Debt Pack

For tenants



Lewisham
Homes

www.lewishamhomes.org.uk

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1. Ways to help yourself out of debt and increase your income

Don't ignore the problem. Ask for help.

The Rent team can give you general advice or point you in the right direction. Contact us straightaway if you are having difficulty with debts.

Claim all the benefits you are entitled to.

- Many people are in debt because they do not claim all the benefits they are entitled to.
- Housing Benefit staff are based at Holbeach and Pepys housing offices. This means that your Housing Benefit claim can be assessed on site and you will no longer need to provide evidence for passport benefits including: Job Seekers Allowance, Income Support, Working Tax Credits and Pensions Credits.

1 Housing Benefit

Housing Benefit helps people on low incomes to pay their rent. If you have applied previously, and your living or financial situation has changed, you could apply again. Your Income Officer can tell you whether you are eligible to apply and help you complete the application form.

2 Council Tax Benefit

Council Tax Benefit provides help with your council tax if you are on a low income.

3 Child Tax Credits

If you're responsible for at least one child or young person who normally lives with you, you may qualify for Child Tax Credits.

4 Working Tax Credits

If you work, but earn low wages, you may qualify for Working Tax Credit. Nine out of ten families with children get tax credits, but you don't need to have children to qualify.

5 Pension Credit

If you're aged 60 or over you may be entitled to Pension Credit. You could still be entitled even if receive a state pension or personal pension.

6 Disability Living Allowance (DLA)

This is a tax free benefit for children and adults who need help with personal care or have walking difficulties because they are physically or mentally disabled.

7 Attendance Allowance (Carer's Allowance)

This is for those aged 65 or over who need help with personal care because they are physically or mentally disabled. It is awarded regardless of your financial circumstances.

You may also be able to increase your income by:

- finding additional part time work; and
- checking your tax code and whether you are entitled to any tax allowances or tax relief that you are not claiming. Your local tax office will be able to advise you.

Free Moneymadeclear service

We have teamed up with the Financial Services Authority (FSA) to provide residents with the opportunity to speak directly with a trained Money Guides in face-to-face sessions as part of their Moneymadeclear service. The guides will provide you with impartial information and guidance and you won't be charged any costs or fees. They can help you answer questions like: How can I get the best rates on borrowing money? Or how can I manage to pay my rent and other bills?

Moneymadeclear is available online at www.moneymadeclear.fsa.gov.uk, by telephone 0300 500 5000 and face-to-face - arranged by Lewisham Homes.

3. What are priority debts?

Some debts are more important to deal with than others. Keeping a roof over your head, keeping warm and having enough food to eat are more important than paying a credit card bill.

Your rent is a priority debt because if you don't pay, we can ask the court to evict you. It is important that you pay your rent, service charges, mortgage or loans that are secured on the property because if you don't pay them, you could lose your home. The table below shows priority debts and what could happen if you do not pay these debts.

Priority debts	Action available to get money back
Rent/service charges/ mortgage/secured loans	Repossession/eviction from your home
Gas/electricity/water	Supply cut off
Council tax arrears	Bailiffs/imprisonment
Magistrates' court fines	Bailiffs/imprisonment
Income tax/National Insurance and VAT arrears	Bailiffs/imprisonment
Child maintenance arrears	Bailiffs/imprisonment
Hire purchase	Repossession of goods

For more information about priority and non-priority debts please see our website www.lewishamhomes.org.uk or contact the Rent team for more information.

4. Making an offer to pay

If you are unable to pay your rent arrears, **talk to us** and make an arrangement to pay your arrears by regular instalments. Use your personal budget to support the offer you are making.

In most cases it will be easy to make an arrangement to pay by instalments that you can afford. If we are unable to accept your payment offer, we will tell you the reason for this, in writing.

You should pay your normal **rent plus an amount each week that you can afford** to reduce the arrears.

Remember it is never too early or too late to contact us and make an arrangement to pay your arrears – talk to us.

5. Think before you borrow

If you are thinking of taking out a new loan to pay off debts:

- **Get independent advice and don't sign anything that you don't understand.**

For specialist independent debt advice call the National Debt Line. 0808 808 4000.

- **Find out the total cost of the loan, not just the monthly repayments.** Check exactly how much you will pay back.
- **Shop around and compare interest rates.** Don't pay more than you need to.
- **Look at the length of the loan.** The longer the loan period, the more interest you could end up paying back.
- **Look out for other charges such as brokers' or arrangement fees.**
- **Consider joining the Lewisham Plus Credit Union (LPCU).** You may be able to borrow money at lower interest rates to high street banks.
- **Beware illegal lenders or 'loan sharks'** - interest rates will be high, and fines and charges will be added for missed payments. Loan sharks are likely to be breaking laws: lending without a license, money laundering, threatening behaviour, theft, and violence. Remember it is the loan shark who is breaking the law - not the person who has borrowed the money. Contact the London Illegal Money Lending Team for advice and more information, phone: 0300 555 2222 (24 hour confidential hotline), email: sharkbait@lotsa.org.uk, text to Sharkbait to 60003 or visit their website: stoploansharks.direct.gov.uk.

The table below shows how much you will actually pay back (to the nearest pound) when you take out credit and repay in equal monthly instalments.

The 'Typical APR' is shown on the left; follow it across to the number of years of the loan. For example, if you borrow £1,000 at an interest rate of 20% for 5 years, you will pay back £1,536, which is an extra £536 in interest.

This table assumes that the only charge in the agreement is interest. Sometimes other charges are included like payment protection insurance. If there are other charges, then you would need to seek further advice.

Amount borrowed £1,000

Length of loan						
Typical APR	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
5%	£1,027	£1,077	£1,129	£1,266	£1,413	£1,569
10%	£1,053	£1,154	£1,262	£1,557	£1,887	£2,248
15%	£1,078	£1,231	£1,398	£1,867	£2,404	£2,995
20%	£1,102	£1,308	£1,536	£2,191	£2,947	£3,773
25%	£1,126	£1,385	£1,675	£2,523	£3,502	£4,557
30%	£1,149	£1,461	£1,815	£2,860	£4,058	£5,333

6. Sample letters to help you deal with debts

We have provided some sample letters below that you may find useful. The sample letters are for guidance only and should be changed to meet your individual needs. You should use any **money for debts** to make agreements and settle **priority debts** first. If you have any money left over, then you can deal with your **non-priority** debts.

Sample letter 1 - Making an offer to pay

<p>Dear Sir/Madam</p> <p>Account Number:</p> <p>I am unable to maintain my current payments because.....explain your reasons.</p> <p>I have enclosed a copy of my Personal Budget Planner which gives details of my income and expenses. I would like to make an agreement to repay my arrearsexplain what you are offering to pay and state the date that you propose to make your first payment and if payments will be made weekly or monthly.</p> <p>I hope you will accept my offer as realistic given my circumstances. I shall keep you informed of any changes in my circumstances.</p> <p>If you would like someone to contact you, state how you would like to be contacted. This could be by telephone, email or letter. Remember to provide telephone number/email address.</p> <p>I thank you for your assistance and look forward to hearing from you.</p> <p>Yours sincerely</p>
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Sample letter 2 - Holding letter

<p>Dear Sir/Madam</p> <p>Account Number:</p> <p>I am unable to maintain my current payments because.....explain your reasons.</p> <p>I am unable to make an offer to payexplain what you need to sort out; this could be claims for benefit or any other reason that is preventing you from making an offer to pay.</p> <p>If you would like someone to contact you, state how you would like to be contacted; this could be by telephone, email or letter. Remember to provide telephone number/email address.</p> <p>I thank you for your assistance and request that you do not take any action on my account. I will contact you again within the nextstate when you will make contact again.</p> <p>Yours sincerely</p>
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7. A guide to your personal budget

Taking the time to work out a weekly or monthly budget really does help you to see where your money is going. It is easier to see where you can make some savings and organise your money for the future. Work out your personal budget today so that you can make an offer to pay any arrears by instalments.

Complete the Personal Budget Planner enclosed with this pack using these notes.

Step 1 – Your household

Complete details for you and your household. Remember to include your children and details of other people who live in your home such as grown-up children and elderly relatives (known as non-dependants).

Step 2 – Money coming in (income)

Complete income details for you and your household.

Fill in either the weekly or monthly figures, whichever suits you best; don't mix the two. Include:

- wages and salary after deductions (normal take-home pay); only include overtime if it is regular
- any benefits that you receive
- contributions from other people who live in your home such as grown-up children and elderly relatives (non-dependants) Try to make sure that any non-dependant is paying enough towards the household expenses.

Step 3 – Money going out (expenditure)

- Work out with your family how much money you have to pay out each week/month on basic living expenses. At this stage do not include any debts or arrears or any credit payments.
- Rent – Check if you are entitled to any Housing Benefit.
- Water rates – Tenants' water charges may be included as part of the weekly rent. Tenants with water meters and all leaseholders pay Thames Water direct. Contact Thames Water and arrange to pay by instalments to help budgeting.
- Mortgage – You will usually pay it monthly – to get a weekly figure multiply by 12, then divide by 52.
- Council tax – Check if you are entitled to any Council Tax Benefit, discounts or exemptions. Pay monthly or fortnightly.
- Gas and electricity – Work out the cost of your bills over the year. Divide by 52 if preparing a weekly budget, 12 if monthly.
- TV licence – Telephone Customer Helpline 08457 89289 for details of the various ways to pay
- Housekeeping – This should include food, toiletries and cleaning materials.

A rough guide would be:

Single person £35–£57 per week

Couple £46–£80 per week

Each child (depending on age) £14–£25 per week

Non-dependant £23–£34 per week

- Travelling expenses – These should include travelling to work, school and shopping. If you are running a car, include tax, insurance, repairs, MOT, servicing as well as petrol.

- School meals – Check to see if you are entitled to free school meals.
- Clothing – As a rough guide allow £5 per person per week. Only include non-dependants if you pay for their clothing.
- Other – This should include cigarettes, lottery, birthdays and Christmas, repairs, papers, pocket money, children’s clubs and entertainment. Be prepared to explain an ‘other’ figure, as high amounts will be queried.

Step 4 – Money for debts

To find out how much money you can offer to pay towards your rent/service charge arrears and other priority debts, take away your **Total Expenses** from your **Total Income**.

If your expenses are more than your income, you should:

- check whether you are entitled to any benefits (see the list in section 1) or if you can increase your income in any other way. Ask our Rent team, your local Jobcentre or one of the advice services listed in the useful contacts at the back of this pack.
- see if you can cut down on any of your expenses, but don’t cut down on basics like food, gas and electricity. You must try to make your expenses equal to your income, otherwise your debts will continue to grow.

If your income is more than your expenses, you have an amount of **Money for debts**. Make sure you pay your priority debts first (as explained in section 3: What are priority debts?)

8. Personal Budget Planner

Your name.....

Address.....

.....Postcode.....

Home Telephone No.....Mobile No.....

Are you Disabled Yes.....No.....Type of Disability.....

Date of Birth.....National Insurance No.....

Are you working Yes.....No.....Name of Employer.....

Address of Employer.....

Your Partners Name.....

Disabled Yes.....No.....Type of Disability.....

Date of Birth.....National Insurance No.....

Partner working Yes.....No.....Name of Employer.....

Address of Employer.....

Step 1 – Your Household

Dependant Children in Household

Name	Date of Birth	School

Non-dependants in household (adult children and any other adults)

Name	Date of Birth	Income

Step 2 – Money coming in (income)

Complete the weekly or monthly details for your household, whichever suits you best, don't mix the two.

Your Income	Each Week	Each Month
Wages		
Guaranteed Overtime		
Working Tax Credits		
Private Pension		
Maintenance		
Student Loan		
Rental Income		
Your Partners Income	Each Week	Each Month
Wages		
Guaranteed Overtime		
Working Tax Credits		
Private Pension		
Maintenance		
Student Loan		
Rental Income		
Income from Benefits		
Job Seekers Allowance		
Income Support		
State Pension		
Pension Credit		
Child Benefit		
Child Tax Credit		
Incapacity Benefit		
Carers Allowance		
Attendance Allowance		
<i>Low</i>
<i>High</i>
Disability Living Allowance		
Care Component		
<i>Low</i>
<i>Middle</i>
<i>High</i>
Mobility Component		
<i>Low</i>
<i>Middle</i>
<i>High</i>
Other income, provide details		

Total Weekly / Monthly Income £.....

Step 3 – Money Going Out (expenditure)

HOME	Each Week	Each Month
Rent		
Buildings Insurance		
Contents Insurance		
Council Tax		
Gas		
Electricity		
Water		
Telephone		
T V Licence		
Other		
FOOD AND CLOTHES	Each Week	Each Month
Food and groceries		
School Lunches		
Work Lunches		
Clothes/Shoes for self		
Clothes/shoes for partner		
Clothes/ shoes for children		
Other		
TRAVEL	Each Week	Each Month
Children's fares		
Adult's fares		
Car Tax		
Car Insurance		
Petrol		
Car Servicing		
Other		
FINANCIAL	Each Week	Each Month
Credit card 1		
Credit card 2		
Store card		
Bank Charges		
Pension contribution		
Loan repayments		
Catalogue / Mail Order		
Other		
OTHER	Each Week	Each Month
Cigarettes / Alcohol		
Meals / drinks out		
Newspapers / Magazines		
Holidays		
Savings		
Prescriptions		
Other expenses		

Total Weekly / Monthly Expenses £.....

Step 4 – Money for Debts

	Each Week	Each Month
Total Income	£	£

	Each Week	Each Month
Total Expenses	£	£

Total Income – (minus) Total Expenses = £

If your income is more than your expenses you have an amount of **Money for Debts**. This money should be used to make agreements to settle these priority debts first, if you have any money left over then you can deal with your non-priority debts.

Priority Debt	Normal Weekly / Monthly payment due	Arrears owed
Weekly Rent due		
Hire Purchase		
Child maintenance		
Council Tax		
Gas		
Electricity		
Water		

If you would like help to complete this Budget Planner please contact your Housing Office or the Rent team. Contact details can be found in the section 7: Contact us section.

7. Contact Lewisham Homes

By phone Lewisham Homes has a freephone number for all housing enquiries **0800 028 2 028 - Press 2** to speak to someone about your rent, budgeting and welfare advice. It may be cheaper to call our landline number 020 8613 4000 from a mobile.

Email rent@lewishamhomes.org.uk

In person Come and see us at our Holbeach or Pepys housing offices where a member of the Rent team will be able to help you.

Holbeach, 9 Holbeach Road, Catford, London. SE6 4TW

Pepys, 1a Eddystone tower, Oxestalls Road, Deptford, London. SE8 3QU

8. Some other useful contacts

Organisation	Phone number	Website
Age Concern	020 8690 9060	www.ageconcern.org.uk
Child Benefit Office	0845 302 1444	www.direct.gov.uk
Child Support Agency	0845 713 3133	www.direct.gov.uk
Citizens Advice Bureau	0870 126 4037 Telephone advice 1pm-3:30pm	www.citizensadvice.org.uk
Consumer Credit Debt Counselling Service	0800 138 1111 Mon-Fri 8am-8pm	www.cccs.rg.uk
Council of Mortgage Lenders	020 7437 0075	www.cml.org.uk
Council Tax Enquiries	020 8690 9666	www.lewisham.gov.uk
Deptford Citizens Advice Bureau (Money Advice Service)	020 8694 7647 Mon/Thurs 2pm-4pm, Tues/Fri 10am-12pm	
Disability Benefits Enquiry Line	0800 88 22 00	www.dwp.gov.uk
Disability Living Allowance And Attendance Allowance Helpline	0845 712 3456	www.direct.gov.uk
Energywatch	0845 906 07 08	www.energywatch.org.uk
Housing Benefit	020 8690 8444	www.lewisham.gov.uk
Jobcentre Plus	0845 377 1000	www.jobcentreplus.gov.uk
National Debt Line	0808 808 4000 Mon-Fri 9am-9pm, Sat 9.30am-1pm	www.nationaldebtline.co.uk
Lewisham Plus Credit Union	020 8778 4738	www.lewishampluscu.co.uk
Moneymadeclear service	0300 500 5000	www.moneymadeclear.fsa.gov.uk
Pension Credit Claim Line:	0800 99 1234	www.thepensionservice.gov.uk
Tax Credits Helpline	0845 300 3900	www.direct.gov.uk
TV Licensing	0845 728 9289	www.tvlicensing.co.uk