

What is debt advice?

Information for clients

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What is debt?

Debt is money that you owe to someone else. This could be to a bank or for a bill, like gas or electricity. It could also be money that you owe to friends or family.

You do not have to owe a large amount of money to be in debt.

Being in debt is very common. Most adults in the UK have some sort of debt in their name.

Some of the most common debts include:

- council tax
- mortgages
- gas and electricity
- overdrafts
- credit cards
- fines.

Debts can also include:

- money that has been borrowed by someone else in your name, with or without your knowledge
- money that you have borrowed from a loan shark.

The [Stop Loan Sharks website](#) has helpful information if you have borrowed money from a loan shark.

What is debt advice?

Sometimes, debt can become difficult to manage. This can be very worrying. Getting letters or phone calls from people that you owe money to can be stressful.

However large or small your debts are, debt advice can help you to manage your money.

A trained debt adviser is there to help you. They can support you to understand:

- what money you have coming in
- what money you have going out
- the choices you have for dealing with any debts.

They can also help you to understand which payments are most urgent (called **priority debts**). The debts that are most urgent for you will depend on your circumstances.

Whatever you owe, there are always options available to you. A trained debt adviser will give you the information you need to make decisions about your money. They will not make you do anything that you don't want to do.

Who is debt advice for?

Around 8.5 million people in the UK could benefit from debt advice.

If any of the following things have happened to you, you may need advice to manage your debts.

You:

- have missed a debt repayment
- know that you will miss a payment
- use money for one bill to pay another
- don't have enough money to pay your bills
- have run out of money
- do not have enough money to buy the things that you need
- receive letters that say you owe money
- owe money but don't understand your financial situation
- don't answer the phone because you think someone may ask you for money.

If action is being taken against you, it is very important to get debt advice. Action could include:

- court action
- enforcement agents (**bailiff**) action
- being cut off from services (eg gas, electricity)
- eviction from your home for missed mortgage or rent payments.

If you are struggling to manage your debts, we know that this can affect your mental health. [Mental Health UK](#) has information on support that is available.



How can debt advice help?

If you are struggling to keep up with payments, knowing which debts to pay can be confusing.

Missing payments for some debts can be more serious than for others. Debt advice can help you understand which payments are most important and why.

By understanding your situation, a trained debt adviser can:

- explain the choices you have for managing your debts
- speak to people you owe money to on your behalf
- help you reply to any letters or phone calls you have received about your debts
- help you budget and plan how to spend your money
- help you deal with important bills
- check to see if you can access get extra income (eg benefits)
- help you to be in control of your money and to keep your money safe.

A debt adviser is there to support you to do what is right for you.



The [Money Helper website](#) is provided by the Money and Pensions Service. It includes details of many organisations that you can contact for free regulated debt advice.

What does debt advice involve?

Different debt advice organisations will be able to support you in different ways. Some may offer a face-to-face appointment and some may work with you over the phone or online. Some may offer a one-off appointment and some may be able to support you longer-term, depending on your situation.

What happens in a debt advice appointment?

The adviser will ask you questions to find out what matters to you and how they can support you. This may include:

- Where do you live and who else lives with you?
- What money do you have coming in?
- Do you have any health conditions?
- Do you have any debts? The adviser may ask for some further information about how you came to have these debts to understand your situation.

The adviser will also ask you what you spend money on. This will help them to give you information to develop a **budget**. A budget is a plan for how you spend your money. It helps to check you have enough money for things like rent, food and bills.

Don't worry if you don't know the answers to any of the questions the adviser asks. They can work with you to find the information.

Where to get debt advice

How you manage your debts could affect your wellbeing, housing and employment. It could also affect your ability to borrow money in the future. It is very important that you get the best advice.

In the UK, debt advice is **regulated**. This means there are rules about who can give debt advice. It is important to make sure that you get debt advice from:

- an approved service that follows debt advice rules
- a qualified adviser.

Debt advice from an approved service will be in your best interests and will be confidential. This means it will not be shared with anyone else. It will also be **independent**. This means that the debt adviser is there to support you and does not work for the people that you owe money to.

This kind of debt advice will give you the information that you need to make the best choices for you.

When your adviser understands your situation, they will be able to:

- explain the choices that you have for managing your debts
- help you to increase your income, including benefits.

[Entitled to](#) has a benefits checker that you can use to find out which benefits you could receive. You can get debt advice whether you receive benefits or not.

At the end of the appointment, your adviser will give you a written action plan. Before you leave the appointment, they will make sure that you understand the advice that they have given you.

If you would find it helpful, someone you trust can go to the appointment with you.



Getting ready for a debt advice appointment

Reading this information about what debt advice involves is a useful first step. You may also wish to read the information on debt advice on the [Money Helper website](#).

There are other things that you can do to help make sure your debt adviser can help you.

Gather information about your finances

Try to gather as much information as you can about your income and your spending – if you can do this safely.

It would be useful to bring the following to your appointment:

- Bank statements
- Benefit letters or details so that you can access your universal credit account
- Any letters from people you owe money to
- Letters of bills showing housing payments, eg rent or mortgage
- A council tax bill
- Pay slips
- Household bills (including gas, electricity, water, telephone / mobile phone, internet, TV subscription services).

We have a form that you could use to record your income and spending. This information will help your adviser to understand your situation and give you the best advice.



Get your credit report

As part of the debt advice process, your debt adviser can use your credit report to see some of the debts that are in your name. This helps them to understand what money you owe.

You do not need to pay to get your credit report this can be done by your debt adviser. Further information about credit reports can be found on the Money Helper website **free of charge**.

Further information

There is more information on our website about the ways in which [Money Advice Plus](#) could support you.

For information on other services that you could access for free debt advice, see the [Money Helper website](#).

Notes
