If you have a credit card, store card or catalogue, you may get a letter from your lender about persistent debt.

Use this fact sheet to:

- understand what ‘persistent debt’ is;
- find out what can happen if you are in persistent debt; and
- see how you can deal with persistent debt.

**What is persistent debt?**

If you have received a letter from your lender saying that you are in persistent debt, this means that in the last 18 months the amount you have paid in interest, fees and charges is bigger than the amount of borrowed money that you have paid back. This is more likely to happen if you are only paying the minimum payment, or not much more than this.

It can be worrying when a lender contacts you out of the blue, but being in persistent debt doesn’t mean that you have done anything wrong. Since September 2018, the Financial Conduct Authority (FCA) has told lenders that they have to contact customers who are in persistent debt. The rules only applied to credit cards at first, but now apply to store cards and catalogues too. Some lenders may have chosen to send persistent debt letters before this, but could only start doing this in March 2018.

If you are paying fairly small amounts back, most of each payment may go towards interest and charges, rather than towards repaying the money you have borrowed. If this happens, it can take a long time to repay the money back. In some cases, you could end up paying back a lot more than you originally borrowed. The FCA made the new rules to try to reduce the amount of money people have to pay back when they borrow. The rules should also help people repay their debts more quickly.

**Why is my lender writing to me about persistent debt?**

Your lender will write to you when you are in persistent debt. You should receive at least three letters.

**After 18 months in persistent debt**

You should receive the first letter after you have been in persistent debt for 18 months. The letter will explain that increasing your payments will mean you pay less back overall. It will suggest that you contact your lender to talk about increasing your payments. It will also warn that if you stay in persistent debt, your account could be suspended and your credit rating could be affected.
Important:
delay because of coronavirus

Due to the impact of coronavirus, the Financial Conduct Authority (FCA) have told lenders that they shouldn’t take any action under persistent debt rules until 1 October 2020.

After 27 months in persistent debt

If you stay in persistent debt, you will receive another letter around 9 months after the first letter. This will again ask you to increase your payments and warn you about what can happen if you don’t.

After 36 months in persistent debt

After another 9 months, your lender will write to you again. They will try to contact you to discuss your options, and should try to help you find a way of paying the debt back more quickly. They may decide to suspend your account, but should only do this if there is a good reason for doing so.

If you do not respond, your account will be suspended. If your account is suspended, you won’t be able to borrow any more money. If you have a credit or store card, the card will no longer work.

Your credit rating may be affected if you can’t afford to keep making the minimum payments on your account, and either miss payments or have to make smaller payments as a result. If your credit rating is affected, you may find it harder to borrow more money or open new accounts.

See our fact sheet: Credit reference agencies and credit reports

Dealing with persistent debt

You need to work out if you can afford the payments on your debts, and if you can afford to pay any extra. Be realistic, you need to be able to stick to your spending plan. It won’t help if you offer more than you can afford. If you have more than one debt, don’t just focus on the lender that has written to you. Your plan should deal with all of your debts.
Important:

working out what you can afford

Visit nationaldebtline.org and click ‘Get started’ in the ‘Find debt solutions’ box.

- We’ll help you work out if you can afford your payments and you can see if you can afford to pay more.
- If you can’t afford your payments, we’ll let you know which debt solutions are suitable for you.

If you can afford all of your payments

Try to pay as much as you can on top of your normal payments. You could also think about whether there might be other ways of paying the debt back more cheaply. For example, you might be able to move the balance to a lower-rate or interest-free credit card. For more information, go to moneyadviceservice.org.uk and search for ‘How to reduce the cost of your credit and store card debt’.

You can use the Money Advice Service (MAS) credit card calculator to see how much money you will save in interest by increasing your monthly payment.

If you cannot afford all of your payments

If you cannot afford all of your payments, you may be able to agree smaller payments with your lender. In some cases, you may also be able to have some, or all, of the debt written off. We will help you work out which debt solution is best for you.

What happens if I can’t get out of persistent debt?

If you have been in persistent debt for at least 36 months, your lender will try to contact you to agree a way of clearing the debt.

- They should offer you ways of repaying the debt more quickly. For example, they may offer you a low-interest loan. This will only happen if you can repay the loan in a ‘reasonable’ amount of time. This normally means that you have to repay everything that you owe on that debt in less than four years. They should only suspend your account if there is a good reason for doing this.
- If you can’t afford to do this, your lender will give you another option. This might include them reducing or writing off the interest that has been added to the money that you borrowed. If they do this, they will probably suspend your account. If you start paying less than your original minimum payment, this could be reported to credit reference agencies.
If having your account suspended will make you miss an essential payment, for example, your mortgage or council tax, tell your lender. They may decide not to suspend your account.

Make sure you work out what you can afford before you agree to any new payments. It won’t help if you can’t stick to the new agreement. Remember, we can help you find your best solution.

**Important:**

contact your lender

Make sure you contact your lender to tell them what you plan to do. If you do not contact them, they will suspend your account.

Useful contacts

**The Money Advice Service**  
Phone: 0800 138 7777  
www.moneyadviceservice.org.uk

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National Debtline endeavour to keep our fact sheets as up-to-date as possible, however, we cannot be held responsible for changes in legislation or for developments in case law since this edition of the fact sheet was issued.