This fact sheet tells you how to deal with your non-priority creditors, such as credit cards, unsecured loans and overdrafts, if they refuse to accept the payment offer you have made them. If you are trying to deal directly with your creditors and negotiate an affordable repayment plan, this fact sheet has useful information and advice on tactics you can use. Contact us for advice if you are unsure whether your creditors are priority or non-priority.

Use this fact sheet to:

- respond to a refusal of your offer;
- get interest on your debt frozen;
- find out what action creditors can and can't take;
- make a complaint about your creditor.

The sample letters mentioned in this fact sheet can be filled in on our website.

If a creditor refuses my offer

When you write to your creditors making an offer of payment you often get a mixed response; with some creditors accepting your offer and some refusing. If a creditor has refused your offer of payment then you can use the Reconsider my pro-rata offer sample letter to ask them to reconsider.

- Explain your circumstances again and enclose a personal budget.
- It is a good idea to start making the reduced payments you have offered on a regular basis and point out that you are doing this as a ‘gesture of goodwill’.
- It is also worth telling them if any of your other creditors have accepted your offers.
- If you can afford to, send photocopies of letters from your other creditors as proof.
- Explain that you are unable to increase your offer of payment to this creditor without upsetting the other arrangements you have made. Point out that you have to treat all your creditors fairly.

If my creditors refuse to freeze interest

If a creditor has accepted your offer of payment but is still adding interest, then use the Freeze interest sample letter.

Sometimes creditors refuse to freeze the interest altogether or only agree to reduce the interest that they are charging.

If your offer of payment is less than the interest that is being added on, then the debt will just increase. This means you are never going to pay the debt off. Explain this to your creditors. This means that there will be no ‘light at the end of the tunnel’ and less incentive for you to keep up with the payments. Contact us for advice.

My Money Steps is our free, independent and confidential online debt advice service. My Money Steps will help you work out a budget and give you a personalised action plan setting out practical steps to deal with your debts.

www.mymoneysteps.org
What if my offers are still refused?

Your creditors do not have to accept your offer of payment or freeze interest. If they continue to refuse what you are asking for, carry on making the payments you have offered anyway. Keep trying to persuade your creditors by writing to them again.

It is very important that you don’t give up if your creditors refuse your offer. Make the payments that you have offered and ask the creditors to reconsider. Stick to your guns. If you let creditors persuade you to pay more than you can afford then you may fall behind with your mortgage/rent or your other essential household bills. You may also find you do not have enough money left to live on.

Passing your account on to collections

Collections departments, debt collectors and solicitors have no more powers than the original creditor; all they can do is ask for payment. If you receive a letter from any of these, write to them and explain your situation. The Continue accepting my offer sample letter and the Reconsider my pro-rata offer sample letter may be useful.

- Do not let them persuade you to pay more than you can afford.
- Debt collectors normally collect debts by phoning or writing, but they are sometimes allowed to visit your home.
- Debt collectors have no right to enter your property or remove your goods. You do not have to let them in.

If a creditor sends you a default notice

- Creditors may send you a ‘default notice’ telling you how much you owe and that they may take further action if you don’t pay.
- Creditors usually send this before sending your account to their collections department, a debt collector or solicitor. Creditors have to send you a default notice for agreements regulated by the Consumer Credit Act 1974 before taking court action. If you get a default notice it does not mean you will definitely be taken to court.
If a creditor threatens court action don't panic.

- Taking court action should always be the last resort for a creditor.
- Remember, it is not a criminal offence to be unable to pay your debts. You cannot go to prison for this reason. The court is there to settle disputes about money owed and how to repay it.
- You will still make an offer based on your ability to pay. If you have no spare income, you should still make an offer of £1 per month.

It is very important to try and get your creditors to freeze interest. Otherwise, it will be more difficult for you to reduce what you owe. If you are offering small payments, the interest added by the creditor may be more than you are offering to pay and the debt will only get bigger. If a creditor refuses to freeze interest on one of your debts, contact us for advice.

Keep trying to persuade your creditors to freeze interest. The Freeze interest sample letter may help you. If some of your creditors have agreed to freeze interest, tell the others.

If your creditors are refusing to freeze interest, carry on making the payments you have offered anyway.

**Things your creditors cannot do**

Your creditors are allowed to contact you from time to time to ask you for payment, but they must not threaten or harass you. You may be able to complain to the Financial Ombudsman Service (FOS) if they do. Contact us for advice.

In the following section we cover some of the threats creditors may make.

**Imprisonment**

You cannot be imprisoned because you are not able repay your non-priority debts.

**Take goods from your home**

Creditors cannot send someone to your home to remove goods just because you cannot afford to pay what they want.

Bailiffs can only be used if you have a court judgment and you miss a payment that the court has ordered you to make. If a bailiff is trying to collect a debt from you, contact us for advice.
Your home

For debts not secured on your home, your creditors cannot take repossession action just because you are unable to pay what they want. There are ways to secure a debt on your home, but this is only possible once they get a court judgment. Even if this happens, this does not mean that you will automatically lose your home.

This is only an option if you own your own home, rather than rent it.

Your wages

Creditors cannot have money taken out of your wages just because you cannot pay what they want. A creditor can only try to do this if you have a court judgment, and missed a payment you have been ordered to make. You may still be able to ask the court to let you pay by instalment instead.

Should I choose another option?

There may be better ways to deal with your debts. Your options depend on your circumstances at the moment, but you also need to think about how your circumstances could change.

- Can you afford to repay your debts in a reasonable time, or do you expect your circumstances to improve so that you will be able to repay them?
- Do you have assets that prevent you from choosing certain options?
- Are there any other reasons why some options won’t be suitable?

Information:
what must you provide?

Creditors will sometimes demand information they do not need, for example, your employer’s address, or your bank account number. You do not have to give this sort of information to them if you do not want to. If they take court action, you will be asked to provide some information about your employer and bank account on the court forms.
See our fact sheet:
Options for dealing with your debts.

How to complain

Financial Ombudsman Service

Under the Consumer Credit Act 2006 there are new rights to complain to the Financial Ombudsman Service about how your lender or debt collection agency has dealt with your account.

You will have to follow the lender’s complaints procedure first. You can only complain about events that happen from April 2007 onwards. The address for the Financial Ombudsman Service can be found under Useful contacts later in this fact sheet.

The Standards of Lending Practice

If your complaint is about a bank or building society then they should have a complaints procedure under the Standards of Lending Practice. If you do not feel they have dealt with your complaint satisfactorily, you may be able to complain further to the Financial Ombudsman Service. The address is under Useful contacts later in this fact sheet.

Trade Associations

If you feel your creditor is unreasonably refusing your offer of payment then you should ask if they are members of a trade association.

Most trade associations have codes of practice that their members must follow. Ask the creditor for details of their complaints procedure. You will usually be expected to make a complaint to the creditor before taking it up with the trade association. There is a list of the most relevant trade associations under Useful contacts later in this fact sheet.

Remember:
choose carefully

Some options may not work in the way you expect. Learn about all the available options before you make a decision. If you aren’t sure which options are available to you, or you need advice about your options, contact us for advice.
Useful contacts

Financial Conduct Authority
Phone: 0800 111 6768
Email: consumer.queries@fca.org.uk
www.fca.org.uk

Financial Ombudsman Service
Phone: 0800 023 4567
www.financial-ombudsman.org.uk

Consumer Credit Trade Association (CCTA)
Phone: 0127 471 4959
www.ccta.co.uk

Finance & Leasing Association (FLA)
Phone: 020 7836 6511
www.fla.org.uk

Credit Services Association Ltd (CSA)
Phone: 0191 217 0775
www.csa-uk.com

Consumer Credit Association (CCAUK)
Phone: 01244 394 760
www.ccauk.org

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.