

# Debt and money management

'Trigger point conversation' – for staff and volunteers

## Why is dealing with debt so important?

Debt is a big problem in society and it can have serious consequences. Problem debt can result in people losing their homes, having their fuel supply cut off, being made bankrupt and even being sent to prison. It can also lead to other problems such as unemployment, poor health, relationship breakdown and poverty.

We should not ignore debt and money worries. Supporting our residents to deal with debt at the earliest opportunity can reduce its negative impact on local people and communities. The Council is committed to preventing excessive debt by promoting financial inclusion and budgeting and by empowering frontline staff to talk to people about money, priority debts and budgeting to reduce the impact of poverty.

## Let's talk about money

People are sometimes reluctant to admit that they have debts and money problems. If we make it our business to talk to our clients and customers about money management, we will make it easier for people to ask for help and to prevent crises. You can start conversations about money by asking questions such as:

- Do you have any money worries?
- Are you behind with any of your bills?
- Do you have enough money for food?

## Know the difference between priority and non-priority debts

Debts can be divided into two types: **priority** and **non-priority**. Priority debts are more important than non-priority debts as the consequences of not paying them are more serious. Not paying priority bills and debts can lead to people losing their homes, being sent to prison and having their fuel supply cut off. For this reason, people have to prioritise dealing with those debts before others so that they negotiate affordable repayments and can pay them off first. This has to be done promptly to prevent a crisis.

**Priority debts** are: rent, mortgage and secured loan arrears; gas and electricity arrears; Council Tax, TV licence and child support arrears; Magistrates Court fines; and income tax.

**Non-priority debts** are: bank overdrafts, personal loans, doorstep loans, payday loans, credit and store cards, water arrears, loans from family and friends, old Internet and phone bills, some benefit overpayments, non-essential hire purchase debts and similar.

People can feel overwhelmed by how many debts they have to pay. However, they can't lose their home, go to prison or have their water supply cut off if they don't pay non-priority debts. In these cases, creditors can issue money claims through the county courts. People need to return the county court form promptly with an affordable repayment offer. This can be as little as £1 a month for people whose only income is benefits.



## Know how to reduce expenses

Sometimes household income is simply not enough to meet all of people's expenses and they need to reduce their spending. For information on money advice and budgeting, visit [www.newcastle.gov.uk/debthelp](http://www.newcastle.gov.uk/debthelp)

## Help available from the Council to prevent or respond to a money crisis

There is a variety of practical help available, some of which has eligibility criteria.

- **Housing Benefit and Discretionary Housing Payments (DHPs)** towards rent – [www.newcastle.gov.uk/services/benefits/housing-benefit-help-pay-your-rent](http://www.newcastle.gov.uk/services/benefits/housing-benefit-help-pay-your-rent)
- **Council Tax Reduction** and discounts to reduce council tax payments – [www.newcastle.gov.uk/services/council-tax/council-tax-exemptions/council-tax-reductions-and-discounts](http://www.newcastle.gov.uk/services/council-tax/council-tax-exemptions/council-tax-reductions-and-discounts)
- **Newcastle Energy Switch** check to help people to find a cheaper energy deal – [www.newcastle.gov.uk/services/environment-recycling-and-waste/energy-services/newcastle-energy-switch](http://www.newcastle.gov.uk/services/environment-recycling-and-waste/energy-services/newcastle-energy-switch)
- **Free school meals** – [www.newcastle.gov.uk/services/schools-learning-and-childcare/help-school-and-learning-costs/apply-free-school-meals](http://www.newcastle.gov.uk/services/schools-learning-and-childcare/help-school-and-learning-costs/apply-free-school-meals)
- **Crisis Support Scheme (CSS)** – provision of food, clothing, fuel for heating and expenses for emergency travel to cover short term periods of crisis – [www.newcastle.gov.uk/services/benefits/crisis-support](http://www.newcastle.gov.uk/services/benefits/crisis-support)
- **Supporting Independence Scheme (SIS)** – provision of basic household goods to help sustain independence and prevent homelessness – [www.newcastle.gov.uk/sis](http://www.newcastle.gov.uk/sis)

## Know who to contact

There are several organisations that provide trustworthy free debt advice to residents. They can be accessed in a variety of ways: by phone, online or face-to-face.

### Telephone and online debt information and advice are provided by:

- **National Debtline** – phone 0808 808 4000 (free) or visit [www.nationaldebtline.org](http://www.nationaldebtline.org)
- **Citizens Advice** – phone 0300 330 9055 or visit [www.citizensadvice-newcastle.org.uk](http://www.citizensadvice-newcastle.org.uk)

The above organisations are accredited by the Money Advice Service. For details of other accredited organisations visit [www.moneyadviceservice.org.uk/en/tools/debt-advice-locator](http://www.moneyadviceservice.org.uk/en/tools/debt-advice-locator)

### Local telephone and face-to-face debt advice is available from:

- **Money Matters** – Phone 0191 277 1050 Monday to Friday 8.30am to 4.30pm or attend a drop-in session at the Housing Advice Centre. The team provides targeted debt advice to people who are at risk of homelessness through eviction or repossession. Visit [www.newcastle.gov.uk/services/housing/housing-advice-and-homelessness/what-do-if-you-need-housing-advice-or-are-homeless](http://www.newcastle.gov.uk/services/housing/housing-advice-and-homelessness/what-do-if-you-need-housing-advice-or-are-homeless)
- **Citizens Advice Newcastle** - Phone 0300 330 9055 or visit [www.citizensadvice-newcastle.org.uk](http://www.citizensadvice-newcastle.org.uk) for contact details and opening hours for drop-in sessions.

## Further information

Please use this information sheet to talk about debt and money management and help our aim to support more residents with financial issues at an earlier stage. For further information, visit [www.newcastle.gov.uk/welfarights](http://www.newcastle.gov.uk/welfarights). For queries relating to the support available to promote financial inclusion and prevent homelessness, contact the Active Inclusion Newcastle Unit at [activeinclusion@newcastle.gov.uk](mailto:activeinclusion@newcastle.gov.uk). This information was accurate at the time of publishing (November 2019).