

## **Money Management – priority vs non-priority debt and sources of help**

Being unable to pay your bills could lead to a lot of stress. People may feel pressurised to pay the bills to the creditors that demand payments in the most forceful way. However, it is important to know that some debts take priority over others. These are commonly known as **priority debts** and non-payment of these priority debts could lead to very serious consequences, including loss of home, of liberty or of services. The costs of recovery of the debts are added to the debt and could be high. The main priority debts are:

**Rent arrears** – the landlord can take legal action to repossess the property, both in private and social housing.

**Mortgage** (or another loan secured on the property) arrears – the mortgage lender can take legal action against the borrower with a view to repossess the property.

**Court fines** – non-payment could ultimately lead to imprisonment, with the magistrate's courts also often referring the fine collection to bailiffs who have authority to enter the property with a view to repossess goods (including vehicles) if the fines are not paid. Please note that non-payment of TV license can lead to being fined.

**Council tax arrears** – local authority have several means to enforce the payment once a liability order has been obtained, including by collection by bailiffs, attachment of earnings/benefits, bankruptcy and ultimately, imprisonment.

**Payments for goods bought under Hire Purchase or Conditional Sale agreements** - in certain circumstances the goods can be repossessed by the creditor.

**Gas/electricity arrears** – the supplier can cut off the supply of gas and/or electricity or can replace your meters with prepayment meters with a view to recover the arrears from the prepayment meter.

**Phone/internet bills, monthly payments of insurance premiums** – if the payments stop, it would break the agreement and the phone/internet supply can be cut off, or the insurance policy is cancelled.

**Child maintenance arrears** – Child Maintenance Service can take the arrears directly from the wages or bank accounts. Wilful refusal to pay can lead to confiscation of driving license/passport for up to 2 years or imprisonment.

**Arrears of Income Tax/National insurance/VAT or overpayment of tax credits** – the HMRC can take money directly from wages or use bailiffs to take property. With tax credits overpayment, the HMRC can take money from the tax credits or Universal Credit.

It is therefore very important to get in contact with the priority creditors and negotiate the repayments.

Other debts, which include debts to catalogues, credit cards, unsecured loans, payday loans, arrears of water bills, debts to friends/relatives, are called **non-priority debts**. The creditors generally will have to apply to county court to obtain County Court Judgments to enforce the payments.

### **Sources of help**

If people need help in dealing with their debts, they should seek advice from **debt charities** which are free and independent. If searching for help online, it is important to check that the website selected belongs to one of these organisations as there are many companies that charge for their services.

[Citizens Advice](#) – the website contains information and tools for debt and money management. For face to face advice, contact your [local Citizens Advice](#).

[Stepchange](#) - the website contains information and tools for debt management. Free helpline on 0800 138 1111 and webchat (Monday-Friday, 8am-8pm, Saturday 8am-4pm). Advice by email and post.

[National Debtline](#) – the website contains debt factsheets and online tools for debt and money management. Free helpline on 0808 808 4000 and webchat (Monday to Friday 9am – 8pm). Email and post advice.

[Debt Advice Foundation](#) – the website contains information and tools for budgeting. Free helpline 0800 043 40 50 or webchat Monday to Friday 8am to 6pm. Email and post advice.