





The content

Debt Advice Handbook 15th edition

Description

With living costs and unemployment rising, budgets squeezed and problem debt on the increase, no adviser should be without this essential guide to the practice and process of giving money advice in England and Wales.

Who's this book for?

It is essential for debt advisers, welfare rights advisers, lawyers, local authority and housing association staff, social workers and union official.

What does it do?

The handbook provides the most comprehensive information needed by advisers on the key stages of money advice, including interviewing clients, establishing liability, prioritising debts, preparing a financial statement, negotiating with creditors and dealing with bailiffs. Fully indexed and cross-referenced to law, regulations and official guidance, and to court and tribunal decisions Includes tactical guidance and examples

What's new?

Fully updated to cover all recent changes to legislation, caselaw and court procedure and practice Emphasis is placed on taking due care of vulnerable clients and making sure that any payment arrangements agreed are appropriate. There is a focus on sustainable credit arrangements that do not affect a client's abilities to pay essential living expenses and priority debts.

Properties

Author(s):
CPAG

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3. Listing creditors and minimising debts

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After obtaining the client's personal and background details, including any health or disability issues, vulnerability or mental health problems, you then need the details of the debts and the

creditors, including those with no arrears or creditors with whom the client has already negotiated lower payments.

A client may not have all the necessary information with them on the first visit to enable you to complete the creditor list. It is therefore important to agree how the missing information will be collected, by whom and when. The client's credit reference file may be a useful information-gathering tool if the client has no, or incomplete, paperwork.

The creditors

Record the following details about the client's creditors.

- **The name, address and telephone number of each creditor.** Exact company names are important, as the proliferation of credit has led to a number of creditors with very similar names.
- **Account/reference numbers.** Most creditors use reference numbers to access information about their clients, so these must be included.
- **Letter references and contact details.** If the client has received correspondence from the company, any letter reference should be noted, together with any contact details.
- **Agents' details.** Solicitors or commercial debt collectors are often used. Record details of these (and their references) separately. Record details of the person who has made most recent contact with the client. Check whether the collector has actually bought the debt (in which case they are now the creditor) or whether the agent is acting on behalf of the original creditor (in which case they are accountable to that creditor). Creditors should inform clients when debts are either passed on to collectors or sold to third parties.

The debts

Note the following details about the client's debts.

- **Age of debt.** Find out when any credit was first granted. The length of time the agreement has run or a bill has been unpaid can be a factor in negotiation (and might even be grounds for challenging the debt). For instance, a creditor is more likely to be sympathetic if payments have been made for some time than if a new agreement is breached. The legal position on some agreements depends on when they were made. See here for credit agreements made before 6 April 2007. An old debt may also be 'statute-barred' – ie, unenforceable through the courts (see here).
- **Reason for debt.** It is important to ask the reason for the debt – eg, to refute suggestions that the debt was unreasonably incurred.

- **Priority of the debt.** Note whether the debt is a priority or a non-priority. Chapter 8 explains the criteria for making this decision. If possible, check any documents or agreements to confirm this information, as clients can be unsure or may describe debts incorrectly – eg, 'hire purchase' is often used to mean 'credit sale agreement', and 'parking fine' is often used to mean 'parking charge', but they have different legal consequences (see Chapter 4).
- **The written agreement.** Check whether the debt is based on a written agreement and, if so, whether or not the client has seen it and if it has been photocopied for future reference. Ensure agreements are checked for defects that may affect their enforceability. Obtain a copy from the creditor if necessary. If there is no written agreement, it might be unenforceable. See Chapters 6 and 11 for more information.
- **Liability.** Check whether the client is responsible for the debt. Note in whose name(s) agreements were made and/or whose name(s) is/are on the bill (although this is not necessarily conclusive). This may either be the client alone, the client and a partner, or a friend or relative who acted as a guarantor. This ensures that all debts listed can be challenged where appropriate. See Chapter 6 for more information.
- **Payments.** Note:
 - the amount currently owing. State whether the figure is approximate or exact;
 - contractual payments under any original agreement and any subsequent amendment to them;
 - the existence of arrears in payments, although initially these need only be approximate;
 - the payment method.

The client may need advice about coping with doorstep collectors, changing or cancelling standing orders, direct debit arrangements or continuous payment authorities, or opening a new bank or building society account (see here) if the current bank or building society is one of the client's creditors. However, a client should not be advised to stop or reduce contractual payments to creditors before a repayment arrangement is agreed with them, unless it is clearly in their best interests to do so – eg, if they have insufficient available income after meeting essential expenditure and/or making payments to priority creditors (see Chapter 8). When deciding what expenditure, goods and services are 'essential', you should always consider the client's personal circumstances. The date and amount of the last payment made are needed, especially for priority debts, to assess the urgency of any action.

- **Insurance cover.** Many people take out insurance (known as payment protection insurance) with a mortgage or credit agreement – eg, against sickness, death and redundancy. Sometimes, such insurance is given by the creditor as part of the contract. Always check whether a particular debt is insured and that the insurance has been correctly sold, so that

this important way of minimising the debt is not overlooked (see here).

The threats

You need to know the status of the debt – ie, what the creditor has already done to obtain repayment of the debt and what threat is posed to the client by the recovery action.

- **Warnings.** The first stage of recovery action is normally a reminder letter. Record the date of this. The exact details of further action should be noted. For example, regulated credit agreements (see here) may require a default notice to be served before any further action is taken. Other creditors must issue different warnings – eg, a notice of a proposed disconnection of fuel or notice of an intention to seek possession of the client's home.
- **Court action.** If court action has begun, a claim form will have been issued. The date and type of claim should always be recorded. Record the court case number. Refer to the claim form to note whether a solicitor is now acting for the creditor. If so, you must deal with the solicitor, rather than the creditor, until further notice. If a date for a hearing has been set, this should be noted. In many cases, a court will already have made an order and details of the judgment, including its date, the payment or action ordered, and the time or amounts required, should be recorded. See Chapters 11, 12 and 13 for further information on court action, including what action should be taken if a judgment has been made.
- **Enforcement action.** After judgment, enforcement can mean enforcement agents (bailiffs) action (see Chapter 15), a third-party debt order (see here), an attachment of earnings order (see here) or a charging order (see here). Note whether any of these have begun, with dates and full details.

Action to be taken

- **By the client.** Any action required of a client relating to a particular debt should be noted on the list – eg, 'get exact balance'. This section will normally be completed once the strategy has been decided.
- **By the adviser.** Record the action required on each debt. This can be crossed through when it has been carried out. If the case is complex and likely to involve a lot of work, prepare a case plan, summarising the action to be taken, who is responsible for any action and the timetable.

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Please be aware that welfare rights law and guidance change frequently. This page was printed on Friday, October 17, 2025 and may go out of date.

