





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

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1. Exploring the debt problem

Obtaining information from the client

Debt advisers must create a trusting and safe environment where clients can talk about their personal and financial affairs. This may take some time to develop, but should start at the beginning of the process, when you make it clear that any information the client provides will be treated in confidence, that you will not judge them and are on their side.

Explain the role and boundaries of the agency (eg, that it does not offer court representation), what you can and cannot do and why. Obtain as much detail as possible about the client, other members of the household, the debts and the financial situation. It is important to make the client feel as comfortable as possible so that they feel able to provide the detailed information needed to advise them properly. When collecting information, you are not intruding unnecessarily into the client's affairs, but you need that information to help them decide a strategy and/or negotiate with creditors. It is important to tell the client that such information is confidential and explain how the agency's confidentiality principles operate. Often, people seek advice about a specific debt and are reluctant to discuss other debts they are managing to pay or if they feel the creditor has been particularly helpful. However, dealing with a particular debt in isolation is often impossible. This stage can therefore include a discussion of the whole position. ¹

Advisers should gain an understanding of what has led to the client's debt situation (often a change of circumstances) and whether the situation is likely to be temporary or long term. They should also enquire about any potential future changes that may impact the client's available debt solutions – eg, expected changes in income and/or outgoings due to the birth of a baby, retirement, redundancy or relationship breakdown.

¹ See also W McShane, 'Debt exploration Part 1', *Adviser* 178 and 'Debt exploration Part 2', *Adviser* 179

Obtaining information from the client

Obtain as much information as possible from the client on all their debts at the first interview, and record this clearly and concisely. In practice, many clients do not bring all the required information at the outset and so much of it may have to be obtained later, possibly from other sources – eg, from a client's creditors for outstanding balances or credit reference agencies for details of the client's creditors. It is also worth checking to see whether any previous case notes have been closed to ensure a full picture of the client's situation is obtained.

If you are conducting the first interview by telephone, the client must subsequently bring or send any information to the advice agency (and a signed authority to act obtained before creditors can be contacted).

It is essential to obtain sufficient information at the earliest opportunity, as otherwise:

- income/expenditure details and, consequently, the financial statement may be inaccurate and payment offers unsustainable, leading to the client failing to maintain the arrangement;

- you may give incorrect advice, leading the client to choose one option when another option might have been more appropriate;
- opportunities to maximise income may be lost.

Use a pro forma to record the information, which could also remind you what to ask the client to establish the full facts of the case. An example of a pro forma is in the Money and Pensions Service (MaPS) *Good Practice Toolkit*, available to members of the Institute of Money Advisers (IMA) in the Resources Directory of the Networking and Information section of the IMA website, ima-a.org.uk. Clients often only reveal the debts they are worried about. Therefore you must go through all their priority commitments, whether or not they are in arrears, and then move on to the non-priority commitments. Advice should be given in each area on the consequences should the client default. Be realistic about the outcome and always be honest with the client.

Check that any agreements have been drawn up correctly and ensure any applicable time limits are complied with.

The first letter after the interview should confirm all the advice given (including the consequences of non-payment), the client's available options and their advantages/disadvantages. Outline the agreed action and the expected timescale. It is good practice to include details of any action you have agreed to take and any action the client has agreed to take at the start of the letter, so even if the client does not read all of the letter, it is clear what they/you need to do next to process their case. The MaPS *Good Practice Toolkit* contains examples of template confirmation of advice letters.

Keep clients informed and involved at each stage, so that they will be able to deal with the case themselves once it is closed. Remind clients to keep you informed of any change in circumstances throughout the life of the case.

Once all the work is completed on the case, send a closure letter detailing the work carried out and the outcome, and giving general advice on how to deal with the various creditors in the future.

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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.