





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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2. The general approach to priority debts

Prioritise the debts

Priority debts must be dealt with quickly and effectively. General rules about how this should be done are outlined in this section. There are also specific ways of dealing with particular types of debts (see here–here).

Prioritise the debts

Immediate contact should be made with the creditor. If it is not possible to make a definite offer of payment immediately, ask for more time (eg, 30 days) and ask the creditor either to take no further action or to suspend any existing action during this period. If possible, the client should be advised to pay at least the current instalments in the meantime.

Generally, it is not appropriate to make offers to priority creditors on a pro rata basis (see here) or to include priority debts in a debt management plan (see here), and you must negotiate with them individually. It must first be decided whether to make payment:

- as soon as possible; *or*
- over as long a period as possible.

Clients may not be in a position to make payments towards all their priority debts and so they will need to prioritise their priority debts. In this situation, it is important to consider income maximisation and financial capability options (see here and Chapter 7). The following should be taken into account.

- If the debt is accruing interest or charges, it may be in the client's best interests to pay it off quickly.
- It may be in the client's best interests to pay off a small priority debt as soon as possible.
- The creditor may insist on arrears being cleared before the next bill is due to be delivered or payment made.
- If the client is currently earning above their average wage, it may be in their best interests to make higher payments while they can.
- If capital or lower cost finance is available, the debt can be cleared more quickly.
- The client's age or state of health may lead to a reduction in income. It could be in their best interests to make a payment before this happens.
- If the client is considering moving, it may be necessary to make a payment before doing so.
- If the client has any non-priority debts, they may need to make some provision for these, depending on their chosen option for dealing with non-priority debts (see Chapter 9).

You should also further prioritise the debts in the light of:

- what the client wants;
- the existence of more than one priority debt;
- the severity of the sanction available to the creditor;

- the potential consequences of using a particular strategy;
- the stage the recovery process has reached.

You should also consider the following points:

- Although many priority creditors have their own collection policies, which act as guidelines for their officers, these can always be negotiated. A refusal to negotiate could give rise to a formal complaint – see, for example, the government guidance to councils on collection of council tax (see here).
- It may be necessary to contact someone in a position of authority within the relevant organisation before policies can be changed.
- Accounting periods, such as local authority financial years or other periods between quarterly bills, should not be taken as absolute dates by which current liabilities must be met.
- Lenders of secured loans often argue that arrears should be repaid in short periods. However, in an important decision, the Court of Appeal suggested that a reasonable period to clear arrears may be the whole of the remaining term of the mortgage. ¹ So, if a possession action was started half way through a 30-year mortgage, it would be possible for the court to suspend an order on payment of an amount which would repay the mortgage together with the arrears over the next 15 years. On the other hand, if the secured loan is a regulated mortgage contract treated as regulated by the Consumer Credit Act 1974, the client may be able to apply for a time order (see here and here). The lender should also have complied with section 13.3.2AR of the Financial Conduct Authority's (FCA's) *Mortgages and Home Finance: Conduct of Business Sourcebook*. This requires the lender to make a reasonable effort to come to an agreement with the client to pay the arrears over a reasonable period (in appropriate cases, the remaining term of the mortgage) and, if no reasonable payment arrangement can be made, allow the client to remain in possession for a reasonable period to organise a sale, and to repossess the property only if all other reasonable attempts to resolve the position have failed. In March 2023, the FCA issued guidance setting out ways lenders can help clients concerned about maintaining their mortgage payments because of the rising cost of living. You can view this at: tinyurl.com/bdctufnb.

The client should be advised to:

- start making payments immediately when the strategy has been decided, as this encourages the creditor to accept the arrangements; *and*
- if possible, set up a direct debit or standing order to ensure a payment arrangement is kept.

Creditors should be asked to confirm the agreed strategy in writing. They may often require a financial statement (see here), list of debts and written proposal before providing such confirmation. However, a delay in providing confirmation is not a reason for withholding agreed or

offered payments.

1 *Cheltenham & Gloucester v Norgan* [1996] 1 All ER 449

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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.