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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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Charities

There are thousands of charities that can provide payments to individuals in need. Some are open to everyone, and others are for certain groups, such as armed service personnel or people with specific disabilities. Many have a committee that considers applications and meets on a cyclical basis.

Some charities expect a person to have exhausted other statutory provisions before approaching them. The organisation Turn2us has a website (turn2us.org.uk) with an A–Z of all the charities that can provide financial help and, in many cases, applications for support can be made directly from the website.

The Directory for Social Change publication *The Guide to Grants for Individuals in Need* provides a list of local and national charities, advises on the most appropriate charity and gives guidance on how to make a successful application. See dsc.org.uk/publications.

Most charitable payments are ignored for means-tested benefits and tax credits if they are made regularly. Most that are made irregularly are treated as capital and so only affect the benefit

if they take the client above the capital limit.

Child maintenance

Clients may be able to get child maintenance for their children if they are not living with their other parent. Child maintenance may be paid voluntarily, following a court order or following an application to the Child Maintenance Service. See [here](#) and CPAG's *Child Support Handbook* for details.

Child maintenance is disregarded as income for all means-tested benefits and tax credits.

Civil compensation for damages

Personal injury claims can be made against an individual or organisation if they have been negligent in causing damage, either by doing something or by failing to do something. Injury caused by negligence can be an issue in road traffic accidents or accidents at work, in the street or in other public places. Damages for personal injury can be substantial, but can be reduced by the amount of social security benefit paid as a consequence of the injury.

If the injury occurred at work, the client should contact their trade union, if a member. Other clients may need to be referred to a solicitor. More information is available from:

- the Law Society on 020 7320 5650 or at solicitors.lawsociety.org.uk;
- the Association of Personal Injury Lawyers on 0115 943 5400 or at apil.org.uk;
- the Motor Accident Solicitors Society on 0117 925 9604 or at mass.org.uk.

Council tax reduction

Clients who need help paying their council tax may qualify for council tax reduction. Council tax reduction schemes are administered by local authorities. In England, local authorities may devise their own local schemes which must meet minimum requirements. Most schemes are means tested. See CPAG's *Council Tax Handbook* for more information.

Discretionary housing payment

A discretionary housing payment (DHP) can be made by a client's local authority to help them with rent or with certain other housing costs. To apply for a DHP, they must be entitled to help with their rent through universal credit (UC) or housing benefit (HB).

DHPs can be made because UC or HB does not cover a client's full rent – eg:

- due to the local housing allowance or bedroom tax;
- due to deductions being made from their benefit because they live with a non-dependant;
- because they are affected by the benefit cap.

The client can also apply for a DHP towards certain one-off costs – eg, if they need rent in advance, a deposit for a new home, or if they have moving expenses.

The client's local authority may have a paper application form and/or an online application form for DHPs. Payments are discretionary, meaning they are made on a case-by-case basis. They are made from a cash-limited budget allocated to the local authority. A client might be refused a DHP for budgetary reasons even if they make a strong application, or they might be successful but only receive assistance for a short period.

Equal pay rules

Equality legislation provides that a woman should not be paid less than a man for work of equal value or for the same work. If a woman is in debt, it is always worth checking whether these rules might help increase her income. If a client is being paid less than others doing similar work because of their age, gender, disability, race, religion and belief, or sexual orientation, it could constitute unlawful discrimination. Specialist help is necessary to pursue a claim. For further details, contact the Equality Advisory and Support Service (EASS) on 0808 800 0082, or see equalityadvisoryservice.com.

Food banks

Clients without any means to obtain food may be able to be helped by a food bank. Most food banks operate on a referral basis. To find a local one, see trusselltrust.org/get-help/find-a-foodbank. Many food banks limit the number of times that a client can use them in a set period. Some food banks can also issue 'fuel bank' vouchers to top up gas and electricity prepayment meters.

Free school meals

Children are entitled to free school meals if their family receives:

- income support (IS), income-based jobseeker's allowance (JSA) or income-related employment and support allowance (ESA);
- universal credit or child tax credit (CTC) (but not if also receiving working tax credit – WTC) if their annual income is below a threshold;

- the guarantee credit of pension credit (PC).

Also entitled are 16–18 year olds who receive the above benefits and tax credits in their own right, and asylum seekers who receive asylum support.

In addition, in England, free school meals are provided to all children during the first three years of primary school and, in Wales, all children in local authority primary schools can have free school breakfasts and will be eligible for free school lunches by 2024.

Guarantee pay

If an employer fails to provide work for an employee (ie, lays them off), in most cases, they must pay guarantee pay for five days of lay-off in any three-month period. The right to guarantee pay can be enforced through an employment tribunal. Specialist help should be obtained. A client who is dismissed for seeking to enforce this right is entitled to claim unfair dismissal to an employment tribunal, regardless of the length of their service.

Guarantee pay is taken into account as earnings for means-tested benefits.

For further details, see the guidance on guarantee pay at gov.uk/lay-offs-short-timeworking/guarantee-pay.

Help to Save

Help to Save is a UK-wide government scheme offering a top-up to working people on low incomes who open a special savings account and pay into it regularly. To be eligible, a client must be:

- getting UC with a minimum amount of earnings; *or*
- getting WTC at more than a nil rate; *or*
- be eligible for WTC and get CTC at more than a nil rate.

The most a client can pay into their account each calendar month is £50, which is £2,400 over four years. In those four years, they can earn up to £1,200 from their savings. See gov.uk/get-help-savings-low-income for more information.

A client can withdraw money from a Help to Save account at any time, but it will affect the amount of bonus they can get.

Local welfare assistance schemes

Clients who are in urgent need following an emergency or unforeseen event may qualify for help

under a local welfare assistance scheme.

Schemes are administered by local authorities in England and by the Welsh government. Local authorities may offer goods in kind rather than cash payments. Some authorities have decided to close down schemes or restrict eligibility since April 2015, following cuts to funding.

Mortgage interest loans

From 6 April 2018, repayable loans replaced the previous benefit support for mortgage interest on certain loans secured on a client's home. Clients getting IS, income-based JSA, income-related ESA or PC can qualify for a loan. The loans can cover the interest on mortgages or other payments used to purchase a home, or the interest on a loan to pay for specified repairs or improvements.

A client should seek independent financial and legal advice before taking out a loan for mortgage interest.

The loans attract interest, which accumulates until the loan is paid or written off.

Clients may still be able to get an amount for housing costs included in their benefit for service charges, ground rent, co-ownership schemes or certain types of rent.

National minimum wage

Most employees are entitled to be paid at a rate equivalent to at least the national minimum wage. A client who is entitled to the minimum wage and is being paid less than this can complain to the Acas helpline or to an employment tribunal. For more information, contact the helpline on 0300 123 1100 or visit gov.uk/national-minimum-wage.

Notice pay

An employee is entitled to be paid during their notice period if they work during that period or cannot work because of illness, pregnancy or childbirth, or because they are on adoption, parental or paternity leave or holiday, or the employer does not wish them to work. An employee who is dismissed without being given the correct notice is entitled to be paid their normal wages in lieu of notice, unless the dismissal is due to gross misconduct. Notice rules are laid down in the law and these depend on length of service. Some employees may be entitled to a longer period of notice under the terms of their contract with the employer. The contract may be written or unwritten.

For further details, see gov.uk/handing-in-your-notice.

Payments for war injury

There are many schemes providing benefits for those disabled, or for the dependants of those killed, in either the First World War or any conflict since 3 September 1939. Some of these schemes only cover members of the armed forces, but others apply to auxiliary personnel, civil defence volunteers, merchant mariners and civilians. Who qualifies and what payments they can receive are complicated. For who may be eligible, see gov.uk/government/organisations/veterans-uk or contact the Veterans helpline on 0808 191 4218.

Private and occupational pensions

Clients who are members of an employer's (occupational) pension scheme or a private pension plan may be entitled to take benefits from these plans before the normal retirement age if, for example, they become permanently incapable of work. Benefits available from pension schemes should be closely examined, and independent financial advice should be sought before deciding to take benefits early from a private scheme.

Redundancy pay

An employee who has two years' continuous service and is not in an excluded occupation, and who loses their job through redundancy, might be entitled to statutory redundancy pay. If a statutory redundancy payment has not been made or is not for the correct amount, the employee can apply to an employment tribunal. There is a strict three-month time limit from the termination date for making such an application. A client in need of advice in this situation should be referred to an employment law adviser.

Some clients may be entitled to a larger redundancy payment under the terms of their contract.

For further details about redundancy pay, see gov.uk/redundancy-your-rights.

School clothing grants

Local authorities have a discretionary power to give grants for school uniforms or other clothing needed for school – eg, for sportswear. Policies vary. Some school governing bodies or parents' associations also provide help with school clothing.

School transport

Local authorities have a duty to provide free transport for a pupil under 16 if they attend the 'nearest suitable school' and lives at least two miles away (if they are aged under eight) or three miles away (if they are eight or older). In addition, children must be given free transport if there is no safe walking route, irrespective of how far from the school they live.

Social services

Local authority social services departments have statutory duties to provide practical and financial help to families, children, young people, older people, people with disabilities and asylum seekers.

Special funds for sick or disabled people

Help is available from local authority social services departments for people with an illness or disability to assist with things like paying for care services in their own home, equipment, holidays, furniture and transport needs.

Student support

For details, see Chapter 17 of this *Handbook*, and also CPAG's *Welfare Benefits and Tax Credits Handbook*.

Tax allowances

The personal allowance is a basic allowance that is available to most people resident in the UK.

Clients may also be entitled to a married couple's allowance if they are married or in a civil partnership, and either they or their spouse or civil partner were born before 6 April 1935.

Those who are married or in a civil partnership and were born after 5 April 1935 may be entitled to a transferable tax allowance or 'marriage allowance'. This allows underused personal allowance up to a set limit to be transferred from one to the other partner in the marriage or civil partnership.

A client who is registered blind can claim a blind person's allowance for the whole tax year. This is in addition to the personal allowance. Any unused allowance can be transferred to their spouse or civil partner. If both spouses and civil partners are registered blind, they can claim an allowance each.

A backdated claim can be made for up to four years for any allowances, so check whether the

client has not received an allowance to which they are entitled.

Tax rebate

A client who is unemployed or is laid off may be entitled to a tax rebate at the end of the tax year. However, this is reduced or may be cancelled out if they receive a taxable benefit. In some cases, if HMRC has delayed paying the tax rebate, it must pay interest on it.

Tax reliefs

Tax reliefs are amounts that are deducted from taxable income in recognition of money that is needed to be spent by the taxpayer in working. They can be claimed in addition to a personal allowance and can be backdated for up to six years. A specialist adviser should calculate tax reliefs for self-employed people.

For employed people, it is possible to claim relief on any money spent to enable a job to be done, but which is not paid for by the employer. The expenses must be 'wholly, exclusively and necessarily' incurred in order to do the work.

Items for which tax relief can be claimed include:

- membership of professional bodies;
- special clothing for work;
- using heating/lighting or the telephone at home for work;
- buying tools.

Another form of tax relief is the 'rent-a-room' scheme. This enables someone to let out a main room in their home and not pay tax on the rental income, provided the rent stays below a certain level. Even if the client cannot benefit from this scheme, other forms of tax relief may be applicable if they let out property. Specialist advice should be obtained.

Trade unions

Many trade unions have hardship funds for members or ex-members. Unions may also be involved in various benevolent funds and charities associated with particular industries. If a client has been a union member, it is worth enquiring about possible lump-sum payments or, in some cases, ongoing support.

Warm Home Discount

Warm Home Discount is a one-off credit or discount of £150 on annual energy bills. A client may be able to get a Warm Home Discount if they get the guarantee credit of PC or they are on a low income, get other qualifying means-tested benefits and meet their energy supplier's criteria. Note that not all energy suppliers take part in the scheme. For further information, visit gov.uk/the-warm-home-discount-scheme and see the relevant energy supplier's website.

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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.