





## 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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This content was last updated:  
2025-06-26

Print publication date  
Feb, 2024

Print ISBN  
978 1 915324 11 5

## 3. Letter writing

Format of a letter

Use simple language

Assume nothing

Holding letters

Use a framework

Much negotiation begins with a letter. While emergency applications, particularly concerning

priority debts (see here), may have to be initiated by telephone and confirmed in writing later, it is more effective to send a letter in the first instance so that full details can be enclosed. Important changes to agreements reached through negotiation should always be confirmed in writing.

It is sometimes more appropriate for you to help the client prepare a financial statement using the standard CASHflow forms and letters, which the client sends themselves (see here). The client receives the replies and must be encouraged to seek further advice, as required. In this way, the client regains control over their own affairs and, in the long term, may be more able to cope. In addition, your workload may be reduced.

It is essential to send letters to the right place. In many cases, local branches cannot deal with their customers' financial difficulties and most creditors have dedicated departments instead. Wherever possible, use the address(es) provided by the creditor for dealing with communications.

## Format of a letter

Use simple language

Assume nothing

Holding letters

Use a framework

Letters should follow a basic format, as explained below.

### Use simple language

Letters should be written in simple, clear language. 'Thank you for your letter of 11 June' is just as meaningful as 'Your communication of 11 June is gratefully acknowledged'.

### Assume nothing

Letters, particularly initial letters, are generally read by a person who knows little or nothing about the client's situation. A letter should therefore contain all the background information needed to make a decision.

### Holding letters

It is often necessary to write an initial letter requesting information that you need to advise the client and identify the available options. Such information includes:

- copies of any agreement and of any default notice (see here) or termination letter, if relevant;
- a statement of account, showing full details of the outstanding balance and how this is

calculated;

- details of any court orders or other enforcement action.

The letter should also ask the creditor to put a hold on any further collection activity and to freeze any further interest and/or charges being added to the account until the information requested has been supplied and the client has had an opportunity to put forward their proposals for resolving the matter. Any breaches of the Financial Conduct Authority's (FCA's) *Consumer Credit Sourcebook* (see here) by the creditor or debt collector should also be addressed in this letter. If there is an issue in relation to restarting the limitation clock, a standard holding letter should not be used and any letter sent to the creditor should not be an acknowledgment. There is an example of a letter that does not restart the limitation period on the National Debtline website (which can be adapted appropriately) and you can view this here: [tinyurl.com/5n6snk6s](https://tinyurl.com/5n6snk6s).

Remember, you may well be sending an authorisation to the creditor signed by your client which could potentially be an acknowledgment. Avoid using words such as 'debt' or 'outstanding account'. Wording such as 'I authorise [name of agency] to correspond with you on my behalf' should address this issue.

## Use a framework

As well as standard letters or phrases, new or unusual situations require individual letters. 1  
These are easier to write with a framework to follow.

- **Address.** The letter should begin with the address to which it will be sent, which must appear on your copy as well as the copy for the creditor.
- **Client and references.** Next comes the full name and address, including postcode, of the client and all references or other identifying numbers. Major creditors may have borrowers of the same name, so detailed identification is essential to avoid confusion.
- **Standard opening phrase.** This can usefully explain the agency's status. For example: 'The above has contacted us for advice about their financial affairs and we are now helping them to look at these as a whole.'
- **Outline the background.** Next, tell the story so far (although not necessarily in the holding letter as you may not have all the details at this stage). It is essential to give all the necessary background and details. Go through the story in chronological order. Keep sentences short and factual. Avoid long explanations. Do not include demands or excuses.

The statement of facts must include those on which you are basing the strategy, in particular any unusual expenditure or special circumstances of the client or the members of their household. So, if you are asking for a temporary suspension of payments and interest charges, make sure you explain that there is currently no available income or capital and set out the client's future

prospects.

- **Make the request.** The next stage of the letter should be the request. This needs to be clearly and simply phrased. Do not be apologetic or circumspect – link the request to the facts outlined and make it appear to be an inevitable consequence of them. If relevant, ask the creditor to (continue to) freeze interest and/or other charges to prevent the debt from increasing further.

The letter should continue by stating when you propose the strategy should be reviewed. You can express this:

- as a fixed period; *or*
- with reference to other factors – eg, 'We will be happy to review this when Mr Parkinson gets a job.'
- **Add any special reasons.** After outlining the request, add the special reasons why this should be accepted. These may be obvious from the facts you have listed, but it is worth repeating them. If arrangements have broken down in the past or you believe a creditor will be resistant to the suggestion, however, it is useful to list whatever special reasons you can.
- **Provide details of any offer.** If you are putting forward an offer of payment, this should be clearly described – eg, 'The first payment of £... will be made on 27 August and following payments will be made on the 27th of each month.' You should also specify the method of payment. Advise your client to begin making the payments in accordance with the offer without waiting for confirmation from the creditor, as some creditors are prepared to accept offers but do not notify their acceptance and then complain that the client has not kept to the payment arrangement.
- **Suggest an expected response.** Your letter could then suggest the kind of reply that you expect – eg, 'We would be grateful if you could confirm, in writing, that this will be acceptable.'
- **To whom should the creditor reply?** Consider whether or not it is desirable for creditors to reply to the agency or to clients directly. If there is a heavy debt advice workload, it may be advisable to ask creditors to reply directly to their customer. It may be worth explaining why this is necessary.

You should also include your contact details and availability (or alternative contacts if appropriate), so that creditors can contact you if necessary. Some creditors and collectors contact the client directly even when asked to reply to the agency, usually in an attempt to persuade the client to increase their repayment offer. This is a breach of the FCA's *Consumer Credit Sourcebook* (see here). 2

- **Ending.** End the letter with a conventional politeness, such as 'We are very grateful for your help in this matter', followed by 'Yours sincerely/faithfully'.

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- 1** See C Wright, 'Setting the standard', *Adviser* 180
  - 2** *FCA Handbook*, CONC 7.2

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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.