





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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How to use this Handbook

[Online Debt Advice Handbook](#)

[Abbreviations](#)

[Foreword](#)

This *Handbook* is produced:

- as a guide and training aid for the new debt adviser;
- as a reference work for those who undertake debt advice alongside other sorts of advice

work or other professional disciplines – eg, social workers and housing officers;

- for the specialist debt adviser as a first step in accessing primary legislation and regulations;
- for the manager or purchaser of debt advice services to help understand and evaluate debt advice.

The subjects covered within debt advice are vast and could fill many volumes. In this *Handbook*, much detail has been deliberately excluded in order to make it accessible and to make clear the structure of debt work.

Most relevant legislation and court forms are now available online from [legislation.gov.uk](https://www.legislation.gov.uk) and [justice.gov.uk](https://www.justice.gov.uk) respectively and are not therefore included in the Appendices. The Civil Procedure Rules are available online at [justice.gov.uk/courts/procedure-rules/civil](https://www.justice.gov.uk/courts/procedure-rules/civil) and many judgments of the higher courts are available free of charge from [bailii.org](https://www.bailii.org). Most debt packages used in advice agencies include standard letters and forms, and so these are also not included in the Appendices. The standard financial statement is available at [sfs.moneyadviceservice.org.uk](https://www.sfs.moneyadviceservice.org.uk).

The *Handbook* can best be used as follows.

Training aid

The **Introduction** and **Chapters 1 to 3** are written to assist those who are interested in debt advice, and outline the processes and skills involved. These should be read by new debt advisers and those who have done some of this work and would like to think more about the structure behind their practical experience. The chapters can also be used by those who commission or manage debt advice as a means of clarifying the product with which they are dealing.

New advisers should ensure they are familiar with the rules on consumer credit (explained in **Chapter 5**) and are able to identify each type of debt (explained in **Chapter 4**) because this is fundamental to using the rest of the *Handbook*. Maximising income is a key part of the debt advice process and this is summarised in **Chapter 7**. The new adviser will also need to be familiar with the criteria to be used in prioritising debts (**Chapter 8**). They will find it useful to skim through the different strategies for priority and non-priority debts (**Chapters 8 and 9**). These can be examined in detail as they arise in the course of advising.

The debt adviser

If you are already familiar with the processes of debt advice, you may wish to use **Chapter 6** (minimising debts) and the strategy selection (**Chapters 8 and 9**) to help you think about the best strategy for a particular debt. This might include bankruptcy or an individual voluntary arrangement (these are discussed in **Chapter 10**). Court procedures are covered in **Chapter 11**

(general information on the county court), **Chapter 12** (money-only claims), **Chapter 13** (claims for possession of goods or property) and **Chapter 13** (magistrates' court). If the client is threatened with enforcement (bailiff) action, refer to **Chapter 15**. Specific debts are dealt with in **Chapter 16** (business debts) and **Chapter 17** (student debts). The index will enable you to find detailed information on a particular strategy, type of debt or court process. References can be accessed via the endnotes contained at the end of each chapter if you want more in-depth information about a particular topic. Details of other useful reference material and organisations are in the Appendices.

What is debt advice?

Debt advice is defined by the Financial Conduct Authority as:

giving an opinion as a guide to action to be taken, in this case the liquidation of debts. It either explicitly or implicitly steers the customer to a particular course of action... In the Financial Conduct Authority's view, advice requires an element of opinion on the part of the adviser or something that might be taken by the debtor, expressly or by implication, to suggest or influence a course of action. Information, on the other hand, involves statements of facts or figures.

Debt advice is one component of what is now called money advice, which also comprises financial capability (the skills, knowledge and understanding to manage money). Virtually everyone has debts. But when debt becomes unmanageable, the need for debt advice arises.

Debt advice should be distinguished from 'money management' and 'financial capability'. While debt advice does include a comprehensive check of a person's entitlement to state benefits, it goes much further than welfare rights. Debt advice is, essentially, crisis management, and the other components can hopefully prevent the need for debt advice recurring or even occurring in the first place. An ideal money advice model integrates all the various components.

In the past, the words 'debt counselling' and 'money advice' have been used almost interchangeably to describe what we shall call 'debt advice'. We prefer this term to 'money advice' because of the issues discussed above. 'Debt counselling', on the other hand, can appear to suggest that debt is a problem about which individuals merely need counselling. Counselling may sometimes be important in the early stages of debt advice, but is not a substitute for the work of the debt adviser. Financial capability interventions alone cannot resolve problem debt. Debt advice is not just about making offers (token or otherwise) to the client's creditors. The processes described in this *Handbook* are not set in stone and advisers should not be afraid to step outside them in order to help their clients. Advisers should not assume that creditors and courts always get it right, but should examine their practices and their paperwork to protect their clients from inappropriate recovery and enforcement action.

Online Debt Advice Handbook

Thanks to funding from the Money and Pensions Service, this online version of this book is available free. It is updated throughout the year.

CPAG Welfare Rights is a dedicated site for advisers and frontline workers where you can find our online handbooks, articles, bulletins and tools. It includes content for everyone to use and share, including many of our template letters.

Abbreviations

Abbreviation	Term in full
AA	attendance allowance
APR	annual percentage rate
CA	carer's allowance
CONC	Consumer Credit Sourcebook
DAPA	Debt Advice Peer Assessment
DRO	debt relief order
CTC	child tax credit
DLA	disability living allowance

DVLA	Driver and Vehicle Licensing Agency
EEA	European Economic Area
ESA	employment and support allowance
EU	European Union
FCA	Financial Conduct Authority
GAP	guaranteed asset protection
HB	housing benefit
HMCTS	HM Courts and Tribunals Service
HMRC	HM Revenue and Customs
HP	hire purchase
IS	income support
IMA	Institute of Money Advisers
IVA	individual voluntary arrangement

JSA	jobseeker's allowance
LGSCO	Local Government and Social Care Ombudsman
MA	maternity allowance
MaPS	Money and Pensions Service
MP	Member of Parliament
NHS	National Health Service
NI	national insurance
NISP	Networking and Information Sharing project
NUS	National Union of Students
NVQ	national vocational qualification
PAYE	Pay As You Earn
PC	pension credit
PGCE	Postgraduate Certificate in Education

PGDE	Postgraduate Diploma in Education
PIN	personal identification number
PIP	personal independence payment
RPI	Retail Price Index
SAP	statutory adoption pay
SDAS	Specialist Debt Advice Service
SMP	statutory maternity pay
SPBP	statutory parental bereavement pay
SPP	statutory paternity pay
SSP	statutory sick pay
SSPP	statutory shared parental pay
UC	universal credit
UCAS	Universities and Colleges Admissions Service

VAT	value added tax
WTC	working tax credit

Foreword

Members of the Institute of Money Advisers (IMA) recognise the importance of investing in their continuing professional development if they are to give accurate, high-quality advice to people with unmanageable debt. It can, however, be challenging to keep up to date with the many changes in law, practice, policy and guidance that can affect the options available to clients. I therefore welcome this new edition of the *Debt Advice Handbook*, which incorporates the essential developments since the last edition two years ago.

One of the most significant is the Consumer Duty, introduced by the Financial Conduct Authority (FCA) in July 2023. Intended to improve customer outcomes by requiring firms to aim to meet their customers' needs, the Duty gives advisers a powerful tool to help clients with complaints about creditors. Of course, as the Duty applies to all authorised firms (and not just to the creditor-client relationship), debt advice providers must ensure that they also deliver good client outcomes. This may require some advice services to adapt and change their working practices, something those working in the debt advice sector are well-used to, but which may add to the increased pressures many service providers feel.

Breathing space was one of many recent developments when the last *Handbook* was published, and while take-up has been below expectations, the use of the standard breathing space moratorium has increased year-on-year. Take-up of the mental health crisis moratorium, however, has been much lower than expected. This is likely to be compounded following several High Court decisions and subsequent HM Treasury guidance about the debt adviser's role.

The guidance potentially imposes more onerous obligations on debt advisers entering clients into a mental health crisis moratorium, causing concern among many debt advice services. At the time of writing, we are waiting to hear whether the government will respond favourably to calls from sector bodies to amend the regulations and avoid increasing the demands on advisers whose work is already being challenged by the impacts of the cost-of-living crisis.

A number of initiatives introduced to ease the financial pressures caused by the increased cost of living were temporary and have been withdrawn, exacerbating the difficulties of indebted clients. One initiative to be welcomed is from the FCA, which has confirmed that its tailored support guidance to help borrowers manage the financial impact of the pandemic is also

applicable to the cost-of-living crisis and that lenders should provide support to borrowers struggling with payments.

Another initiative, suspending the involuntary installation of prepayment meters by energy suppliers, has been partly incorporated into new rules that protect some vulnerable groups, but the eligibility criteria exclude many potentially vulnerable people whose gas and electricity will be disconnected when they have no money to top-up the meter.

And the reality is that, for increasing numbers of clients, the money does run out on a regular basis. In my foreword to the 12th edition of this *Handbook*, I highlighted the increasing prevalence of clients with deficit budgets as follows: 'not only do many people have no disposable income to offer creditors, but their essential needs are often being met only with the support of food banks and charitable grants.' Unfortunately, seven years later, the situation has worsened beyond comprehension, with Citizens Advice recently reporting that 50 per cent of its debt clients have a deficit budget.

In January 2024, an IMA report, *Casework Requirements and Workloads in the Money Advice Sector*, found that 90 per cent of IMA members regularly advise clients with deficit budgets. Our report also found that debt advisers are experiencing an increase in the complexity of client problems, together with a greater number of vulnerable clients needing support. Therefore, it is more important than ever that advisers have access to the comprehensive and accurate information provided by the *Debt Advice Handbook*, an essential resource for everyone committed to delivering high-quality debt advice.

Robert Wilson

Chief Executive

Institute of Money Advisers

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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.