

Title:

How Can I Get Out Of Debt?

Word Count:

627

Summary:

More often than not, when people take out credit, they believe they are in a good financial position to keep up the monthly repayments on their borrowings, but what happens when something goes wrong and we find ourselves in a difficult debt situation?

Keywords:

get out of debt,debt problem,debt advice,iva,debt management

Article Body:

People can find themselves in debt difficulty for a number of different reasons, but what options are available to resolve a financial issue?

When taking out credit, we generally look at our current financial position and base our repayments on what we can afford according to our current income. We do not tend to look at what could be around the corner.

This more often than not creates immediate risk to us and our families.

Recently a large business in Lincolnshire had to close their doors leaving over 700 people without a job. Suddenly, these people found themselves in a position with no income.

Some of these people will have borrowings with no savings to fall back on; they will now find themselves in a situation where they simply do not have the money to keep up with their financial commitments until they are able to find a new job.

This is just one of the reasons someone kind find themselves in financial difficulty.

Being in a position to some people is unknown territory and they are just not sure where to turn and ask for help.

There are solutions put in place for anyone who finds themselves in position

where they no longer repay their debt at the amount set by their agreement.

Your financial position will generally determine which option is suitable when considering ways to resolve a debt problem.

Options available may also depend on whether your borrowing is secured or unsecured.

Generally for personal unsecured debt, options such as a Debt Management Plan may be suitable. Alternatively, if you have a fair amount of income (although it may not be enough to meet current monthly agreed payments) an Individual Voluntary arrangement could be an option.

The most important thing to remember if you ever find yourself in financial difficulty is to make sure your creditors know exactly what is going on.

Some creditors have a bad reputation for being unsympathetic to those who have found themselves in debt difficult. Because of this, some people are afraid to talk to them. Their situation is bad enough without a creditor giving them a hard time over the phone.

The Office of Fair Trading have guidelines that all creditors should abide by, so it is worth reading up on your rights so that if a creditor does work outside of the guidelines, you will recognise this and this will help you inform your creditors you know what rights you have and how you are protected.

If you find it too difficult to talk to your creditors, you can authorise a third party to deal with your debt on your behalf. As long as you have authorised them, your creditors must respect your wishes.

There are a number of financial companies that help people with debt problems. These companies can explain options that available and encourage you not to over commit yourself into anything that may cause more stress.

It is also important to be wary of banks offering refinance. Refinance could be a good option, however, consider the interest you will be paying back on top of what you borrow.

Don't be tempted by quick fixes, such as borrowing more money, if you know in a few months time you will find yourself back in the same situation.

Regardless of your financial situation, whether you are dealing with personal debt or business debt, there is always a solution. Do not be afraid to seek help

and face your debt on. Do not put letters unopened in the bin or in a drawer hidden away.

As long as your creditors are aware of the situation, they can consider whatever proposals are put before them when coming to an agreement on the best way to repay the debt.