

# Actions your creditors might take

## Priority Debt

Priority debts are important and need to be paid – failure to do so could result in serious action against you.

- Mortgage or rent – if you do not pay this debt you could lose your home.
- Council tax – if you do not pay this debt you could be pursued by bailiffs and/or imprisoned.
- Gas or electricity – if you do not pay these debts your supply could be cut off.
- Magistrate Court Fines – if you do not pay these debts you could be imprisoned.
- Hire Purchase – the creditor could remove the goods.

## Non-priority debts

Non-priority debts are those owed such as unsecure bank loans, credit cards, catalogues, etc. These debts can result in County Court action against you which may result in you receiving a County Court Judgment. This will affect your credit rating.

## Collection Agencies

Sometimes a creditor may sell your debt on to a collection agency. They will write to you and sometimes threaten various types of action to force you to pay, such as visits to your home.

Debt collectors have no power to force you to make a payment. They have no power to come into your home and remove goods. Debt Collectors are just trying to make you pay your debts. They may not consider your financial circumstances.

## Interest and Charges

Creditors can continue to apply interest, charges and fees. As a matter of course, we will ask for these to be suspended but we have no legal powers to insist. If the creditor refuses, the debt can continue to increase.

## Default Notice

To collect a debt governed by the Consumer Credit Act 1974, a Default Notice must be issued by the creditor. This is where you are notified that you have broken the contract with the creditor with the aim to take further action against you. The issuing of this Notice may add extra costs to your debt.

## County Court Action

If you are taken to the County Court, this could result in your debt increasing. If you are issued with a County Court Summons, additional court costs and solicitor fees will be added. Contact your money adviser if you receive this official County Court form.

**Your Money Adviser will provide you with the options available to you to enable you to make an informed decision.**