

# What if I don't know how to deal with my debts

## Read about different debt solutions

**It's important to get free and impartial debt advice before going ahead with a solution, to make sure it's the right one for your circumstances.**

There are different risks and benefits associated with each solution. You need to be sure you're fully aware of them and how they can affect you. For example, your ability to get future credit can be affected if your credit history shows you were on a debt solution; debt consolidation can increase the overall cost of repaying the loan.

It's likely you're not aware of all the different options. Maybe you've seen adverts about writing off debts with an individual voluntary arrangement ([IVA](#)), or heard about [debt relief orders](#), but they're not right for everyone. There are also repayment solutions that are less well known.

The first step is always to look at your income, spending and debts. Then you can see how much money you have left over each month after your "priority bills" (housing, utilities, council tax etc.) have been paid.

### **Debt management plan (DMP)**

Make a single monthly payment through a debt management company. This is based on what you can afford and will be shared amongst your creditors. Many will freeze interest and charges. UK-wide.

### **Debt Arrangement Scheme (DAS)**

Apply for a debt payment plan through DAS: Similar to a DMP, but a legally-binding arrangement with fixed payment terms arranged by approved money advisors. Scotland only.

### **Individual voluntary arrangement (IVA)**

A form of insolvency. Make agreed payments to your debts, usually for five or six years, and at the end any unsecured debts are written off. In Scotland, the Protected Trust Deed is a similar solution.

### **Bankruptcy**

A form of insolvency. Your debts are written off. Any income or assets you have may be taken to pay off some of your debt. Sequestration is the Scottish equivalent.

### **Debt relief order (DRO)**

Apply through an approved organisation and, if you qualify and your financial situation hasn't changed after 12 months, all the debts included will be written off. England, Wales, N. Ireland only.

### **Settlement offers**

If you've received a lump sum of money, you can use this to offer a "full and final settlement". Creditors are more likely to agree if it would otherwise take you a long time to repay them. UK-wide.

### **Debt consolidation**

Pay off debts by combining them with a consolidation loan or a new credit card. Loans may be secured against your home and the interest rates may be high if you're already in debt. UK-wide.

**Be wary of adverts for "government debt solutions" and make sure the advice you're getting is free and impartial.**

**Find out more about the benefits and risks of different [debt solutions](#) by reading the guides by StepChange Debt Charity. Visit their website: [www.stepchange.org](http://www.stepchange.org)**

## **StepChange Debt Charity: Solving the nation's what ifs**

Authorised and regulated by the Financial Conduct Authority.