

# HELPING YOU TO SOLVE YOUR DEBT PROBLEMS

**A guide to Scottish debt solutions**

**0800 505 3848**  
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# Debt help guide

We've put together this guide to help you understand your options for tackling your debts.

Just like everyone's financial situation is different, so are the solutions. There are options for people who are just starting to struggle with their finances, as well as people completely snowed under with debt - and everyone in between.

*Remember, it's always best to get advice from an expert before you choose a solution. If you're struggling with debt, call us on **0800 505 3848 / 0141 305 3020** - we'll be happy to help.*

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# Debt Arrangement Scheme

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A debt payment plan under the Debt Arrangement Scheme can help people with unaffordable debt repayments get back on top of their finances.

## How can it help?

### ***Reduces your monthly payments***

Your unsecured debt repayments will be combined into one and reduced to a level you can afford.

### ***Protects against action from lenders***

As long as it's agreed by your lenders, it's legally binding - so they won't take any further action as long as you keep making your payments.

### ***Puts a freeze on interest & charges***

All interest and charges are frozen, so your debt can't grow. This means more of each payment goes towards clearing your debts.

## Is it right for me?

DAS could help you if you can't afford your unsecured debt repayments, but you can still afford smaller monthly payments.

However, do bear in mind that it will have an impact on your credit rating.

Call us on **0800 505 3848 / 0141 305 3020** or use the Solution Finder on our website **[www.dacscotland.co.uk](http://www.dacscotland.co.uk)** to find out whether DAS could help you.



# Trust Deed

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A Trust Deed is designed to help people with completely unmanageable debts repay as much as they realistically can.

## How can it help?

### ***Writes off unaffordable unsecured debt at the end of the agreement***

The unsecured debt you can't afford will be written off, as long as you repay as much as you can (normally for three years).

### ***Makes your monthly payments affordable***

You'll make just one affordable monthly payment each month. We'll then pass on the agreed amounts to your lenders.

### ***Prevents further action from lenders***

As long as it's accepted by your lenders, your Trust Deed becomes 'protected'. Your lenders will not be allowed to take any further action against you as long as you stick to the agreed terms.

## Is it right for me?

A Trust Deed could help you if you have no way of repaying your unsecured debts within a reasonable time, but can still afford to make monthly payments.

However, keep in mind that it will affect your credit rating. And if you're a homeowner, you may have to release equity from your home to help repay what you owe.

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# Debt Management Plan

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A debt management plan is an informal agreement with your lenders for affordable monthly payments towards your unsecured debts.

## How can it help?

### ***Makes your payments affordable again***

You'll only pay what you can afford towards your unsecured debts each month, leaving you with enough to cover your other living costs.

### ***Could freeze interest & charges***

If your lenders agree to freeze interest and charges, more of each payment will be paying off the debt itself.

### ***We'll take care of your lenders***

Negotiating with lenders can be daunting - so we'll do all that for you. And we'll take care of all the paperwork involved in arranging your debt management plan.

## Is it right for me?

A debt management plan could help you if your unsecured debt repayments are unaffordable, but you can still afford smaller monthly payments.

However, keep in mind that your lenders don't have to agree to this. If they do, repaying your debts over a longer time can increase the total to be repaid. Making smaller payments will affect your credit rating.

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# Debt Consolidation Loan

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A debt consolidation loan is used to pay off existing debts, meaning you're left with one debt instead of many.

## How can it help?

### ***Could reduce your outgoings***

The longer your repayment period, the smaller each payment will be - which could help you make more room in your budget.

### ***Just one monthly payment***

By consolidating existing debts into one loan, you'll have one debt and one monthly payment to manage, which can make budgeting much simpler.

### ***Could reduce interest rates***

You could reduce your interest rate if you have high-interest debts (e.g. credit cards), although a longer repayment period could increase the total to be repaid.

## Is it right for me?

A debt consolidation loan could help to make managing your debts simpler, as long as they are already fairly manageable.

But if you're struggling with your finances, a debt consolidation is unlikely to help. Also remember to think carefully before securing unsecured debts against your home as it could be repossessed if you fall behind on repayments. *Representative APR 15.9%.*

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# LILA

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LILA is a route into bankruptcy for people with a low income and few assets - particularly those struggling to enter other debt solutions.

## How can it help?

### ***A way to apply for bankruptcy***

If you fail to meet the criteria for bankruptcy, or think you might, then LILA could ensure you get the help you need.

### ***Prevents action from lenders***

Once your bankruptcy has been agreed, your lenders can't take any further action against you.

### ***See an end to your debt problems***

Your unaffordable unsecured debts will normally be written off after a year.

## Is it right for me?

Bankruptcy through the LILA scheme could be an option if you want to go bankrupt but your lenders haven't started taking legal recovery action yet.

However, to qualify you must be earning below £237.20 a week (correct at time of printing) and have assets worth less than £10,000 in total.

Also remember that bankruptcy will have a big impact on your credit rating, and as such obtaining credit could be difficult for six years after you are made bankrupt.



