

Money Management and Debt

The Student funding may seem like a lot of money, but remember it will have to last all year, and the best way to organise your finances is to prepare a personal budget.

How should I plan my budget?

There are three aims to working out your personal budget:

- To see how much money you have coming in.
- To see how much money is going out.
- To plan your future spending.

You can do this by completing a personal financial statement. You can find these template budget sheets on various websites and they can also be used to negotiate with creditors. Visit:

www.studentcalculator.org.uk

www.moneyadvice.org.uk/en/tools/budget-planner

<http://budgetbuilder.themoneycharity.org.uk>

Can you give me some tips on filling out a financial statement?

In the **INCOME** section:

- Work out how much you receive per week by dividing your total student loan and grant by 52.
- Include any earnings or benefits which you receive.
- Look at ways of maximising your income. Have you claimed all the grants/loans to which you are entitled?
- Should anybody else in your household be contributing to rent and bills?
- Check to see if you are eligible to claim welfare benefits while studying.

In the **EXPENSES** section:

- Work out how much money you have to spend each week on basic living expenses.
- Don't include any debts or arrears or any credit payments at this stage.
- Take away your total expenses from your total income.
- You can get help with this at: www.stepchange.org

What if my expenses are greater than my income?

If your expenses are more than your income then you will have to cut back on any non-essential expenses. If not, get a job to bring in

extra income, otherwise you will end up in a debt spiral. You must be in control of your finances - don't let the finances/debts control you. If you feel that you cannot reduce your expenses, or increase your income and have debts to clear, you should seek advice immediately from the advice agencies listed on this leaflet.

Try to avoid High Street Money lenders as they have extremely high interest rates. It is better to join a Credit Union. **Note:** your bank will charge you when you become overdrawn through unauthorised transactions. For money saving tips and problems with bank charges, visit: www.moneysavingexpert.com/reclaim/bank-charges (as it may be possible to claim a refund).

What about dealing with debts?

Debts fall into two categories: priority and non-priority.

Priority debts MUST ALWAYS BE PAID FIRST!

If money is left over after these have been paid then the balance should be offered to non-priority creditors. Different debts attract different penalties in the event of defaulting (see below).

PRIORITY DEBTS: OUTCOMES

Rent arrears	Bailiffs/eviction
Mortgage	Repossession
Council Tax	Bailiffs/Imprisonment, Attachment of earnings
Unpaid fines	Imprisonment
Gas/Electricity	Placed on a key/card meter charged at a higher rate

NON-PRIORITY DEBTS: OUTCOMES

Water Rates	Repayment plan/County Court
Telephone	Disconnection
Credit debts	Difficulty obtaining credit
Debts to University	Award withheld, or cannot re-enrol in the next year

Of course debts to the University could also have serious repercussions. The use of facilities will be withdrawn, grades will be withheld and you will not be able to re-enrol, which means your student funding will not be paid into your bank account at the start of an academic year!

Should I tell my creditors that I have other debts?

Yes! It is very important that you always tell each creditor exactly how many other debts you have, the total owing and the rate at which you are repaying each one.

What are the basic rules of money management?

- Always work out your personal budget. It is a useful tool if you are negotiating repayments. Send it with any correspondence or take it with you if you are making a personal visit.
- Do not ignore a problem. It won't go away and often the longer you leave it the worse it gets.
- Get in touch with your creditors. Keep a note of who you spoke to and explain the difficulties.
- Prioritise your debts. Tackle your priority debts first.
- Consider making reasonable offers of repayment based on your personal budget. Do not offer a payment you cannot afford. Irregular payments or breaking agreements could mean creditors start legal action.
- Do not ignore letters from creditors. Always keep a copy of any correspondence you have with your creditors.
- Fill in any reply forms sent from the courts. Never ignore court papers. Many will have a deadline.
- Try to attend court hearings. Take copies of all correspondence relating to the case. The courts that deal with debt will not give you a criminal record.
- Do not borrow money to pay off debts without seeking advice first.
- If you cannot make an offer do not give up. Seek advice immediately!

How do I check my credit rating?

- Experian Consumer Help Service, Tel: 0344 481 8000 or visit www.experian.co.uk
- Equifax Credit File Advice Centre, Tel: 0844 335 0550 or visit www.equifax.co.uk
- TransUnion, Tel: 0330 024 7574 or visit www.callcredit.co.uk

Where to seek Help?

For organisations that can help and may act on your behalf:

- Money Advice Service (MAS) - MAS has many helpful booklets and budgeting tools/planners:
www.moneyadviceservice.org.uk
- Step Change (CCCS) (freephone) 0800 1381111
www.stepchange.org
- National Debtline: (freephone) 0808 808 4000
www.nationaldebtline.org.uk
- Citizens Advice: for your nearest contact:
www.adviceguide.org.uk
- Barnet Money Advice Project Helpline on: 0300 456 8365 or visit www.barnetcab.org.uk
- Mary Ward Legal Centre : 020 7831 7079 or visit www.marywardlegal.org.uk
- The Money Charity: This is a money education charity that helps people to manage their money better. Visit www.themoneycharity.org.uk
- Payplan: They can provide you with a debt management plan and/or an 'Individual Voluntary Arrangement' (IVA) without up-front fees. Call 0800 280 2816 or visit www.payplan.com
- The Insolvency Service: For information, insolvency, bankruptcy and redundancy visit www.gov.uk/government/organisations/insolvency-service or phone 0300 678 0015 (Insolvency) or 0330 331 0020 (Redundancy)
- Finance Conduct Authority (FCA): Prosecute financial companies who do not adhere to financial guidance and regulations. Visit www.fca.org.uk/firms

Note: Some Debt Management Companies provide free advice at first, but charge later depending on the solution provided. We would advise you avoid private Debt Management Companies as there is free help and advice available. **Note:** the FCA will take enforcement action against businesses failing to adhere to their (FCA) guidance.

Any questions?

Email: welfare@mdx.ac.uk or check out our Student Welfare Guides at: <http://unihub.mdx.ac.uk/welfare-guides>

Middlesex University Student Welfare Advice Team has made every effort to ensure that the information contained in this leaflet is accurate. Middlesex University however, cannot be held responsible for any omissions or errors.

July 2018

Money Management and Debt

Produced by the Middlesex University Student Welfare Advice Team