

## Taking control of Debt

As we kick off 2025, it's a great time to take control of your finances, especially if debt has been weighing you down. The Insolvency Service has highlighted several options to help you manage and alleviate serious debt. Here's a rundown to get you started on your journey to financial freedom.

### Seek Free Debt Advice

First things first, connect with a regulated debt advisor. Many offer free services and can guide you toward the best solution for your situation. The UK government provides resources to find free debt advice services.

### Explore Debt Management Solutions

Depending on your circumstances, consider the following options:

*Debt Management Plan (DMP):* An informal agreement with your creditors to pay off your debts at a manageable rate. A debt advisor can help set this up.

*Administration Order:* If you have a County Court Judgment (CCJ) or High Court Judgment (HCJ) against you and owe less than £5,000, this court-based arrangement allows you to make single monthly payments to cover your debts.

*Breathing Space Scheme:* Officially known as the Debt Respite Scheme, it provides temporary protection from creditors, pausing enforcement action

and freezing charges on qualifying debts. You'll need to apply through a debt advisor.

### Consider Debt Relief Options

If repaying your debts isn't feasible, these options might be suitable:

*Debt Relief Order (DRO):* For those owing less than £50,000, with limited income and assets, a DRO can freeze your debts for a year, after which they're written off if your situation hasn't improved.

*Individual Voluntary Arrangement (IVA):* A formal agreement with your creditors to pay back debts over a set period, often at a reduced amount.

*Bankruptcy:* A legal status for individuals unable to repay their debts, leading to the sale of assets to pay creditors. This is a serious step with significant implications and should be considered carefully.

### Act Early

Addressing debt issues promptly can prevent them from escalating. The sooner you seek advice and explore your options, the better positioned you'll be to regain control over your finances.

Remember, you're not alone in this journey. Many have faced similar challenges and found relief through these avenues. Take the first step today by exploring the solutions best suited to your needs.

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