

DEBT MANAGEMENT

What is a Debt Management Plan?

A Debt Management Plan is usually arranged by a third party, who will help you work out the best way to pay off your debts in manageable installments. The process involves the third party dealing with your creditors to agree on the plan.

The DMP provider will help you to contact your non-priority (unsecured) creditors such as your credit card or personal loan providers, to try and freeze interest on your unsecured debts. This is to ensure that any payments you are able to make are used to reduce the debts rather than going towards unaffordable interest payments. They will offer each of your unsecured creditors a pro rata amount of the amount you can afford to pay based on the amount owed to each creditor.

- A Debt Management Plan allows you to pay a monthly amount that you can afford;
- A DMP provider will liaise with your debtors directly so you don't have to;
- LionHeart partner with debt advice charities and can refer you to them to get free, confidential and impartial advice about managing your debt.

I don't have anything left from my monthly income after paying essential bills; can I still enter a plan?

A DMP only works if you have money left after paying essential bills.

I have more than one creditor; do I need a plan for each?

No, you will have one plan to manage all your debts. So even if you have ten creditors, the monthly amount that you can afford to pay, is shared between the ten creditors. You need to include all of your creditors on a DMP.

What about the interest?

The DMP provider will always try to get interest and charges stopped, although there's no guarantee.

How long do DMPs run for?

There is no time limit on how long a debt management plan may remain in place and it can continue until either your circumstances improve, or your debts are paid off - which in some cases may be indefinitely. Although a debt management plan may continue for a long time it may still be the best option.

What is the downside to having a DMP?

As you are making reduced payments to creditors, this will have an impact on your credit rating. DMP can only be used for non-priority debts, so you will have to find other means to deal with more important priority debts.

How much will a DMP cost me to process and manage?

LionHeart can refer RICS members and their families to a free and independent debt charity that we partner with. While our partners do not charge for the service, some for-profit organisations may add a fee to your monthly total. So be sure to contact LionHeart on our lo-call number 08456039057, so that we can refer you for the free service.

Please visit the debt page on our website for more information

http://www.lionheart.org.uk/helping_you/finance/debt

Give us a call, we will always find a way to help.

0845 603 9057

(local rates apply)

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www.lionheart.org.uk/support