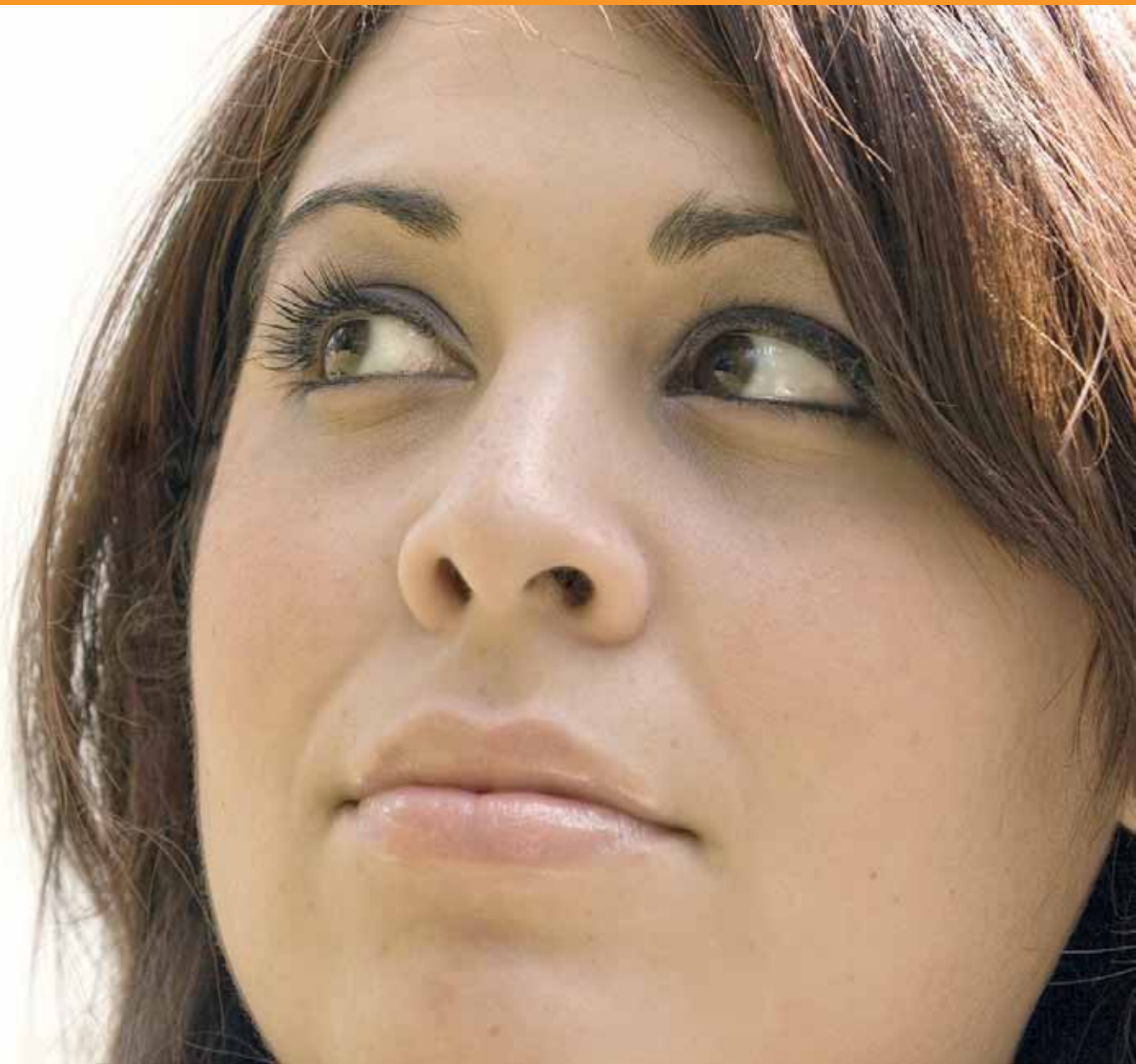


CCCS Bankruptcy Guide

 **CCCS** | DebtRemedy



Introduction

At CCCS, we help people with financial troubles by giving free, impartial advice.

Making yourself bankrupt is a big decision, so it is important that you read as much information about bankruptcy as possible.

Whether you have already decided to go bankrupt, or just want some more information, this guide will help you.

Our guide explains:

- what bankruptcy is and who it is suitable for,
- how to make yourself bankrupt,
- how much bankruptcy costs,
- what debts are included in bankruptcy,
- how bankruptcy will affect your bank account, job, home, car, business, pension, credit rating and confidentiality,
- other debt solutions, and
- how you can contact us.

If bankruptcy is the best option for you, we will be able to help you through the process. We have a specialist bankruptcy team who will support you every step of the way.

Bankruptcy is not the best option for everyone, so we may also be able to help you with more appropriate ways to solve your debt problems.

Our online counselling service, CCCS Debt Remedy, will help identify the best solution for you.



Free anonymous debt advice

Free debt help online from CCCS
Debt Remedy at debtremedy.cccs.co.uk



Section 1 Bankruptcy

- ➔ What is bankruptcy and who is it suitable for?
 - ➔ How do I make myself bankrupt?
 - ➔ How much does bankruptcy cost?
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Section 2 Other debt solutions

- ➔ Debt relief order
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- ➔ How we can help
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Bankruptcy

What is bankruptcy and who is it suitable for?

Bankruptcy writes off all your unsecured debts so that you can make a fresh start.

Bankruptcy is generally more suitable for people whose financial situation is unlikely to improve in the foreseeable future.

It is a form of insolvency. To qualify for bankruptcy, your unsecured debts need to outweigh your assets, such as property and vehicles. If your assets are worth more than you owe through unsecured debts, you will not be able to go bankrupt.

Going bankrupt has serious consequences and can affect your job, home and credit rating, which is why it is important to get impartial advice before deciding anything.

How do I make myself bankrupt?

Bankruptcy is a legal procedure. In order to go bankrupt you have to file a bankruptcy petition at your local county court.

Your finances will then be investigated by a court officer called the official receiver.

Although this sounds intimidating, it is a very straightforward process. People are usually discharged from bankruptcy after 12 months.

If bankruptcy is the best option for you we will be able to help you through the process. We have a specialist bankruptcy team who will support you every step of the way.

No-fee debt management plans

Free online debt help from CCCS
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 CCCS | DebtRemedy

Bankruptcy

How much does bankruptcy cost?

In order to go bankrupt you will have to pay a fee to the court on the day you file your bankruptcy petition.

The bankruptcy fee is split into two parts – a court fee and an official receiver’s fee.

In England and Wales:

- the court fee is £175 and
- the official receiver’s fee is £525.

In Northern Ireland:

- the court fee is £115,
- the official receiver’s fee is £345, and
- there is a solicitor’s fee of £7.

If you are on a low income or receive certain benefits, the court fee may be waived. Whatever your circumstances, the official receiver’s fee always has to be paid.

Once you have petitioned for bankruptcy, the official receiver will look through your finances and decide if you

need to pay anything towards your debts. You may have to pay a monthly contribution towards your debts for up to three years.

The official receiver will not make you pay anything towards your bankruptcy if you cannot afford to, and will always leave you with enough money to live on each month.

If you have any valuable items, such as property, a vehicle, jewellery or savings, the official receiver may arrange for them to be sold, and the money generated will be used to pay back some of your debts.

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Bankruptcy

What debts are included in bankruptcy?

All unsecured debts are included in bankruptcy.

Unsecured debts include:

- credit cards,
- store cards,
- overdrafts,
- personal loans,
- catalogues,
- mobile phone contracts, and
- utility bill arrears.

Secured debts are not included in bankruptcy.

Secured debts include:

- mortgages and secured loans,
- hire purchase agreements, and
- your monthly bills.

If you go bankrupt, your secured debts will not be included, so you will still owe any amount that is outstanding and have to meet these payment.

However, depending on your situation your secured debts may be affected by your bankruptcy. For example, if you have a car on hire purchase, the finance company might make you return it.

Information about how bankruptcy might affect your home is provided in the next section of this guide.

Joint debts

A joint debt is one that you and another person applied for at the same time. This means that you are both named on the credit agreement.

If you have a joint debt and you go bankrupt, the other person named on the credit agreement will be responsible for paying all of the debt back to the creditor. If you have joint debts you should consider how the other person will be affected if they have to pay the entire amount back by themselves.

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Bankruptcy

How will bankruptcy affect me?

Bankruptcy can have very serious consequences for your home and may affect your job, so it is important that you get professional debt advice before you decide to go bankrupt.

Bankruptcy writes off all your unsecured debts. Your creditors will no longer be able to contact you or ask you to repay your debts. Going bankrupt is a way of starting again financially, and for many people it can be the best way of dealing with debts that they will never be able to repay over their lifetime.

However, bankruptcy can have an adverse effect on many areas of your life and these must be considered carefully.

Your bank accounts

If you go bankrupt, you will still be able to have a bank account, but it will be a basic bank account, so you will not be allowed an overdraft or a cheque book. Some banks will allow you a basic debit card.

Your current bank may not allow you to remain with them once you have gone bankrupt (especially if you owe them money) so you may have to open an account at a different bank.

Your job

Some types of employment are affected by bankruptcy. If you work in the financial services industry (for example in a bank), or if you work in a position where you handle money, bankruptcy is likely to affect your job.

Bankruptcy can also affect membership of any professional bodies.

You should always check your employment contract or speak to your human resources department to make sure that bankruptcy won't affect your employment.

Your home

Bankruptcy will affect your home in different ways, depending on whether you rent or own your home.

If you rent your home, you may be able to continue living there after your bankruptcy, unless you have rent arrears. Do check your tenancy agreement, as some have clauses requiring you to leave the property if you declare yourself bankrupt.

If you own your home, and there is equity in it, the official receiver may decide to sell your property. The official receiver will always give you time to find somewhere else to live.

Bankruptcy

If there is no equity in your house, you may be allowed to stay there. If you have a mortgage shortfall (negative equity) and decide to sell your home, the shortfall will be included in the bankruptcy. This area can be complex, so do contact us for further advice.

Your car

Your car will be affected by bankruptcy whether it is owned outright by you or you are paying for it through a finance package.

If you own your car outright, the official receiver may ask you to sell it, unless it is worth only a very small amount.

If the official receiver asks you to sell your car, and you can prove that you need a car in order to get around, you may be given a small amount of money back from the sale in order to buy another car.

If your car is on finance, it is likely that the finance company will end the agreement and that you will have to return your car.

Your business

If you are self-employed you may be able to continue trading after you have declared yourself bankrupt.

If you have a limited company you will not be allowed to continue as a director. This is a complex area, so we recommend you contact us for further advice.

Your pension

Bankruptcy is very unlikely to affect your pension fund, but it may affect you if you are at, or close to, retirement. If you are worried about this, please contact us and we can advise you in more detail.

Your credit rating

Declaring yourself bankrupt will affect your credit rating for 6 years from the date you go bankrupt. This will make it difficult for you to apply for credit.

Your confidentiality

Personal bankruptcy is public information. The details of your bankruptcy will be recorded on the Insolvency Register, which is available to read on the Internet. However, the only people who are likely to look at the Insolvency Register are creditors.

Bankruptcy notices are not normally included in your local paper. The official receiver will only tell those who need to know about your bankruptcy.

Other debt solutions

Bankruptcy isn't suitable for everyone. There may be a more appropriate debt solution for you.

If your assets are worth more than the money you owe in unsecured debts, or if you can afford to repay your debts over a reasonable time, the courts will not allow you to go bankrupt.

We can help you decide which debt solution is suitable for you and we'll support you on whichever route you take.

Visit CCCS Debt Remedy, our online debt counselling service, for an immediate assessment of your finances and to find the right debt solution for you.

This section of the guide describes some of those other solutions and the situations they apply to.

Covered in this section are:

- debt relief orders,
- individual voluntary arrangements, and
- debt management plans.

No-fee debt management plans

Free online debt help from CCCS
Debt Remedy at debtremedy.cccs.co.uk

 **CCCS** | DebtRemedy

Other debt solutions

Debt relief order

Who is it for?

A debt relief order (DRO) is suitable for those who have debts of less than £15,000 in total and no more than £50 left over each month after paying essential living costs.

A debt relief order is a legal procedure similar to bankruptcy. It is not suitable for anyone who owns their home or has assets worth more than £300 (excluding one car up to the value of £1,000).

How does it work?

An intermediary will submit your DRO application to the official receiver. You have to pay a fee of £90, which

you won't get back if your application is unsuccessful.

If your application is successful, your debts will be written off after 12 months, providing you keep to the terms and conditions of the order. During the 12-month period, your creditors are not allowed to chase you for payments or add interest and charges to the debt.

How can we help?

CCCS are among the few approved organisations able to submit debt relief order applications, and we have a team of intermediaries who can help you with your application.



Other debt solutions

Individual voluntary arrangement

Who is it for?

An individual voluntary arrangement (IVA) is a legal process for people with unsecured debts.

How does it work?

An IVA is arranged by an insolvency practitioner who will help and advise you throughout the process.

The insolvency practitioner will assess your finances and draw up a proposal for your creditors. Your available income is used to make affordable monthly payments towards your debt over an agreed period – usually 5 or 6 years. You can also pay a lump sum towards your debts. At the end of the agreed period, your remaining debt is written off.

Your IVA can only go ahead if over 75% of your creditors who vote accept your IVA proposal. By agreeing to the IVA, your creditors consent to take no further legal action to recover the debt, providing you keep to the terms of the proposal. There is a fee involved in organising the IVA, but this will be included in the payments you make.

Your insolvency practitioner will contact you once a year to review your finances. You and your creditors will receive an annual progress report and notification when the IVA is complete.

How can we help?

Our online service, CCCS Debt Remedy, will be able to tell you if an IVA is suitable for you. Should you decide to go ahead, CCCSVA, our IVA service, can support you throughout your IVA. You may also contact your own IVA provider if you wish.

Debt free with IVA?

Explore all debt solutions with CCCS Debt Remedy at debtremedy.cccs.co.uk

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Other debt solutions

Debt management plan

Who is it for?

A debt management plan (DMP) helps people who have some money left over at the end of the month, but not enough to pay all their debts.

How does it work?

A debt management plan is normally arranged by a third party – for example, a charity like CCCS or a debt management company. The organisation arranging your DMP will draw up a proposal for your creditors, asking them to accept reduced payments and to put a stop on interest and charges.

With a DMP you pay only one monthly payment, which the debt management organisation will divide between your creditors.

How can we help?

CCCS has a very high success rate with debt management plans. As a respected debt charity, creditors usually agree to our proposal. Our services are completely free and we won't charge you for arranging and managing your plan. That means everything you pay goes towards reducing your debts.

The key to the success of any debt management plan is that you only

pay what you can afford and as your situation improves, you pay the debt off as soon as you are able to.

Our priority in arranging a DMP is to make sure you have a reasonable amount of money to live on, meaning you can keep up to date with all your household bills, while clearing your debts as quickly as possible.



CCCS debt counselling

If you have debt problems, we know how stressful it can be.

You're bound to be worried and maybe feel like there's no way out, but here's the good news – we can help you.

It doesn't matter who you are or where you live within the UK – we help people from all walks of life. We can give you the information and support you need to tackle your financial troubles and win your battle with debt.

Don't make it worse

Although we can help you at any stage of your debt problem, it's important you get in touch with us as soon as possible, not least to save you any more sleepless nights.

It's also important that you don't borrow any more money before talking to us.

So:

- don't take out any more loans,
- stop using your credit cards,
- don't increase your overdraft, and
- don't consolidate your debts into one loan and secure it against your home.

You're not alone

There are millions of people in the UK having problems with their debts. There's no need to feel ashamed or embarrassed. Don't punish yourself or worry any longer – do something practical instead. Get free, professional debt counselling from us today.

No-fee debt management plans

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Debt Remedy at debtremedy.cccs.co.uk

 **CCCS** | DebtRemedy

CCCS debt counselling

How we can help

If you are thinking about bankruptcy, or you're struggling to pay your debts, we can help.

At CCCS, we are dedicated to providing free and impartial debt advice. As the UK's largest debt advice charity you can be confident that we have the knowledge to help you with your debt problems.

By using our online CCCS Debt Remedy service, you can get an immediate assessment of your financial situation and we can provide emergency debt help if you need it.

We'll conduct a full review of your debts, income and spending, and recommend the best debt solution for your circumstances. Whatever your situation is, we will be able to give you some debt help so you can resolve your problems.

Contact us

CCCS Debt Remedy is FREE and confidential, giving you online debt help, advice and support when you need it most.

If you prefer to speak to someone confidentially, call our Helpline on 0800 1381111 to arrange a telephone appointment.

CCCS is part of the Foundation for Credit Counselling
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