

## Debts

### Priorities

Debts can be priority and non-priority debts.

Some debts result in serious consequences such as losing a home, having services cut off or losing a car if this is on hire purchase. We could even face prison for non-payment of fines.

It is important to focus on repayment of these priority debts first

People need to seek immediate advice if any of the following priority debts apply:

**Priority debts** may include non-payment or arrears of the following:

- rent or mortgage payments
- secured loans
- business rent
- business rates
- council tax
- electricity and gas charges
- Magistrates' court fines
- child support or maintenance
- hire purchase or conditional sale agreements
- Income Tax or VAT
- TV Licence.

We may feel that non-priority debts are the most important because companies often chase more persistently to repay them or because we feel a personal obligation to pay back debts to family or friends first. Debts that do not affect your home or have the immediate threat of fines or legal action are non-priority.

**Non-priority** debts include:

- default on loans that are not secured against a home
- credit card or store card debts
- home credit and mail order finance
- overdrafts
- money borrowed from family and friends.
- water charge arrears - Water companies may no longer disconnect supplies to enforce payment, but payment of water bills should still be high up the list of debts to be paid
- County Court orders - Where there has been an order to pay a debt via a county court order, however courts will take into account someone's ability to pay.