# **Debt Advice And Information Package**

You have been given this booklet because one of the following is happening or is about to happen:

* someone that you owe money to is using a legal process to get back what you owe to them
* someone that you owe money to intends to ask the court to make you bankrupt
* you have discussed entering a trust deed with an insolvency practitioner
* you have discussed the issue of a Certificate for Sequestration with an authorised person

The law says information about where to obtain debt and money advice must be provided to you before further action can be taken.

This booklet contains important information about getting advice to help you deal with your creditors and your debt. This booklet is for general guidance only. It is not a detailed or full statement of the law.

# **Do not ignore this information**

Ignoring your debts can lead to serious problems. You could lose your possessions, including your home and savings, or be made bankrupt. Getting money advice as soon as possible can help you to deal with your debts and your creditors and may help you improve your situation.

If someone has provided you with this booklet, action is being taken, or is about to be taken, against you.

# **Who can give me help and advice?**

# There are a number of people who can give free, confidential, and impartial money advice face-to-face in your local area. Some organisations may also give information and advice over the telephone or online.

People who can give free, face-to-face advice include advisers at Citizens Advice Bureaux and Local Authority money advisers.

You can find a local, free money adviser by contacting:

Money Advice Scotland

Telephone: 0141 572 0237

[www.moneyadvicescotland.org.uk](https://www.moneyadvicescotland.org.uk/)

Citizens Advice Scotland

Telephone: 0808 800 9060

[www.cas.org.uk](http://www.cas.org.uk)

Other organisations that can give free advice include:

StepChange Debt Charity

Telephone: 0800 138 1111

[www.stepchange.org](http://www.stepchange.org)

Advice Direct Scotland

Telephone: 0808 196 2316

[www.moneyadvice.scot](https://moneyadvice.scot/)

National Debtline Scotland

Telephone: 0808 808 4000

<http://www.nationaldebtline.org>

Business Debtline

Telephone: 0800 197 6026

[www.businessdebtline.org](http://www.businessdebtline.org)

If you do not have access to the internet your local library may be able to provide online services for free.

You can also obtain advice from insolvency practitioners although you should ask if they will charge for their initial advice or for any other work they may do in connection with your debts.

The Institute of Chartered Accountants of Scotland (ICAS) and the Insolvency Practitioners Association (IPA) can help you find an insolvency practitioner in your area:

ICAS

Telephone: 0131 347 0100

[www.icas.com](http://www.icas.com )

IPA

Telephone: 020 7623 5108

<http://www.insolvency-practitioners.org.uk>

You can also contact a solicitor, a financial adviser or a debt management company, although they will probably charge you a fee. You may be entitled to legal aid to help with the cost of a solicitor.

Whoever you ask for money or debt advice, make sure the person you speak to knows you live in Scotland.

# **What can they do for me?**

People who provide debt and money advice can look at your personal situation, discuss the options available to you and help you decide which is the best course of action for you.

You may also be given information on how to maximise your income or deal with emergencies. For example, they may discuss whether you are entitled to benefits and what you can do if your bank account is frozen, if your gas or electricity is cut off or if you are facing eviction.

A money adviser can help you deal with your creditors. They may also help you with applications to court and represent you at court hearings.

# **What can I do about my creditors and debts?**

Most importantly, do not ignore your creditors or your debts.

If you take action as soon as possible there may be ways to improve your situation. Your options may include:

* making informal arrangements with your creditors
* arranging for extra time to pay what you owe
* setting up a debt payment programme under a Debt Arrangement Scheme (DAS)
* entering a trust deed
* applying for your own bankruptcy (there may be an application fee for this)

A money adviser can help you decide what to do, give you advice about all the above options and tell you if there are more options for you. They can also tell you about the consequences of any of these options.

**The consequences of not dealing with your debt**

If you have been provided with this booklet, one of the following is happening or is about to happen:

## **Someone that you owe money to is using one of several legal processes called diligence to get back what you owe.**

In Scotland, there are a number of legal processes that people you owe money to (your creditors) can use to get back what they are owed. These processes are known as diligences and are usually carried out by sheriff officers on behalf of your creditors.

These are some of the diligences that can be used:

* your employer can be instructed to make deductions from your wages. This is known as arrestment of earnings
* your bank can be instructed to freeze funds in your bank accounts and to release those funds to your creditor after 14 weeks. This is known as arrestment
* someone who has goods belonging to you can be instructed to freeze them. The goods can later be removed and sold at auction. This is also known as arrestment
* your creditor can ask a sheriff officer to secure some items in your possession. This is known as attachment. The items can later be taken away and sold at auction. Goods inside a dwellinghouse can only be attached in exceptional circumstances
  + sheriff officers can be instructed to take away money in your possession through money attachment
  + your creditors can register an inhibitionto prevent you disposing of your home or other property that you own.

When using most diligences, creditors are required by law to provide you with this booklet.

## **Someone that you owe money to intends to ask the court to make you bankrupt**

Your creditors can ask the court to make you bankrupt if you owe them at least £5,000. They must provide you with this booklet.

In Scotland, sequestration is the legal word for bankruptcy.

Bankruptcy has serious consequences. It will affect your credit rating and make it difficult for you to get credit in future and can affect your employment or future employment. Your bank may freeze or close your bank accounts. Bankruptcy can lead to the loss of your home, vehicles and other possessions.

If you are made bankrupt, control of your assets (things you own), such as your home, car, savings and other items, automatically passes to your trustee who may sell them to pay your creditors. Your trustee is the person responsible for overseeing your bankruptcy.

## **You have discussed entering a trust deed with an insolvency practitioner**

If you sign a trust deed, you enter an agreement with a trustee who will administer the trust deed. You must co-operate with your trustee. You agree that control of the things you own, including your home, car, savings and other items passes to your trustee who may sell them to pay your creditors. You usually also agree to pay a regular amount from your wages or other income.

If enough of your creditors agree to the terms of your trust deed, it can become protected. As long as you keep to what you have agreed, your creditors are not allowed to take further action against you.

Insolvency practitioners are required by law to provide you with this booklet if you are about to set up a trust deed with them. They must give you this booklet before you sign the trust deed.

## **You have discussed the issue of a Certificate of Sequestration with an authorised person**

A Certificate for Sequestration certifies that you are unable to pay your debts as they become due. You can use the certificate to support an application for your own bankruptcy.

Authorised persons who can grant a certificate include most money advisers, insolvency practitioners and some people who work for insolvency practitioners. The authorised person must tell you about all the options available to you and must provide you with this booklet prior to granting you the Certificate for Sequestration.

# **Further information**

Further information about bankruptcy, trust deeds, the Debt Arrangement Scheme and the legal processes known as diligences can be found on [mygov.scot](https://www.mygov.scot/browse/money-and-tax/money-and-debt-advice/debt-solutions).