



Money Advice

Attachment

An attachment can stop an individual selling items that belong to them and can result in Sheriff Officers selling possessions at auction to recover money that an individual owes to their creditor(s). This applies only to possessions that are outside the home however there are some exceptions to this.

Bankruptcy

A legal process by which an individual is declared formally insolvent by a court. An individual must owe £1,500 or more before they can make themselves bankrupt. This can be a single debt or the total of several debts. A Certificate of Sequestration is the Scottish term for bankruptcy and must be signed by an authorised person. The certificate is provided by a Money Advisor or an Insolvency practitioner who, after reviewing the financial information you have provided certifies you are unable to pay your debts as they become due.

Charge for Payment

An official demand for payment following a decree.

Composition

This is a process whereby creditors agree to accept less than the full payment due provided the contribution amount towards the debt is agreed.

Creditor

The person, business or organisation which is owed money.

Decree

An order from the court which states that an individual must pay money to their creditor.

Debt Arrangement Scheme

A Debt Payment Programme which gives individuals more time to repay debts (normally in less than 10 years). Stops Interest charges and protects assets provided your ongoing liabilities are paid.

Diligence

Diligence is the term in Scots law for the legal enforcement of debt recovery. Most common forms would be a wage arrestment, a bank arrestment, an attachment, an exceptional attachment and bankruptcy.

Equity

Regarding what a property is worth valued against what the owner owes against the mortgage or any second secured loans would confirm equity.

Exceptional Attachment

An attachment of assets that belong to an individual. These are assets that are kept within the home.

Inhibition

An inhibition prevents an individual from selling or re-mortgaging their home unless they pay their debts to the creditor.

Low Income Low Assets (LILA) Bankruptcy

An individual may apply for this form of bankruptcy if they have a 'low income', meaning their income is less than the national minimum wage (based on a 40 hour week) and 'low assets' meaning their total assets do not total over £10,000 and no single assets can be worth more than £1,000. You cannot own a property. The fee for this form of bankruptcy is £200.

Moratorium

An individual can contact their creditor and ask for a moratorium if they have debts and are experiencing financial difficulty (have no disposable income). The individual should explain the reason for their change in circumstances and ask that action is withheld for a period of, for example, 6 months. A request can be made to suspend interest and further charges for this period of time.

Priority Debts

Some debts can be classed as more important than others. Secured loans, mortgages and all other loans secured against a property are classed as priority debts as if these are not paid it can lead to repossession action by the lender. Rent arrears, council tax, fines, child maintenance, charges for utilities, TV licence, tax and VAT, hire purchase and conditional sale and National insurance contributions are also classed as Priority Debts.

Pro-rata

When an individual has some disposable income and they wish to repay their debts. Each creditor will get a share of the money available according to how much is owed.

Summary Warrant

A court order granted to local authorities giving the creditor permission to recover the money owed by an individual, for example, to recover Council Tax.

Token Payment

When an individual does not have enough money left over to pay the full amount they owe to their creditor, but they offer a reduced payment of something they can afford.

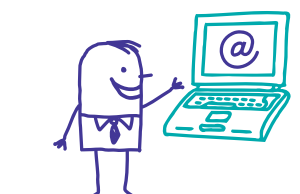
Trust Deed

A form of debt relief that protects and individuals assets and stops enforcement from creditors. It is a chosen alternative to bankruptcy if an individual has some disposable income where they can transfer all or part of their estate to a trustee who will handle it for the benefit of the creditors.

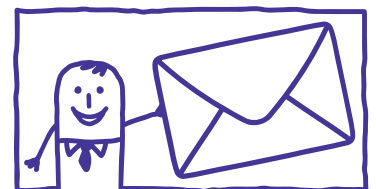
Write Off

An individual may ask their creditor to 'write off' their debt if their outgoings are greater than their income, they have no money left over and the situation is unlikely to improve, for example, if an individual is suffering severe mental health problems or from a terminal illness.

Getting in touch



www.renfrewshire.gov.uk/adviceworks



Visit or write to:
Advice Works, 25 Church
Street, Johnstone PA5 8FA