

Helen & Colin's story

Profile

*Helen & *Colin found themselves in serious financial difficulty, because of a change in their circumstances, even though once they had both had good incomes. They had a mortgage on their primary residence and substantial debts owing to secondary creditors. When they contacted their local MABS Service many legal actions were either pending or already taken. When the MABS Adviser had assessed them it became clear that all of the debts were being dealt with by solicitors from different credit institutions. No negotiations had taken place directly with creditors, the solicitors engaged on the creditors' behalf did not enter into a holistic process or gather information on all other debts to establish their position, and so Helen and Colin's situation was not known or fully understood by anyone.

Before contacting MABS, Helen and Colin had considered putting their home up for sale. They thought the only thing they could do was to try to pay-off their debts from the proceeds of the sale.

After being assessed and advised by a MABS adviser:

- Helen and Colin contacted all the solicitors in writing immediately and they all agreed to allow Helen and Colin time to prepare a financial statement and offers of repayment.
- Helen and Colin undertook a detailed budgeting exercise to establish what they could afford to repay on each of their debts.
- The mortgage arrears were given priority. An affordable and sustainable amount was agreed, ensuring arrears could be cleared within an agreed period of time and legal action was stopped.
- Pro-rata offers were made to all the remaining creditors in accordance with relevant Codes and Protocols agreed between the creditors and MABS. All offers were agreeable to the creditors and accepted.
- As Colin and Helen had access to a banking facility, all agreements were made on the basis that they would be maintained by monthly direct debit through Colin's bank account.
- To date they have never missed agreed payments.
- Having been to MABS Colin and Helen have much better budgeting skills, they feel in control of their finances, they are hopeful that their situation will improve and when it does they will notify their creditors with a view to increasing their repayments.

If you are in financial difficulty the importance of communicating early with your creditors cannot be over emphasised. If Colin and Helen had approached their creditors when their circumstances had changed they would have saved themselves a lot of anxiety and sleepless nights as well as saving their creditors money and time.