

R3 – the trade body for Insolvency Professionals

Press Release

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Ten Tips for Dealing with a New Year Debt Hangover – R3

R3, the insolvency trade body, is advising people struggling with debt to make addressing their financial headaches a New Year's Resolution.

Giles Frampton, R3 President, recommends a ten-point plan for dealing with a New Year debt hangover, highlighting the need to recognise, review and address money issues directly:

“For those with debts, seeking advice early from a qualified source is the best course of action. The more debt builds up, the fewer options there are available. Confronting financial difficulties straight on is the best way to prevent drowning in debt during 2015.”

R3's top ten tips for managing a debt hangover are:

- 1. Acknowledge the problem.** Avoiding personal finance problems will only make them worse.
- 2. Ask for help.** Professional advice is readily available and is often free of charge, whether it's an initial meeting with a licenced insolvency practitioner, or help from the National Debtline, a local Citizens Advice Bureau, or the Insolvency Service helpline.
- 3. Be honest with yourself.** Start by working out how much you owe, ensuring nothing is omitted and work out your income and expenditure.
- 4. Prioritise the payments of your debts.** An advisor, as mentioned above, can help.
- 5. Budget.** Identify your essential financial commitments and cut back on luxuries. Maintain the minimum monthly credit card payments to retain your credit rating.
- 6. Communicate with your creditors.** By getting in touch with your creditors at an early stage, you can give them an opportunity to help that might not be there in future.
- 7. Be transparent.** Give full details about your financial situation to both your advisor and your creditors.
- 8. Take your time before choosing the solution that's right for you.** Don't allow yourself to be pressurised, and make sure you are taking advice from a regulated professional.
- 9. Don't keep digging.** Avoid turning to new credit cards or payday loans to plug the gap in your day-to-day finances. This might only make your situation worse.
- 10. Learn about your options.** If you require a formal insolvency procedure, there are a number of options appropriate to different levels of debt. Formal options include Debt Relief Orders (DROs) for smaller debts, Individual Voluntary Arrangements (IVAs), and bankruptcy. It will cost more time and money if you start off in the wrong solution, so make sure you take advice about all the options open to you.

ENDS**For more information, please contact:**

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Notes to editors:

- R3 is the trade body for Insolvency Professionals, and represents the UK's Insolvency Practitioners.
- R3 comments on a wide variety of personal and corporate insolvency issues. Contact the press office, or see www.r3.org.uk for further information.
- R3 promotes best practice for professionals working with financially troubled individuals and businesses; all R3 members are regulated by recognised professional bodies.
- R3 stands for 'Rescue, Recovery, and Renewal' and is also known as the Association of Business Recovery Professionals.