

# Let's Talk

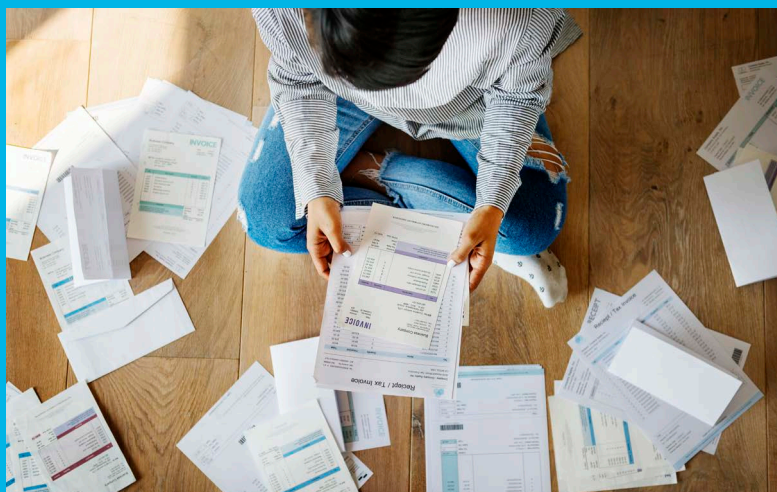
## Debt

Police  
Mutual

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Money worries are not just a financial problem they can cause relationships to end, people to lose homes and families to break down. People from all walks of life can end up in debt for many different reasons, divorce, redundancy, ill health, bereavement.

It's not always easy to talk about money worries but if you're struggling financially it's important to take action. According to **PayPlan**\* 1 in 6 people struggle with debt. If you're worrying about money there are things that you can do to get your finances back on track.



A person's financial wellbeing is made up of their relationship with money and understanding of how it affects everyday life. Good financial wellbeing means you're in control of managing money and understand how any changes will affect you. Bad financial wellbeing is dangerous and can lead to long-term problems if left alone without help.

# Below are some tips on how to improve your financial wellbeing:

- **Take stock** - who do you owe money to, how much do you owe, over what term is it owed, what do you need to pay each month and what is the interest rate you're being charged.
- **Work out your budget** - what money do you have coming in and what do you need to pay for. Use our budget calculator [here](#) to help you manage your money. Set yourself a daily spend limit based on how much disposable cash you have each month.



- **If you're looking to make savings** - check that you're not overpaying for your bills and utilities, where can you make savings, for more information use the link [here](#).
- **Set yourself saving goals** - saving regularly could provide you with a financial buffer for any unexpected bills or be used to save for short term purchases or long term aspirations. There are many ways to save but for more details of the Police Mutual ISA click [here](#).
- **Check your bank balance regularly** - so there are no nasty surprises.



- **Review your insurance** - why not see if Police Mutual could save you money on Car insurance [here](#) or Home insurance [here](#).
- **Review your mortgage** - to see if you can reduce your monthly outgoings, check with your provider or an independent mortgage advisor.



- **Check your credit score** - using one of the various companies available online including, [Experian](#), [Equifax](#) or [TransUnion UK](#). For more details on the impact of your credit profile click [here](#) to read our guide.

## Be aware of how you spend your money

Using credit for essentials such as groceries is a warning sign that something is not right. Stick to **the golden rule of borrowing**: don't go into debt for something that will last for less time than it takes to pay back the amount borrowed.



For help on how to spend less click [here](#) to read our guide.

Understanding your debts and how much you're paying back is important. No debt problems are unsolvable and the earlier you deal with them the easier they are to deal with.

### Do you have a Debt problem?

- I find myself using my credit card for essential purchases, like food and bills
- I'm constantly worried about managing my money
- I'm behind on my mortgage and can't catch back up
- I am struggling to manage even the minimum payments on my credit card
- I'm being contacted about unpaid bills or missed payments
- I'm relying on quick fix short-term loans
- I'm borrowing from friends or family

If any of these sound familiar, see [where you can get help below](#).



**Most of us will need to borrow money at some point in our lives, whether it's for a student loan, a car, or to pay for your first home.** There are lots of different ways to borrow money, so before borrowing it's a good idea to find out details of the different options available so you can make a choice about which one is best for you.

The most common forms of borrowing are personal loans, credit cards, overdrafts and mortgages. For

more details of the various types of borrowing click [here](#) to read our guide.

When you take out any form of credit, you'll borrow an agreed amount from a person or organisation and pay regular repayments over a period of time.

If you can't afford to make the repayments, or you're missing the repayments and interests and charges are adding up, you may be in problem debt.

## Which are your priority debts?

If you are in debt, it's important that you know the difference between your priority debts from non-priority debts.

With so many types of credit and debt out there, it's vital to know which debts to pay off first.

Priority debts are your debts that can cause you particularly serious problems if you don't pay them and may lead to:

- **bailiffs at the door**
- **the potential loss of your home**

Above all else, it's important that you keep a roof over your head, so mortgage and rent arrears, along with secured loans, are the priority.

Once these debts are paid you can then sort out your non-priority debts. The consequences for not paying non-priority debts aren't as serious as not paying a priority debt, as they won't have an immediate effect on your daily life. However, dealing with these debts is still important as missing payments can impact your credit score.

Once your housing-related bills are taken care of, then look to any other priority debts such as Council Tax and utilities.

## Understanding your credit score

When you apply for any type of credit, which could be a phone contract, a credit card or a mortgage, the lender will usually check your credit score.

Your score will help to tell your lenders how likely you are to be able to keep up payments. It will also alert them to anything they should consider before agreeing to lend to you.

For more details on the impact on your credit score read our guide [here](#).

## Here are some ways to improve your credit score:

**Pay off any existing debts** – any missed payments can be seen on your credit report for six years. Your rating will improve when you are seen to be making consistent repayments.

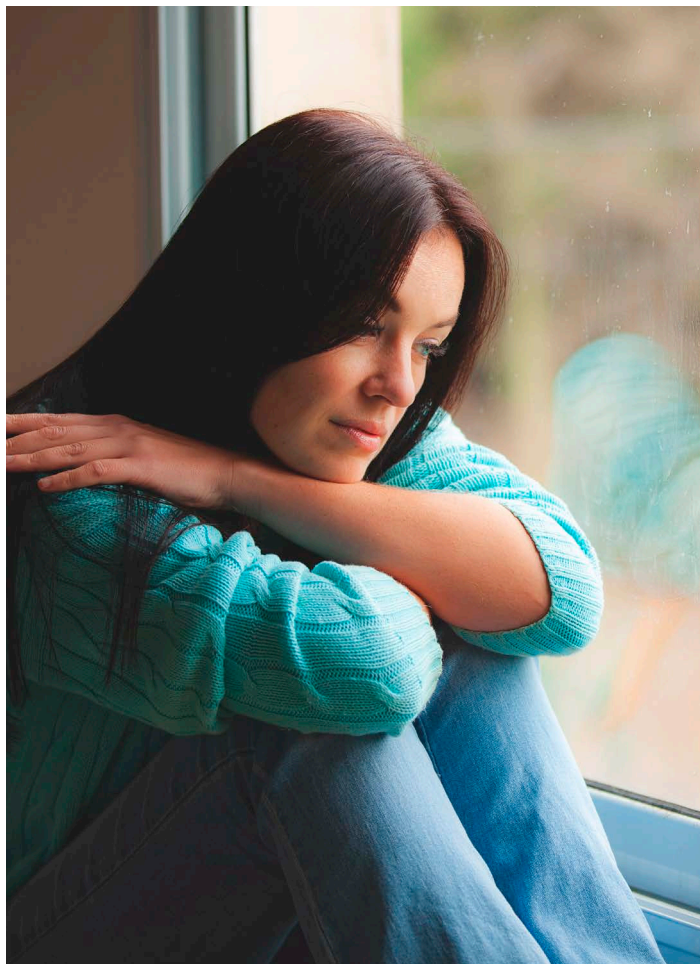
**Register on the electoral roll here** [registering to vote](#).

**Pay your bills on time** – by paying your bills by direct debit it ensures they are always paid on time.

**Check for any fraud and mistakes on your file** – if you notice something suspicious, contact your chosen credit reference agency and let them know.

**Use credit for items you'd usually pay for** – so long as you pay off your balance in full every month.

Having a good credit score is important, it may affect if you can get a mortgage, credit card or a loan and also the interest rate offered to you. It may also affect mobile phone contracts, monthly car insurance, bank accounts and more.



**Worrying about money can negatively affect your mental health and for those people experiencing mental health problems it makes it harder to manage their finances. Problem debt can also be linked to suicide.**

According to Money and Mental Health Policy Institute over 420,000 people in problem debt consider taking their own life in England every year, while more than 100,000 people in debt actually attempt suicide annually\*\*. To read more about debt and mental health, click [here](#).

According to the Police Federation's annual Pay & Morale survey results published in November 2020 around a third of respondents worried about the state of their personal finances either every day or almost every day.

It's important to start talking about money worries before your situation gets worse. Talking about money will give you the confidence to get help and find out who can best advise you on any problems. It can give you a great sense of relief to share your problems, so you're not facing them alone. It's important to seek professional advice as soon as possible and not wait until it's more difficult to find a solution.

## Getting help

If you would like to talk to someone about debt, the following organisations are here for you:

### PayPlan\*

We've teamed up with PayPlan, one of the UK's leading free debt advice providers, who offer free and confidential advice to anyone in serious financial difficulties.

They're able to advise you on a range of debt solutions suited to your individual circumstances, helping to protect you and your family with a sustainable way to manage your debt.

To get free and confidential help to combat your debt, call PayPlan\* on **0800 197 8433**. If you don't want to talk on the phone contact them using their online form.

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

### Citizens Advice

Citizens Advice provide a full debt and consumer advice service, many bureaux have specialist caseworkers to deal with any type of debt.

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

### National Debtline

National Debtline provides free advice and resources to help people deal with their debts. Advice is available over the phone, online and via webchat.

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

### StepChange Debt Charity

A full debt help service is available across the UK. Online support is also available.

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



**For more information about the products and services available from Police Mutual:**

**Call us 01543 441630**  
**Visit [policemutual.co.uk](http://policemutual.co.uk)**

**We're open from**  
**9am - 5pm Mon - Fri**

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\*\*Money and Health Policy Institute report 'a silent killer' Published December 2018.

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