

# money money money

personal finance handbook

## Your guide to :

- Managing It** •
- Getting It •
- Spending It** •
- Banking It •
- Borrowing It** •
- Saving It •

**March 2009**

This guide has been commissioned by the four locally based Argyll housing associations:

● Argyll Community Housing Association	01546 604088
● Fyne Homes	0845 6077117
● Dunbritton Housing Association	01389 761486
● West Highland Housing Association	01631 566451



It has been funded by the Scottish Government through its wider role grant.

The Guide was written by Nick Hopkins, of Nick Hopkins Consulting, with support from Clair Malpas of Cassiltoun Housing Association.

The authors of the Guide would like to thank all the tenants who gave up their time to be interviewed about money management, and all partners who gave feedback on earlier drafts.

This guide is also available on the websites of the housing associations at:

- [www.acha.co.uk](http://www.acha.co.uk)
- [www.fynehomes.org.uk](http://www.fynehomes.org.uk)
- [www.chconline.org.uk](http://www.chconline.org.uk)
- [www.westhighlandha.co.uk](http://www.westhighlandha.co.uk)

If you know someone who may need help in reading this guide please call one of the following Adult Literacy and Numeracy workers in your area:

Helensburgh and Lomond	- Gordon Mackinnon	01436 670481
Oban, Lorn and the Isles	- Brian Marden	01631 562466
Cowal	- Sallie Condry	01369 704669
Bute	- Liz Doig	01700 503696
Mid Argyll and Kintyre	- Pam Staley	01546 604757

# welcome...

Welcome to Money, Money, Money, a Guide to money management for all housing association tenants in Argyll and Bute.

Within this Guide you'll find advice on:

- Budgeting and money management
- Managing your home
- Work and Benefits
- Borrowing
- Saving
- Banking

You'll also find out where to get more detailed information, and local services that can provide you with confidential advice. The Guide can't make sure that you always make the right decisions about how you use money, only you can do that. It can give you good ideas and tips for managing your money that you can use, and point you in the right direction for further help.

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# Local Sources of Advice and Help...

You don't have to try to deal with any money issues you have by yourself. There are a number of sources of confidential advice available in Argyll and Bute, where support is delivered by highly experienced and skilled advisers.

## Sources of Money Advice

- In Oban, Lorn and the Isles, and Helensburgh, Dunoon and Cowal, advice will be provided through **Argyll and Bute Council's Money Advice Unit**. To make an appointment, please contact 01546 604326, telling them that you are a housing association tenant.
- In Mid Argyll and Kintyre, Islay and Jura, advice will be provided by **Argyll and Bute Citizens Advice Bureau (CAB)**. To make an appointment, please contact 08456 123 808, telling them that you are a housing association tenant.
- On the Isle of Bute, advice will be provided by the **Bute Advice Centre** please contact 01700 502 784, telling them that you are a housing association tenant.

## Sources of Welfare Rights Advice

### ● **Argyll and Bute Council Welfare Rights Unit:**

- Bute - Dolphin Hall, Manse Avenue, Dunoon, PA23 7AQ, Tel:01369 708690
  - Dunoon, Cowal and Inveraray - address as above. Tel: 01369 708645
  - Kintyre and Islay, including Tarbert - Old Registrar's Building, Witchburn Road, Campbeltown, PA28 6JU, Tel: 01586 552 659
  - Oban and Lorn - Lorn Resource Centre, Soroba Road, Oban, PA34 4JA, Tel: 01631 563068
  - Helensburgh & Lomond - 45 West Princes Street, Helensburgh, G84 8BP, Tel: 01436 658714
- **Argyll and Bute Citizens Advice Bureau**, Riverside, Oban Road, Lochgilphead, Argyll, PA31 8NG, Tel: 08456 123 808
- **Bute Advice Centre**, 13 Argyle Street, Rothesay, PA20 0AT, Tel: 01700 502 784

## Credit Unions

There are five credit unions operating in Argyll and Bute. Each offers a range of services, which includes savings accounts, loans, and accounts for children.

Once you become a member, you can take advantage of their excellent loan rates. Credit unions differ from other organisations in that you can apply for very small amounts, as well as for larger loans.

For some credit unions, the maximum amount you can borrow depends on how much you have saved, others will allow you to borrow as much or as little as you need, with decisions on your loan based on your income and spending, and your ability to repay the loan.

Deals have been struck between some of the local housing associations and some of the local credit unions so that you can pay into your credit union savings account when you pay your rent. Ask at your local housing office for details. Some employers also allow you to pay into your credit union account using a direct salary deduction each pay day. Ask your employer if they do this.

You can contact the credit unions direct as follows

- **Bute Credit Union**, 5 King Street, Rothesay, Tel: 01700 502 000
- **Dumbarton Credit Union** (covers Helensburgh and surrounding areas to Arrochar) Tel: 01369 768 585
- **Islay and Jura Credit Union** contact at McTaggart Leisure Centre, School Street, Bowmore, Isle of Islay, PA43 7JS  
email: [ijcu@clara.co.uk](mailto:ijcu@clara.co.uk) Tel: 0771 107 3101
- **Scotwest Credit Union** (whole of Argyll & Bute) tel: 0845 634 7634 or 0141 227 2390 email: [office@scotwest.co.uk](mailto:office@scotwest.co.uk)  
web site: [www.scotwest.co.uk](http://www.scotwest.co.uk)
- **South Kintyre Credit Union** 25 Longrow, Campbeltown, Argyll, PA28 6ER Tel: 01586 553 368

### **‘Money Made Clear’**

The internet is a fantastic resource for finding out more information about managing your money, but it can be difficult to know which advice, and which websites to trust. We highly recommend the **Financial Service Authority’s (FSA) ‘Money Made Clear’** website, [www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk)

This provides both basic and more detailed information on almost any personal finance related question you can imagine. The website includes useful information and tools such as:

- A personal budget calculator
- A savings comparator
- Information about bank accounts, borrowing, pensions, savings and insurance, amongst other things.

If you need access to a computer most public libraries will have one available for public use. If you're not very familiar with the internet don't worry, you can ask for free copies of the leaflets that the FSA produces by phoning their helpline on 0845 606 1234, or you can get hold of them by text, phone 0845 730 0104.

#### **Other Online General Advice Sites:**

From the CAB: [www.adviceguide.org.uk](http://www.adviceguide.org.uk)

From the Scottish Government: [www.moneyscotland.gov.uk](http://www.moneyscotland.gov.uk)



# Budgeting and Spending...

## Main Messages on Budgeting:

- Budgeting is the most basic and important money management skill of all. Get it right, and everything else becomes easier.
- Whether you realise it or not, you are budgeting all the time.
- Doing a budget is the first step to getting your finances sorted out.
- Writing things down can be a real help.
- Drawing up a budget is not enough in itself, successful money management means taking action, once you have taken stock of where you are at.

## Doing a Budget

Even whilst standing in the supermarket, people are budgeting. They will be working out what to choose that they can afford with the money they have, what they will have left over, and whether they are getting good value.

People budget in different ways. Some do everything in their head, some write everything down, others put everything on the computer. Most people probably budget in more than one way.

If you're starting to think about budgeting properly, writing it down, or using a computer, is the best way to begin. You will still do some budgeting in your head, for example when you are actually at the shops, but when you're sitting down to plan a budget, writing it all down means you are more likely to keep a proper track of what is happening to your cash.

## Money Coming In, Money Going Out - Income and Expenditure

It may seem obvious, but budgeting is all about balancing the money coming in, and the money going out, nothing more complicated than that.

One of your first decisions is about whether to budget over a week or a month. Perhaps the best way of thinking about it is to budget for the length of time between getting your main regular source of income. For example if you get paid *monthly*, do a *monthly* budget, if you get your pay or benefits *weekly*, do a *weekly* budget.

### Money Coming In

You may get money from a variety of sources:

- Paid work
- Benefits
- Tax Credits
- Other less regular sources- gifts from family etc.

### Key things to remember when drawing up your budget:

- When you're looking at wages/ salary, only include the money you get after tax/ national insurance/ pension has been taken off.
- You can't rely on irregular sources of income such as bonuses, overtime, gifts etc.
- If you are doing a *weekly* budget, make sure that you work out correctly how much any *monthly* payments give you each *week*.
- If you are doing a *monthly* budget, make sure that you work out correctly how much any *weekly* payments give you each *month*.

## *Money Going Out*

You will spend your money on a whole variety of things:

- Household bills; Rent, Gas, Electricity, Council Tax, Phone etc.
- Food and drink, cleaning stuff and toiletries.
- Leisure; going out, takeaways, holidays, books, DVDs, music etc.
- Financial; bills, loan repayments, savings, insurance.
- Clothing; including work clothes and school uniforms, and footwear.
- Travel; bus fares for you and your family, car costs.
- Child related expenditure; childcare etc.

## *Key things to remember when drawing up your budget:*

- Some spending will be weekly, for example a weekly trip to the supermarket.
- Some spending will be monthly or quarterly; Council Tax, rent, perhaps gas, electricity bills.
- Some spending will not be regular, for example clothes and shoes.
- You need to think carefully about how you account for each of these things within your weekly or monthly budget.
- Include the income for you, **and** your partner if you have one.
- If you have a family, don't forget the spending by each member of the family.
- Don't forget things like school trips if you have children.
- **Be clear and honest with yourself.**
  - All of us tend to forget that we spend money on certain things
  - All of us like to think we don't waste too much money

## Save Energy, Money and the Planet

- You should try to keep your central heating set so that your room temperature is between 18°C and 21°C. Turning it down by 1°C will save up to 10% on your heating bill.
- Defrost your fridge regularly so it works more efficiently.
- Turn off your TV and other appliances at night, rather than leaving them on stand-by.
- Only fill jug kettles with the amount of water you need.
- Don't trap heat – avoid placing large pieces of furniture in front of radiators
- Turn off lights you are not using.
- Low energy lightbulbs use less power than standard bulbs and can save you up to £9 a year for each one used.

## Budgeting Chart

You might find the chart (on page 10) useful when you're drawing up your budget. You can also do this exercise online, using the Money Made Clear Budgeting Calculator at:

[http://www.moneymadeclear.fsa.gov.uk/tools.aspx?Tool=budget\\_calculator](http://www.moneymadeclear.fsa.gov.uk/tools.aspx?Tool=budget_calculator)



## Household Income:

<b>Section A</b>	<b>Amount</b>
Pay After Tax	_____
Pension Income	_____
State Benefits	_____
Child Maintenance	_____
Tax Credits	_____
Other	_____
<b>Total Income</b>	_____

## Household Spending:

<b>Section B</b>	<b>Amount</b>
<b>Household</b>	
Food, drink	_____
Cleaning products	_____
Rent	_____
Council Tax	_____
Electricity	_____
Gas	_____
Phone/ Internet/ Satellite	_____
Mobile phone	_____
TV licence	_____
Water rates	_____
Other	_____
<b>Sub Total</b>	_____

### Leisure

Going out/ take aways/ cinema	_____
Alcohol/ cigarettes	_____
Holidays	_____
Books/ magazines	_____
Hairdressers	_____
Other	_____
<b>Sub Total</b>	_____

## Section B continued Amount

<b>Financial</b>	
Loan/credit card storecard/ hire-purchase repayments	_____
Pension contributions	_____
Savings/ investments	_____
Insurance (life/ car/ contents/ etc.)	_____
Other	_____
<b>Sub Total</b>	_____

### Children

Childcare	_____
After school care	_____
Other	_____
<b>Sub Total</b>	_____

### Other Spending

Clothing and footwear, including work clothes and school uniform	_____
Toiletries	_____
Medicines/ prescriptions	_____
Travel - bus fares, car costs etc	_____
Pets	_____
Other	_____
<b>Sub Total</b>	_____

### Total Income

(from section A) \_\_\_\_\_

### Total Spending

(from section B) \_\_\_\_\_

### Total Income Minus Spending

\_\_\_\_\_

### **Tip: Spending Diary**

People often say that they don't know where all their money has gone, or that money slips through their fingers.

Keeping a diary of everything you spend for a week or a month will help you get clear just where the cash is going. It will show you if there are any little bits of spending that you sometimes forget about.

Keeping a diary like this can be a really useful way of starting to work out whether you can afford things you really want by spending less money elsewhere.

### **Using the Results**

Once you've used this table, you will know whether or not you have enough money coming in to cover your spending.

**If not, this is a big warning sign that you are at risk of having money problems. You will need to either increase your income, or reduce your spending.** Even if you have enough money to cover your spending, you may be able to spend money more wisely.

You should consider:

- Whether you are entitled to claim any additional benefits - look at the chapter in this guide on benefits
- Whether you can save any money on what you currently spend

You might also find it useful to use the Financial Healthcheck tool on the Money Made Clear web site. Go to:

<http://www.moneymadeclear.fsa.gov.uk/tools.aspx?Tool=financial-health-check>

# Thinking about your Spending...

## Main Messages on Spending

- Thinking carefully about your spending is a key part of budgeting.
- There are some things you will have to spend money on, your essential spending. You must make sure you always have money available in your hand, or in your bank account to pay for these things.
- Other spending is non essential spending. Think carefully about what you want to buy, and what it is really worth to you.
- Try to make sure you get value for money in whatever you spend, using the tips in this guide.

## Essential Spending

There are some things that everyone has to spend money on. You need to keep yourself and your family with a roof over their heads, warm, fed, clean and clothed.

The essential items that you must make sure that you have enough money for are therefore:

- Rent
- Gas/ electricity bills
- Food and other groceries
- Council Tax
- Water and sewerage charges- BEWARE, these are not covered if you are claiming Council Tax Benefit
- Clothes and shoes (sometimes, if you're buying clothes or shoes for fun/ going out, it might be better to see these items as non essential spending)

Payment for some of these things may be on a monthly or quarterly basis. You must make sure you set aside enough money each week or month to meet these payments, and avoid spending that money on something else. If you have a family you will have to think about extra costs; children's clothes, school shoes and uniforms, nappies and other things for young children.

Debts are also something that you will have to consider if you have any. If you owe money, your creditors, the company or organisation that you owe, will need to be paid. If you have borrowed more money than you can cope with repaying, you may have to think about your budget in terms of priority and non priority debt. Your *priority* debts will be for those essential items discussed above.

### Non Essential Spending

When we've paid our bills and done our groceries, we can either save what's left, or spend it (there's more about savings below). Non essential spending is one of the things that makes the difference between just existing and living. It can also be the place where trouble starts.

To spend wisely when spending on non essentials, ask yourself the following questions:

- Do I really need this?
- Will spending this money mean I can't afford some things I really **need**?
- Will spending this money mean I can't afford other things I really **want**?
- Will what I am buying last?
- Will I use it often?
- Will it be as good as I hope it is, or as the advert says it will be?

### **Tip: Avoid Impulse Purchases**

Lots of us have wardrobes full of clothes we don't really like, or houses full of gadgets that we never use.

Most of the things we buy that don't get used are impulse purchases, things we didn't really think about, but which seemed like a good idea at the time.

Sometimes impulse purchases turn out OK, but if something grabs our attention, it's good to get into the habit of coming back to buy another day, once we've thought about it.

It's also worth using a spending diary to see how lots of little impulse purchases add up over time, and can end up stopping you from buying something you really want or need.

### **Being a Smart Shopper - Get Better Value for Money**

**Value for money isn't just about cost.** It's also about balancing how much you pay for something, with how much benefit you get from it. A pair of jeans you get in a sale might seem cheap, but if you only wear them once, if they wear out quickly, or if you didn't really need them anyway then they are a waste of money.

There are a number of tips for getting better value for money that everyone should know about, and which can save you a considerable amount of money.

- Look out for offers in supermarkets and shops, but remember:
  - It's cheaper to cook things for yourself than to buy ready made meals or takeaways.
  - Buy one, get one free offers can be a way of saving money, but not if you end up throwing things away. These offers work best on things that last i.e. tinned food/ dried food such as pasta, and household goods such as shampoo, soap or washing powder.

- It's usually cheaper to buy in bulk, but things go off, and sometimes you just end up using or eating more. Don't forget to use your freezer!
- Only buy things on offer that you would normally buy anyway.
- Going shopping with a friend means you can take advantage of bulk buying.
- Don't go food shopping on an empty stomach!
- Shop around. Very few shops will be the cheapest for everything. Local shops may give you better value for some purchases.
- Remember travelling a long distance to shop costs money.
- Use the internet to shop, compare prices and compare quality.
- Paying bills, such as electricity bills, by direct debit can give you discounts.

### Using the Internet to Save Money

- You can often buy things cheaper on the internet than on the high street, but make sure you check delivery/ postage and packing and any other hidden costs.
- Think also about the level of service internet companies offer if things breakdown.
- There are a number of price comparison websites which aim to save you money by showing you the cheapest deals available on products and services, from gas and electricity to car insurance. If you use these:
  - Remember no sites compare all the possible suppliers.
  - Don't think just about price, e.g. when buying insurance check exclusions, excess and levels of service.
- Whether you are buying books, holidays, or music, there are independent websites where people share their views about something they have bought.

## Keep Safe When Shopping On-Line

- Make sure the website has https:// at the start. A padlock symbol should also appear in the web browser frame. These mean the site is secure.
- Check the company has a genuine address and land line number, see if they are on [www.yell.co.uk](http://www.yell.co.uk)
- Print your order form, and the email acknowledgement you receive.
- Never give out your pin number on line.
- Don't forget you have a 7 day cooling off period (after the goods are delivered) if you don't want them.
- If you are buying something for more than £100, using your credit card means that you may be entitled to compensation from your credit card issuer if something goes wrong and you can't get satisfaction from the seller.
- If you're buying on an internet auction website, such as E Bay
  - check the seller's reputation, postage costs and other 'small' print.
  - Remember that if something sounds too good to be true, it probably is.
  - Use your credit card if possible (see above).
  - Don't spend more than you planned to on something.
- **More information is available at [www.getsafeonline.org](http://www.getsafeonline.org)**

## Places for More Information.

### For Money Saving Tips:

- [www.moneysavingexpert.com](http://www.moneysavingexpert.com) is packed full of up to date information about the latest offers, and feedback from other consumers on the forums.

### For Links to Websites Comparing Energy Suppliers:

- [www.consumerfocus.org.uk](http://www.consumerfocus.org.uk) This customer champion website has links to price comparison websites.

### For Consumer Rights

- Argyll and Bute Trading Standards:
  - Bute and Cowal tel: 01369 707129
  - Oban Lorn and the Isles tel: 01631 567 918
  - Helensburgh and Lomond tel: 01436 658 909
  - Mid Argyll, Kintyre and Islay tel: 01546 604 776
- Argyll and Bute Citizens Advice Bureau, Riverside, Oban Road, Lochgilphead, Argyll, PA31 8NG tel: 08456 123 808
- Consumer Direct [www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk) or 08454 04 05 06



# Money and your Home...

## Main Messages:

- **Make sure you pay your rent. If you don't, you put yourself at risk of eviction.**
- **If you are struggling to pay your rent, you should seek help from your landlord as soon as possible. They will help you access advice and support, through the agencies mentioned at the start of the guide, and will make sure that your rent situation is dealt with.**
- **Moving into a new home is one of the biggest changes that can happen in your life, and can be a time of real financial pressure. Managing your money properly gives you one less thing to worry about.**
- **Think carefully about which things you need to prioritise when you move into a new home.**
- **Get your paperwork sorted quickly when you move in.**

## Help with paying Your Rent: Housing Benefit

Each year thousands of people struggle unnecessarily to pay their rent because they don't claim the support that they are due. If you are struggling to pay your rent, if you are moving into a new home, or if your employment or family circumstances change, you should check whether or not you are entitled to Housing Benefit.

Housing Benefit is paid to people whose income is too low for them to be able to pay all their rent. It is important to know that:

- You can have all, or part of, your rent paid by Housing Benefit, depending on your income and the level of the rent.
- You can still receive Housing Benefit if you are working and on a low income.

You can apply for Housing Benefit yourself with forms available from Argyll and Bute Council or any housing association office. However, many people find the forms a bit difficult to manage, and it can be a good idea to get help completing them from someone with experience. You can get this help from your housing officer, or from one of the advice projects listed at the start of the Guide.

### **Beware:**

- If you have already applied for housing benefit, the Housing Benefit Section at the Council will contact you every so often to ask you to re-apply.
- Respond promptly to any of their requests for information, or you may stop receiving benefit.
- You must inform them of any change in your circumstances for example savings, income, work and family circumstances.
- If you are informed that you have been overpaid Housing Benefit, tell your landlord and seek advice from an advice agency straight away.
- If you think the Housing Benefit decision you have received is wrong, inform your landlord and seek advice from an advice agency straight away.

### **Paying Your Rent Yourself**

If you are responsible for paying all or part of your rent, you need to do this on time. If you allow rent arrears to build up, this can lead to your housing association taking legal action against you, all the way up to eviction if the arrears get too big. Paying regularly and on time also means that you won't struggle with repaying arrears at some point in the future.

Each Housing Association offers a number of different ways to pay:

- If you are an **ACHA** tenant you can pay by; direct debit or standing order; by cash or cheque through the post or in person, by debit or credit card or at some post offices.

- If you are a **West Highland Housing Association** tenant you can pay; using your swipe card at Post Offices by cash, cheque, debit or credit card; by post with cheques or postal orders; and by Standing Order.
- If you are a **Fyne Homes** tenant you can pay; by post with a cheque; by direct debit or standing order; by using your swipe card to pay at Post Offices or Allpay outlets; online by debit card with your swipe card reference number; and by Bank Giro Payment Book.
- If you are a **Dunbritton Housing Association** tenant you can pay; by bank giro; by cash; online; by standing order; by cheque; and at Allpay outlets.

Different people find it easier to pay rent in different ways, you need to find the one that works best for you. Whichever way you choose, you need to make sure that you set aside enough money for your rent. You may lose your tenancy if you don't pay your rent.

## Setting Up / Moving Home

Moving into a new home can be a wonderful thing, a chance to make a fresh start, be closer (or further apart!) from family, or build a family of your own. It can also be a stressful and expensive time. By planning ahead, getting your paperwork in order, and spending wisely, you can do things cheaper, and with less worry.

## Planning Ahead

Usually you know you are going to move a little bit in advance. This is the perfect time to draw up another budget, so that you are clear about what setting up home/ moving home will cost you. It may also give you the chance to put a bit of extra money aside, or buy some things for your new home in advance.

When doing your new budget you need to think about:

- How much the new rent will be compared to the old.
- Whether there will be a short period of time once you have signed up for the new tenancy when you are responsible for the rent on two homes. Normally Housing Benefit will only meet the cost of one home but in certain circumstances they will pay for 2 homes but you will need to get your situation checked.
- How much it will cost to furnish/ decorate/ equip your new home.
- The cost of mail re-direction, phone re-connection, cooker re-connection etc.
- How much it will cost to physically move, for example van hire.
- Whether there will be any additional regular costs such as travel to work/ shops/ school/ family as a result of the move.

### Getting Your Paperwork in Order

There are some key paperwork tasks that you need to perform when you move house.

- You need to make sure that all the organisations who need to contact you at your new address know that you moved there. Those who need to know will include:
  - Job Centre Plus/ The Pension, Disability and Carers Service, HMRC (Her Majesty's Revenue and Customs)
  - The Housing Benefit section at Argyll and Bute Council  
tel: 01546 605 512
  - The Council Tax section at Argyll and Bute Council  
tel: 01546 605511
  - Your bank or building society
  - Any company that you owe money to
  - Your mobile phone provider if you have a contract

- You need to make sure that anyone who sent a bill to your old address knows you have moved. For gas and electricity, take meter readings when you leave, and let the company know, to make sure that you don't end up paying for whoever moves in afterwards. Tell your landline provider to disconnect the phone from the date you leave, and send the final bill to your new address.
- You can get your mail directed to your new address for a few months by filling in a form at your local post office (there is a charge for this).
- You need to register with the gas/ electricity suppliers at your new address. Ask your housing officer who your supplier is, or for electricity contact MPAS on 0845 270 9101, for gas contact Transco on 0845 605 6677. Remember you don't have to stay with your suppliers for the long term.
- When you move in, take a meter reading to make sure that you don't end up paying for the person who lived there before you.
- If you receive letters for the previous occupant, mark 'return to sender' and post them back free of charge. This will prevent any problems arising for you if they are behind on their debts.

### Turning your House into a Home

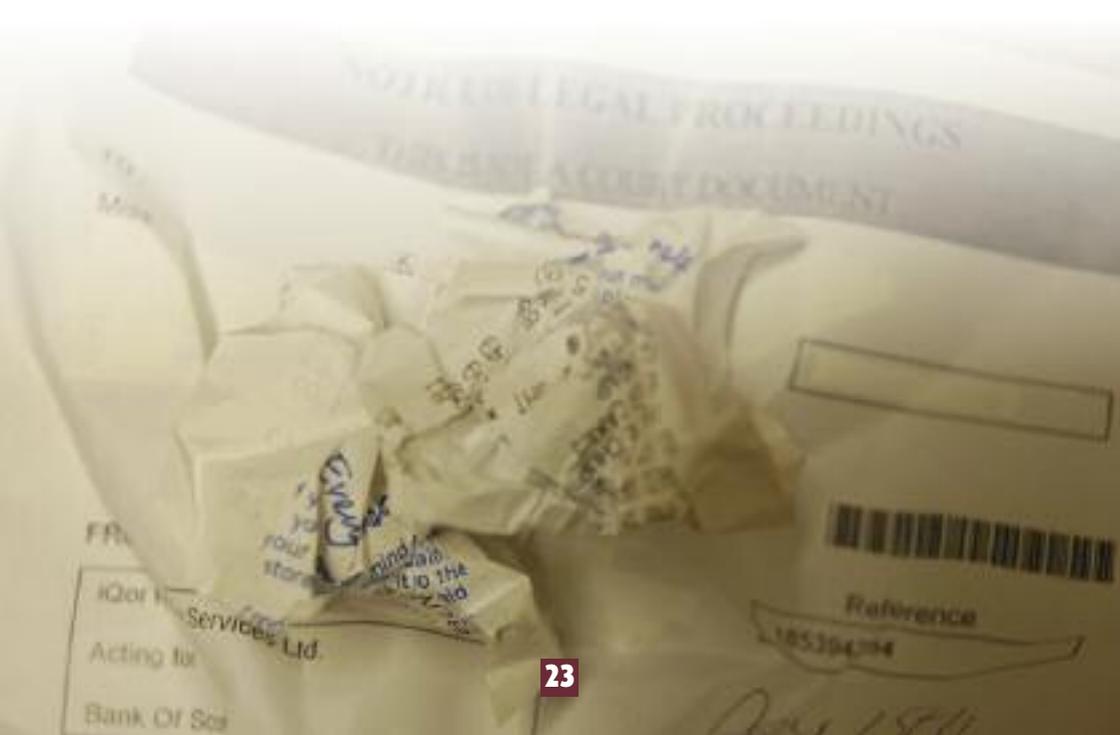
When you move into a new home, your natural instinct will be to try to get everything, furniture, carpets, decoration etc sorted straight away.

It will almost certainly not be possible to do it all at once. Allowing your spending to run away at the start of living in a new home can cause money problems which take a long time to sort out.

Things you should consider when setting up home are:

- Prioritising what you buy carefully. Ask yourself if you have all the essentials you need such as a cooker and a fridge, and whether you can live with the furniture you have for a year or two.

- You may be able to get help with some of the costs of moving in. Take a look at the benefits chapter, particularly the section on grants and loans available from the Government.
- If you are thinking about borrowing money for new things, read the borrowing chapter first.
- Remember all the tips about getting value for money that you saw in the previous chapter. This is particularly important at this time, as some of the things you are buying are likely to be fairly costly.
- There may be local voluntary organisations or furniture recycling projects that can be a source of cheap and reasonable quality furniture and white goods. Ask your housing officer for more information.
- Buying second hand items cheaply may prevent you from getting into serious debt.



# Work and Benefits...

## Work

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### **Main Messages on Work:**

- Financial support is available from the Government when you are in work as well as when you are out of work. Make sure that you claim that support.
- Make sure that you receive at least the minimum wage in your job, and know your rights to protection against unfair treatment.
- When you take a job, try to get into the habit of saving. Think hard about the possibility of taking out a pension.
- When you get a job, or lose a job, make sure you sit down and work out what this means for you financially.
- If you lose a job, seek advice quickly about how to get your finances sorted.

### *Knowing Your Rights*

When you take a job, you are entitled to earn the minimum wage appropriate for your age. You may also be entitled to a variety of support from the Government to help top up your wages. You will also be entitled to holidays and time off, and to protection against unfair treatment, for example dismissal without cause, from your employer. Your rights should be set out in your contract of employment.

### *Minimum Wage*

In 2008/09, the minimum wage was set as follows:

- £5.73 per hour if you are 22 or over
- £4.77 per hour if you are 18,19,20 or 21
- £3.53 per hour if you are under 18 and over the compulsory school leaving age

If you are an apprentice under 19 you will not qualify for the minimum wage, if you are an apprentice 19 or over, you will not qualify for the minimum wage for the first 12 months of your apprenticeship.

If you are not being paid the minimum wage for the work you are doing, or to check the latest rates for the minimum wage (it usually rises every year) you can phone the minimum wage helpline on 0845 6000 678 (online information at [www.hmrc.gov.uk](http://www.hmrc.gov.uk)).

### ***Tax Credits and Benefits***

The Government will pay you extra tax credits, Working Tax Credit/ Child Tax Credit, to top up your income if you earn less than a certain amount. These are paid by HMRC (Her Majesty's Revenue and Customs). The amount paid will depend on the number and age of any children you have, the hours you work and your income. Child Tax Credits can also help with up to 80% of registered childcare costs. You are also entitled to 12 ½ hours per week for 38 weeks per year of free registered childcare once your child is over 3.

The tax credit system often does not work very fast, you should contact HMRC as soon as you know how much you are earning and when you will be starting.

If you are earning below a certain amount, you will also be able to claim support to pay your rent (Housing Benefit) and Council Tax (Council Tax Benefit).



## ***Employment Rights***

There isn't the space in this leaflet to give you any detail about your employment rights. Those rights change all the time, and can vary considerably, dependent on the length of time you have been in your job and other factors.

If you are in a job, and think you are being treated unfairly, or if you have lost a job, and think you lost it unfairly, you should seek advice and support from your trade union, if you are a member or one, or speak to one of the advice agencies listed at the start of this guide.

Further information is also available online from the Citizens Advice Bureau at:

<http://www.adviceguide.org.uk/> or from Argyll and Bute Citizens Advice Bureau, Riverside, Oban Road, Lochgilphead, Argyll, PA31 8NG  
tel: 08456 123 808

If you are an agency worker, more information is available at:

[http://www.direct.gov.uk/en/Employment/Understandingyourworkstatus/Agencyworkersandemploymentagencies/DG\\_173252](http://www.direct.gov.uk/en/Employment/Understandingyourworkstatus/Agencyworkersandemploymentagencies/DG_173252). You can also call the Employment Agency Standards Inspectorate on 0845 955 5105.

## ***Understanding Your Payslip***

Your payslip will contain the following information:

- Your National Insurance Number- make sure that it shows the correct one.
- Your tax code, which decides how much tax you have to pay- check that you are on the right tax code (see the HMRC website address below).
- A note of the pay period; month, week, two/ four weeks; to which the payslip refers.

- Your **gross** pay for the period- how much you are paid **before** tax, national insurance, and other deductions such as pension, and your **net** pay for the period, how much **after** tax, national insurance, and other deductions such as pension.
- Your tax, national insurance, pension and other deductions for the pay period.
- Your gross and net pay for the tax year to date (tax years start at the beginning of April).
- Your deductions for the year to date.

You have a legal right to receive a payslip. If there is anything you don't understand about your payslip, ask your employer.

Two other forms you need to know about, and which you have a right to demand from your employer, are:

- Your P45. This is given to you by your employer when you stop working for them, and shows how much you have earned, and how much tax you have paid in that tax year. You need it to make sure your new employer puts you on the right tax code.
- Your P60. This is given to you at the end of the tax year, and shows how much you earned, and how much tax you paid in that year.

You can find out more about tax codes at:

<http://www.hmrc.gov.uk/incometax/tax-codes.htm> or by phoning the local HMRC office on 0845 070 3703.

### ***Planning for Going Back to Work***

Going back to work, particularly if you haven't had a job for a while, is a big change. You may be worried about budgeting, because you've got very used to managing on a particular amount of benefit. Writing down and planning things out will deal with that, and help you see things more clearly. Going back to work can also be a real relief. With that sometimes comes the temptation to go out and spend all the money

you have started earning straight away. Planning ahead helps deal with this temptation, draw up a realistic budget, using the table on page 10.

You should also be able to get help with doing a budget from:

- the Job Centre Plus (they call it a **Better Off in Work** calculation)
- your training/ employment support provider if you are on a training/ employment scheme
- the advice agencies mentioned at the start of this guide. You might also use the online Money Made Clear Budget Calculator (contact details at the start of this guide)

It is likely that there will be extra costs to bear in mind before you start work: childcare or after school costs, travel costs, food costs, clothing costs. You may be able to get help with this if you are on a training or employment scheme).

You also need to make sure that you have an accurate idea about the extra income that will be coming in, or anywhere you will be spending less:

- Your salary/ wages. This must be the net figure- that is the figure after tax, National Insurance and Pension have been taken off.
- Any tax credits you receive from the Government.
- Any benefit support that you will continue to receive from the Government.
- Any perks, such as free lunches if you work in a hotel, which might allow you to save money.
- You might save money on some areas of spending, such as not having to heat your home all day if no-one is in.

If you are taking up a job with irregular hours, be realistic about the number of hours you will be given, and try to work out an average over the relevant period of time.

### ***Does Work Pay?***

There are some people who don't gain hugely financially from going back to work. Most people are more fortunate. Whatever your situation, remember the following when thinking about going back to work:

- Government support; tax credits and sometimes Housing Benefit/ Council Tax Benefit can top up your wages.
- The job you take might be the stepping stone to a better job. Even if you stay in the same job, sometimes your length of service might mean you get better pay.
- The employer may provide in-work training which would help you in the long term when looking for other work or promotion.
- People who are out of work are more likely to be socially isolated and have poorer mental and physical health.

### ***Managing Going Back to Work – No One's Paying Me This Month!***

Going back to work can be worrying financially if there is a big gap between your last benefit payment, and your first wage coming in.

If you are going back to work, you may, under certain conditions, be entitled to a benefit 'run on' covering the period until you get paid. You should speak to both Job Centre Plus, and the Council's Housing Benefit section, to check whether you can get this help.

If you are struggling in any way with bridging the gap, you might also think about applying for a crisis or budgeting loan from the Social Fund.

### ***Doing Things Differently***

Going back to work can be a real chance to start again financially. Once you've settled into your new job, you can think about:

- Paying off any debts that you have
- Getting into a savings habit
- Taking out a pension

For more information on savings and pensions, see the chapter further on in this guide.

### ***If You Lose Your Job or Your Work is Seasonal***

Finding yourself out of work can be the cause of a lot of money problems. Again, the key step is to draw up a budget, so that you can plan out how you are going to manage on a reduced income. As part of doing this you should make sure straight away that you are claiming all the benefits that you are due. The next section of this chapter should help you do precisely that. Make sure that you get welfare rights advice if you are not sure of anything.

The biggest financial danger in losing your job is often the difficulty that you may find in repaying any borrowing or loans that you have. If you have any concerns about repaying loans if you have lost your job, you should seek advice as soon as possible from a Debt / Money Advice worker – contact details at the start of this guide.

It is often possible to negotiate different repayment terms on loans whilst you are out of work. See the borrowing chapter for more information on dealing with debt.

## Benefits

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### *Benefits*

- **If your family or work circumstances change, your entitlement to benefit will also change.**
- **It is always worth putting in a claim for benefit, even if you aren't sure that you'll be successful.**
- **Your claims are more likely to be successful if you get advice and support with completing the claim forms from the agencies listed at the end of this section.**
- **Government agencies produce lots of information, but you may need to ask for it yourself, they won't always volunteer it.**
- **Once you are claiming benefit, keep the relevant authorities informed, and let them know about any change in your circumstances.**

Every year billions of pounds worth of benefit go unclaimed by people who miss out on money that could transform the quality of their lives. In Argyll and Bute alone thousands of people are missing out on millions of pounds of benefits that are rightfully theirs.

There are many reasons people don't always claim for what they are due:

- They don't know that support is available for people in their situation.
- They don't realise that changes in their work or family circumstances mean they can make a benefit claim.
- They complete forms incorrectly and without support.
- They don't realise how much they stand to gain from a claim, and think it isn't worth filling in the forms.
- They've had claims knocked back before, and have been put off from applying.

**This section will give you the information and encouragement to make sure you don't miss out as well.**

### ***Finding Your Way through the Benefit System***

The benefits system can be very complicated, and can seem overwhelming. This section is about giving you a *general* idea about the benefits that you might be able to claim, and help you ask the right questions/give the right information to people giving you help and advice.

We recommend you read this section in conjunction with the clear information, which includes actual benefit rates, that is provided by the Department of Work and Pensions through the Job Centre Plus, and the Pension, Disability and Carers Service.

This information is available:

- On the DWP website- [www.dwp.gov.uk](http://www.dwp.gov.uk). (There is a specific page on benefit rates [www.dwp.gov.uk/lifeevent/benefits](http://www.dwp.gov.uk/lifeevent/benefits)).
- From DWP leaflets in Job Centre Plus offices, doctors surgeries etc.
- By phoning the numbers in the following pages.

There are two key things you need to remember when trying to find your way through the system:

- Benefits come in groups. Some are there to support people who need extra help because they are ill or disabled, others because they are not in work. Thinking about benefits in this way makes it easier to identify which benefits might be there to help you in your current situation, and which might be there to help you if your life changes.

- Being entitled to one benefit may mean that you can claim a whole range of others, sometimes from other benefit groups. This can mean you are entitled to much more than it might appear at first. For example, if you are on income support as a single parent with one child under five, you also become able to claim Child Tax Credit, help with your rent and council tax, and entitlement to free prescriptions, eye tests and dental care on the NHS, as well as continue to claim Child Benefit.



## Information on Specific Benefits

### *Help with day to day living costs*

If you are under the age of 60, and not working or only working up to 16 hours a week

#### **Benefit names**

#### **Any other issues:**

#### **Income Support** or **Jobseekers Allowance**

Contact Jobcentre Plus:  
0800 055 6688 (new  
claims)  
0845 600 1506 (existing  
claims)  
Monday to Friday:  
8am - 6pm

**Income Support** is a benefit for those who are not required to work, such as lone parents with young children, carers or people who are sick/disabled.

**Jobseeker's Allowance** is a benefit for people who are required to look for full-time work.

The amount paid for both of these benefits will depend on your age, whether you have a disability, how many children you have and their age, and if you have any other money coming in.

If you are working over 16 hours or 30 hours for people over 25 with no children or disabilities.

#### **Benefit names**

#### **Any other issues:**

#### **Working Tax Credit** and **Child Tax Credits**

Contact HMRC:  
0845 300 3900  
Monday to Friday:  
8 am - 8 pm

The amount paid will depend on the number and age of any children you have, the hours you work and your income. Child Tax Credit can also help with up to 80% of registered childcare costs.

You are entitled to 12 ½ hours per week for 38 weeks per year of free registered childcare once your child is over 3.

If you are over 60 (or 65 for men)

**Benefit names**

**Any other issues:**

**Pension Credit**

Contact the Pension  
Service Enquiries Line:  
0845 60 60 265  
Monday to Friday:  
8am - 8pm

If you are over 60 or 65 for men you may already be paid your full State Pension. If you are paid as part of a couple, and get a reduced amount, or if you are unsure about how much you get, contact the Pension Service who will be able to advise you. Additional help can also be obtained by claiming Pension Credit. This is paid in addition to the Basic State Pension to top up people's incomes.

**Information on Specific Benefits**

*Help if you are sick, disabled or care for someone who is*

If you are ill and not able to work, or not able to take up a job

**Benefit names**

**Any other issues:**

**Incapacity Benefit**

Contact Jobcentre Plus:  
0800 055 6688 (new  
claims)  
0845 600 1506 (existing  
claims)  
Monday to Friday:  
8am - 6pm

If you are employed and unable to work, you may qualify for work related sick pay or Statutory Sick pay – contact your employer who will confirm your entitlement.

If you are not employed, or your work related sick pay has run out, you can claim Incapacity Benefit. You will need to get a medical certificate from your doctor that states you are unable to work. This may be due to physical health problems but also could be because you are suffering from stress, anxiety or depression.

If you are ill and not able to work, or not able to take up a job

**Benefit names**

**Any other issues:**

**Employment and Support Allowance**

*From Oct 2008*

*Contact Jobcentre Plus:*

*0800 055 6688 (new claims)*

*0845 600 1506 (existing claims)*

*Monday to Friday:*

*8am - 6pm*

**For new claimants only** this replaces Incapacity Benefit, and Income Support that is paid because of illness or disability.

It is based on a medical assessment that aims to focus on what claimants can do in terms of work, and what they can't, and to balance a requirement for claimants to actively prepare for work and the provision of support to get back to work.

**However,** some new claimants can still claim Incapacity Benefit. **Seek advice** if your current period of illness can be linked back to a previous period or if it started before 27th October 2008 as it may be beneficial to claim Incapacity Benefit rather than Employment and Support Allowance.



If you have additional health problems

**Benefit names**

**Any other issues:**

**Disability Living Allowance/Attendance Allowance & Carers Allowance**

*Contact the Disability and Carers Service:  
0800 88 22 00 (new claims)  
08457 123 456 (existing DLA/AA claims)  
01253 856 123 (existing CA claims)  
Monday to Friday:  
8.30 am - 6.30 pm and  
Saturday: 9 am to 1pm*

Disability Living Allowance (DLA) (for people who claim before they are 65 including children) and Attendance Allowance (AA) (for people over 65) are extra benefits paid to people who have additional health problems.

This could mean that you struggle to walk far or you need someone with you when you go outside as you get anxious. It could also mean that you struggle to cook for yourself, or get up, washed and dressed due to either physical problems or because you lack motivation.

For children, you need to state what additional needs the child has above those of a healthy child of the same age.

Carers Allowance is paid to people who look after another person who is on certain rates of Disability Living Allowance or Attendance Allowance for 35 hours or more per week. This care does not have to be nursing care, but can include motivation and help with filling in forms, paying bills etc.



## Information on Specific Benefits

### Help with housing costs

If you need help to pay your rent and council tax	
<b>Benefit names</b>	<b>Any other issues:</b>
<p><b>Housing Benefit/Council Tax Benefit</b></p> <p><i>Contact Argyll and Bute Council Customer Service Point on: 01546 60 5512</i></p>	<p>The amount paid depends upon your rent and/or council tax charge compared to your family circumstances and income.</p> <p>You can claim Housing Benefit if you need to claim help with your rent.</p> <p>Council Tax Benefit is paid to people who rent or own their homes. Also, if you are now the only adult in a household you need to claim your single person discount which takes 25% off the council tax bill.</p> <p>Severely Mentally Impaired exemption - you may qualify for further help with Council Tax if you are Severely Mentally Impaired and on Attendance Allowance or certain rates of DLA.</p>
<p><b>Discretionary Housing Payments</b></p> <p><i>Contact Argyll and Bute Council Customer Service Point on: 01546 60 5512</i></p>	<p>If you get some housing benefit or council tax benefit but are having difficulty paying the rest of your rent or council tax yourself, you may be able to get a discretionary housing payment. To apply, request the form from the Council. This will ask why you are having difficulties. You should include a copy of your income and expenditure, and explain both why some of your outgoings may be higher than average, and what caused the initial difficulty in paying your rent- for example you may have had to buy clothes for work, or an essential household item like a cooker.</p>

## Information on Specific Benefits

*Help if you are looking after a child*

Help with school costs – free school meals	
<b>Benefit names</b>	<b>Any other issues:</b>
<i>Contact your school, or one of Argyll and Bute Council's Corporate Services Area Offices</i>	Free school meals are available for parents in receipt of Income Support, Income based Job Seekers Allowance/ Employment Support Allowance, or child tax credits (not working tax credits) and have an income of less than £15,575 (2008/09 figure).
Help with school costs – clothing grants	
<b>Benefit names</b>	<b>Any other issues:</b>
<i>Contact your school, or one of Argyll and Bute Council's Corporate Services Area Offices</i>	Argyll and Bute Council administer this scheme. Grants are available for parents in receipt of Income Support, Income based Job Seekers Allowance or Employment Support Allowance, Housing or Council Tax Benefit, Working Tax Credit or have an income before tax of less than £15,575.
If you need financial help looking after your children	
<b>Benefit names</b>	<b>Any other issues:</b>
<b>Child Maintenance</b> <i>Contact Child Maintenance Enforcement Commission 08457 133 133 Monday to Friday: 8am to 8pm and Saturday: 9am to 5pm</i>	<p>The new Child Maintenance Enforcement Commission (C-MEC) can help you get child maintenance. They will respect your confidentiality, although you may want to seek legal advice first.</p> <p>If you have children you would ordinarily be expected to give details about your former partner, when claiming Income Support or Jobseeker's Allowance.</p> <p>If you feel that you, or any of the children living with you, will suffer undue harm or distress if attempts are made to get maintenance, you may be exempt from this requirement.</p>

## Information on Specific Benefits

### Help with Health Costs

<b>Benefit names</b>	<b>Any other issues:</b>
<p>Contact the Health Information Service Tel: 0800 66 55 44</p>	<p><i>Health Benefit Certificates are available from 0845 850 1166</i></p> <p>If you are on Income Support, income based Job Seekers Allowance or Employment Support Allowance, or sometimes if you are on Child Tax Credit or Working tax Credit (see your award letter) you automatically qualify for help with some of your health costs.</p> <p>This will mean:</p> <ul style="list-style-type: none"><li>● Free NHS prescriptions.</li><li>● Free NHS dental treatment.</li><li>● Grants towards glasses.</li><li>● Repayment of travel costs to hospital.</li><li>● If you are on a low income, claim Health Benefit Certificate.</li></ul> <p>People over 60 automatically get free prescriptions, as do people who are pregnant or have a child under one.</p> <p>If you are under 16 or under 19 in full time education you can get vouchers towards the cost of glasses and free prescriptions.</p> <p>To make a claim, and possibly get back some of your costs already incurred, get form HC1 available from your health centre. The certificate you get in response is valid for a year- you need to get it renewed each year.</p>

## Information on Specific Benefits

### Loans and Grants for People Claiming Benefits

If you are on Income Support, Income Based Job Seekers Allowance or Employment Support Allowance, or Pension Credit.

#### Benefit names

#### Any other issues:

#### Community Care Grants

Contact the Department of Work and Pensions Social Fund, call 08456 088629

You may qualify for a community care grant if you are on Income Support, JSA or ESA (Income Based) or Pension Credit. If you are awarded this money you do not have to pay it back.

This payment can help with the costs of moving home, buying furniture etc for setting up a new home, or replacing items that are broken or no longer suitable. It can also help with travel costs – for example to attend a funeral, visit someone who is sick, and visit your children who are resident with another family member or attend a child custody hearing.

#### Budgeting Loan

Contact the Department of Work and Pensions Social Fund, call 08456 088629

You can qualify for a budgeting loan if you have been on Income Support, Pension Credit or Income Based JSA or ESA for 26 weeks.

As this is a loan, repayments will be deducted from your benefit. You can use a Budgeting Loan to help pay for:

- Furniture and household items.
- Clothes and footwear.
- Travel costs.
- Costs to improve or maintain your home, or keep it secure.
- Rent upfront or removal costs to get to a new place.
- Costs of looking for or starting work.
- Hire purchase (HP) or other debts you may have in relation to the items above.

Whether or not you are on benefits.

**Benefit names**

**Any other issues:**

**Crisis Loans**

*Contact the Department of Work and Pensions Social Fund, call 08456 088629*

You do not need to be on any benefits to claim a crisis loan. Crisis Loans are awarded if you have no other way of getting funds and you need money in an emergency, for example you have no gas/electricity and no money to buy power, or you need an essential item e.g. a cooker.

**Information on Specific Benefits**

*Bereavement Benefits*

For help with funeral costs

**Benefit names**

**Any other issues:**

**Funeral payment**

*Contact the Department of Work and Pensions Social Fund, call 08456 088629*

This is a one-off, tax-free payment to help cover the necessary costs of a funeral. Ask the funeral director for an application form. If you are responsible for the funeral, and in receipt of one of the income related or retirement benefits above, you may be entitled to help with:

- The necessary costs of burial or cremation fees.
- A new burial plot (if a burial is chosen).
- Up to £700 for any other funeral expenses like funeral director's fees, a coffin or flowers.

For Help if you are bereaved

**Benefit names**

**Any other issues:**

**Bereavement Allowance**

Contact Department of Work and Pensions Bereavement Benefits (except Funeral Payment) 0845 608 8602

If you have been widowed, are over 45 and under state pension age and are not responsible for children you may be able to claim bereavement allowance which is paid weekly for 52 weeks from the date of your spouse's (husband wife or civil partner) death. This is not means tested so you may qualify even if you have other sources of income, or have never received a benefit before. Your late partner needs to have paid sufficient National Insurance contributions or died as a result of their work.

**Benefit names**

**Any other issues:**

**Bereavement Payment**

Contact Department of Work and Pensions Bereavement Benefits (except Funeral Payment) 0845 608 8602

If you have been widowed and are under state pension age, your late partner was not getting a State Pension and had paid enough National Insurance contributions or died as a result of their work you may qualify for a tax free lump sum bereavement payment. **Again it is best to seek advice on claiming this.**

**Benefit names**

**Any other issues:**

**Widowed Parents Allowance**

Contact Department of Work and Pensions Bereavement Benefits (except Funeral Payment) 0845 608 8602

This weekly benefit can be claimed by a parent who is responsible for a child (getting Child Benefit) and whose husband, wife or civil partner has died. This can be claimed if you are under state pension age and your late partner paid enough National Insurance contributions or died as a result of their work.

## Your Responsibilities: Keeping the benefit authorities informed

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It's really important to keep the relevant authorities informed about any changes in your work, family or health circumstances. Doing so will mean that you are less likely to be underclaiming the benefit that you are due. It will also mean that you will not be overpaid benefit. If you are overpaid benefit and it is down to your mistake, you will be required to repay what you owe. This can be very painful and difficult.

**BEWARE: You must tell ALL those who provide you with benefits that your circumstances have changed, the agencies involved don't communicate this information to each other.**

### *Appealing against Decisions*

Those running the benefits system sometimes make mistakes. Decisions about many benefits and different types of support can often depend on personal judgements by staff which can vary. It is always worth getting any benefit decisions you have received looked at by an adviser, particularly if there is anything you are not sure about or happy with, or if you don't understand the reasons for a decision that you have received.

You may decide that it is worth making an appeal. This is not something that you will have to take on yourself, and you are much more likely to succeed if you get help and support. The advice agencies listed at the start of this Guide are very good at sorting out the system's mistakes.

### *Remember:*

It is worth keeping a copy of any information you hand over or send in relation to benefits, and to ask for a receipt or acknowledgement letter. It is also useful to keep a record of who you speak to and the date and time. This will help you in any appeal that you make.

### ***Other sources of financial support***

Particularly if you have a family, it may be possible for you to access other sources of financial and practical support. A number of organisations can help with a one off grant to pay off debts or to buy a particular item. Some may even be able to provide you with a regular weekly payment over a period of time.

- You can get advice on such organisations from the agencies listed at the start of this Guide.
- If you are caring for a severely disabled child, you can seek support from the **Family Fund** [www.familyfund.org.uk](http://www.familyfund.org.uk)



# Borrowing and Debt...

## Main Messages:

- Borrowing is something most of us do at some point in our lives to pay for something we can't afford straight away.
- Think carefully before you take out any loan.
- You have a *legal duty* to pay back money you borrow from a company
- You can borrow from a variety of different sources of credit. Those sources will offer loans at very different costs, and subject to very different conditions.
- Borrowing from friends and family and not paying back money can put your relationships under strain.
- You can have sensible debts or problem debts.
- Being in problem debt can trap you in a debt spiral.
- If you are struggling to pay back money you owe, seek help straight away.
- If you miss a repayment, this might affect your credit rating, and may lose you the benefits of cheap deals.
- Avoid money lenders like the plague.

## Before You Take Out a Loan

Think carefully about what you are buying and whether you really need it.

### Then:

- Think about whether it would be a better idea to save for it.

### Then:

- Do a new budget and **decide a realistic amount that you can repay** each week or month. Don't take out a loan which asks you to repay more than that.

### Then:

- Look at what loans are available to you. Never take the first offer of a loan before looking at other options.

## MAKE SURE YOU COMPARE THE COST OF A LOAN:

- Don't just think about the weekly/ monthly cost of the loan, or its convenience. Think about the overall cost. This will be affected by the interest rate charged, and the time over which you repay the loan (the period of the loan), other charges such as an arrangement fee, or early repayment fees.
- Look at the APR (Annual Percentage Rate). This includes the interest rate and charges for taking the loan. The higher the APR, the more the loan will generally cost you.

## Sources of Loans:

- **Doorstep lenders** may seem to give you quick access to money, they may seem flexible about repayments, and those repayments may seem affordable. **BUT - they will charge you very high rates of interest, and taking a loan from them will end up costing you a lot.** If you are approached by a doorstep lender and feel they are pushing you to take a loan, tell them you need to think about it, and ask them to come back next week. If you decide in the meantime not to take the loan, you will then feel more confident about refusing their offer when they return. **Our Advice: Avoid if possible. APR can be 200%+ and it can take you years to pay off doorstep loans.**
- **Catalogues, furniture shops and electrical shops** may offer storecards or other deals. The cost of goods and interest some shops charge can be high, you end up paying more because you have to repay over a longer period of time, and they may sell you insurance products that you might not need. **Our Advice: Be very aware of the total cost, as sometimes this is bumped up by spreading repayments over a longer time. APR can be 30-40%. Think very carefully before taking any insurance or extended warranties they offer you. Do you need them, are they the best value available?**

- **Credit unions** lend at much lower rates of interest than catalogues and doorstep lenders. Credit unions are professionally run organisations regulated by the Government and supported by local people. To get details about your local credit union, see the start of this Guide. **Our Advice: A safe and cheap way to borrow both large and small amounts. APR as low as 9.9%.**
- **Social Fund** -You may be able to get a loan where repayments are taken from your benefit or your income. **Our Advice: A good source of loans, but getting one depends on funds being available locally.**
- **Bank loans** are usually only available for larger amounts. If you have a bank account with an overdraft it is possible to use that for small amounts of borrowing- but remember that you will have to pay interest if you become overdrawn i.e. go into the red. **Our Advice: Shop around for the best loan, you don't have to stay with your current provider. APR can vary considerably- compare rates.**
- **Credit cards** can be used to borrow, but again keep a close eye on how much you owe in total so that it doesn't run out of control. Credit cards are not free money - you have to pay interest if you don't clear your full balance every month. **Our Advice: Useful to have, but can be a real problem if you don't manage them properly. APR varies considerably- compare rates, and remember 0% or low rate deals are only introductory.**
- **Payday Loans** are offered by some finance companies if you are short at the end of a week or month. They are advance loans which you pay completely or in part once you receive your next wages. **Our Advice: Although tempting if you are desperate, try to avoid these - better to look again at your budget. APR can be well over 2,000%!**

- **Friends and family** might often help when you are short. Borrowing small amounts from friends and family is something many of us do, but even these amounts can cause problems and hassle if you struggle to repay. The bigger the amount, the bigger the risk to the friendship or relationship. **Our Advice: Borrow heavily from friends or family at your peril.**

#### Further Information:

- Financial Services Authority- information about borrowing [http://www.moneymadeclear.fsa.gov.uk/products/loans/types\\_of\\_borrowing.html](http://www.moneymadeclear.fsa.gov.uk/products/loans/types_of_borrowing.html) . Loan calculator- to work out how much a loan will cost you at [http://www.moneymadeclear.fsa.gov.uk/tools.aspx?Tool=loan\\_calculator](http://www.moneymadeclear.fsa.gov.uk/tools.aspx?Tool=loan_calculator)
- Office Fair Trading- information about borrowing at [http://www.oft.gov.uk/advice\\_and\\_resources/publications/consumer\\_advice/money\\_credit\\_debt](http://www.oft.gov.uk/advice_and_resources/publications/consumer_advice/money_credit_debt)



## Fantastic Plastic?

It's very likely that you'll either have a credit or store card (store cards are just not very good versions of a credit card offered by high street shops), or have received an offer to take one out at some time. Used well, these cards can be a real help for your money management, used badly they can land you in huge trouble.

The key thing to remember is that credit cards are a way of borrowing money. You will have to pay back what you borrow on them, plus any interest that you owe. Too often people spend more than they can afford on credit cards, because somehow **it doesn't feel like you are spending money** when you use them.

Credit cards are effectively a pre approved loan, that is, you can use them to borrow up to an amount agreed with your card provider. They can be useful to:

- Spread paying for something over a period of time without the hassle of applying for a specific loan for the purpose.
- Give you some security. If you don't receive the items you bought, or you receive faulty goods, and the supplier goes bust, you can claim from the credit card company.

There are potential pitfalls you need to be aware of:

- **Minimum Payments.** Your credit card statement will specify the minimum amount you have to repay each month, usually 2% of the balance, but not less than £5.00. **This is not a recommended amount for repayment.** If you only keep repaying the minimum amount it will take you a long time to clear your debt and cost you much more in the longer run. Repay more than the minimum amount and you will clear the debt quicker and it will cost you less.
- **Don't forget your repayments.** If you do, there will be charges, you will damage your credit rating, and you will lose the benefit of any deals that you were on.

- 0% or low rate and balance transfer offers can be helpful in spreading your card payments. There may be a charge for transferring which is likely to be a percentage of how much you want to transfer – work out what that charge is before you decide.
  - If you take advantage of 0% low interest offers, try to repay a reasonable amount during the interest free/ low rate period, so that you don't get hit when the interest free period ends.
  - If you use a balance transfer, commit to paying off as much as you can during the interest free period- don't forget about the debt you owe.
  - If you forget to pay you will lose the interest free benefits.
  - Think about switching to another low rate card when the interest free period is up.
- Don't take out cash advances on credit cards, the interest they charge is very high.
- Shop around for your credit card- you don't have to take one from the same bank who give you your current account. Try [www.moneysavingexpert.com](http://www.moneysavingexpert.com) for information about different deals.
- Don't run too many cards. When a card is clear, and you no longer wish to use it , cut it up, **and** let the provider know you are closing your account.
- **Using your credit card for your essential spending is a sign of financial trouble.**

### A Quick Note on Storecards

Many shops, particularly clothes and electrical stores offer you a storecard, a type of credit card that you can only use in that store, or a certain number of other outlets. These cards often come with a discount when you first use them.

**BEWARE:** The interest rates on these cards are often high at 25-30%. You will blow any discount you get when you use the card unless you pay off what you owe at the first opportunity.

## Comparing and Contrasting Loans

The table below shows how much the cost of borrowing can vary, depending on your source of credit. The figures in the table are for a £500 loan repaid over 12 months.

<b>Loan Type</b>	<b>APR</b>	<b>Repayment Per Week</b>	<b>Total Repayment</b>
Credit Union	12.7%	£10.25	£533
Home Credit A	177%	£16.00	£832
Home Credit B	311%	£19.05	£991

## Credit Checks

When you apply for a loan or a credit card, banks, building societies and loan companies will want to know if there is much risk of you not repaying the loan. They will credit score your application.

They will use the information that you provide on your application. They will also use the information on your credit report, which will be held by the 3 large credit reference agencies in the UK (listed below). This report looks at other borrowing you have, and whether you have repaid loans in the past six years.

You can ask to see your credit report at any time, for a small charge (about £2), though some online and telephone services can cost more. If you do this regularly, you can spot any mistakes on your report, and put them right.

Contact details are as follows:

- Call Credit- [www.callcreditcheck.com](http://www.callcreditcheck.com)  
Write to: Customer Care Callcredit check  
PO Box 734, Leeds, LS1 9GX
- Experian- [www.experian.co.uk](http://www.experian.co.uk) Tel: 0800 656 9000
- Equifax- [www.equifax.co.uk](http://www.equifax.co.uk) Tel: 0845 603 6772

## Loan Sharks/ Illegal Money Lenders

You may be aware of loansharks/ illegal money lenders operating in your community- from their own house, the pub, the bookies or the street. These individuals prey on those who think that they can't get credit anywhere else.

- **Do not use loansharks or illegal moneylenders - that is anyone operating without the necessary licence.**
- **Illegal moneylenders won't advertise the fact that they are illegal, and may start out being friendly and reassuring.**
- Illegal moneylenders do not get clients to sign an agreement, or give them any record of their payments. **This means borrowers can't keep track of how much they have paid, or how much they still owe**, making it easy for them to be ripped off.
- Illegal moneylenders may charge borrowers 25-50% interest per week - **an annual rate of over 11 million % !!**
- It can be very difficult to repay illegal loans, some people never free themselves.
- Illegal moneylenders cannot legally demand repayment so they use other tactics:
  - They may harass borrowers, or threaten violence.
  - They may take bank cards, pension Post Office cards etc off borrowers so that they control their finances.
- Borrowing from an illegal money lender is **not** an offence.
- Being an illegal moneylender is a serious offence carrying penalties of up to 2 years in prison or a £5,000 fine.
- **To report an illegal money lender call the Scottish Illegal Moneylending Unit - 0800 074 0878. Your call is completely confidential.**

## Sensible Debt versus Problem Debt

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Borrowing can be a reasonable part of managing your money, or it can create problems that can soon get out of control.

### So how can you tell the difference between sensible and problem debt?

#### *Sensible debt*

- You are in control of it.
- You understand how much you have to repay, and have a realistic time plan for doing so.
- You can repay it without too much pain, and without cutting into your essential spending.
- You got into debt to pay for something that you need, and which was value for money.
- Taking out a loan was a more sensible decision than saving for what you bought, or buying it outright.
- The cost, terms and conditions of the loan are suitable for you, and the best that you could find.

#### *Problem Debt*

- You do not feel in control of it.
- You do not know how much you have to repay, or understand why you have to repay that much.
- You don't have a realistic plan for repaying it.
- You have to give up essential spending or miss out on other things that you want more.
- You got into debt for an impulse purchase, for something that wasn't value for money, or you can't even remember why you took out the debt.

- You wish you had saved up to make your purchase, or paid cash.
- There were better deals available in terms of cost, terms and conditions on your loan.
- Your debt leaves you borrowing to buy essential items.

### The Debt Spiral

- Debt really becomes a problem when you find yourself in a debt spiral.
- This often starts when you simply spend more money than you have.
- Then you borrow to fill the gap.
- That means more of your money goes on repaying your debts as they get bigger.
- Then you keep borrowing more to spend more so you don't miss out on things.
- Yet more of your money goes on repaying your debts.
- This continues until all your spare cash, and some cash that you need for essentials is going on repaying your debt, and YOU ARE LEFT WITH NOTHING!

### Dealing with Problem Debt

Sometimes when you have taken out a problem debt, you can grit your teeth and pay it, and promise yourself not to make the same mistake again. Sometimes that isn't possible, and you may be in more trouble than you can cope with.

You need to beware of some specific warning signs of trouble:

- You are always right up against your overdraft limit on your bank account, or sometimes go through it.
- You regularly take out cash advances on credit cards, or take out pay day or benefit day loans.
- You can only afford to make the minimum payment on your credit card.

- You find yourself borrowing money to pay household bills or household essentials.
- You are behind on your rent/ gas / electricity / council tax bills.

### Getting help

If you are in trouble repaying your debts, **seek help straight away**. Even if dealing with the situation seems daunting or stressful, the earlier you get support, the sooner you can start getting things sorted, and the easier they will be to deal with.

Advice agencies can help

- Make an appointment with them as soon as possible (see contact details at the beginning of this Guide)
- Let your creditors know that you are seeking debt advice.

Advice agencies will:

- Give you confidential, free advice.
- Not make any negative judgements about the reasons you are in debt.
- Provide you with skilled support.
- Clarify your rights and the debts you owe.
- Identify the debts that you should pay as a priority.
- Keep in contact with your creditors, and negotiate with them on your behalf if you wish them to do so.

It is worth remembering that the companies you owe money to would rather discuss the possibility of you making reasonable payments of your debts over a period of time, than get no payment at all, or take expensive legal action against you. If they were ever to take you to court, it would help you that you had made a reasonable effort to make payment.

When you go to see a Money / Debt Advisor for your first appointment, try to have all the relevant information with you- details of all your debts, loans, agreements. Draw up a budget before you go, so the adviser can see your situation straight away.

If you would prefer to access money advice over the phone you can contact:

National Debtline- 0808 808 4000.

Scottish Debtline- 0800 138 3328.

### Emergency Situations

Some debt situations are very serious. You must seek immediate help if:

- You have received notice that your landlord is seeking to evict you.
- You have received court papers or a date for court hearing in relation to an action taken by your creditors or landlord.
- You are threatened with having your gas/ electricity disconnected.
- Sheriff officers are about to visit you, or have called on you already.

### If Paying All Your Debts Is Impossible

There are a number of ways that you can move forward if it looks as if paying all your debts might be impossible.

### Trust Deed

A Trust Deed requires you to agree a formal arrangement with a specialist adviser called an insolvency practitioner, who becomes your trustee. This is an option if you have assets that can be sold, or you can make regular payments to your trustee from your income. If the rights to the things you own are transferred to the trustee, who can then sell them, and use the proceeds, and any contributions you make from your own income, to pay off your debts. Trust deeds normally last 36 months, after which, if you have co-operated with the trustee, outstanding debts are usually written off.

Signing a trust deed can affect your credit rating, and make it difficult for you to get credit in the future.

### **Bankruptcy**

Subject to certain conditions, you can apply yourself to be made bankrupt, or one of your creditors can apply to have you made bankrupt. Everything you own, apart from things that are essential for everyday living, is handed over to a trustee who sells them to pay off your debts. Most of your creditors cannot take further action against you at this point. You are usually discharged from bankruptcy after 12 months. Most outstanding debts will be written off at the end. Becoming bankrupt will have a very negative impact on your credit rating, and you may find it hard to get credit in future.



# Savings and Insurance...

## Savings

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### Main Messages:

- Saving can help you manage your money in a number of different ways. In particular it can help you:
  - Deal with an unexpected cost, such as a car or washing machine breakdown.
  - Afford more expensive items like a car, a holiday, paying for Christmas and birthdays, or just some treats for you or your family.
  - Coping with any big life changes such as moving house.
- You should not borrow to save, or go without essential things to save.
- Try to only use your savings for the reason that you actually began to save.
- You are allowed to save a certain amount of money tax free, and you will not pay any tax at all on your savings if you are not in work.
- There are lots of different ways to save - some work best for the short term, others for the longer term. Take time to choose the best savings product for you.

### Where to Save?

**Banks and Building Societies** offer a variety of savings accounts for your needs. These accounts differ from current accounts by offering interest on your savings. Remember- if you leave a big balance in your current account, inflation will reduce the value of money in your account, and you will be missing out on interest.

You will usually have to pay tax on the interest that your savings earn. However, by taking out an ISA (individual savings account), you will be able to save £3,600 each year tax free. You also don't pay tax on your

savings if you are not an income tax payer, for example if you are out of work.

All local **credit unions** offer savings accounts. Many people who are saving small amounts feel more comfortable saving here. Some credit unions ask you to save with them before borrowing. Local credit unions offer other services such as Christmas Clubs, which give you savings accounts that you can't access until November, and which earn you a dividend as you save.

**Don't forget that you may be able to pay into your credit union account along with your rent.**

### **What About Informal Saving?**

There are a variety of savings schemes offered by shops, and by catalogue companies. Most of these offer you vouchers at an agreed time, such as Christmas, in return for the money you have saved. These schemes can seem attractive where they are run by people you know, and they often seem an easy way to get into a savings habit.

However:

- They often don't offer any interest, so the money you save is worth less when you come to spend it because of rising prices.
- There will probably be restrictions on where you spend your vouchers, at a particular shop or range of shops, or on particular things.
- They aren't regulated, and you aren't covered if anything goes wrong—remember the Farepak scandal in which lots of people lost their Christmas savings.

Some people simply keep their savings under the mattress or in a jar. Having small amounts of cash in the house set aside for emergencies is not a bad idea. If the amounts become quite large however:

- You are losing money, cash under the mattress isn't inflation proof, and doesn't earn any interest.
- You are at risk of theft.
- You may find it too tempting to use the money when you would really prefer to keep saving.

### Choosing Between Savings Products

#### Begin by:

- Being clear what you are saving for, in particular whether it is for the long or short term.
- Drawing up a budget, and decide how much you can afford to save.

#### Then:

- Draw up a list of potential savings products - use the resources mentioned below, or ask for leaflets from a range of banks and other providers.

#### Then compare those products by:

- Looking at how much money you will make, and how long it will take you to save what you want to. This depends on the interest rate that is paid on the product. The technical term for that interest rate is the Annual Equivalent Rate, the AER.
- Choosing whether the account should offer a fixed or variable interest rate.
- Finding out the conditions on your account in terms of withdrawing your money.
- Some accounts will give you quick access to your cash, other accounts will ask you to give a period of notice ie 30 days.
- Some accounts will give you a lower rate of interest if you withdraw savings sooner, or more often than is intended.
- Deciding how you want to manage your account, in person or online.
- Asking whether or not your saving will be tax free.

## Remember:

- Accounts which you only manage on line may give you a better rate of interest.
- Generally it is the case that the higher the rate of interest, the more notice you will have to give to get at your money.
- Having to make more effort to access your savings, can be one way of making sure that you don't fritter them away.

## For Further Information:

Contact your local Credit Union, details at the front of the guide.

Money Made Clear:

<http://www.moneymadeclear.fsa.gov.uk/products/savings/savings.html>

National Savings and Investments: <http://www.nsandi.com/index.jsp>

Office for Fair Trading: Booklet on Saving for Christmas-

[http://www.offt.gov.uk/shared\\_offt/consumer\\_leaflets/credit/oft924.pdf](http://www.offt.gov.uk/shared_offt/consumer_leaflets/credit/oft924.pdf)

Money Saving Expert [www.moneysavingexpert.com](http://www.moneysavingexpert.com)

## Special Savings Products

**Savings Gateway** - from 2010 onwards people on low incomes will be able to save money in Government approved accounts, with the Government itself contributing a certain additional amount to the account for every pound saved. When the account is launched more details will be found at [www.hmtreasury.gov.uk](http://www.hmtreasury.gov.uk) and [www.fsa.gov.uk](http://www.fsa.gov.uk)

## Saving for children

If you have children born after 1st September 2002 they may already have a Child Trust Fund Account which they can access after their 18th birthday. Even if **you** haven't yet opened an account for your child, the Government will still have done so. You will be able to put money into that account yourself at any time, or you can transfer the savings to a new Child Trust Fund account if you wish.

Child Trust Fund accounts, and other accounts that help you put aside money for your children, are available from a range of providers, take a look at the FSA's Money Made Clear website for more information, or the Government's own Child Trust Fund Website.

## Pensions

Pensions may be a subject that can send most people to sleep within seconds, but it is worth thinking about them once you are in a job. To live well in retirement you will probably need more money than is available from the Basic State Pension. The Government recognises this, so you also don't pay tax on your pension contributions.

Pensions come in different forms.

- Occupational pension schemes
  - Salary related schemes
  - Defined contribution schemes
- Stakeholder or personal pensions. You can start these yourself, or may be offered a stakeholder pension or personal pension at work.

If your employer has more than five employees, they will have to offer access to a pension scheme.

Where you have access to them, occupational schemes can be good value. Your employer may make a contribution to the scheme, and the scheme may offer other benefits such as life insurance, cover if you have to retire early because you are ill, and pensions for your spouse or dependents once you have died.

If you want to know how much you will have to put into your pension to give you the amount you want in retirement, use the pension calculator at [www.fsa.gov.uk](http://www.fsa.gov.uk).

Advice on pensions is available from The Pensions Advisory Service at <http://www.pensionsadvisoryservice.org.uk/> tel 0845 601 2923 (Women and Pensions Hotline tel 0845 600 0806) (Self employed hotline tel 0845 602 7021)

## Insurance

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### Key Messages on Insurance

- Life can always go wrong; people get ill, things break down, burglaries happen. Insurance can protect you against the unexpected.
- In return for paying your insurance premium (what you pay monthly, yearly), you will be compensated/ receive an agreed amount when an event covered by your policy happens.
- You can insure yourself against almost anything, and use any one of a large number of companies to do so.
- Think carefully about what insurance you need, and look at the small print as well as the cost.
- You should always have home contents insurance – ask your housing association for details – a policy may cost you as little as 50-60p per week.

### Choosing Insurance

#### Begin by:

Asking yourself how you would cope if something went wrong, for example if:

- You/ your partner were to become disabled
- You/ your partner died
- Your belongings were stolen, burnt or damaged
- You were in a car crash

#### Then:

Check if you've already got insurance, sometimes other financial products throw in insurance as part of the deal. If you are already insured, check the details of your insurance to make sure it meets your needs.

## Then:

Compare relevant insurance products that are on offer. **This isn't just about price.** You need to think about the 'small print'. In particular:

- **Exclusions** - Products which seem at first sight to be the same may not cover you for exactly the same things going wrong.
- **Excess** - If you are insuring goods, you will probably have to pay something towards their replacement when you make a claim. Similar looking products may charge different levels of excess.
- Not all companies will offer the same quality of customer service.
- Insurance works by offering cheaper premiums to people who are at lower risk of claiming. That's why younger drivers have to pay more to get their car insured. You may not always qualify for the cheap deals that you see in adverts.

## TO HELP YOU CHOOSE, USE:

- Price comparison websites. If you use these, use more than one, no website covers the whole market. They will give you a range of quotes based on your answers to particular questions. Make sure you give them the right information, and that the quote is based on your personal circumstances.
- A financial adviser/ insurance broker. Make sure that you use a broker or adviser that is on the list of those regulated by the Financial Services Authority.
- If you go straight to an insurance provider, they will only provide you with information about their own products.

## ONCE YOU'VE BOUGHT, REMEMBER:

- Not keeping up your premiums means that you will lose your cover.
- You may have to fulfil your own responsibilities to keep your cover. For example, leaving a window unlocked might mean you can't claim for a burglary, even if the burglars smashed their way through the back door.

- Be honest in the information you provide when you take out insurance, and inform the company of any change in your personal circumstances. Not doing so could mean that you will lose your cover.

**More information is available at:**

- Money Made Clear:  
[http://www.moneymadeclear.fsa.gov.uk/products/insurance/types\\_of\\_insurance.html](http://www.moneymadeclear.fsa.gov.uk/products/insurance/types_of_insurance.html)

**Home Contents Insurance through Your Landlord**

If you have a burst water pipe, fire, flood, storm or a burglary, your household goods, your carpets or your furniture are not covered for damage or theft unless you have home contents insurance.

Each of the housing associations offers its tenants access to a good value home contents insurance scheme, which can protect you for as little as 50-60p per week.

Contact your local housing office for more information and an application form.



# Bank Accounts...

## Main Messages

- Banks give you a safe place to keep your money, and flexibility about the way that you pay for things.
- Managing your account effectively is easy if you follow our tips.
- Opening a bank account/ switching a bank account is easier than you might think.
- Keeping an eye on your account, and on any information your bank sends you is important for security reasons.
- You are not under any obligation to buy other services that your bank offers you.

## Using Your Account Day to Day

If you don't already have a bank account of your own, getting one is important. Benefits are now paid directly into bank accounts and most employers require you to have a bank account in order to receive your wages.

When using your account you need to think about:

- Ways to pay
- Ways to get hold of cash
- Managing your account
- Managing your overdraft, if you have one

## Ways to Pay from a Current Account:

- Direct debit. This means that on a regular day of the week/ month/ year an amount, which can vary, will automatically be paid out of your account to the company from whom you purchased goods/ or services. You need to make sure that you have enough money in your account to cover any direct debits you have, otherwise you can be hit by charges (see below).

- Standing order. This is similar to direct debit but the amount paid cannot vary month to month, or week to week.
- Debit card, Switch, Solo, Maestro or Visa. Money is transferred to pay for goods once your card is swiped, and you have signed or entered your pin number.
- Cheque. You can use cheques to pay for goods, but may have to show a bank card at the same time to compare the signature on your cheque. Some places have stopped accepting cheques.
- Cash that you withdraw from your account.

### Ways to Access Cash from a Current Account:

- From automatic cash machines- though make sure you only use the ones that don't charge you to withdraw. There will be a limit to how much you can withdraw at any one time.
- You can ask for cash back when you are paying by debit card in some shops.
- Face to face at the counter in your bank, using your cheque book, or your bank card. You might need to do this if you are withdrawing a lot of money at once.

### Overdrafts

- Most current accounts will offer you an overdraft.
- An authorised overdraft is a form of borrowing, when a bank agrees with you that over time you will be allowed to spend more than the money in your account up to an agreed amount. You will be charged interest on the overdraft, and there may be other charges attached which mean that you pay for the privilege.
- If you try to make a payment which exceeds your authorised overdraft, this is called an unauthorised overdraft/ unauthorised borrowing.
- **Constantly struggling to stay within an overdraft limit is a clear sign that you need to rethink your budget.**

## Tips for Managing Your Account

- Beware of bank charges. If you don't have enough money in your account to cover a direct debit or standing order, the bank will generally honour the payment. However, as you will have used an unauthorised overdraft, you will be subject to charges, and an even higher level of borrowing on your borrowing. These charges can be considerable, even when you only just didn't have enough money in your account.
- Banks will usually send you a statement each month, and you can get balances or mini statements at cash machines. Use the information available to you to keep an eye on whether you are budgeting successfully, if you have enough money in your account, and to keep your money safe (see below).
- Payments made by debit card do not always show up immediately on mini or online statements. If you give someone a cheque they may not cash it immediately, and once they do it will take a couple of days to leave your account. When you pay a cheque *into* your account, it may take up to 5 working days to come through. All of these things mean that you may have less money in your account than you think. Make sure this does not leave you without enough money to cover direct debits and other payments.
- Cash machines owned by banks will not usually charge you to withdraw money from them. Cash machines in shops or petrol stations sometimes do charge. Any machine that charges has to tell you at the point at which you put in your card. This charge can be as much as £3.50, a lot of money, particularly if you are only taking a small amount out. A good alternative to cash machines like this is to use cash back from shops/supermarkets.
- If you have a secure connection at home, and are happy using the Internet, managing your account online is a good way of keeping an eye on your money.

## Choosing an Account

Not all bank accounts are the same, and choosing the right account can make life a lot easier for you.

### First:

Decide whether you want a basic bank account or a current account.

- Basic Bank Accounts tend to have less flexibility in the way you run them than current accounts. In particular they will not generally give you an overdraft, and you may be provided with a debit card that is not usable in as many places, BUT
- You can use them to withdraw money from a Post Office, which is not the case for all current accounts.

### Then Compare Different Accounts:

Think about the following to help you make up your mind:

- Access to a local branch- and whether you want the option of speaking to people face to face (This can make it easier for you to get help if you run into difficulties).
- Access to on-line banking.
- The level of overdraft they offer, and the interest and charges you would pay to use that overdraft.
- The level of charges if you go into an **unauthorised** overdraft.

## Opening an Account

If you are opening a new account, the bank will need proof that you are who you say you are, and that you live where you say you live. This is not about them being awkward - they need to check your identity because of laws designed to stop identity fraud and money laundering.

## Proving your identity

To prove your identity you can use a:

- Current signed passport
- Current UK photo card driving licence.

You should also be able to use some combination of the documents below:

- The full paper version of a driving licence.
- Original and recent benefits entitlement letter from the Department of Work and Pensions (DWP), Her Majesty's Revenue and Customs (HMRC), or your local authority.
- Immigration Status Document, with Residence Permit.

If you still have a problem you should be able to get a letter from your housing officer, doctor, or someone else in authority who knows you, to prove you are who you say you are.

## Proving your address

You can prove your address by showing a recent gas/electricity bill for your current address. This might be difficult if you have just moved into a new home. A copy of your tenancy agreement or an original entitlement letter from the DWP, HMRC or local authority should then be enough to prove where you live.

## Safety and Security

Banks have lots of safeguards in place to stop people having access to your money when they shouldn't have. Although *some* of the rumours you hear about scams are just myths, there is no foolproof system for stopping every fraudster.

To help keep yourself safe from ID fraud and other rip offs:

- Keep your pin number confidential.
- Keep your statements safe, and check them for any sign that someone else might have been taking money from your account.
- Shred or burn properly any letters or statements from your bank that you don't want to keep.

### Don't Drown in the Junk Mail Deluge

When you sign up for a bank account, or another financial product, you will no doubt start to get letters from your bank and others offering you a range of other financial services.

Sometimes the deals offered may seem attractive, BUT:

- Don't feel that you have to respond.
- Don't feel that you have to take any one product from your bank.
- Think carefully about whether you really need any particular product.
- If you do need something, shop around for it.

***We hope that this guide has been of some help to you but if you are struggling to pay bills please speak to one of the advice agencies listed at the front of this guide.***



## **The FISH Argyll Project - Welfare Rights and Money Advice**

The four housing associations in Argyll and Bute (ACHA, Fyne Homes, Dunbritton Housing Association, West Highland Housing Association) have come together to create the FISH (Financial Inclusion Services in Housing) Argyll project. FISH Argyll hopes to be able to offer both **welfare rights** and **money advice** staff.

We will contact you about this new service as soon as possible.



Designed & printed by



number one for print & office supplies

tel 0141 429 4222

ref: 90191