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CREDIT SECRETS REVEALED (the borrowers bible)

By Jon Murray

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IMPORTANT NOTICE :

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CHAPTER ONE :
SAVE £000s OFF THE COST OF YOUR MORTGAGE

Most people end up paying far more for their mortgage than they really should. In the first place there seems to be a kind of universal rule that the mortgage term should last over 25 years - the idea of this is obviously to keep the monthly expenditure to a minimum. But have you ever considered how much you could save if you reduced the term to only 20 years?

The amount you save will depend on which type of mortgage you have. For instance, on an endowment mortgage where you only pay interest on the loan, the amount of interest paid is the same each month regardless of the term of the mortgage. However, the endowment policy, if taken over 20 years instead of 25 years can have a surprisingly small increase in monthly payment. The total amount put into the endowment policy can therefore end up being considerably smaller - the extra monthly amount totalling much less than the extra five years worth at the lower monthly rate.

Where the savings really start to accrue though is with the repayment mortgage. Because interest rates are always subject to variations, the example shown below uses 10% for the sake of simplicity. Naturally, with interest rates being lower than this the total amounts of expenditure and savings will be less. Again, for the sake of simplicity, Miras is not considered.

The repayments on a 10% (APR) £50,000 mortgage over 25 years would be £454 per month. At the end of 25 years you will have paid a total of £136,200. The total interest being £86,200.

Reduce the term of the mortgage from 25 to 20 years and your monthly instalments only increase to £482 (only £28 per month more). The total repaid over the 20 year period would then be £115,680. The total interest being £65,680 - a saving of £20,520 and the whole thing is settled five years earlier!

A further reduction to 15 years and the monthly instalment would be £537 with the total repaid being £96,660. Total interest paid now coming down to £46,660. The mortgage being settled 10 years earlier and costing £39,540 less than the 25 year mortgage.

There are many other ways of saving money on a mortgage. The most obvious one being to find one with the lowest possible rate of interest. Be careful here though for 'low-start' mortgages, some of which can cost a lot more in the long term.

The best plan when looking for a mortgage is to consult a truly independent financial adviser - one you can trust not to sell you the product which simply brings him the highest commission.

There is a company called CLIENT FIRST who specialise in finding the best possible deal for their clients.

You can contact them by letter (FREEPOST), telephone (The call is FREE) or fax. They will give you the best advice you can get and there will be no 'hard-sell' techniques used.

WHEN CONTACTING CLIENT FIRST
PLEASE QUOTE REFERENCE **CF750**.

Client First Ltd	Telephone (Free) :	Or, Fax :
FREEPOST (PY86)	0500 575 500	01752 894308
Ivybridge		
PL21 9BR		

In addition to the free advice and service of finding the best possible deal for Mortgages & Remortgages Client First also deal with the following financial products :

Endowments
Life Cover
Peps/Tessas/Savings Plans
Pensions
Investments
Income Protection
Critical Illness Cover
Medical Insurance
School Fees
Full Financial/Tax Planning

A typical example of the kind of savings Client First are able to find :
A man, on the advice of his Building Society, took out a life insurance policy costing £89.46 per month, for £74,500 worth of cover over 25 years.
Fifteen months later, he changed to a different Insurance Company and is now paying £51.13 per month. Savings over the period of the policy are a very substantial £11,499!

CHAPTER TWO :
THE SECRETS OF OBTAINING A FIRST CLASS CREDIT RATING.

Today it is virtually impossible to survive and prosper financially without a good credit rating. There have been times in the past when I have taken business risks that turned out very badly and I have lost a lot of money. Even worse than losing the money itself is the damage that serious business failure can do to your credit rating.

After having had over 20 major credit cards, bank loans and overdraft facilities, with an ability to raise in excess of £100,000 in credit, I was left with massive debts and a credit rating so poor that I couldn't even open an ordinary bank account!

The one sure thing I learned about borrowing vast quantities of money, at high interest rates, to finance business deals and ventures, is that access to credit is virtually essential for any real wealth creation.

It was unfortunate for me that I had to learn the hard way about the importance of maintaining an excellent credit rating. After having access to easy credit, I lost hundreds of thousands of pounds on property deals and other business ventures. Only after this experience did I realise how fortunate I had been to have been in the position to gain the kind of credit I was using in the first place.

I have now re-established my credit rating to a first-class level, and I intend never to create a situation again where my credit rating is put in jeopardy.

The method detailed below is the one I used to rebuild my credit rating back to a level where I will never need to worry about access to money for any purpose.

When you have no money at all and your assets are all frozen because of debt, and no bank or other lending institution will lend you a penny, you may think that creating a credit rating where you can eventually borrow almost unlimited sums would be virtually impossible.

In fact, with absolutely no cash at all, it is virtually impossible. Some amount of cash is essential. To get this plan up and operational within the couple of months that it takes to become productive an ideal sum of money would be in the region of £1,000.

After enjoying a fairly wealthy lifestyle and being used to the finer things in life, I ended up broke and almost bankrupt. I avoided bankruptcy by the skin of my teeth.

To get some money to start my credit building plan I took every one of my personal possessions which I thought I could sell. I attended car boot sales, at which I managed to raise just over £350. I put together another £300 by selling furniture and other personal effects through adverts in the local paper.

Keeping £150 as an emergency fund I took £500 to the nearest bank and opened the highest interest savings account that I could get. After a week I applied for a personal loan from the same bank and offered my £500 deposit as security. Because the sum I wished to borrow was already held by the bank, they were only too glad to loan me the £500.

So I then had £500 cash in hand and £500 in the bank. Naturally I had to make monthly repayments to the loan. These were kept to a minimum by taking the loan out for the maximum period allowed, which was 2 years. This left me with repayments of less than £1 a day.

I then took the £500 I had borrowed to another bank and opened another high interest savings account with it. Following the same procedure I opened savings accounts at six banks and used the final £500 to cover the repayments.

After a couple of months repayments had been made to each loan I took the £150 emergency fund I had set aside and added it to the capital I still had. I used this to repay the last loan I had taken out. This allowed me access to the savings I had with that bank. Then, after each subsequent month I paid off each of the loans in turn.

Having done this it was easy to go to the first bank and apply for a loan of £500 secured on my home. They were happy to lend me this money because I had shown them that I could borrow and repay a previous loan. So, in spite of my terrible credit history, after having lost a great deal of money in business ventures which went wrong, I had rebuilt my credit rating to a first-class level within six months.

If you have no previous bad debts there is no reason why you could not establish this level of credit rating within two months.

And once you have established a credit rating with a few banks you can apply for their credit cards. Initially you may have to settle for a fairly low account limit, but this can be increased rapidly by using the credit cards to borrow money up to the limit of each card every month, and then repaying the full sum at the end of the month.

Within a few months you can request and normally will be granted an increase in credit limit. I used this method with store-cards also and now have a £5,000 limit on most credit and store cards I use.

One thing to always keep in mind : once you have established an excellent credit rating, don't lose it. I became too careless with borrowed money in the early days because I had easy access to credit. Now that I have rebuilt my credit rating to a top notch level I will never let it be ruined again.

Always be very careful when borrowing money to invest in wealth generating programmes. Do your research...don't just jump in at the deep end...I did, and lost out, big time!

Keep your credit rating healthy by always ensuring that you are able to make any repayments that are due, and make these repayments on time. Even if you have to borrow from one source to make a payment to another, this can be worth your while as the maintenance of your credit rating is one of the most important things you will need to take care of on your journey to financial prosperity.

NB : Most of the larger banks and building societies now automatically check your credit rating and, if you have been blacklisted for any reason, such as default or CCJs, then they won't even lend you the same amount as you have deposited with them. This is a recent development which limits the widespread use of the above plan. However, some of the smaller building societies and some banks will still lend to you, regardless of your credit history, provided that you have the right security.

The supplement included at the end of this guide has a listing of institutions which specialise in lending to people with a poor credit history. So, even without the need to have funds lodged with them, as suggested above, there are always alternative sources to the main banks and building societies.

CHAPTER THREE :
HOW TO HAVE CCJ's LEGALLY REMOVED

People who have CCJ'S (County Court Judgements) for bad debts will always find it very difficult to borrow money from established lenders such as banks and building societies. As outlined in chapter one, it is possible to get around this by using the method of leaving money on deposit as security for any loan.

However, it is always in your best interest if you have CCJ'S on your credit record, to have them removed as soon as possible. Records of CCJ'S are kept by four main credit reference agencies for a period of six years from the date of their inception. After this time they should be removed automatically, and if they have not been, then you can simply write to the credit reference agencies and order that they be removed.

In order to find out what information the credit reference agencies have on you, you should write to them to enquire. Include your full name and address, any previous address(es) you have lived at in the past six years, and £1 to cover administration fee.

The four main credit reference agencies used by lenders to check on your credit history are :

CDMS, Dove Mill, Dean Church Lane, Bolton, Lancashire, BL3 4ET.

CNN, PO Box 40, Nottingham, NG7 2SS.

Equifax, Spectrum House, 1a North Avenue, Clydebank,
Glasgow, G81 2DR.

Infolink, Regency House, 38 Whitworth Street, Manchester, M60 1QH.

Once you have obtained the information you need from these agencies, you can decide what action you wish to take.

NB : In order for any record of CCJ'S to be legally removed, you must be able to prove that at least one of the conditions below applies :
1) The six year period has expired, and the record should be removed as being out of date.
2) The record should not have been lodged in the first place, as the CCJ does not exist, and the record is a mistake.
3) The debt to which the CCJ applies has been fully paid off. Here you can insist that the CCJ be removed because you have cleared all of your financial indebtedness.

To apply to have judgements overturned, you should obtain form N244 from your County Court (or Sheriff Court in Scotland).

During the period in which your application is being considered all records of judgements against you are removed from the records of credit reference agencies. Then several more weeks usually pass before the agencies can re-instate these details, so even if your application is unsuccessful you have a period of around 8 weeks where you have no CCJ'S on record.

In order that any judgements against you be set aside you must have a valid reason, such as not receiving the original summons, being unwell or out of the country at the time the summons was issued, or having discharged the debt within a period of 28 days from the original issue of the summons, in which case no record should have been registered.

CHAPTER FOUR :
RAISING THOUSANDS IN A MATTER OF DAYS.

Once you have established a credit rating as described in chapter one you are in a position to borrow thousands from the banks with which you have been dealing.

Go to each of the half dozen or so banks from which you deposited and borrowed £500 (or whatever sum you were able to use) and request a personal loan application.

Fill out the loan application for a sum of between £500 and, say, £2,000. Even if you apply to borrow only £500 from each of six banks, that still amounts to a total of £3,000.

Take the applications home, fill them out and take them, in person, to each of the banks all on the same day. By doing this, any check on your borrowing will only show up for any loans which you already have. The banks will not have details of the loan applications made to other banks on the same day.

Because the individual sums for which you are applying are relatively small, and because you have already established yourself as credit-worthy with each of the banks to which you are applying, you should find that the loans are approved within a matter of days. Sometimes you will get clearance on the same day you apply and can leave the bank with a cheque for the loan amount.

Often banks will deposit the money directly into your account with them. If this is the case you simply go to the cash desk and make a withdrawal for the full amount either later the same day or whenever it suits your convenience.

Using this method I borrowed £8,000 and deposited the full amount with another bank from which I had not originally borrowed. I deposited £5,000 in a savings account with that bank, and £3,000 in a current account.

By lodging the £5,000 as security I then was able to borrow a further £5,000 and repeat the process as detailed in chapter one. Ultimately borrowing £30,000 I then invested in a small run-down, one bedroom flat for £18,000. I paid £7,000 to have this flat completely renovated and sold it 6 months later for £32,000. Even after interest payments I still made a profit of over £5,000.

£5,000 in the space of 6 months is not a great deal of money, by any standard. However, when you consider that I had been virtually bankrupt less than a year earlier and started the whole venture with only £650 in total I think you will agree that it is not a bad return.

I mention the property deal here because that is what I did with the money I borrowed at that time. I have been involved in many property deals over the years, most of which have made considerably more than £5,000...often more than ten times that amount. This example is pertinent here because it shows what can be done with the smallest amount of starting capital.

Once you have used the method of borrowing detailed above, you will eventually develop a credit rating where you will be able to borrow between £10,000 and

£20,000 within a day or two of applying.

If you keep building up the amount borrowed, and expand the number of banks you deal with to ten, then you only need to borrow £10,000 from each one in order to raise £100,000.

First of all you can borrow as little as the £500 originally discussed in chapter one. But expand the number of banks you use to ten. You then go to as many as all ten of these banks and request a 30-day loan of £1,000. Because of the credit rating you have established you should have no trouble at all in borrowing such small amounts from each bank.

When the 30-day borrowing period is over, repay the whole amount to each bank on the same day. After another month or two, go to all of these banks again and ask to borrow £2,000 for a sixty or ninety day period.

Again, repay the loans promptly at the end of the sixty or ninety-day period. After another two or three steps using this method, you will be able to borrow at least £10,000. Because you will now be recognised by the banks as someone who is a very good lending risk, you should be able to have a loan of £10,000 approved, at each bank, within a day or two.

So, once you have built your reputation for credit-worthiness, you can raise at least £100,000 within two days of applying.

CHAPTER FIVE :
A GUARANTEED INCOME OF £100,000 IN A YEAR.

It is something of a truism that success breeds success. Likewise with money. Money can be used to "breed" money. Provided you have access to the necessary capital in the first instance, and are careful about selecting the kind of opportunities which offer a high return for a minimal risk, you can earn a very worthwhile income...using other peoples' money!

One excellent method of amassing a large amount of capital and guaranteeing yourself a very high annual income is to form your own corporation.

The cash you generate from the sale of shares is much cheaper than borrowing...there is no interest to pay, it does not incur monthly repayments will pay your salary and is not subject to taxation.

Regardless of what the company does by way of trading, it is possible to issue shares at a nominal value of, for example, £1.00 each.

You can buy a limited company off the shelf and convert it to a public limited company. You then write into the company charter an authorisation for the issue of one million shares with no par value.

These shares are then divided into lots for distribution. You could keep 300,000 shares for yourself, allocate a further 400,000 for sale to the public at £1.00 each. Then set aside the remaining 300,000 for sale at a later date, when the value of the shares has risen, so that the sale price is much greater than the original £1.00 each.

Contact a stockbroker and offer to let them sell your shares at an agreed commission (normally around 20%). Impress upon the broker that yours is a new company which is set for rapid growth.

With the capital raised from the initial sale of shares invest in getting the company up and running. Once you are trading profitably your shares will start to appreciate in value. It is not uncommon for shares in a newly established company to show a three or four-fold growth within the first few months of trading.

The initial capital from the sale of 300,000 shares, less 20% brokers fee, will leave you with an operating capital of almost a quarter of a million pounds. With this kind of money it is a fairly straightforward process to employ sales and management professionals to run your company and financial experts to advise on the best commercial strategy.

With a three-fold increase in share value your 400,000 shares now have a nominal value of £1,200,000. The remaining 300,000 worth of shares can then be sold at £3.00 each or close to that amount. Supposing you can sell them for only £2.00 each, you still are able to raise a further £600,000 in operating capital.

Keeping your 400,000 shares as a nest-egg for your future, you award yourself a salary of £100,000 per annum as the company chairman. You don't even need to take on a managing director's responsibilities, and would be well advised to employ an experienced business professional to fill this post.

The most difficult phase of establishing your own corporation will be in converting your limited company to plc status. The formation or the buying off the shelf of a ready formed limited company is a straightforward process. However, in order to elevate your limited company to public status will require expert professional guidance.

It is quite possible though, that you could find a suitable business professional to perform the necessary work for an agreed shareholding in your new company.

CHAPTER SIX :
ALL THE CREDIT CARDS YOU COULD EVER WANT.

As discussed in chapters one and two it is possible to build up an excellent credit rating which will allow you to borrow large sums of money from banks.

Providing that you always make agreed payments in full and on time you can then move on to building up a large collection of credit cards. Start with a Visa and Mastercard from all the banks that you have borrowed from. Then apply for cards from any other banks which provide credit cards.

Quite often you will find banks advertising credit cards at a preferential interest rate. The advertising usually concentrates on the concept of using that particular bank's card to consolidate all your borrowings from other sources which have a higher rate of interest.

When you apply for a card advertised as being a handy way of paying off all your other cards and overdrafts the issuing bank will assume that you are going to use their card as an alternative to the cards you already have. Because of this they will be keen to issue their card with the minimum of fuss. However, once you have obtained their card you are under no obligation to cancel the cards you already have.

As mentioned in chapter two, apply for and obtain as many cards as you can get. Providing you have kept to your repayment agreements on all loans and cards there is no reason that you should be refused any new cards for which you apply.

I now only use three major credit cards and two store cards. This is because I have managed to accumulate working capital and tend to use current account overdrafts when needed. However, in the early days of needing fast cash for business investments I used over 20 credit cards.

CHAPTER SEVEN :
VIRTUALLY UNLIMITED FINANCE FROM YOUR CREDIT CARDS.

When I used my credit cards to raise finance for rapid growth business deals I was able to raise over £70,000 on cards alone. I could raise a further £30,000 or so on overdrafts and 'personal reserve' accounts with agreed borrowing limits.

There are many opportunities to make a lot of money in a short time when you have the capital to invest. Naturally, because of the high interest rates payable for cash borrowing on credit cards, the only reason you should borrow large sums of money using this method is to invest in opportunities which virtually guarantee a good profit in a short time.

Before I made the mistake of investing in business opportunities which I had not looked into in enough depth, and so consequently lost money on, I used credit cards to borrow several thousands at a time to finance some very profitable deals.

Some of these included the cash purchase of luxury cars, often after I had already located a buyer with ready money to buy from me immediately after I had taken possession. The best of these deals was when I bough a Mercedes 190E for £8,750 from a private owner in London and sold it for £11,000 to an eager buyer in Edinburgh who had already told me that was the price he would pay for this particular car. The purchase price was raised solely through my Visa and Mastercards.

I actually borrowed £9,000 and took a luxury overnight stay at the Hampshire hotel in Leicester Square as a perk of the "job". The best part, though, was driving the car from London to Edinburgh.

I knew that I was making a sound investment, because, even if the man who had agreed to buy the car from me had changed his mind, I had a car with a book price of around £12,000 for less than three quarters of that sum. The very worst I was likely to end up with was my money back!

Although I have made more money in property dealing than any other business venture, followed closely by selling information, I still buy and sell the occasional luxury car. Not because I need to, sometimes I only make a few hundred pounds. I do it, just occasionally, because I enjoy it...it certainly beats working for a living!

Please note, because of the high interest rates of credit cards it is often not a good idea to use the money borrowed on them to finance property deals. The trouble with property, although it is nearly always a good investment, is that it can take some time to turn it around.

Credit card borrowing should only be used when you are virtually certain that a property is going to be ready for sale in a very short time and that you are confident that it will sell quickly.

I bought a shop, over three years ago, which I still have not managed to sell. It has been on the market now for over two years and looks like it will be some time before I finally dispose of it. The initial sum of £25,000 for purchase and repairs was raised on credit cards. But, after paying out thousands in interest I finally paid off the credit cards with a long term bank loan. I was able to use the property itself as collateral, so getting the loan was not a problem. I mention it here simply to warn of the dangers.

When I first decided to buy the shop I was confident that I could have it ready for sale within three or four months. This I did. I then used it as a storage space for a further 9 months and then put it on the market. I know it will sell eventually, and I expect to get the asking price of £57,000, but my initial hope of a fast profit soon disappeared.

So, although there is great potential in using your credit cards as a means of raising cash quickly to finance lucrative deals in property or any other business transaction, please be warned: Tread carefully.

Providing that you take care to research the opportunity in which you intend to invest, and make certain that you have every last iota of information available, there is no reason for you to not make excellent profits. And once you have done a few deals in whatever area of business you choose, you should recoup the profits to build yourself a capital base. Working like this you will soon be able to finance your dealings with your own money.

CHAPTER EIGHT :
FINANCE YOUR BUSINESS - 100%!

Using personal loans and credit cards to raise money for money-making deals is one way of financing your business 100%.

However, if you apply for a business loan, your bank will normally only be prepared to lend you an amount equal to that which you can put up front yourself.

So, as always, money breeds money. If you have £10,000 to finance your new business, but feel that you would get off to a much better start if you had access to £20,000, borrowing the other £10,000 would not normally be too much of a problem. Any bank manager will normally be willing to lend you this kind of money if you have half of the total amount required in the first place. This is providing that you can supply the bank manager with a thoroughly researched and properly documented business plan and cash flow forecast for the first 1 - 2 years of trading.

However, most budding entrepreneurs will have little or no capital. This can be very frustrating when you know you have a good money earning idea and have worked out how to set up and profitably run the business.

So, unless you have enough money of your own to finance half the business start up costs, it is best to avoid a business loan. Instead apply for a personal loan. Tell the bank it is for a home improvement or the purchase of a new car, or for major property repairs. Provided that you can satisfy the bank that you are a good credit risk, they are not particularly concerned as to exactly what you will do with the money.

Because you can borrow smaller sums from different banks, you do not even have to be particularly concerned if you are unable to secure the full sum from one source. Remember though, that if you are applying to a variety of sources, try and get the applications in on the same day. This way, when the lenders do a check on your existing borrowing, there won't be any information which they can obtain to show that you are borrowing anything other than the amount you are applying to them for.

CHAPTER NINE :
"BORROW" MONEY - THAT YOU DON'T NEED TO REPAY.

If you borrow money by obtaining a loan, it is referred to as 'debt' capital. Another source of finance for business is 'equity' capital. Although this is, in the strictest sense of the word, not really borrowing, but exchanging rights to receive certain financial benefits in exchange for providing capital.

Obtaining money from a lender involves the necessity of repaying what has been borrowed, along with an agreed amount of interest. So borrowing money in this way involves the repayment of more than was borrowed. It costs you money to borrow money. You must be sure that any money raised in this way can be used to produce enough of an income which will be large enough to repay the principal, the interest and give an overall, worthwhile profit in addition.

Equity money, on the other hand is money that you can raise which does not need to be paid back. It is essentially funding for which you pledge part of your companies assets in exchange for.

The best way to get equity capital is to go public. Form a public limited company and sell shares to interested investors. Although you are technically 'selling' something in return for this capital, you are not actually having to dispose of any assets, so the money so obtained comes in without the need to give anything up in return for it.

Of course you must retain control of the company by ensuring that you keep ownership of at least 51% of the shares issued. As the main owner you have the final say in how the company is to be run.

So, when you raise equity money, your company does not have to have made a sale of any product. It can raise up to several millions of pounds operating capital without having to dispose of either stock or assets. This capital can be used for a multitude of purposes. You can use it to pay off debts, salaries, rent, taxes, buy property and stock, pay for expenses and running costs and to launch a new marketing campaign in your drive towards profitability.

Another method of borrowing money which you can keep indefinitely is to take out loans to repay existing loans. When the new loan needs to be repaid, take out a further loan to repay it. This may sound somewhat strange as you will have to pay interest on the money borrowed. However, if you need finance in the long term and can use the money to produce enough profit to repay the interest but do not wish to repay the capital, this is an excellent method of doing so.

What to do is to apply for credit at twice the number of banks from which you would actually accept loans. So, if you applied to a dozen banks for £5,000 from each one, and accepted a loan from only half of them, you would raise £30,000. If you have these loans for the short term, i.e. 60 days, you could then go to the remaining six banks and accept the six £5,000 loans to pay off the original ones. This process could be continued so that you are constantly paying back loans with other loans.

This may seem like an unsound way of financing business deals, but when you have access to opportunities which produce sufficient profit to pay for the interest charges and give you a good income also, it can be very useful in that you are not burdened by the need to repay the principal sum borrowed. Or at least to not repay it from your own pocket.

Although this system can be employed to keep the borrowed money indefinitely, the idea is that you should use it for investing in money-making deals which will tie up the capital for the long term. After a prolonged period, and once you have made sufficient profits, the business transactions in which you have taken part should ultimately produce sufficient profits to repay the capital outright.

I have a friend who borrows money using this method and buys property to furnish and let out to tenants. The rental income is always sufficient to repay interest and leave him with a good income. After a few years the property is usually resold to make a capital gain, leaving him with funds to repay the capital borrowed with a tidy sum left over as pure profit for future investment.

CHAPTER TEN :
A LOAN WHICH IS GUARANTEED BY THE GOVERNMENT.

Because our government is concerned to promote exporting of British goods to overseas markets there is a great deal of government sponsored finance available to the firm or individual who wishes to sell British goods to overseas customers.

The government runs an export credit programme which provides insurance against political and commercial risks involved when selling to foreign buyers and to maximise the attractiveness of terms offered to overseas customers.

Banks are part of the infrastructure which provides finance and expert advice for exporters and export agencies. The government Export Credits Guarantee Department (ECGD) provides insurance guarantees and a level of subsidy to assist in maximising the level of goods exported from the UK. It is in the interest of the government, and likewise in the overall interests of the people of Britain, to ensure that the highest possible amount of British goods are sold abroad to attract wealth to our country.

With the backing of the ECGD, finance can be obtained in many and various ways. A supplier can insure up to 95% of his receivables with ECGD and assign the proceeds of this insurance policy to a bank. This will enable him to obtain finance from the bank on terms much more attractive than would otherwise be available.

The ECGD will provide an unconditional guarantee for 100% of the principal and interest of any loan acquired for the specific purpose of financing an export deal. If for any reason the exporter is not paid by the buyer, he has recourse through his ECGD insurance policy, to receive payment, providing he has not breached the terms of his contract.

Full details of this loan guarantee and insurance system are available from the overseas trade departments of any major clearing bank.

Further government guarantees on loans for business enterprise, and even outright grants, are available in certain areas of the country. If you wish to start up a business which will create jobs in an area of high unemployment there are very attractive financial packages available.

Your local council and government economic development bodies will let you know what is available, for what purposes, and in which areas. Local area economic and business development projects can be contacted through addresses in the telephone directory or by getting in touch with your local Chamber of Commerce.

CHAPTER ELEVEN :
HUGE PROFITS FROM PROPERTY DEALS - USING OTHER PEOPLES' MONEY.

More fortunes have been made in property than any other area. This is the case for most countries in the world, and certainly for all the economically highly developed countries. The great majority of people fail to make fortunes in property dealing because they imagine that it takes a great deal of expert knowledge and experience and a lot of capital.

Naturally, having capital of your own for any business venture, whether it be property, manufacturing or the provision of a service, would be a good thing. But you may be surprised to know that the vast majority of people who have created vast wealth for themselves through property buying and selling, have done so with money which is not theirs.

Borrowing money is one way of getting the capital needed to finance property deals. But an even more attractive method, and one which is particularly appealing to those who are not in a position to borrow enough money to finance the initial property purchase, is to buy the property for a third party, using their money. And taking a commission on the sale.

The way you make your profit here is to ensure that you can source properties, such as repossessions, which can be obtained at a significantly lower price than their true valuation. You find one or more clients who are looking for a particular type of property at in a specific price range. Finding these clients is not difficult. The reason they will come to you and be prepared to allow you to buy on their behalf is that you can inform them that you will obtain the property they are looking for at a substantial discount on the true market price.

As an example; you find a repossessed property which you can buy for £40,000. You can find out from the general price of properties of a similar type in the same area what the true market value of this property is worth. Once you are fairly certain that the property is worth considerably more than you are able to acquire it for you can have this confirmed by a professional valuer. The valuation fee, around £120 including a survey, is well worth paying as this gives you a true professional's written valuation. The survey is also very important in case there is some structural problem of which you were not aware. This will eliminate the danger of becoming involved in offers for properties which have 'hidden' problems, such as expensive structural repairs.

You find from your valuation that the property which can be obtained for £40,000 has a true market value of £55,000. You negotiate a contract with the mortgagee to sell you the property for £40,000. You find a buyer who is willing to pay £52,000 for the property, a discount of £3,000 on the true market value. You then offer your buyer a further incentive of paying his 5% deposit. This makes your offer doubly attractive. Not only has the buyer already got access to a property at a saving of £3,000 off the true open market value, but also has no deposit to make (a cash saving of £2,600!).

Since the true saving to the buyer is an overall £7,600, he is very pleased with the whole deal. And, even after paying legal fees your profit is still in excess of £6,000.

This method of making money on property transactions is very popular and employed by a great many people who make substantial sums without the need for capital.

Of course, the £2,600 deposit is actually paid to yourself. Because the buyer's lending bank or building society will require this amount to be paid to them in order to release the full £52,000 to you, you have to pay this amount, on behalf of the buyer, directly to his the lender. In exceptional circumstances you may be able to persuade the lender that the buyer has paid you directly, but this is not normally allowed.

If you do not have £2,600 of your own you can borrow it using the methods described in chapter one. Remember, at the end of the day this money is paid from the £52,000 which the lender ultimately pays you. So borrowing from credit cards or a short term, high interest loan is a perfectly good way of realising this amount for the cash deposit.

This type of deal is called a 'back to back' transaction and the selling and buying from the original mortgagee is performed on the same day. This means that you do not actually own the property, the deeds are transferred from the original owner to the new buyer and you, as the original owner's agent simply collect the profit.

An alternative to this method is to raise the finance through personal loans and credit cards and perhaps a second mortgage on your home and purchase the property for cash. This method is particularly suitable if you wish to buy at auction. Property auctions are a very good way to buy properties, usually repossessions, at a price well below their true market value. The hazard of using this method is that, by not finding a buyer in advance of arranging the purchase, you may take some months to sell the property.

Of course you can use auctions to obtain property on behalf of a buyer who will commit himself to purchasing from you once you have secured a property. The auction method normally allows you to secure a property for a deposit of 10% of the sale price. You need only find this 10%, instead of the whole amount. After having paid your 10% you usually have between six and eight weeks to complete the deal. This gives you ample time to arrange a 'sub-sale' transaction, where the final buyer obtains a mortgage for 90% of the price which you sell to him for. Since your selling price is likely to be between 20% and 30% greater than the price you have secured the property at, the final buyer's mortgage is enough to pay for the property and give you a handsome profit. The final buyer's incentive is great in that he has purchased a property at 10% lower than the market price, and has no deposit to make.

Tips to help increase your profits and ease sales :

When you obtain a property have it cleaned and do any minor repairs which make the property more attractive.

It can often be worth your while to completely redecorate a property. The cost of a few thousands pounds to do this can enhance the resale value and make the property much more attractive to the buyer.

Make yourself known to local estate agents and have them inform you of any repossessions which are about to go onto the market.

Always act in a professional manner when dealing with all parties concerned in selling and buying. Project a smart, professional image and act like an experienced property buyer, even before you get experience. If you feel there are points you need to learn about, pick the brains of estate agents and surveyors.

Read all you can about property valuation and the property market. Keep up to date by studying all the estate agents' magazines and advertising newspapers.

Get onto friendly terms with a surveyor and valuer, explain that you will give him regular work in exchange for a discount. I normally get 20% off the usual valuation fee by going to the same surveyor/valuer that I have used dozens of times over the past few years.

SECTION TWO - WHEN CREDIT BECOMES A PROBLEM

CHAPTER TWELVE : WHEN THINGS GET OUT OF HAND - THE PROBLEMS OF REPAYMENT!

Being in a situation where the repayments on the money you owe amount to more than the money you have coming in is a situation which no one wants to find themselves in.

However, even in cases where a debtor has been very prudent to not borrow beyond his or her means, there can be unforeseen changes in circumstances which can suddenly change the situation from one of manageable proportions to exactly the opposite.

If you find yourself in a situation of having more debt than you can meet the original repayments on - don't panic! There is much that can be done to considerably reduce the severity of the problem, and indeed, to take it from a seemingly totally unmanageable situation to one which can be dealt with with much less pain and worry than you may at first have thought.

In 1992, for the first time, the Citizens Advice Bureaux reported that people seeking help with debt problems was the single largest category of advice sought, pushing advice sought about state benefits into second place. Overall, between 1979 and 1988 enquiries regarding problems with debt more than doubled.

Although the overall situation in the UK concerning the level of bad debts is appalling, the one silver lining to this big black cloud is that most banks and other lending institutions are now very used to dealing with people who end up with serious repayment problems.

So, whatever reason or reasons you have for ending up in the unpleasant and harrowing situation of being unable to make ends meet, there are literally millions like you in the UK today.

The sad irony of our system of credit is that people who most need to borrow money are offered the least attractive terms for borrowing. If you have little or no collateral, or if your income is very low, then the terms of any loans you will have access to are considerably less attractive than those available to people with higher incomes and an abundance of collateral.

So you have people who can freely borrow money at very attractive rates of interest who really could manage without the borrowing, and you have a much larger number of people who would dearly love to be able to borrow at such low rates of interest as these richer folks enjoy, but who are severely penalised in this area when they feel the need to borrow.

The golden rule is, as many of you will have learnt to your cost is to never borrow that which you cannot realistically afford to repay. This of course doesn't really cover people who have suddenly lost employment after having taken out credit in the belief that their job was secure.

CHAPTER THIRTEEN : THE NEED TO PLAN

The most important thing in any situation where things become unmanageable is to get a clear picture of the situation and do everything in your power to set things straight. Never ignore the problems....they won't go away!

If you are in the unfortunate position of having more credit than you can repay at the original agreed rates then you must make arrangements to have these rates substantially reduced, so as to turn the situation from one of apparent hopelessness into one which you can handle.

As you will be told in any publication that offers advice to people with debt problems, you must first get a wholly clear picture of your situation and then formulate a strategy for dealing with it.

The first step you should take is to make a list of all the money you owe. This should include everything, even money owed on a casual basis. This will give you a realistic overall picture of the extent of the problem.

When you have listed all your debts, including your mortgage if you have one, you should then make a list of the repayment instalments which were originally agreed. Once you've made such a list you should add all the amounts together to arrive at a figure for your monthly outgoings.

Also, calculate the amount you need to spend each month on the necessities of life; food, clothing, etc. Add this to the monthly outgoings figure from all your credit. If this figure exceeds your total monthly income, then you don't need to be a genius to work out that you are in a financial situation which is most definitely problematical.

By writing down all your incomings and outgoings as suggested above, you should immediately feel some sense of relief that at least you are beginning to address the problem. As the old saying goes - "A problem recognised is a problem halved".

Of course the "half" of the problem which is "solved" by arriving at the stage of it being properly recognised in the first place is, obviously, the easy half. The other "half" of the problem is the part which is going to take some effort to overcome.

When you explain your reasons to creditors for the difficulties you are having in keeping up payments they will much more often than not handle your case in a reasonable and sympathetic fashion. Believe me, they are used to hearing from people with repayment problems.

After having explained your circumstances to creditors they will usually agree to considerably reduced instalments. Before finalising a temporary repayment contract with you, many of these creditors will send you an income and expenditure form. These forms are tedious to fill in and ask you for a detailed listing of what money you have coming in and what you owe to others and the payments you need to make. However, rather than fill in a separate income and expenditure form for all creditors, since these forms are much the same for each creditor, you could fill in only one form and photocopy it to send to all of them.

An alternative to filling in an income and expenditure form (or forms) would be to make up your own personal statement which includes all the information requested in these forms. There will be parts of the forms to fill in where you are asked for details of what you owe to whom. You don't need to be specific about the debts you owe to other creditors if you don't want to. Who you tell about what you owe, and to whom you owe it is for you to decide. Creditors only have these forms because they want a reasonably detailed explanation of your reasons for requesting a substantial reduction in repayment instalments.

CHAPTER FOURTEEN : DON'T MAKE ENEMIES OF YOUR CREDITORS

You must do all you can to keep your creditors on your side. The best course of action is to contact any creditor you have as soon as you know you are going to have a problem keeping to the schedule of repayments originally agreed.

You can telephone them, and most will be very helpful. Because of the large number of people who have got themselves into a problem with credit and end up having to make reductions in instalments, they will certainly not be surprised when you contact them to discuss your situation.

I have often found though, that the telephone is best avoided as a means of communication with creditors unless you need to avert an impending prosecution or stop one of the utility companies from cutting off your gas or electricity. The trouble with trying to make arrangements over the phone is that you can often be told that revised repayments will be accepted, only to find that the verbal arrangement you made has never been noted - and is then forgotten about. You are then back at stage one, or even worse.

The best course of action is to write to your creditors. Explain your situation. Tell them why you can't keep up the original level of instalments and offer them considerably reduced amounts, explaining that as soon as your circumstances improve you will return to the original level of repayments.

The amounts you can realistically afford will be worked out from your listings as advised in Section Five. Always offer considerably less than you can realistically afford, that way you will at least have some leeway when, as will inevitably happen with some creditors, your offer is refused and the creditor insists on a higher amount.

You may be pleasantly surprised to find just how little some creditors will accept. One bank agreed to accept payments of only £8 per month on a debt of mine which was £3,000. This works out at only 0.2667% of the balance owing. The original minimum instalment was supposed to be £150 per month - quite a reduction!

Don't go into too much detail when you write to creditors. They are not particularly interested in your life history. If you have become unemployed then, of course, you would mention this. This is one of the most common reasons for people getting into serious arrears.

If you have simply overstretched yourself and have taken on much more credit than you can afford to pay, but are in employment, then simply confess to having seriously miscalculated your ability to keep to the commitments you have created for yourself.

Whatever reasons you have for ending up in the situation of having repayment difficulties, you must show your creditors that you got into the situation by misfortune, or mismanagement and not because you have a blatant contempt concerning any financial obligations. You must also impress upon them that you sincerely wish to get the difficulties resolved.

Never give them the impression that you don't care about the fact that you can no longer keep to your original contract. And never admit to getting into difficulties because you have been foolhardy about borrowing in the first place.

Provided that you communicate, at the earliest possible opportunity when difficulties become apparent, and provided that you are seen to be making every effort to sort things out, then your creditors, or at least the majority of them, will take a sympathetic view.

Always remember too, that all your communications with creditors should be in polite language - there is nothing to be gained by being rude or offensive. Your attempts to have your case sympathetically considered will only be enhanced by being polite and respectful. By this I don't mean to suggest that you should grovel, simply that you should project a reasonable and decent image of yourself.

Naturally some will be more understanding than others. I have had such a mixed response from a wide variety of creditors. I have experience of a very easy to deal with bank who are still accepting payments of only £20 per month on a £3,000 debt (for nearly five years they accepted only £8 per month, as mentioned above, and this was increased only because my financial situation has improved and I offered to pay more). The interest was frozen on this debt when I first informed them of my difficulties, and remains frozen nearly six years later, so although it will still take some years to pay off, I have no particular incentive to settle it at a higher rate.

On the other hand, I have had creditors who would only accept reduced payments for a trial period of 3 months, and when I was unable to renew the original repayment schedule, have handed my account over to debt collectors.

The one good thing about having your debt handed over for collection to a debt collecting company is that at least the interest will stop accruing. Also, these companies, by their very nature, are very used to people making offers of very small instalments.

A debt collection agency can take over your account, by buying it from the original creditor (sometimes for as little as 10% of the balance outstanding) or by managing it on the creditor's behalf. As long as you make some kind of offer, even for a very small percentage of the original instalments, and keep to the repayments offered, they are unlikely to bother you again until the debt is cleared. Even if this process takes many years.

In the stages before your account gets passed to a debt collection agency, you should request that the interest be frozen on the account. Explain in your letter that you are very sorry to have to make this request, but, the only way you will stand any chance of reducing the amount owing is to be able to have every payment you make deducted from the balance, and not being used to pay interest.

Although many creditors will be reluctant to freeze interest in the long term, most of them will readily agree to suspending interest for a trial period, usually three months, and occasionally six months. If you are fortunate enough to get back on your financial feet within three months then well and good, and you can recommence payments and cope with the interest being reinstated on your account.

However, if you have not enjoyed an improvement in your situation within three months, you will have to write again to your creditor(s) to explain that the situation has either not improved or become worse and you need to have interest frozen, and repayments minimised for a further term. If your situation goes on being too poor to re-establish the original instalments, then, after two or three times of requesting that the interest remain frozen and the repayments remain at the considerably reduced rate, you will usually find that the creditor troubles you no further.

Then, providing that regular payments are made, even at a tiny percentage of the original rate, you will often find that the account is left interest free, and the reduced payments continue to be accepted without further ado.

A lot of creditors, if the situation reaches this stage will simply pass your account onto a debt collection agency as a matter of course. This is nothing to worry about - as explained above, this can be quite a desirable situation, because there is then no possibility of any further interest being added, and the agency will accept very small instalments towards the debt.

I did once have an account which had been passed onto debt collectors who started adding interest. I simply wrote to them and pointed out that I had never entered into any contract to pay interest to them. Since the account was now no longer being administered with the company to whom I had pledged to pay interest, I demanded that they desist from adding interest to it. This they did. They deleted the interest which they had already added and never added interest again.

One set of creditors which you must be extra sure to keep on the right side of is the utility companies. That is, the gas, electricity, water and phone companies. The problem with these suppliers is that, if you don't do your best to negotiate and reach a mutually agreeable compromise, they have the power to cut off the service which they supply.

None of the utilities want to cut you off. Not only do they want to continue supplying you so that, ultimately, they will be making a profit from the supply of their service, but they will naturally wish to avoid the hassle of having to issue disconnection notices and send someone out to disconnect you.

With the electricity companies you may apply to have a Powercard meter fitted. Indeed, if you are having difficulty in paying your bills the electricity company may suggest to you that you have such a device fitted anyway. For all the disadvantages of a Powercard, like getting your supply cut off when the credit from the Powercard is spent, the main advantage of this system is that at least it will allow you to know exactly where you are with your electricity bill because you are paying as you go along. Existing arrears can also be incorporated into the Powercard system : the meter is set to accommodate this by charging you slightly more for the electricity you use. When your arrears are paid off, the meter is re-set to the ordinary level.

With the gas supply company, you can apply for an electronic payment card. This card is taken to your Post Office and "charged" with units of credit which you pay for over the Post Office counter. Again, the advantage of this system is that you will be paying for your gas as you go along.

The phone company doesn't have to send someone round to disconnect you, they can simply switch you off at the exchange. However, they naturally want to maintain a telephone line supply to as many customers as they can - more customers means more profit. Of course they will get upset if you don't pay your bills. But, as with all creditors, providing that you make every effort to reach an amicable compromise and an instalment schedule, there is no reason that you should have your service disconnected.

If you find that your phone bills are too high you should naturally try and cut down on phone use. If the situation gets really critical you can request that you receive incoming calls only. This is not a very desirable situation, because it means that every time you wish to call someone you have to go out to the nearest phone box, or to your next door neighbour to beg to use their phone. However, having your phone reduced to being able to receive incoming calls only can be a lot better than having the line disconnected altogether.

In cases of rent arrears, existing or impending, you should take steps at the first sign of trouble and contact your landlord. As with your electricity, gas and water, you should give priority to your rent, particularly in the private sector. For all the protection that tenants enjoy from unreasonable landlords, the one area where the courts will not take kindly to the tenant is where there has been no reasonable effort made to have payment difficulties resolved. If you are unemployed you should be able to get all or at least a substantial part of your rent paid by your local authority Housing Department. The DSS will advise you on the procedure on claiming this benefit.

Remember, a landlord can only evict you with a court order. You should be able to avoid any case of rent arrears from ending up in the courts.

In the case of mortgage arrears you should confer with your lender as soon as you become aware that a problem exists. Mortgage lenders have special departments set up to deal with payment arrears, and, again, as long as you are prepared to make every effort to get things sorted out, there is every reason that they will co-operate fully. The last thing they want to do is re-possess your property. The majority of people who do end up being evicted and having their properties repossessed are those who have taken little or no action to try and avert this situation. If you are unemployed and in receipt of state benefits, and you have an endowment mortgage you should be able to get help with the repayments to interest from the DSS. The rules and availability of mortgage relief payment have changed a number of times over the past few years, consult your local DSS office for the latest information.

When I had a lot of mortgage arrears which I could not hope to clear, my mortgage lender allowed the full amount of arrears to be added to the capital loan. This increased my monthly payments by only a very small amount, but allowed me to breathe much easier as I had several hundred pounds of arrears absorbed into the mortgage. If you have substantial arrears which you feel it will be impossible for you to catch up with, then this is something which you could suggest to your lender. Naturally they will only allow this if they have a promise that they will get regular instalments from then on.

Other debts which should be considered more important than the likes of credit cards and bank loans/overdrafts are Council Tax, Income Tax and VAT. These are debts which, if ignored, can, by virtue of who you owe, lead to imprisonment. Naturally no-one wants to see you get into such a terrible state as to be liable to imprisonment. And the likelihood of your getting to that stage, even if you are being obstructive is very limited nowadays. I mention it only because these debts are owed to government departments who have considerably more power over you than banks and other company creditors. The same old routine applies to these debts as to all others though, it is only in their level of priority that they should be given any preferential treatment.

The golden rule is, as always, negotiate. Make your situation clear to these creditors and impress upon them that you will do everything in your power to resolve matters in the shortest possible time. You may be pleasantly surprised that the people you have to deal with will be very helpful.

CHAPTER FIFTEEN :
ARE YOUR ENTITLED TO HELP FROM THE STATE?

If you become unemployed and have no other source of income then you will be entitled to a range of benefits from the state to help you deal with the hardship of having no salary or wage.

Because the range of benefits available, from a variety of sources, is vast and because legislation changes with great frequency it is pointless to attempt to give detailed advice about what is available and what you may be entitled to.

Your best course of action is to diligently research every possible avenue when considering which benefit or benefits you may be entitled to. Your local Jobcentre, where you would go to register if you become unemployed, will be of some help. The Department of Social Security, however, is the main government department to get in touch with to find exactly what you may be entitled to from the state purse. There is a booklet available called "Which Benefit?" which is a comprehensive listing of all DSS benefits available. This can be picked up in larger Post Offices or can be collected from, or posted out to you from, the DSS. If your DSS office is not conveniently near, then look them up in the phone book and call them, requesting this booklet.

Look through this booklet and make a list of all the benefits which even remotely apply to you. There is no harm in claiming a benefit which eventually you may not get - it's better to have claimed and be turned down than to continue for a long period missing out on that to which you are entitled.

Your Citizens Advice Bureau can be a ready source of help when trying to find out the source of and entitlement to benefits.

Your local council housing department will deal with any claim for housing benefit when you are claiming an allowance for rented property, whereas the DSS will be the source of any help you may be entitled to with mortgage interest. However, in any claim for housing benefit, the necessary forms for this are obtained from the DSS.

Apart from the benefits available from the DSS and the local authority housing department there can be a number of other benefits available. For example, the local education authority can be a source of assistance to those with children at school. To find out about any benefits which you may be able to claim from the education authority consult them directly or through your local Citizens Advice Bureau.

CHAPTER SIXTEEN : WHAT'S THE WORST THAT CAN HAPPEN?

If you were to have had unmanageable debts in the Victorian era then you could have ended up in a debtors prison. Thankfully there are no debtors prisons any more. Unfortunately in this country there is still a great deal of stigma attached to having debt problems.

However, as already stated earlier, there are so many millions of people with debt problems today that it is really quite surprising that, apart from the real worry that having debt problems can cause, this is further compounded by being embarrassed or even ashamed of the situation. Don't be - being in debt is not a criminal offence - and whatever problems it causes, these can always be overcome with determination and effort.

If you don't get in touch with your creditors as soon as any payment problems become apparent, then there is every chance you will be served with a default notice. This is a legal notice which any creditor can issue in the event of the correct payments not being received by them. Default notices are recorded by credit reference agencies and are kept on record for six years. Having default notices can adversely affect any future applications for credit.

If you write to your creditors and make arrangements for a reduced schedule of repayments then it is unlikely that, provided that you make such arrangements early enough, you will not be served with default notices. These notices must be issued by any creditor prior to them taking any legal action through the County Court (Sheriff Court in Scotland).

If you receive a default notice and have not already entered into an agreement with the creditor where they will accept reduced payments then you must contact them immediately if you want to avoid the case going to court. They do not particularly want to have to take legal action because of the inconvenience it will cause them.

They also know that a court will nearly always allow a debtor time to pay - often by very small instalments over a very long period of time - so they are generally happier to make these arrangements with you directly, especially if it means that, should your situation improve, they can then begin to collect larger instalments and re-introduce interest on your account.

One distinct advantage of having your case heard in court is that there will definitely be no further interest added to the money owed and provided that you can keep up the very small instalments which you should be able to secure, you will hear no more about the case. You simply keep paying until the balance is cleared. This could take several years, but your debt is accruing no interest, so, apart from any personal desire to get the debt cleared you have little incentive to do anything other than to take the longest time to pay it.

If you find that you cannot keep up repayments which you are making under the order of a court, then you can apply, at any time to have these reduced. Write to the Clerk of Court and explain why you are unable to maintain payments at the level ordered. Providing you have a valid reason for requesting a further reduction there is every possibility that your request will be granted.

What you must never do is to simply allow yourself to miss payments ordered by the court. If you do this there is a strong possibility that bailiffs will be appointed to call at your home to collect payment. If you do not have the money to pay them they will then obtain a Distress Warrant from the court. This gives them authority to seize your personal property for sale at auction to raise money towards payment of the debt.

Bailiffs cannot force an entry into your home. If they do call, do not let them in. If you let them in once, then, when they return, they have authority to enter your home through unlocked windows or any way they can without forcing an entry. Once inside your home they have authority to force internal doors. They are allowed only to seize certain items. They cannot take fixtures and fittings. You are also entitled to keep the minimum of "essential" furniture - a bed, a table, a chair for each member of the household, a cooker, etc. They are also not allowed to seize your "tools of the trade", if you have these, since you are entitled to keep them to earn your livelihood.

They cannot take property belonging to anyone other than the debtor, but sometimes they will anyway, and then it will be up to you to try and sort the matter out with the owner. If the owner can show proof that goods belonging to him have been seized then he can claim them back. However, if proof is not available then it will be up to you to make amends with them for their loss.

Bailiffs also cannot seize goods which are on a hire purchase or similar credit agreement, unless they belong to the creditor who has made an application to get them back. You must be able to show documentation which shows that such items are still the property of the vendor, or the goods could be uplifted anyway.

Distress Warrants are issued only when all other methods of collection have failed. Provided that you co-operate with the court and make every effort to pay what you have been ordered to, there is no reason whatever to worry that a Distress Warrant will be issued for the seizure of your property.

Residents in Scotland should note that, under the Bankruptcy Scotland (1987) Act, bailiffs or Sheriffs Officers, once the relevant court order has been issued, can employ the services of a locksmith to gain entry to your home. They are obliged to give notice before taking this action, but even if you are at home when they call it can be difficult to stop them forcing their way past you, and taking your possessions. It is therefore of paramount importance that Scottish debtors make every possible effort to reach an agreed schedule for repayments with the court at the earliest, and to keep to this agreement.

Once you have cleared any debt, it is then said to be discharged. When a debt has been fully discharged you can apply to the credit reference agencies and request that they delete the record of it from their files. However, in the vast majority of cases the record will not be deleted, at least until the six year period has expired, but they will mark it as having been settled.

The first time a creditor of mine made an application to the court to try and collect money which I owed I was really upset when I heard. However, after the hearing I was delighted that I now had only a small monthly instalment to make and I was very relieved to know that the debt could get no larger by the addition of interest.

Although having court judgements against you does have an adverse effect on your credit rating, the way I see it is that, if you have had serious problems with debts, the last thing you want is to be borrowing money again anyway.

CHAPTER SEVENTEEN : WHAT ABOUT THE FUTURE?

Once you have made arrangements to pay debts at a small fraction of the original instalments, whether through a court or directly with your creditors or debt collection agencies, and have made payments over a period of time, it is worth considering making an offer for full and final settlement.

If you are paying only a tiny portion of the original instalment and your creditor knows that the debt will take years to clear, they will often accept a small portion of the total amount outstanding to fully discharge the debt.

The smallest amount of a debt I have managed to persuade a creditor (it was a debt collection agency) to accept was one third of the balance outstanding. Sometimes, in order to get the matter finalised and to obtain a cash payment far in excess of the instalments being made, a creditor will accept as little as 10% of the balance outstanding.

Once you have been paying greatly reduced instalments for a year or more you could try writing to the creditor with an offer to pay a portion of the balance in full settlement. You could try initially by offering only 10% of what you owe. This might well not be accepted, but in some cases they will settle for this, particularly if you are paying a debt collector who has bought the debt from the original creditor for only 10% of the balance.

If you have been paying something like one or two percent of the debt monthly for a year or two it can be quite an attractive proposition for the collector to receive even 10%. If they refuse, then offer 20% (if you can afford it) - and increase by increments of 10% until they do accept. Even if you end up paying half of what you owe, if you can manage to raise the money and you want to discharge the debt completely, then this is worth considering.

If you do wish to obtain credit in the future, then the chances of being able to do this within six years of the latest default notice or court order are slim indeed.

However, after a six year period, your records are deleted. You can write to the credit reference agencies at any time, enclosing a £1 statutory fee, and obtain a listing of all the records they have. If any records are still in existence after the six year period you can write to these agencies and insist that such records that are older than six years be deleted.

CHAPTER EIGHTEEN : PROFESSIONAL HELP

When you're in serious debt and worried about it, this guide should help a great deal. Possibly you will find enough information in this guide to help you to solve all your debt problems.

However, in some cases you may need further information, particularly regarding your legal position if things really have been left so late that the situation seems totally unmanageable. In this case you might want to contact a debt councillor, a solicitor or even, if you are being forced into bankruptcy, an insolvency practitioner.

Advice about how to manage debts is available from all Citizens Advice Bureaux. The advice they give is free. You can find the closest one to you by looking in your telephone directory. The name and address of their head office is given in Section Fifteen.

If you need to consult a solicitor you should try and find one who offers legal aid and ask if you are entitled to this free service. Your entitlement will depend on your circumstances.

If you are being forced into bankruptcy then you may wish to consult an insolvency practitioner. The fees for this will be relatively high, but they will not expect you to pay them directly. They will be paid from the liquidation of your assets.

You can telephone the National Debtline on 0121 359 8501 for free confidential information and advice. Their telephone lines are staffed on Monday and Thursday between 10a.m. and 4p.m. and on Tuesday and Wednesday between 2p.m. and 7p.m. If you call outwith these times your call will be answered by an answering machine.

There are a few Money Advice Centres around the country - if you have one near you your Citizens Advice Bureau will advise, or you can find them in the phone book. The advice offered by these centres is free of charge and, because they specialise in advising people about money matters, if there is one which you can visit it is a better bet than your CAB.

CHAPTER NINETEEN : BANKRUPTCY, THE VERY LAST RESORT (AND HOW TO AVOID IT)

Depending in which country of the United Kingdom you live in the procedures and implications of bankruptcy vary. In Scotland it is a fairly straightforward process whereas in England and Wales the procedure is much more complicated. In Northern Ireland the process is different again.

Although personal bankruptcy is possible in England in Wales it is seldom used because of its complex nature. If you have debts arising from running a business, rather than personal debts, it is quite possible that you will be forced into bankruptcy, but that is a whole different situation and is outwith the scope of this guide where only personal debts are considered.

In England and Wales instead of bankruptcy, it is more usual to enter into an Individual Voluntary Agreement. This is a process where the debtor agrees to allow the court to appoint a supervisor who will take charge of the case and see that creditors are dealt with equitably. If it becomes necessary for goods to be seized and sold, the supervisor will divide the proceeds between creditors, after court fees have been paid.

If it is possible to avoid going as far as an IVA you can have the court issue an Administration Order. Here an administrator will take a monthly payment from you and distribute it to your creditors. This process will save you from having any of your property seized provided that you can keep up the monthly payments to the court. If you are being taken to court by one or more creditors, you may wish to consider this option.

The Bankruptcy (Scotland) act (1985) has as its main provision that once debt exceeds £750, either the creditor or debtor (or both) can petition the control and distribution of the debtor's assets by a trustee. This will involve no new actions against the debtor and liabilities will be discharged after three years.

Debt recovery in Northern Ireland is regulated by the Payments for Debts Act (1971) and the Judgements Enforcement Act (1969). The former allows deductions from any statutory benefit for any statutory debt. You can have money deducted at source from wages or state benefits to pay your creditors.

The Judgements Enforcement Act provides for an enforcements office (EJO) to which creditors apply once they have a judgement from the courts. Once the debtor's case is accepted the EJO interacts with the debtor and decides the appropriate methods of recovery. Where the debtor has insufficient means, a certificate of unenforceability can be issued. This is technically the same as bankruptcy.

If you are forced into, or decide voluntarily to apply for, bankruptcy, all your disposable assets, with the exception of some basic necessities such as a bed, clothing, tools of your trade, cutlery, crockery, etc., will be seized and sold at auction to raise funds towards payment of your debts.

If you are forced into bankruptcy anywhere in the UK, your debts are automatically discharged after 3 years and you can start with a 'clean slate'. The exceptions to this are :

Secured creditors, where, if your home has been sold you are liable for any shortfall between the selling price and the amount you owe. You are also liable for interest until the debt has been discharged.

Fines, maintenance orders and family court orders.

Claims made against you for causing personal injury.

Debts incurred through fraud.

Any matter upon which the trustee is still working.

If you own your own home it is possible that you can keep this. Largely this will depend on the equity of the property. If the home is valued at much more than you owe to the mortgage company, you may be forced to sell to release the equity. If there is little or no equity, or indeed negative equity, on the home then, providing that you continue to make mortgage payments, there is every chance that you will not be forced to sell. It is only the case where there is equity tied up in your property that anyone other than your mortgage lender can force a sale anyway.

If you are unemployed and have your mortgage interest payments made directly by the DSS, and your house value is around the same as the outstanding mortgage it is unlikely that you will be forced to sell. One problem which you may have in this situation is that the endowment policy for your home (interest only endowment mortgages) will still need to be paid and the DSS will not offer assistance with it.

If you are in rented accommodation you may have a lease which states that a bankrupt is not allowed to be a tenant and your landlord could force an eviction if this were the case. Also, even if there is no mention in the lease of bankrupt tenants being disallowed, your landlord may force you out because he feels it will be impossible to recover rent arrears from a bankrupt. In this case you will have to apply for specialist housing advice. See your local council housing department about this.

Anyone who is bankrupt will not be allowed (until after discharge) to have credit of more than £250 - you will find it almost impossible to get any credit at all though.

You should try and keep a bank account because as a bankrupt you will be unlikely to even be able to open one of these.

Although the debts are discharged after three years you may well find it almost impossible to get any kind of credit for a period of six years after the issue of the bankruptcy order, because this is the period of time that the credit reference agencies will keep your details on file.

So, all in all, particularly in England & Wales, bankruptcy is best avoided if at all possible. If you closely follow the advice given in this guide then you should be able to avoid bankruptcy. Even your creditors will not want to force you into bankruptcy in all but the most unusual of cases. They are fully aware that if you become bankrupt they are unlikely to get anything but a very small percentage of what is owed to them and are much more inclined to accept reduced payments, particularly in the hope that your situation will improve.

SPECIAL SUPPLEMENT :
Getting Credit With No Credit Checks!

The following companies specialise in finding loans for people who have had problems obtaining credit because of County Court Judgements, Mortgage Arrears, Bankruptcies, etc.
Most of the following deal with loans and mortgages, some of them mortgages only.

Alchemy Financial Services, Nicholson Room, Building 1, Shamrock Quay, William Street, Southampton, SO14 5QL. 01703 232623.

Alpha Finance, 6-10 Bowden Terrace, Newcastle upon Tyne, NE3 1AX.
0191 213 1683. 01222 233743.

Apex Finance. 01628 665115.

Charles Ashworth Finance & Co.
Homeowners : 01614 770974. Tenants : 01252 341122.

Atlas Financial Services, 194 Shoreditch High Street,
The City, London, E1 6LG. 0171 729 6999.

BFS. 01274 587418.

Brittania Mortgage Services Ltd, 30 Palmerston Road, Southampton, Hampshire, SO14 1LL. 01703 231333.

Capital Credit Ltd, Capital House, City Road, Truro, TR1 2JL.
0990 134433. 8am to 9pm Mon to Fri. (Tenants : 01252 341122 ext. 555).

Cedar Consultants. 01252 350276 - 9am - 9pm, 7 days.

Central Home Loans, Ilex House, The Green, Claverdon,
Warwickshire, CV35 8LL. 01926 843532 - 7 days.

City and Urban Finance, Middle Building, Mill Site, Poplar Avenue,
Crosby, Liverpool, L23 2ST.
0151 931 3397/4497. 0181 959 2542/5990. 0151 924 1414.
Fax : 0151 924 0443.

The Credit Hotline. 01703 406040.

Marcus Cooper (Financial Adviser), Pendeen Cottage, Pothole, Sticker,
St. Austell, Cornwall, PL26 7DW. Write for Details.

Datanet UK. 01530 836451. 0171 644 3456.

Davery Finance. 01702 73331.

Fairfield Finance. 01952 812280.

Greens Mortgage Consultants. 0181 548 9060.

Grosvenor Finance. 0121 355 8848 - to 9pm, 7days.

Heath Services. 01489 579569 (7 days).

Knolton Finance. 01978 710226 or 710746 - 9am to 9pm, 7 days.

KVC Ltd, Earls House, Earlsway, Team Valley Trading Estate, Gateshead, NE11 0RY. 0191 482 4444.

Macadam Finance Ltd, 255 Union Street, Aberdeen. 01224 588544.
Or : 62 Academy Street, Inverness. 01463 234307.

Ocean Finance, Marlborough House, St John Street, Lichfield, Staffs, WS13 6BR. Homeowners : 0800 858858.

P.A. Finance. 01229 835239.

Seal of Approval Ltd, PO Box 504, Tunbridge Wells, Kent, TN4 9ZL.
01 892 526 504. Or send 4 x 1st class stamps for information pack.

Safeloans Ltd, 64 St. Johns Road, Clapham Junction, London.
0171 738 1622.

Speed Loan Securities, The White House, Hungerford, Berkshire.
01488 686023.

Springwood Finance. 0161 449 0902. 8am - 9pm.

Union Asset Finance Ltd, 2 Stitch Lane, Stockport, Cheshire, SK4 2LS.
0161 4803311. Fax : 0161 480272.

Walkers Finance Ltd, 90 Newport Road, Barnstaple, Devon. 01271 72042.

Watson Finance Ltd, 111 Union Street, Glasgow. 0141 221 8467.

Wentworth Finance. 01530 411622.

Wilmslow Financial Services Ltd.
Homeowners : 0800 269315. Tenants : 01252 341342.