

Introduction to Debt – Handout 3

Debt Case Study – Leroy and Maggie Smith

Leroy and Maggie visited the bureau a while back to get help completing a disability living form for their oldest child who is disabled. You have read the gateway assessment record and from that information you see that the couple's income reduced since Maggie had to cut her hours to care for their disabled child. Leroy also stopped his overtime so he could share the caring.

Case details

- Leroy and Maggie are married, have three dependent children (6, 8, 10), the eldest 10 disabled.
- They live in owner-occupied property in Hampshire.
- Leroy works full time earning £1,500 per month.
- Maggie works part time in the evenings earning £80 per week.
- The family's benefit income is child benefit, universal credit and disability living allowance.

They have brought in some paperwork relating to their debts.

Read each letter and decide:

1. Who is liable for the debt?
2. Is it a priority or non-priority debt?
3. Is it an emergency?

Sample letter from Goldfish

Mr Smith
2 Sycamore Lane
Anytown

1st December

Dear Mr Smith

**Re: Account number: 2432 8760 8794 2844.
Amount due: £3,100**

You have previously ignored reminders from us requesting repayment of the above account. Your remittance in full settlement should be sent to us at the above address within two days.

Failure to respond to this request will result in solicitors being instructed to issue a *Default notice under the Consumer Credit Act 1974*, and then a County Court judgement against you.

We look forward to receiving payment and advice. No further notice will be given.

Yours sincerely

Jon Coats
Arrears Manager

Sample letter from Barclaycard

Account Number: 4508 5547 8779 6211

Reference: AG\DEBT\REC.DEPT

1st December

Dear Mr Smith

We are concerned to note that we have had no response from our recent letter regarding your arrears on the above account. The matter is extremely serious. The current level of arrears stands at £489.64 and the balance owed is £4022.

We would request that a response to our letter is now forthcoming without delay. If we do not hear from you we will have no alternative but to issue you with a default notice under the Consumer Credit Act 1974, which will allow us to obtain judgement and an order for repayment in full.

We would emphasise that should judgement be entered against you this will affect any future credit application you may make elsewhere.

We await your reply,

Yours faithfully

B. Jones (Mr)

Sample letter from British gas

British Gas PLC
The Lanes
Anytown, A9 4WP
Telephone

Ref No. 1234 6537 9870 7658 547

0113 780 7809

Mr and Mrs Smith
2 Sycamore Lane
Anytown

Bill dated 6 June

Amount £400

Dear Customer

Please read carefully - Unpaid gas bill:

If you have paid this bill in the last few days, please accept my apologies for sending you this reminder.

If you haven't please could you pay as soon as possible. There is information on the various ways to pay on the back of this letter.

We would be grateful if you would pay bills promptly as it helps us keep our costs down. If you can't pay this bill contact us now. We can help. To discuss paying your bills in complete confidence, please ring your Accounts Advice telephone number shown above, now. You may like to think about having a token meter fitted so that you can pay for British Gas as you use it.

If you cannot pay this bill, don't delay – please contact us now.

Paddy Clarke
Quarterly Payments Manager

Girobank

TransCash

15 08 87

00 4538 4576 99

765 0065

£400.00

Signature

Date

Mr Smith
2 Sycamore Lane
Anytown

National Westminster Bank plc
Head Office Collection Account

Sample letter from Greenwoods

Mr Smith
2 Sycamore Lane
Anytown

1st December

Account Number: SR182710
Amount o/s: £998
Our Reference: 170767

Dear Sir/Madam

We have been instructed by our clients to take whatever action is necessary to recover the outstanding balance in full. Failure to respond to this demand could result in legal action being taken without further notice to yourself.

Default interest will be added to the debt upon issuing the summons, and a judgement registered against you may affect your ability to obtain credit again in the future.

If the judgment is obtained against you the court could be in a position to seize whatever assets you have in order to clear the debt.

We trust this matter will now be resolved and look forward to hearing from you on the following telephone number:

Tel: 0181 891 1757

All cheques/postal orders should be made payable to our client.

Yours faithfully
Mr. R Blake
Litigation Department

Sample letter from EON

EON Ltd
Parkway Avenue
Anytown, A9 4WP
Service Telephone

Ref No. 987 6543 2109 8765

0113 780 7809

Mr and Mrs Jones
2b Sycamore Lane
Anytown

Bill dated 1st December

Amount £100

Dear Customer

Please read carefully - Unpaid electricity bill:

If you have paid this bill in the last few days, please accept my apologies for sending you this reminder.

If you haven't please could you pay as soon as possible. There is information on the various ways to pay on the back of this letter.

We would be grateful if you would pay bills promptly as it helps us keep our costs down. If you can't pay this bill contact us now. We can help. To discuss paying your bills in complete confidence, please ring your Accounts Advice telephone number shown above, now. You may like to think about having a token meter fitted so that you can pay for British Gas as you use it.

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Paddy Clarke
Quarterly Payments Manager

Girobank

TransCash

15 08 87

00 4538 4576 99

765 0065

£400.00

Signature

Date

Mr Jones
2 Sycamore Lane
Anytown

National Westminster Bank plc
Head Office Collection Account

Sample letter from the local authority

Council Tax

As at 1st May, your Council Tax account has arrears of £450.00
You are required to pay these arrears within seven days.

If you are unable to pay the arrears you should contact us immediately

If you are experiencing financial hardship, we may be able to agree a repayment schedule of your arrears taking account of your means. However, you must immediately start paying the £83.33 per month on-going payments on your account.

MR MRS SMITH
2 SYCAMORE LANE
ANYTOWN



Claim Form

In the

ANYTOWN COURT

Claimant

MOONLIGHT CURTAINS LTD
4, POUND SNATCHER ROW
LEEDS

Claim No: AT 12345

Issue Date: 01 JANUARY 2021

Address for sending documents and payments (if different)

Legal Department
Any town processing centre
AT2

0300 234 7891

Court Address

County Court Business Centre
Any Town
AT1

Court telephone number
0300 123 4567



Defendant: Mrs Smith
2 Sycamore Lane
Anytown

Defendant:

Particulars of claim

CURTAIN RAIL DELIVERED AND FITTED TO THE DEFENDANT'S ADDRESS 6 MONTHS AGO AT AN AGREED COST OF £450.00.

INVOICE SENT 3 MONTHS AGO. LETTER DEMANDING PAYMENT IN FULL WITHIN 7 DAYS SENT 2 MONTHS AGO. NO RESPONSE FROM DEFENDANT TO LETTER AND NO PAYMENT HAS BEEN RECEIVED TO DATE.

Important Note

You have limited time in which to reply to this claim form.

Please read all the guidance notes on the back of this form – they set out the time limits and tell you what you can do about the claim.

You can respond to this claim online. Log onto www.moneyclaim.gov.uk

You will need the claim number and this password.

The Claimant believes that the facts stated in this claim are true, and I am duly authorised by the claimant to sign this statement

Signed *Anytown Legal Services Limited*

(Claimant's Legal Representative)

| | |
|------------------------------|----------------|
| Amount claimed | £ 450.00 |
| Court fee | £40.00 |
| Legal Representative's costs | £40.00 |
| Total amount | £530.00 |