

Which Debt Solution(s)?

Read the following cases.

Underline ALL the possible debt solutions

~~Cross-Out~~ the least appropriate solution(s)

circle the most appropriate solution(s).

1. Remy is 25 and lives with her Mum. She has a long standing poor credit history. She has tried in the past to manage repayments to creditors, but has not been able to organise her affairs sufficiently well. She has 4 credit card debts, three payday loans, four store-cards and a bank overdraft. Her total debts are £4679. She has a car worth £800 which she needs to get to college. She has available monthly income of £60.

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2. Paul and Mary moved in together 8 months ago. They moved into Mary's mortgaged house. Paul has multiple credit card debts, and personal loans amounting to £22,000. Paul has available monthly income of £220, but no savings or assets. Paul is a lay magistrate.

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3. Maria lives in her own mortgaged home which has some equity in it. She has council tax arrears, a bank overdraft and a personal loan. Her total debts are £4,322, including a CCJ for an unpaid store-card debt. Her income has been significantly reduced since she had to cut her working hours to care for a disabled child. She owns a car worth £800 which she needs to visit family – she looks after her mother who lives 8 miles away. She has available monthly income of £20. She has no other assets or savings.

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4. Martha and Rachel live together in rented accommodation. Since Martha had a life changing car accident, Rachel cares for her full time, and they are just about managing on their benefit income. They have two credit card debts and rent arrears. The total debt is £14,000. They have no assets and £40 available income per month.

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5. Carol is a full time PR executive, whose husband died a few months ago. She is £6,000 behind on the mortgage, owes £28,000 in personal loans, credit cards and overdrafts. She was taken to court last month by a company from whom she bought new carpets, but she couldn't pay. The case was heard in the County Court, and they found against her, awarding costs to the claimant. She has available income of £240 per month and £350,000 equity in her house.

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6. Ahmed has been running a restaurant for the past 10 years, but it recently folded leaving him with debts of £90,000. His home was re-possessed 6 months ago and he is now working as a chef in a pub, staying in the flat upstairs. He has about £60/month excess income each month, but he's not sure how long the job will last.

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