

# JANES

Licensed Insolvency Practitioners

Business Rescue, Recovery & Turnaround

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## Beat the Credit Crunch

It is possible to live without running up debt – we've just forgotten how. For those feeling the pinch or fearful of the future the following pointers may be of use and comfort:

- 1 Don't panic – grabbing the next credit card deal that lands on your mat is not the answer.
- 2 Don't be an ostrich – if your spending is running away with you it will keep on running until you stop it.
- 3 Take CONTROL of your finances:
  - a. List and total your monthly income
  - b. List and total your monthly expenses – that is things you spend money on every or most months
  - c. What are you left with after doing the simple sum a minus b?
- 4 CUT BACK/ECONOMISE. Go back to list b, expenses, and PRIORITISE – what do you NEED to spend – mortgage, rent, council tax, etc. What can WAIT? Do you need that subscription to your magazine etc? Cut out unnecessary expenditure.
- 5 Fuel costs – we can't control the cost but we can control the amount we use by sharing lifts – planning journeys. Heating etc –well, it's the summer so get out the washing line and put on a sweater at night.
- 6 Spend wisely – shop around for the best deals on insurance, phone and utilities. Beware of hidden costs.
- 7 Income –are you getting enough? Find out and go to [www.direct.gov.uk/MoneyTaxAndBenefits](http://www.direct.gov.uk/MoneyTaxAndBenefits)
- 8 BUDGET – plan ahead. You know how much you have coming in and you know how much you have to pay out, what's left over, if anything, can be used for extras or treats.
- 9 NOTHING LEFT OVER? If your debts are building up every month then ask yourself why? Is this short term? If yes, write to your creditors and explain why you are in a fix and ask them to freeze interest. If no, contact the Citizens' Advice Bureau or go online to [www.cccs.co.uk](http://www.cccs.co.uk) (the Consumer Credit Counselling Service) or [www.insolvency.gov.uk](http://www.insolvency.gov.uk) the Insolvency Service website – both free services and there to help you.
- 10 Homeowners – COMING OUT OF A FIXED RATE MORTGAGE? If a five - year fixed, for most of you your rates won't change much at all. Those coming out of two year fixed deals will be looking at quite a hike; another 1.5% or more to pay each month. At least four months before fixed rate expires – shop around for best rates and best products. Go to the mortgage comparison websites for explanation of the different types and the best deals. If you leave it to the last minute you'll revert to the standard variable rate and pay more than you want!

Watch out for arrangements fees and hidden extras.