

COVID-19 – Your money

Keely Gabriel (Cert MAP), Project Manager, Ablewell Advice Walsall

General top tips

- Don't be an ostrich! No-one's financial situation ever improved by them ignoring it: open your post, do your research and get help if you need it.
- Talk about money – it can be an awkward subject, but you definitely need to know what the situation is within your household. Start talking, ask questions and be honest.

1) Create an emergency budget

It might not be very glamorous but completing an income and expenditure form is essential. Try this [online version](#), that's very easy to use.

It's easy to underestimate what you spend on things like food – you can use bank statements from previous months to check exactly what you spend and to make sure you don't miss anything.

Make a list of any organisations you owe money to, even if you are currently repaying the debt.

2) Maximise income

- Check any benefits you may be entitled to
 - <https://www.entitledto.co.uk/>
 - <https://benefits-calculator.turn2us.org.uk/AboutYou>
- If you're on a low income, you may be entitled to help with your council tax under the council tax reduction scheme. Contact your local authority for details.
- Non dependants – depending on their circumstances, other adults in the household may be able to contribute to household bills.
- Check insurances – check whether you have policies that could cover your mortgage payments or replace some lost income, such as payment protection policies, sickness or redundancy cover. These may have minimum qualifying periods before you can claim.
- Benefit deductions – if you receive Universal Credit, you can ask for a three-month payment freeze on repayments of any advance you received. You can also ask for deductions for benefit/tax credit overpayments to be reduced.

3) Reduce expenditure

- Gas/electric –
 - [Reduce usage](#) - for example by turning your thermostat down by 1 degree, only boiling as much water as you need, turning lights off and making sure washing machines or dishwashers are completely full before you use them.
 - Switch supplier or tariff – OFGEM's [approved list](#) of price comparison websites is a good place to start. You'll need a recent bill and your bank details in order to switch. Do check that you're not in a fixed term deal with your existing supplier though, as you could incur charges.
- Water – most water suppliers have alternative tariffs for people on a low income or who meet specific criteria. Check your supplier's website for details.
- Home phone, broadband and TV –
 - Cancel services you're not using or speak to your supplier about a cheaper deal.
 - Find useful tips on switching providers [here](#).

- Check for duplicate products – if you have ‘packaged’ bank account you may have cover for things you’re already paying for separately, such as breakdown cover.

3) Use savings

If you have accounts that normally require a notice period or incur penalties for withdrawals, some banks have changed their policies to allow you to access this money without a penalty. Check with your bank or building society for details.

5) Prioritise your debts and talk to creditors

- Deal with priority debts first.
- Talk to creditors in advance – aim to do this before you miss a payment, not after.

Priority debts

Rent – evictions are currently suspended for three months so your landlord cannot start court action. If you are struggling with payments, pay what you can and speak to the landlord about your difficulties. If you are a private tenant, try to avoid accumulating more than 8 weeks or 2 months arrears.

Mortgage – you may be able to apply to your lender for a three-month payment holiday. You have to ask for this – don’t just stop your payments. Bear in mind that you will have to pay the missed instalments when COVID-19 is over, so your future monthly payments will rise.

Council tax – many local authorities are offering alternative payment schedules or payment breaks. Check your local council’s website for details.

Gas/electricity – if you pay monthly/quarterly and are struggling with payment, speak to your supplier about your options. If you have a smart or pay as you go meter, most suppliers are offering credit during this time, which will be repayable through your meter when things are back to normal.

Water – your water supply cannot be cut off so if you are struggling, speak to your supplier. Most have published alternative payment options during the outbreak, so check their website for details.

TV licence – if you’re able to pay, you can do so on the [TV licensing website](#). Their call centres are closed, and arrears collection has stopped so if you cannot pay now, they will allow this to be made up retrospectively.

Hire purchase (HP) or Personal Contract Purchase (PCP) – whether or not you can take a payment holiday or reduce your payments will depend on your contact. The Financial Conduct Authority have asked providers to come up with plans to support customers in difficulty at this time so speak to the creditor about your options.

Child Maintenance – if your income is reduced during the outbreak, contact Child Maintenance Service by telephone using the number on the top of any letters they have sent you. Do not use your online account to report a drop in your income. You can find out more about which changes should be reported by phone and which can still be reported through your online account [here](#).

Credit Debts (aka Non-Priority Debts)

From the 14th April to 9th July, most Financial Conduct Authority regulated firms will allow you to request a [3-month payment freeze](#) without it impacting on your credit rating. During this time, they should not add interest or charges to what you owe. You must ask for the payment freeze before stopping payments – don't just stop paying or wait til you've missed one. Bear in mind, this might not be the best option for you – so if you can afford to keep up with payments, then do.

If you need to borrow money

- Borrowing should always be a last resort. If you are thinking of borrowing from friends or family, [here](#) are some things to consider.
- Your bank may be able to offer an interest free overdraft of up to £500 for a temporary period of 3 months if you need it. But bear in mind that anything over £500 will incur interest and the whole balance will incur interest once the three months is up.
- Local credit unions may be able to offer lower cost loans than companies such as payday lenders. Repayment plans often include an element of building up savings, so you don't need to borrow again in the future. [Find your local credit union](#).
- If you are borrowing money, always shop around for the best deals. Look at the interest rate and APR (annual percentage rate), any penalties for non-payment and whether the repayments are affordable.
- Check any potential lender is registered with the Financial Conduct Authority. Be aware of illegal money lenders or 'loan sharks'.

Debt Advice

- NEVER, ever, ever pay for debt advice!! The following all provide free, confidential, FCA regulated debt advice:
 - [Citizens Advice](#)
 - [National Debtline](#)
 - [Advice UK](#) – for local, independent advice providers
 - [Stepchange](#)
 - [Payplan](#)
 - [Business Debtline](#) – if you are self employed
- When you 'attend' your appointment, you will need to have details of your income and expenditure to hand, as well as details of your creditors. So dig out the most recent letters from each.

Useful links for Walsall residents:

- [Council tax and housing benefit](#)
- [South Staffs Water](#)
- [Severn Trent Water](#)
- [Walsave Credit Union](#)