

## Getting Out Of Debt

Numerous factors get us into debt, some of these include the circumstances of the borrower, debt collection practices employed by creditors, benefit entitlements and the effect of court proceedings, but more importantly to consumers is how do you stop the spiral and get out of debt?

The first thing to do is 'face the music' and not hide from your debts. A lot of people bury their heads in the sand, but this will only compound their debt problems. Ensure that you open letters from your lenders and start talking to them. Admitting that your debt management problems have got out of hand shows a confident first step towards an intention to resolve them.

Once you know exactly the amount of debt you are in you can draw up a list of your ins and outs and try too increase your income and or reduce your outgoings, this does rely on an amount of personal sacrifice. Getting out of debt takes commitment and effort. There are many debt advice web sites available, the Citizens Advice Bureau will advise you of your rights and tell you where you stand regarding the Consumer Credit Act 1974.

Negotiating with your creditors and being honest with them will stand you in good stead for a payment holiday. If you have already missed payments, then paying a little extra for the duration of the loan could be a possible solution.

Before trying to obtain credit, contact a debt management company, who will go through all your debts and all your ins and outs, they will also negotiate with your debtors, often reducing the amount owed by 30%. Debt Management organisations often have deals set up with credit suppliers to freeze interest on credit cards instantly. The only down side to going through debt management is that it can adversely affect your credit rating, but to most people in this position it will not make it any worse.

Debt consolidation loans may be the option you have to follow, there are various ways of managing your debt. You could apply for a consolidation loan and reduce your monthly payments to a more affordable amount, but you will ultimately pay more over the loan period. Debt consolidation loans are especially useful for people who feel that they could cope better with a single monthly payment.

If none of these are an option then the inevitable court proceedings will begin, Bankruptcy and Individual Voluntary Agreements (IVAs) are the two usual methods of satisfying the courts. Bankruptcy or an IVA will always be a last resort, being honest and upfront about your debts and financial position in the first place can reduce the risk of anyone ever reaching this level of proceedings.

Source: <http://www.articlecircle.com>

### About the Author

For people looking to ease their debt burdens, debt management provides a solution that doesn't involve getting anymore credit.

<http://www.thedebtline.co.uk/>