

Debt case study – based on a true story.

I'm a 22 year old single male and I live with my parents now. I didn't used to but because of my debt problems I've have to move back in for a while, hopefully just for a short time until I get things sorted out.

When I was 18 I went to University in Manchester. I got a student loan but that wasn't enough to live on so I borrowed £1000 from a bank. I got a credit card too, which was really handy to use. I used to go out a lot when I was at Uni, with my mates, drinking and generally having a good time. Now that I look at the amount I owe on the credit card I can't believe where it's all gone. I've got nothing to show for it.

I also got behind with my rent for my student lodgings which was at the halls of residence. They didn't hassle me about it much at the time so I let it slide. Overall I was just thinking that these things wouldn't matter because when I finished my degree I would get a good job and it would be easy enough to pay all these things off. The student loan doesn't have to be paid off for a while and when you're spending the money you're not thinking about how you're gonna pay it back or what the problems could be in a few years time. I was too busy just enjoying myself, I had a great time. So did everyone else. We all spent a fair amount, but I didn't have a clue what background some of my mates came from and maybe their parents could afford to pay for stuff for them and so they didn't have to borrow money on credit cards.

So I left Uni and got a job through an agency which I was told would be permanent after three months. The money was good so I thought, "Great, now things are gonna start sorting themselves out." So I bought a car which I needed to get to work, just a kind of second hand run-around thing, nothing flash. I got a loan of £1000 from the same bank I got the other loan from and I started paying that off at around £80 a month. About a couple of weeks after I bought it I had a crash, which was a nightmare, not a write-off but about £300 worth of damage which the insurance covered but I had to spend some time sorting it out and take time off work. They didn't like that but I got through it without getting behind on the training and it was OK.

Anyway, after 3 months of working, the agency wrote to me and said I wasn't going to be offered a permanent contract. So I lost my job, just like that. So I signed on and claimed Jobseeker's allowance and I get £55.65 a week which is about £240 a month.

Last week I got a letter from Uni saying I owed them £1265 rent which I hadn't paid while I was there. That really freaked me out, I'd pretty much forgotten about that and it arrives right now when I've got hardly any money coming in.

The other thing was that I'd exceeded my credit card limit which was £1500 without getting their permission, which I didn't realise I'd done. So they charged me £50 automatically just for doing that. And the minimum payment is about £70 which I couldn't pay this month so they charged my some more and even if I do pay the minimum this month that only pays about a half of the interest they charge each month.



Now, I'm supposed to have Payment Protection Insurance on my credit card which means that if I lose my job involuntarily they pay my credit card minimum for a year. But when I spoke to them they asked me all these questions about whether the job was permanent or temporary and they're going to send me a form. I think they might say that because the job wasn't permanent I don't get the insurance cover which means they'll still be charging me for all this stuff.

I sold my car back to the garage and they gave me £400 for it which leaves me about £500 left to pay on the loan. Then I've got the second loan of £1000, the rent from Uni which is £1265 and my credit card bill which is now at about £1600. Out of the £55.65 a week I get, I pay something to my Dad each week for lodgings but I haven't got enough left to pay off the minimum amounts each months so I'm really starting to worry about it. I seem to be struggling just to stay afloat, I'm not actually paying anything off.

That's when my Dad suggested I go to Citizens Advice.....
