

Token Offers of Payment

When you have worked out a budget to live on (including payments to Priority Creditors), either by yourself or with the help of a counsellor, you may find that you have very little money left to offer your creditors. Providing you are happy that you have included only reasonable living expenses in your budget, you should make token offers of payment to your creditors.

What is a token offer?

A token offer of payment is just £ 1 or £2 a month to each creditor.

That amount won't pay off my debt what's the point?

A token offer is a gesture of goodwill. You are saying to your creditors that you agree that you owe them the money but, at this time, you are unable to repay them on the agreed terms.

Will creditors accept a token offer?

Creditors will react in different ways. All of them are likely to want to see a copy of your budget so that they can see what you are spending your money on.

Some creditors will accept your offer for a limited period say three months. At the end of this period, they will want to know whether your financial situation has changed and if you can resume the agreed payments.

Some creditors will say immediately that your offer is unacceptable

What should I do if they don't accept my offer?

You should send the payment anyway. Decide which date in the month suits you best and send your payment regularly.

Creditors want a minimum payment, which is far higher than a token offer.

You may feel that a token offer is far too small an amount to pay. However, remember why you have decided that a token offer is the only payment you can afford. You have drawn up a budget which, if you keep to it, will mean that your money is used to pay bills in priority order. If you feel that pressure (from yourself, or a creditor) to make a larger payment to them, ask yourself, what are you going to decide not to pay instead? Your mortgage, rent, gas, electricity? You have made a token offer of payment because that is all you can afford.

My creditors say I will be blacklisted.

What your creditors are referring to is your credit reference file. Most of us have one and on it is listed credit agreements we have taken out. If we make full and regular payments, it is noted on our file. If we make late payments, reduced or missed payments, all these things are noted on our file as well. When we apply to a company for credit, most of them will look at our file to help them make a decision as to whether they want to give us credit.

What your creditor is saying is that your reduced offer will be noted on your file. That will mean that other companies may not be prepared to give you credit. Is this important to you? The answer may be yes but what are your options?

Again, go back to your budget. What can you choose NOT to pay so that your creditors can receive the payment THEY want? You have carefully worked out a budget. You would like to pay your creditors more but you can't afford to do so. You should not favour one secondary creditor over another.

Information Sheet

Creditors say that they're going to take legal action against me.

If you get behind with your contractual payments (that is, the monthly payments agreed when you took credit) your creditor can decide to issue a County Court Claim Form. They can decide to do this whether you are making a token offer or any reduced offer of payment.

If I am served with a County Court Claim Form, surely I need to offer a higher payment?

You are making a token offer because that is all you are able to afford. You should make the same offer in reply to a County Court Claim when you fill in the Admission Form.

For more information about County Court procedures, see the *Information Sheet; County Court Procedures*.

REMEMBER You cannot pay what you haven't got. Your creditor may want you to pay more and you would like to pay more BUT you can't afford to do so.