



24 Hour IVA Helpline 0800 876 0999  
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## **WHAT TO DO IF A CREDITOR REFUSES YOUR OFFER?**

### **What is the likelihood a creditor will refuse my payment offer?**

It really depends on the creditor, some will accept while others will decline. If your proposal does get declined, then the *Reconsider my pro-rata offer sample letter* is applicable to see if they will re-assess the offer.

The best thing to do within the letter is to portray your case again, your reasoning and a financial situation in which they can evaluate and see how you have budgeted. In addition you could, as a gesture of goodwill, begin the payments you laid out originally. Furthermore, if it is applicable, give evidence to show other creditors have accepted your proposal. Moreover, if they fail to accept your proposal, it will upset the balance you have arranged with your various other creditors and that you are trying to treat them all equally.

### **Can I persuade the creditors to freeze the interest?**

The creditors can be difficult and decide not to freeze the interest or in fact simply just reduce the interest slightly. There are some steps you can take to try and encourage them to do so.

Explain how your payment installments is less than the interest added on, which therefore in most cases will cause the debt to continue to rise and in the long run mean the debt is likely to be never paid off. This is likely to cause further disincentive to beginning any type of payments. Likewise if you pursue a court case, all the interest in the majority of cases is frozen nonetheless.

### **What options do I have if the creditors still refuse me?**

If the creditor is still refusing to budge regarding the freezing of the interest, you have the ability to keep the condensed payments ongoing and wait to see if the creditor will take any further action and move the issue up to court. This is not the only choice you have. The option is available to write to your creditors outlining you will no longer be making payments (made pointless through rising debts due to interest). This can be done through the *Take me to Court* letter, which encourages them to prosecute you for the debts and by stopping the payments prompt them to act faster.

The final option is to simply continue the ongoing payments and continue the negotiation for the creditors to freeze the interest.



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**If they continue their refusal, should I accept this and concede?**

The answer is no, there is a reason you are only offering a certain amount for the installments and so it is important you do not allow yourself to be bullied into accepting a fee you cannot afford. This could lead to further repercussions on your mortgage or rent payments and may not even leave you with enough funds to survive on.

**Can I have my case referred elsewhere?**

You have various options on which to have your case looked into. The first option is to seek out the **Financial Ombudsman Service (FOS)**. The Consumer Credit Act 2006 gives you the right to speak to the FOS regarding your lender and how they have been dealing with your affairs. The FOS only deals with cases post April 2007.

The second option is **The Banking Code**. This is in regard to issues with the bank or building society. If there is an issue with how you feel they have handled your concerns then you can refer this back to the FOS.

The third option is that of **Trade Associations**. This can be used when you believe your creditor is being irrational or awkward when refusing your payment plan and should lead you to ask if they belong to a trade association. This would allow you to see the codes of practice they are supposed to follow and whether or not you should follow up with a complaint to firstly the creditor and then the trade association.