



## Payment offer – what to do if a creditor refuses

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This fact sheet tells you how to deal with your non-priority creditors, such as credit cards, unsecured loans and overdrafts, if they refuse to accept the payment offer you have made them. If you are trying to deal directly with your creditors and negotiate an affordable repayment plan, this fact sheet has useful information and advice on tactics you can use. **Contact us for advice** if you are unsure whether your creditors are priority or non-priority.

Use this fact sheet to:

- respond to a refusal of your offer;
- get interest on your debt frozen;
- deal with possible court action; and
- make a complaint about your creditor.

The sample letters mentioned in this fact sheet can be filled in on our [website](#).

### What if my creditors refuse my offer?

When you write to your creditors and make an offer of payment you often get a mixed response, with some creditors accepting your offer and some refusing. If your creditor has refused your offer of payment, then you can use the [Reconsider my pro-rata offer sample letter](#) to ask them to reconsider.

- Explain your circumstances again and enclose another personal budget sheet.
- It is a good idea to start making the reduced payments you have offered regularly and point out that you are doing this as a 'gesture of goodwill'.
- It is also worth telling your creditor if any of your other creditors have accepted your offer.
- If you can afford to, send photocopies of letters from your other creditors as proof.
- Explain that you are unable to increase your offer of payment to this creditor without upsetting the other arrangements you have made.
- Point out that you have to treat all your creditors fairly.

### What if my creditors refuse to freeze interest?

If a creditor has accepted your offer payment, but is still adding interest, then use the [Freeze interest sample letter](#). Sometimes creditors refuse to freeze the interest altogether or only agree to reduce the interest they are charging.



If your offer of payment is less than the interest that is being added on, then the debt will just increase. This means you are never going to pay the debt off. Explain this to your creditors. This means that there will be no 'light at the end of the tunnel' and less incentive for you to keep up with payments.

## What if my creditors still won't accept my offer?

If you have written again to your creditors and tried to negotiate reduced payments and the creditor still refuses your offer, then you need to decide what to do. This is particularly important where the creditor refuses to freeze interest.

- You can continue to make the reduced payments you have offered and wait to see if the creditor takes court action.
- You can continue to make the reduced payments you have offered in the hope that the creditor will change their mind and accept the offer eventually.
- You can continue to make the reduced payments and ask your creditors to reconsider their refusal to freeze or reduce the interest. This is particularly important when the interest being added is higher than your offer of payment.
- If the creditor decides to take you to sheriff court you should point out to the court that you have made the payments you have offered as a 'gesture of goodwill' even though the creditor has refused to accept the offer.
- Consider making an application for a debt payment programme under the Debt Arrangement Scheme. See **The Debt Arrangement Scheme and how it may help you** later in this fact sheet.
- Consider applying for a time order under the **Consumer Credit Act 1974**.

### Information:

INFO

#### interest on a decree

In Scotland, interest is usually charged on debts before and after a decree. This means that the court will allow the creditor to add interest either at a set court 'judicial' rate or even at the contractual rate if that is what the creditor asks for.

### See our fact sheet:

**Time orders.**



## Should I give up and pay what the creditor wants?

It is very important that you don't give up if your creditors refuse your offers. Make the payments that you have offered and ask creditors to reconsider.

Stick to your guns. If you let creditors persuade you to pay more than you can afford then you may fall behind with your mortgage/rent or other essential household bills. You may also find you do not have enough money left to live on.

## Complaints

### Financial Ombudsman Service

The **Consumer Credit Act 2006** gives the right to complain to the **Financial Ombudsman Service** about how your lender or debt collection agency has dealt with your account.

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You will have to follow the lender's complaints procedure first. You can only complain about events that happen from **April 2007** onwards. The address for the Financial Ombudsman Service can be found under **Useful contacts** at the end of this fact sheet.

**See our fact sheet:  
Complaining about your  
lender.**



## The Standards of Lending Practice – Business Customers

**The Standards of Lending Practice – Business Customers** covers most businesses with an annual turnover of no more than £6.5 million. It sets out how banks, building societies, credit card providers, charge card providers and their agents should treat business account customers. If you are in financial difficulty, your business lender should give you support and fair treatment.

If you feel that your business creditor has not dealt with your complaint satisfactorily, you may be able to complain further to the **Financial Ombudsman Service**. See **Useful contacts** at the end of this fact sheet.

## The Standards of Lending Practice – Personal Customers

**The Standards of Lending Practice - Personal Customers** sets out how banks, building societies, credit card providers and their agents should treat personal account customers when they have financial difficulties. Under the standards your lender should give you support and fair treatment. They should also consider freezing interest and charges.

If you feel that your creditor has not dealt with your complaint satisfactorily, you may be able to complain further to the **Financial Ombudsman Service**. See **Useful contacts** at the end of this fact sheet.

## Trade associations

If you feel your creditor is unreasonably refusing your offer of payment then you should ask if they are members of a trade association. Most trade associations have codes of practice that their members must follow. Ask the creditor for details of their complaints procedure. You will usually be expected to make a complaint to the creditor before taking it up with the trade association. There is a list of the most relevant trade associations under **Useful contacts**.

## The Debt Arrangement Scheme

The Debt Arrangement Scheme (DAS) may allow you to apply to have your debts included in a debt payment programme (DPP). In order to apply for this you will need to contact an approved money adviser.

Before making an application for a DPP, the money adviser will contact your creditors again and advise them that an application is being made. The money adviser will offer your creditors a repayment plan based on your personal budget and ask them to freeze interest. They may also ask the creditors to consider a composition (in other words, a partial write off of some of the debt). The DAS scheme will be administered by the Office of the Accountant in Bankruptcy.



If you are successful in applying for a DPP a payment distributor will be appointed to deal with your case. This will allow you to make one regular monthly payment which will then be distributed amongst your creditors. If you keep to the agreed payments your creditors will not be able to use diligence against you.

**See our fact sheet:  
Debt Arrangement Scheme.**



## Useful contacts

### Financial Conduct Authority

Phone: 0800 111 6768

Email: [consumer.queries@fca.org.uk](mailto:consumer.queries@fca.org.uk)

[www.fca.org.uk](http://www.fca.org.uk)

### Financial Ombudsman Service

Tel: 0800 023 4567 or 0300 123 9123

[www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

### Consumer Credit Association (CCAUK)

Tel: 0124 431 2044

[www.ccauk.org](http://www.ccauk.org)

### Consumer Credit Trade Association (CCTA)

Phone: 0127 471 4959

[www.ccta.co.uk](http://www.ccta.co.uk)

### Credit Services Association Ltd (CSA)

(for debt collection agencies)

Phone: 0191 286 5656

[www.csa-uk.com](http://www.csa-uk.com)

### Finance & Leasing Association (FLA)

Phone: 020 7836 6511

[www.fla.org.uk](http://www.fla.org.uk)

### Debt Arrangement Scheme

Phone: 0300 200 2770

[www.dasscotland.gov.uk](http://www.dasscotland.gov.uk)

If your complaint is against a solicitors firm acting for a creditor, a complaint can be made to:

### The Law Society of Scotland

Phone: 0131 476 8137

[www.lawscot.org.uk](http://www.lawscot.org.uk)



Business Debtline endeavour to keep our fact sheets as up-to-date as possible, however, we cannot be held responsible for changes in legislation or for developments in case law since this edition of the fact sheet was issued.

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