



# → Help with the cost of living

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- Work out where you are now
- Deal with bills and payments
- Understand your options and where to get help



## Helping you manage your money today and for the future

Whatever your circumstances, MoneyHelper is on your side. Online and over the phone, we offer clear and impartial guidance that's quick to find, easy to use and backed by government. We can also point you to trusted services if you need more support.

We can help you:

- deal with debt
- understand your pension options
- reduce your spending and build up savings
- navigate life events such as redundancy, relationship breakdown, retirement or bereavement
- budget for bills or major purchases
- learn about mortgages and renting
- find out about extra benefits and entitlements.

Just search for MoneyHelper: [moneyhelper.org.uk](https://moneyhelper.org.uk)

**Free impartial guidance**

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# 1. Work out where you are now

**Rapid rises in the cost of living have affected millions of people. What this means for you and your money will be personal to you.**

If you're looking for money help but don't know where to start, you're not alone.

These steps can help you understand your true financial situation and take action to find a way forward that works for you.

## 1. Review your budget

If you haven't done so already, the first step to understanding where you are with your money is making a budget.

A budget will make it clear:

- what money is coming in
- what money is going out
- any debts and bills you have
- where you could free up cash or maximise your income.

You can use:

- our free and easy-to-use Budget planner at [moneyhelper.org.uk/budget-planner](https://moneyhelper.org.uk/budget-planner)
- an exercise book or sheet of paper
- the jam jar approach – where you split your money into separate 'pots' to cover different bills and payments.

You can find bank accounts that let you set up different pots. This will also keep your money safe.

## 2. Financial support – claim everything you're entitled to

If you're struggling with money, it's important to make sure you get all the government help you might be entitled to.

The easiest way to check if you're entitled to benefits, including Universal Credit, is to use our Benefits calculator at [moneyhelper.org.uk/benefits-calculator](https://moneyhelper.org.uk/benefits-calculator)

You can also contact a benefits adviser at your local Citizens Advice who will be able to check you are claiming everything you're entitled to, or try Advice Local [advice.local.uk](https://advice.local)

## 3. Deal with bills and payments in the right order

The consequences of not paying some bills and payments are more serious than others.

Our section from pages 6 to 10 explains more about why you should settle some bills and payments first.

#### **4. Talk to the people you owe money to**

If you're worried about missing payments, contact your lender or provider as soon as possible. Let them know that your income has changed and that you're struggling to pay. They'll work with you to help.

As well as coming to an arrangement on the money you owe them, talk to them about future payments – especially if you think you might struggle to pay them.

For some people, talking to creditors can be very difficult. Choose a communication method that works for you. You might also be able to get support from an advice agency if you don't feel able to contact your creditors yourself.

See page 15 for how to talk to people you owe money to.

#### **5. Review insurance policies**

Some insurance is required, such as motor insurance and buildings insurance if you have a mortgage. So you should never cancel these policies.

However, your insurance needs might have changed over the past couple of years, such as if you're driving fewer miles, so check and compare to see if you can get cheaper cover.

Even if some of your insurance policies aren't essential, it's a good idea to stay protected. Think very carefully before cancelling anything, and always shop around to compare quotes. See our guide [moneyhelper.org.uk/insurance-compare](https://moneyhelper.org.uk/insurance-compare)

#### **6. Borrowing money – be careful about costs**

If you're thinking of borrowing money, you need to weigh up the cost and know how you're going to pay it back.

Make sure you choose the right type of credit for you. Interest rates can vary depending on a number of factors, including your credit rating.

Look at alternatives to borrowing (see p16).

#### **7. Savings and investments – think carefully before you dip in**

If you're thinking about using savings, your pension pot or equity in your home to free up money to deal with cost-of-living rises, there are things you need to be aware of before you do (see p20-22).

## 2. Bills and payments to deal with first

If you're facing a debt emergency, such as court or bailiff (called 'sheriff officers' in Scotland) action, disconnection or eviction for mortgage or rent arrears, it's important to get free and independent debt advice as soon as you can.

If you've missed a payment, are juggling other debts or are struggling with multiple priority debts and don't know which to tackle first, you can use our debt advice locator tool to find free, confidential advice in the way that's best for you at [moneyhelper.org.uk/debt-advice-locator](https://moneyhelper.org.uk/debt-advice-locator)

Or call us on 0800 011 3797 (Mon – Fri: 9am to 5pm).

A debt adviser will:

- never judge you or make you feel bad about your situation
- find ways to manage your debts, even if you don't think you have spare money
- suggest ways that you might not know about to deal with debts.

Most people who have managed to get debt advice tell us they feel less stressed and more in control of their life again.

If you're struggling financially, look at all your bills and payments and work out which ones you must deal with first.

This is because the consequences of not paying some bills can be more serious than others.

These are called 'priority debts' and mean you could lose something if you don't pay it. For example, if you don't pay your rent, your mortgage or any debt that's secured against your home, you'll be at risk of losing it.

These are the priority debts you must pay first.

### Rent or mortgage payments

#### 1. Rent payments

If you don't think you'll be able to make your rent payment, contact your landlord, letting agent or tenancy support officer as soon as possible.

Try to reach an agreement about missing rent payments and paying any arrears.

If you ignore the problem, your landlord can start to take steps to evict you.

If you're on a low income, ask your local council if you qualify for a Housing Payment from the Crisis and Resilience Fund to make up the shortfall.

## 2. Mortgage payments

If you're struggling to pay your mortgage, talk to your lender about support they can offer.

They have to treat you fairly and consider any request you make to change the way you pay your mortgage to help you.

If the new payments are unmanageable, ask about ways to make them more affordable.

Solutions could include:

- extending the term of your mortgage
- temporarily switching to interest-only payments
- accepting lower payments for a while
- checking if you can get government support: [moneyhelper.org.uk/mortgage-help](https://moneyhelper.org.uk/mortgage-help)

If you can't pay your mortgage due to unemployment, accident or sickness, check if you have a forgotten insurance policy that covers you.

When you discuss solutions with your lender, conversations won't appear on your credit file.

However, some solutions do, so always ask what the impact will be on your credit score.

Bear in mind that these solutions are likely to be less damaging to your credit score than missing payments without talking to your lender first.

### If your fixed or discounted mortgage rate is ending

If you don't act when your fixed-rate mortgage deal ends, your rate will automatically go back to the standard variable rate. This is usually more expensive and as interest rates tend to be higher, can increase.

Most lenders have a customer retention department and some offer better rates to existing customers in order to entice you to stay with them.

Contact your mortgage provider to discuss your options.

You can start talking to your lender around six months before the end of your deal. This can ensure you'll be moved onto a competitive rate immediately after your current one ends.

Make sure you shop around. For a guide to finding the best deals, visit [moneyhelper.org.uk/price-comparison](https://moneyhelper.org.uk/price-comparison)

The best thing to do is talk to an independent mortgage adviser and get advice. They can access the whole mortgage market. If your circumstances have changed since you arranged your last mortgage, they will take this into account.

When comparing rates, don't forget to ask about arrangement fees and early redemption penalties (if you want flexibility to switch products before your agreement ends).

A mortgage adviser will include all the fees when they quote your available rates, helping you make an informed choice.

Life might seem uncertain at the moment, but it's important to keep future plans in mind.

Talk to your mortgage adviser about your financial needs and goals, and what's important to you.

This can help you decide which type of mortgage is best for you.

### **Council Tax (Rates in Northern Ireland)**

Contact your local council as soon as you find yourself struggling to pay.

If you wait until you've missed payments, it might limit the help they can offer you.

Support can include:

- **Payment holidays and payment plans** – some councils offer payment holidays for those struggling with their Council Tax bill. You'll need to ask for this. If you can't get a payment holiday, most will offer you an affordable payment plan.
- **Bill reductions if you're on benefits or a low income** – if your income drops or you find yourself out of work, you could apply for a Council Tax Reduction.
- **A discount if you're disabled** – or live with someone who is.

If you live alone, you should qualify for a 25% Council Tax discount.

### **Gas and electricity**

If you have concerns about paying your energy bill or are already behind on a repayment, it's important to talk to your supplier. It's in their best interests to help you. They can check you'll get all the energy support payments you're entitled to and might:

- review your bill payment plans, including debt you might be repaying in instalments
- offer you payment breaks, or allow you to pay less
- give you longer to repay what you owe
- let you know if you can access hardship funds – some companies also match payments to clear debt
- give you advice on how to use less energy.

If you're disabled or in a vulnerable situation, you can sign up to a Priority Services Register (PSR) to get extra help from your energy company. Contact your provider with information about your needs to sign up.

See if you qualify for more help with energy bills using our online Bill prioritiser at [moneyhelper.org.uk/way-forward/bill-prioritiser](https://moneyhelper.org.uk/way-forward/bill-prioritiser)

In England, Wales and Scotland, if you're vulnerable, you can contact the Citizens Advice Extra Help Unit: [ehu.org.uk](https://ehu.org.uk)

In Northern Ireland, get advice on what to do if you're struggling to pay your bills by visiting [nidirect.gov.uk/articles/advice-if-youre-struggling-pay-your-energy-bills](https://nidirect.gov.uk/articles/advice-if-youre-struggling-pay-your-energy-bills)

## **Payments to the DWP (DfC in Northern Ireland)**

If you owe money to the Department for Work and Pensions (DWP) for any overpayments for benefits, Tax Credits, or other payments, they should support you to set up an alternative repayment plan.

If you're on Universal Credit, contact your work coach or the helpline that deals with the specific benefit you're getting.

For details of how to repay benefits owed in England and Wales, visit [gov.uk/repay-manage-benefit-owed](https://www.gov.uk/repay-manage-benefit-owed) or call the helpline on **0800 916 0647**

Find out more about benefit overpayments in Scotland at [mygov.scot/benefit-overpayments](https://www.mygov.scot/benefit-overpayments) or call **0800 0014542**

There's more about payment collections in Northern Ireland at [nidirect.gov.uk/articles/overpayments-benefits-and-financial-support](https://www.nidirect.gov.uk/articles/overpayments-benefits-and-financial-support) or call **0800 012 1331**

## **Income Tax, National Insurance and VAT**

Your tax bill is a priority.

If you don't pay it, HMRC will take action to get the money you owe, so it's important to contact them as soon as you start struggling to keep up.

If you owe less than £30,000, you might be able to use HMRC's Time to Pay service.

Find out if you qualify at [gov.uk/difficulties-paying-hmrc](https://www.gov.uk/difficulties-paying-hmrc) or call the self-assessment helpline on **0300 200 3822**

## **Child maintenance payments**

If you're struggling to pay child maintenance, you have two options:

### **1. Create an agreement with the receiving parent**

When you come to an arrangement, contact the Child Maintenance Service to let them know the details and they might be able to offer you more support.

There's a useful child maintenance calculator at [gov.uk/calculate-child-maintenance](https://www.gov.uk/calculate-child-maintenance) or call on **0800 1712345**

### **2. Ask the Child Maintenance Service (CMS) to step in**

Consider asking the CMS to calculate what you should be paying if your income has fallen by 25% or more.

Bear in mind that the CMS charge a fee for this service, so it's cheaper to arrange between you.

To find out more, visit [gov.uk/child-maintenance-service](https://www.gov.uk/child-maintenance-service) or call **0800 171 2345**

If you live in Northern Ireland, visit nidirect at [nidirect.gov.uk/cms](https://www.nidirect.gov.uk/cms)

### **TV Licence**

Many people don't realise that a TV Licence is a priority bill.

If you're struggling to pay, TV Licensing can discuss payment plans with you.

Contact TV Licensing as soon as you can on **0300 790 6071**

### **Court fines**

If you get a court fine and choose to not pay it even though you have the money to, you can be sent to prison.

You get court fines when you break a law, such as if you go over the speed limit.

These fines count as priority debts because your freedom and rights are at risk if you fail to pay them.

So if you're struggling to make payments, you should contact the courts as soon as possible to discuss your options or seek free debt advice.

**Remember, the consequences of not paying off certain debts can be more serious than others.**

Our quick, easy-to-use Bill prioritiser can help you understand which bills and payments to deal with first and how to avoid missing any payments.

Check it out at [moneyhelper.org.uk/way-forward/bill-prioritiser](https://www.moneyhelper.org.uk/way-forward/bill-prioritiser)

### **Hire purchase**

Hire purchase payments are only priority debts if the goods you bought are essential for your daily life. This is because the goods can be repossessed if you don't keep up with payments.

For example, hire purchase payments for a car might be a priority debt if you need the car to commute to work.

# 3. Other bills and payments

**The bills and payments listed below are important. But if you're struggling, it's best to always deal with the bills set out on pages 6 to 10 first, as those have more serious consequences if you don't pay.**

Even if you have priority bills to deal with, it's important to talk to your lenders about the bills below if you owe money.

## Water bills

While your supplier can't turn off your water supply if you miss payments, they can use court action to enforce repayment.

However, there is help available. Ask your water provider (or your council if you live in Scotland) for support as soon as you start to struggle.

Your water provider might offer:

- special schemes, such as social tariffs
- to adjust your payment plan
- to find out if you qualify for hardship grants
- advice on benefits and managing debts, especially if you haven't struggled financially before
- to stop new court or enforcement action
- to add you to their Priority Services Register. Contact them and let them know your needs.

## Save money on water use

You only pay for what you use with a water meter, so if it's possible to cut back, it could make a difference, depending on your household circumstances.

There's more help about saving money on your water bill at [moneyhelper.org.uk/water-bill](https://www.moneyhelper.org.uk/water-bill) or contact your local water company.

## Save on mobile phone bills

If you don't have a landline, your mobile phone is a vital connection to other services so it's important to keep it if you can.

If you're struggling to pay, providers should have support in place to help you, including:

- changing your bill date
- setting up an affordable repayment plan
- moving to a different tariff
- lowering your spending cap.

## **Saving money on mobile phone charges**

It's important to keep up with your payments if you're on a contract. This isn't just so you don't lose your connection, but also because it could affect your credit score if you don't.

These tips can help you save money:

- check when your contract is due to end and haggle or switch providers
- compare your contract with cheaper SIM-only options starting as low as £1 a month
- try switching to a Pay-As-You-Go deal.

Whatever option you choose, make sure you're on the right tariff for your data use. There are a few comparison sites you can use to help, including **[moneysavingexpert.com/cheap-mobile-finder](https://moneysavingexpert.com/cheap-mobile-finder)**

## **If your phone is locked**

Mobile providers are no longer allowed to lock devices to their network.

However, if you bought your phone through a network before December 2021, it might be locked to that network.

Contact your provider to get your phone unlocked. It shouldn't cost you anything and then you'll be free to switch providers without any hassle.

## **Broadband, mobile and TV**

If you're getting certain benefits and need help with your broadband, mobile or TV bills, your provider might be able to offer you a low-cost social tariff.

Visit **[ofcom.org.uk/phones-and-broadband/saving-money/social-tariffs](https://ofcom.org.uk/phones-and-broadband/saving-money/social-tariffs)**

## **Car finance payments**

If you can't afford your car finance payments, talk to your lender.

Try to do this before your next payment is due and don't just cancel your Direct Debit, as this will be counted as a missed payment. This will show up in your credit file and might affect your ability to get finance in future.

If you really can't afford to keep up with payments, ask if you can end the agreement early or return the car.

This will depend on what kind of car finance agreement you have and how long you've been paying it.

Find out about ending agreements early and cutting car finance costs at **[moneyhelper.org.uk/finance-costs](https://moneyhelper.org.uk/finance-costs)**

Or call us for free money guidance on **0800 011 3797**

## Money borrowed from family

There can be a lot of pressure to pay back any money you've borrowed from family, especially if they might now be struggling with living costs as well.

If you owe money to family or people you know, the most important things you should do are:

- talk to the person you owe money to
- not ignore the problem.

Even if you're worried that you might struggle to pay them back for a long time, it's better to be honest with them.

Things you should talk about include:

- setting a new schedule of repayments that you can afford
- how often you will repay them (setting up a standing order can keep payments regular)
- other sources of help, such as debt advice or ways to increase your income.

When you have the conversation, it's important to:

- choose a time and place that allow you both to concentrate on what is being said
- listen with an open mind and try to keep your emotions in check
- find ways to end the conversation with a plan to move forward.

See [moneyhelper.org.uk/conversation-about-money](https://moneyhelper.org.uk/conversation-about-money)

## Beware of loan sharks

Someone you borrowed money from might be an illegal loan shark if they:

- threaten you
- charge excessive interest on your loan
- have taken important documents away from you, like your passport or bank card.

For more help, see [moneyhelper.org.uk/loan-shark](https://moneyhelper.org.uk/loan-shark)

It might be confusing linking the term **loan shark** with someone you know or care about, but it's really important you get advice.

Call Stop Loan Sharks on **0300 555 2222** to safely make a report, get advice for dealing with the situation and get financial support.

# 4. Beware of scams

**Sharp rises in the cost of living have prompted a big increase in online and phone scams offering ways to get extra money.**

Some of the most common are emails, calls or texts that look like they're from:

- HMRC offering you a tax rebate
- your energy, mobile phone or broadband provider
- companies offering you investment opportunities
- your bank offering you financial help
- government offering cost of living or energy support payments.

Be suspicious if you get a text message, email or phone call saying there's an issue with your payment or bill. Scammers use this as a way of getting you to reveal your card and bank account details.

The number of scams is only likely to increase. Report Fraud has found that hundreds of thousands of pounds are being lost to scammers linked to the cost of living.

It's important to be extra careful – make sure calls and emails are from legitimate sources, and don't give out any personal information.

Find out more about scams at **[moneyhelper.org.uk/types-of-scam](https://moneyhelper.org.uk/types-of-scam)**

Let Report Fraud know about any suspicious activity by calling **0300 123 2040** or online at **[reportfraud.police.uk](https://reportfraud.police.uk)**



# 5. Talk money

**If you're worried about missing a payment, you might feel nervous or embarrassed about asking for help, or unsure what to say. But remember, lots of people are in a similar situation.**

Lenders are urging customers experiencing financial difficulty to get in touch. They must do everything they can to support you if you're facing a hard time because of the rising cost of living.

Think of this as the start of an ongoing conversation to help you get your finances back on track, rather than as a one-off request for emergency help. The earlier you have the conversation, the better.

Before contacting your lender, it's worth putting together a budget so they can quickly understand your situation (see p4). If you can find 20 minutes to do a quick budget, it will help you with your conversation. But don't worry if you can't do this, it's better to speak to your lender sooner rather than later.

There are a number of ways to get in touch with your lender (online webchat, phone or email) so don't give up.

Here's a useful checklist to look at when talking to a lender:

- take the name of the person you speak to
- make notes about what's said - use page 29 to help you
- ask for confirmation of any plan you agree in writing
- ask about what could happen if you miss payments
- if your lender asks you to go through your income and outgoings with them, ask them to send you a copy so you can use the information when talking to other lenders
- if there's a problem, tell your lender before they chase you
- let them know about any personal issues, such as mental health concerns or physical illness, as lenders should have dedicated teams who will give you extra support.

Remember, there's no such thing as a stupid question. Make sure you get all the information you need.

See our 'Talk to your creditor' guide for more information on overcoming barriers and moving forward together at [moneyhelper.org.uk/talking-to-your-creditor](https://moneyhelper.org.uk/talking-to-your-creditor)

# 6. Borrowing money

**If you're worried about your future income and thinking about borrowing to pay off existing debts, it's important to look at other options first.**

If you've missed more than one payment or you're juggling other debts and have no spare cash to repay them once you've met essential expenses, now is the time to get debt advice.

You can find free confidential debt advice online, over the phone or near to where you live using our debt advice locator tool at **[moneyhelper.org.uk/debt-advice-locator](https://moneyhelper.org.uk/debt-advice-locator)**

Or call us on **0800 011 3797**  
(Mon – Fri: 9am to 5pm).

**If you're borrowing money to pay for essentials**

Look again at your budget and make sure that you've done everything you can to save money and increase your income. Things you can look at include:

- Writing down all your credit commitments, including payments and the day that the payment is due. Just getting them all down will help you to understand where you are and keep track.
- Checking all your accounts or bank statements to make sure you've included all your costs. If you bank online, using your bank's spending app can do it for you quickly and easily.

- Talking to your lender or provider to see if they can offer support before you borrow money to pay bills.
- Using any special schemes or tariffs your provider offers that are better for your needs.

## **Employer Salary Advance Schemes (ESAS)**

If you're facing an unexpected cost or short-term cash shortfall, check if your employer allows you to access some of your wages before payday. These schemes are usually provided to the employer by external companies.

If you want to use a salary advance scheme, be aware that:

- most schemes will charge you a fee – these can build up if you use it often
- taking regular payments can make you dependent on the scheme
- you'll have a reduced salary to live on during the month after you've paid back an advance – so try to avoid 'rolling over' from month to month

- these schemes aren't regulated by the Financial Conduct Authority (FCA), so you have fewer statutory protections if things go wrong.

Some employers also offer salary-based loans or 'credit top-ups'. These are standard credit products that you repay through deductions from your salary. They are separate products to salary advance schemes.

### **Choosing the right type of credit or loan**

If you do borrow, make sure you choose the right type of credit or loan for your situation. Otherwise, you could find yourself paying more than you need to.

Things you need to think about include:

- how much you want to borrow
- how quickly you can pay back the money
- which products you're eligible for – it's often based on your credit rating.

Our tool 'What's the best way to borrow money?' can help you choose. Find it at [moneyhelper.org.uk/borrow-options](https://moneyhelper.org.uk/borrow-options)

### **Understanding the full costs of loans or credit**

Be aware that the rate for loans or credit you might see advertised isn't necessarily the rate you'll be offered when you apply.

It's best to not simply look for the one with the lowest monthly repayment. Before you sign up, make sure you know how to spot hidden costs in the small print and the total cost of repaying the debt.

### **Applying for credit**

Applying for credit creates a record on your credit file which can affect your ability to get credit in future. So before you apply for credit, it's worth trying to find out if it's likely that you'll get it. You can do this by checking your eligibility before applying.

MoneySavingExpert has an eligibility calculator to show how likely it is that you'll get credit at [moneysavingexpert.com/eligibility/](https://moneysavingexpert.com/eligibility/)

## What if you're refused credit or a loan?

Applying for credit if your income is insecure, or you've missed payments, might mean your application is declined.

If this happens, don't rush to apply again. Applying too many times in a short period can damage your credit score.

Instead, ask why you were declined. You might be able to fix the problem or appeal the decision.

Our tool 'What to do when you've been refused credit' can help you put together an action plan. Visit [moneyhelper.org.uk/refused-credit](https://moneyhelper.org.uk/refused-credit)

Try to avoid using high-cost credit, such as payday loans, log book loans or doorstep lending. Credit unions and responsible finance lenders can be worth looking at instead.

Look for credit unions near using [findyourcreditunion.co.uk](https://findyourcreditunion.co.uk) (England, Wales, Scotland) or [ufcu.co.uk/credit-unions.html](https://ufcu.co.uk/credit-unions.html) (Northern Ireland).

If your application has been declined, you have debts and have missed payments, free debt advice can really help. Debt advisers can help negotiate an affordable repayment plan with your creditors – see where to get free debt advice: [moneyhelper.org.uk/debt](https://moneyhelper.org.uk/debt)



# 7. Using Buy Now Pay Later

**If you're shopping online, Buy Now Pay Later (BNPL) can seem like a quick and easy way to pay. But it's a form of borrowing, so you need to think carefully before using it.**

Be especially wary if you're starting to use BNPL to cope with cost of living rises, or if you're spending more than you can afford to pay back.

**If you decide to use BNPL, make sure you:**

- are confident you can repay on the due date
- avoid using BNPL if you're already in problem debt and instead seek help as soon as you can from a free, impartial debt adviser
- read the terms and conditions to know exactly what kind of BNPL agreement you've taken out. Some BNPL providers will now report your purchase to a credit reference agency so it will appear on your credit file. Repayment terms will differ between providers.
- look out for notifications from your provider telling you when your next payment is due
- find out what your provider's policy is if you were to miss a payment - some will charge a late fee after as little as 24 hours
- stick to your budget - using BNPL might encourage you to spend more than you intended to

- be wary of incentives used to get you to use BNPL, for example offering a 10% discount or free delivery
- use your debit card to make repayments. Making repayments with a credit card means you will only push the debt further down the line. This is a problem if you can't afford it and a sign you could be heading towards problem debt.
- check your payment card is in date until the last payment is made. If it expires while you're paying off a BNPL purchase, you'll miss a payment and could have to pay penalties. It's up to you to tell your provider about your new card details.

**Before using BNPL, you should know:**

- some lenders will perform a 'hard' credit check, which can affect your credit score
- you often have less consumer protection if something goes wrong, including the Section 75 protection you'd normally get when paying by credit card
- you might be approved for BNPL even if you can't afford it - so it's up to you to make sure you can repay.

Learn more by visiting [moneyhelper.org.uk/bnpl](https://moneyhelper.org.uk/bnpl)

# 8. Using equity, pensions or savings

**If you're struggling with your finances, you might be thinking about dipping into your pension pot or using the equity in your home (if you own it).**

However, you need to think carefully about these options. It's important to get expert help to find the right solution for you.

Call our helpline to talk to one of our experts if you're thinking of stopping or reducing your pension contributions before you decide on 0800 011 3797 (Mon to Fri 9am to 5pm).

## **Stopping paying into your pension pot**

While this will free up cash immediately, try to balance your needs today with your future needs so you don't regret reducing your pension savings now. Remember:

- if you're in a workplace pension, your employer will usually contribute too – valuable cash you don't want to miss out on if you can help it
- your pot also gets a tax relief top-up from the government every time you pay money in, so the less you pay in, the less top-up you'll get.

If you must stop paying into your pension:

- talk to your employer to see if they will continue to make contributions at your current level so you don't get less money from them
- try to make up the shortfall as soon as you can afford to.

## **Using your pension pot**

If you're 55 (57 from 2028) or over, you can access your pension pot even if you haven't retired. However, there's a lot to think about before you make a final decision.

Taking the money now could:

- leave you with less to live on in the future
- affect whether you qualify for some welfare benefits that could increase your income
- affect some welfare benefits you're already getting, which could reduce your income.

If you're thinking of taking money from your pot to pay off debts, debt advice could help you find solutions that solve your problems and protect your retirement income.

You can find free confidential debt advice online, over the phone or in person with our debt advice locator tool. Visit [moneyhelper.org.uk/debt-advice-locator](https://moneyhelper.org.uk/debt-advice-locator)

Or call us on 0800 011 3797 (Mon – Fri: 9am to 5pm).

A free Pension Wise appointment explains the options for taking money from your defined contribution pension. You usually have to be 50 or over to qualify.

Go to [moneyhelper.org.uk/pensionwise](https://moneyhelper.org.uk/pensionwise) or call 0800 011 3797

### **If you're worried about the value of your pension**

If you have money in a pension, it's typically invested in the stock market.

When you see the value of your investments fall – or you're worried about that happening – you might be tempted to sell your investments and put them somewhere you think would be safer.

This could reduce the impact of stock market falls on your pension, but it might also be an expensive mistake – as you miss out on the chance to recover those losses when the market starts to rise again.

As unsettling as it may be, ups and downs are a natural part of investing. Staying invested is often the best strategy.

If you have a defined benefit pension, the benefits are guaranteed and it's the scheme's responsibility to ensure there is enough money to pay the benefits they've promised you. If your scheme is unable to do this, the Pension Protection Fund (PPF) will step in. Call **0330 123 2222** or visit [ppf.co.uk](https://ppf.co.uk)

### **Watch out for pension scams**

Fraudsters may set up fake investment or pension opportunities to trick you out of your money. You can check if a scheme is likely to be a scam by visiting [fca.org.uk/scamsmart](https://fca.org.uk/scamsmart)

### **Remortgaging**

Remortgaging can be seen as a relatively easy way of plugging gaps in your finances.

But there is a risk to adding unsecured debts to your mortgage. For example, you'll be putting your home at risk if you're not able to keep up with repayments.

Plus, you'll end up paying far more overall if the loan is over a longer term, even if mortgage interest rates fall again.

Remortgaging options might also be affected if your income has fallen or the value of your home drops, so it might be difficult to switch to another lender or borrow more.

It's important to explore your other options and if you're thinking of re-mortgaging to pay off debts, get free debt advice before thinking seriously about adding more debt to your mortgage.

### Using the equity in your home

Using your home to clear short-term, unsecured debts such as loans, credit cards and overdrafts is not a step to take lightly.

There are several risks – to you and other family members.

Some of these risks are listed below:

- Interest, where applicable, can build over many years. This means the equity in your home can decrease very quickly over time. So, it's a good idea to only take what you need and consider a scheme that has a 'no negative equity' guarantee.
- It will become more difficult to move house, so consider downsizing as an option first.
- Any inheritance you might want to leave could be severely reduced.
- You should consider the impact on any eligible means-tested benefits you might qualify for.

If you're struggling with debts or worried that you might soon be, speak to your providers (banks and other lenders) about possible solutions.

If this doesn't work, a debt advice expert could help you find a solution that allows you to keep the equity in your home while paying off your debts.

For many, equity release schemes might not be the best option if you've been financially affected by the rising cost of living. These schemes can be very expensive in the long term, so don't rush into deciding.

To talk through your options, you can speak to your lender about other solutions.

Find a specialist using the Equity Release Council directory [equityreleasecouncil.com/member-directory/](https://www.equityreleasecouncil.com/member-directory/)

Or find out more in our guide: 'What is equity release?' at [moneyhelper.org.uk/equity-release](https://www.moneyhelper.org.uk/equity-release)

### Using your savings

If you have savings, and you're paying more for your borrowing than you're earning in interest on your savings, it might be worth repaying some of your loans or credit cards.

This is only if you still have some savings set aside for emergencies and it doesn't end up costing more in fees. For example, you might be charged for withdrawing your savings if you have a Lifetime ISA.

# 9. Taking care of your mental health

**If you're struggling with money and your mental health, it's worth contacting your lender or provider to discuss your options.**

Most firms have policies about coping with the cost of living and/or mental health, and lenders are expecting calls.

They must consider your needs if you're vulnerable.

It's important you tell them if your mental health is affecting your ability to keep on top of your money, as there are often dedicated teams who can support you.

But picking up the phone and talking about your problems is often easier said than done if you're feeling low.

Get practical tips on having difficult conversations about money at [moneyhelper.org.uk/talking-to-your-creditor](https://moneyhelper.org.uk/talking-to-your-creditor)

If you feel very low or are experiencing suicidal thoughts, you can call Samaritans free on **116 123**.

If you feel you're in danger of taking your own life, call the emergency services on **999**.

Find practical tips and where to get free specialist help in our money problems and mental wellbeing guide at [moneyhelper.org.uk/money-problems-and-poor-mental-wellbeing](https://moneyhelper.org.uk/money-problems-and-poor-mental-wellbeing)

## Financial and economic abuse

Dealing with rises in the cost of living makes it a difficult time for many people, but particularly if you're the victim of domestic or financial abuse.

Abusers might take advantage of you struggling with the cost of living to force you to pay more or push you into debt.

The financial pressure of having to live on a single income may make it more difficult for you to leave an abuser.

Having less money available might increase the power abusers have as well as the opportunities to control you. This can include:

- controlling or making it difficult for you to work
- taking control of your money
- refusing to share childcare responsibilities
- stopping you having access to phones and laptops

- forcing you to cut back on essentials, such as heating or food
- stopping you having contact with friends or family.

If you need support and advice, many high-street pharmacists have pharmacy consultation rooms available as safe spaces where you can seek help in total confidence. Check local outlets to find one near you by visiting **[uksaysnomore.org/safespaces](https://uksaysnomore.org/safespaces)**.

If you're experiencing economic abuse within the context of domestic abuse, or are supporting someone who's in that situation, immediate help is available.

You can find a lot of useful information at **[moneyhelper.org.uk/signs-of-financial-abuse](https://moneyhelper.org.uk/signs-of-financial-abuse)**

To contact the Financial Support Line for Victims of Domestic Abuse, call **0808 1968 845** (Mon-Fri: 9am-5pm).

Calls are free of charge. For callers whose first language is not English, an interpretation service is available on request.

# 10. Emergency help

## Urgent support

To find details of organisations that can offer practical urgent support with money and food, visit **moneyhelper.org.uk/help-with-money-and-food**

## Crisis and Resilience Fund (in England)

If you live in England, get in touch with your local council to see if you can apply for help from the Crisis and Resilience Fund.

Support is given on a case-by-case basis, and can help you with everyday bills and expenses like:

- gas or electricity bills
- broadband or phone bills
- food
- clothing
- essential transport costs such as repairing a car, buying a bicycle or paying for fuel.

Find your council's contact details by visiting **gov.uk/find-local-council**

There are separate schemes available if you're living in Scotland, Wales or Northern Ireland.

If you live in Scotland, find out more about the Scottish Welfare Fund at Scottish Government: **mygov.scot/scottish-welfare-fund**

If you live in Wales, find out more about the Discretionary Assistance Fund at **gov.wales/discretionary-assistance-fund-daf**

If you live in Northern Ireland, find out more about changes to the Social Fund at **nidirect.gov.uk/campaigns/finance-support**

## Flexible Support Fund

If you're a job seeker and getting Universal Credit, ask your work coach about how they can support you with the costs of getting to an interview or starting work.

Support could include:

- work clothes
- transport and fuel costs
- special equipment
- childcare costs.

## Budgeting loans and advances

If you're already getting Universal Credit, you might be able to claim an interest-free loan to help with certain costs.

You can borrow between £100 and £812 depending on:

- your family circumstances
- what you need the money for
- how easily you can pay it back.

Budgeting Loans and Budgeting Advances have a two-year repayment period.

Ask your work coach or visit MoneyHelper at [moneyhelper.org.uk/loans-advances](https://moneyhelper.org.uk/loans-advances)

## Find a food bank

If you're struggling to eat, your local food bank may be able to give you a few days' supply of food.

Food banks can also give you vouchers for gas and electricity if you're on a pre-pay meter and you don't have money to top up.

You usually can't go straight to a food bank. You need to speak to someone who can refer you, such as:

- your GP
- your support worker
- a local charity, like Citizens Advice
- the police
- your child's school.

The Trussell Trust can help you find a voucher for your local foodbank in England and Wales (0808 208 2138, [trusselltrust.org/get-help/find-a-foodbank/](https://trusselltrust.org/get-help/find-a-foodbank/)) or [moneyhelper.org.uk/find-food](https://moneyhelper.org.uk/find-food) shows how to get a foodbank referral or access other schemes.

If you live in Northern Ireland, call Advice NI on **0800 915 4604**. In Scotland, contact your local authority for more information on a Scottish Welfare Fund crisis grant – learn more at [mygov.scot/scottish-welfare-fund/crisis-grants](https://mygov.scot/scottish-welfare-fund/crisis-grants)

# Useful contacts

## MoneyHelper

MoneyHelper is independent and backed by government to help you make the most of your money. We give free, impartial money and pensions guidance to everyone across the UK – online and over the phone.

Visit us at [moneyhelper.org.uk](https://moneyhelper.org.uk)

Or contact us via:

### Phone

Money and pensions guidance

UK: **0800 011 3797**

if you're outside the UK:

**+44 20 7932 5780**

Mon - Fri 9am to 5pm

### Online

[moneyhelper.org.uk/contact](https://moneyhelper.org.uk/contact)

### Online communities

Join our Facebook groups for support: [moneyhelper.org.uk/online-communities](https://moneyhelper.org.uk/online-communities)

## Acas

For free, confidential and impartial advice on employment rights, redundancy or job loss in England, Scotland and Wales.

0300 123 1100

[acas.org.uk](https://acas.org.uk)

## Age UK (England)

Supports older people with a range of money advice and support.

0800 055 6112

[ageuk.org.uk](https://ageuk.org.uk)

## British Gas Energy Trust

Offers help with energy bills, even if you're not a British Gas customer.

[britishgasenergytrust.org.uk](https://britishgasenergytrust.org.uk)

## Business Debtline

For help with business money worries.

0800 197 6026

[businessdebtline.org](https://businessdebtline.org)

[adviceni.net/money-debt/business-debt](https://adviceni.net/money-debt/business-debt)

(Northern Ireland)

## Child Maintenance Service

0800 171 2345

Welsh language: 0800 232 1979

[gov.uk/child-maintenance-service](https://gov.uk/child-maintenance-service)

## Citizens Advice

For free confidential support claiming Universal Credit.

England: 0800 144 8 444

Scotland: 0800 023 2581

Wales: 08000 241 220

[citizensadvice.org.uk/helptoclaim](https://citizensadvice.org.uk/helptoclaim)

If you live in Northern Ireland, find out more at [nidirect.gov.uk/campaigns/universal-credit](https://nidirect.gov.uk/campaigns/universal-credit)

## Consumer Council for Water (CCW)

Find out what help your local water company can offer in England and Wales.

0300 034 2222 (England)

0300 034 3333 (Wales)

[ccw.org.uk/save-money-and-water/help-with-bills](https://www.ccw.org.uk/save-money-and-water/help-with-bills)

If you live in Northern Ireland, your provider will be Northern Ireland Water  
[niwater.com](https://www.niwater.com)

If you live in Scotland, find out more at Scottish Water [scottishwater.co.uk/your-home/your-charges/water-meters](https://www.scottishwater.co.uk/your-home/your-charges/water-meters)

## Gamcare

The National Gambling Helpline offers help with problem gambling for you or someone you know and is available 24/7.

0808 8020 133

[gamcare.org.uk](https://www.gamcare.org.uk)

## GOV.UK (the Government's website)

For help claiming benefits.

[gov.uk/browse/benefits](https://www.gov.uk/browse/benefits)

## HMRC (tax)

0300 200 3300

[gov.uk/contact-hmrc](https://www.gov.uk/contact-hmrc)

Self-assessment helpline

0300 200 3822

## Mental Health & Money Advice

An online-only advice service combining support for both mental health and financial problems.

[mentalhealthandmoneyadvice.org](https://www.mentalhealthandmoneyadvice.org)

## MoneySavingExpert

Guidance on saving money, finding the best deals and comparing prices.

[moneysavingexpert.com](https://www.moneysavingexpert.com)

## Northern Ireland government

For guidance on benefits, money and the Cost of Living.

[nidirect.gov.uk/information-and-services/benefits-and-money](https://nidirect.gov.uk/information-and-services/benefits-and-money)

## Ofgem

Sources of help and advice if you can't afford your energy bills.

[ofgem.gov.uk](https://www.ofgem.gov.uk)

### Pension Wise

A free service from MoneyHelper providing impartial guidance about your options for taking money from your pension pot.

To get an appointment, you must be 50 or over with a UK defined contribution pension, or if you're under 50, have ill-health or an inherited pension.

Have your appointment online at your own pace, or call us to book a 60-minute phone appointment.

0800 011 3797

[moneyhelper.org.uk/pensionwise](https://www.moneyhelper.org.uk/pensionwise)

## Samaritans

If you're feeling very low or suicidal because of your money worries, talk to someone as soon as possible.

116 123

[Samaritans.org](https://www.samaritans.org)

## Scottish government

[mygov.scot/urgent-help-food-fuel-money](https://www.mygov.scot/urgent-help-food-fuel-money)

## Stop Loan Sharks

0300 555 2222

[stoploansharks.co.uk](https://www.stoploansharks.co.uk)

## **Use this page to record your notes**

**Take the name of the person you speak to**

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**Make notes about what's said**

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**Ask for confirmation of any plan you agree in writing**

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**Make sure you're aware of what could happen if you miss payments**

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**If your lender asks you to go through your income and outgoings with them, ask them to send you a copy so you can use the information when talking to other lenders**

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**Let them know about any personal issues, such as mental health or physical illness, as lenders should have dedicated teams who will give you extra support**

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This guide is produced by MoneyHelper and is also available in Welsh. To see our full range of guides and request copies visit [moneyhelper.org.uk/free-printed-guides](https://moneyhelper.org.uk/free-printed-guides)



Cymraeg

### Contact us

Money and pensions guidance **0800 011 3797**  
Mon - Fri 9am to 5pm

Relay UK **18001 0800 011 3797**  
Mon - Fri 9am to 5pm

Online [moneyhelper.org.uk/contact](https://moneyhelper.org.uk/contact)

**Money**  
 **Helper**



Calls from the UK are free. To help us maintain and improve our service, we may record or monitor calls.

#### Accessible formats

If you would like this guide in Braille, large print or audio format please contact us on the above numbers. Information correct at time of printing (April 2026). These guides are reviewed once a year.