

frequently asked questions

Q. Will I be taking out a new loan to clear my other debts?

A. No. A Debt Management Plan is a way of helping you make affordable payments to your existing creditors. Magic Debts cannot provide you with a loan.

Q. How does it work?

A. We will assess your income and outgoings and ultimately prove to your creditors that you cannot meet all of your payments. We will then negotiate and agree a single new affordable payment which will be payable to us every month. From this payment we will then distribute an amount to each creditor on a “pro-rata” basis. We will then monitor your situation and advise you accordingly.

Q. Who will look after my account?

A. When you have made your first payment you will be allocated your own ‘Personal Debt Manager’. Your PDM will be your main point of contact at Magic Debts and will be there to aid and assist you for the life of your debt management plan. Should you have any queries whatsoever you should contact your PDM direct. Your PDM will be fully trained in all aspects of debt assistance and will be happy to answer any questions you may have during your plan.

Q. Will you be dealing with every company I owe money to?

A. No. Some of your debts may be regarded as “priority” debts due to serious consequences if payments are not made. An example is your mortgage or utility bills. These will be taken into consideration when calculating what amount is available to distribute to your other lenders and it is very important that you continue to pay these in full yourself.

Q. Will my creditors/lenders definitely accept your proposed plan?

A. Creditors and lenders do not have to accept our proposals, but most are willing to accept them if we can prove it is beneficial and agreeable to both parties. Please note that there is no guarantee that existing or threatened proceedings will be suspended or withdrawn. Your creditors may also continue to issue default notices and add additional costs to your debt. You can rest assured that we will do all we can to ensure your creditors understand the difficulties you are in, to ensure the best possible outcome.

Q. Will I have to pay for longer due to the reduced payments involved?

A. This is possible; however, the payments will be affordable every month. In addition to this, every effort will be made to encourage your creditors to freeze interest and other charges to ensure your debt reduces as quickly as possible. Should your circumstances improve, your plan can be amended to speed things up. Please note that if your creditors refuse to freeze interest, paying the same debt over a longer period of time will increase the total amount to be paid.

Q. What happens if I fail to make a payment?

A. It is highly likely that your creditors would withdraw their support of the plan and may commence court proceedings.

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Q. How will I keep up to date with progress?

A. We will send you a statement every six months showing what money has been received from you and how this has been distributed. You should also continue to receive statements directly from your creditors.

Q. Can I, and should I, deal with my creditors myself whilst in the plan?

A. You can if you wish; however, most people prefer to leave that to us as it is part of the service we provide. Either way, you should keep us informed of all contact made between you and your creditors, including forwarding copies of all correspondence from your creditors. Please do not ignore your creditor letters, forward them to us as soon as possible.

Q. What do I pay the fees for?

A. You are paying for a professional, personal service and employing our skill, expertise and experience of dealing in the finance industry. This ultimately provides you with peace of mind that your creditors are being paid regularly at an amount that you can afford.

Q. Will I be charged if I change my mind?

A. We will provide you with a 7 day “cooling off” period from the date you accept our Terms and Conditions or, if earlier, from the date your first payment is received. If you decide not to continue with the plan within the first 7 days, we will refund your initial fee.

Q. Should I stop all of my direct debits and standing orders now?

A. No, please do not cancel any payment arrangements to your creditors until you receive confirmation that your new plan has been accepted. However if you are aware that there insufficient funds in your bank account to clear your payments we strongly recommend to cancel all standing orders and direct debits to avoid incurring further bank charges.

Q. When will my plan be reviewed?

A. We review your plan every six months and take into account any changes in your circumstances. If your situation changes in any way, we would ask you to contact us immediately. If your situation has worsened we will write to your creditors to negotiate a new affordable repayment plan.

Q. How long will my plan last?

A. Each plan is individual to each customer’s financial circumstances. Due to the fact you are paying less than the original contracted payment to each creditor, the term to repay the debt will be longer but the repayments are more affordable.

Q. What happens if I have any County Court Judgements (CCJs) and you have to go to court to reduce the monthly instalments?

A. You will have to pay £35 each time we apply for a variation order on your behalf. This is a charge levied by the court none of which is retained by Magic Debts.