**Debt Management Plans**

A Debt Management Plan is an agreement between you and your creditors to pay all of your debts.

Debt management plans are usually used when either:

* you can only afford to pay creditors a small amount each month
* you have debt problems but will be able to make repayments in a few months

You can arrange a plan with your creditors yourself or through a licensed debt management company for a fee. If you arrange this with a company:

* you make regular payments to the company
* the company shares the money out between your creditors

**Get a Debt Management Plan**

1. Set up a plan with a debt management company authorised by the Financial Conduct Authority (FCA). [Search the Financial Services Register](https://register.fca.org.uk/) for an authorised company.
2. The company works out your monthly payments. You’ll have to give details about your financial situation, for example your assets, debts, income and creditors.
3. The company contacts your creditors and asks them to agree to the plan (they do not have to).

Unless stated in the agreement, your creditors can still:

* ask you to pay your full debt at a later date
* take action to recover their money even if you keep up your payments

**Costs**

Some companies will charge:

* a set up fee
* a handling fee each time you make a payment

Make sure you understand the costs of your plan and how you pay for it.

**Eligibility**

Debt Management Plans can only be used to pay ‘unsecured’ debts, for example debts that have not been guaranteed against your property.

**Your responsibilities**

Your plan can be cancelled if you do not keep up your repayments.