

Debt Write-Offs

This factsheet is to help you if your circumstances change and you are left with no money to pay off your debts. It provides information to determine if asking for the debt to be written off could be an option for you. It will also help you explore how to approach your creditors with a write-off request.

Read time: 13 minutes

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If you own a property, your creditors are less likely to accept a debt write-off, as they would have other options available to them.

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Asking a creditor to agree to a debt write-off

It can be difficult to persuade a creditor to agree to a debt write-off but there can be some situations where creditors realise they have little chance of ever recovering the debt owed. You will have to show the creditor that it is within their interests to write-off the debt as your circumstances mean you cannot afford to repay the debt and that your situation is unlikely to change in the long term.

Some of the situations where a creditor may agree to a write-off include:

- You have no surplus income after paying your basic household outgoings and this is unlikely to change
- You are only receiving benefit income and are permanently unable to work
- You are a pensioner or are about to retire and your income will or has drastically reduced
- You do not own a property
- You have no savings or other realisable assets
- You have a serious or terminal illness or long-term health issues
- You have been diagnosed with a disability that makes it difficult to obtain or keep a job
- Your health circumstances have changed, and you now need a carer to support you
- There is no realistic prospect that you will be able to maintain a repayment to the creditor, now or in the future
- There are circumstances pending where your financial situation is going to get worse
- Some other creditors have agreed to write their debts off
- Where someone has passed away and have not left any estate

If you have debt that is owed jointly with someone else, or someone has agreed to be a guarantor for the debt, the creditor might agree to write-off your liability for the debt but will still pursue the other person for the whole amount owed. To avoid this, you should ask to get a write-off agreement for all who have liability for the debt.

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What evidence may creditors wish to see

Creditors will ask for proof that you are unable to pay your debt back. They can also ask you to disclose any assets you may own, such as your house or vehicle. We can help you gather this information for your creditors.

If you have mental health issues which are affecting your ability to manage your debt, it is in your best interests to tell your creditors about this. You can ask a health or social care professional to complete a **Debt and Mental Health evidence form** which you can then forward to your creditors as evidence of your condition. A copy of this form is available from the Money Advice Liaison Group website .

If you have a physical illness or disability, you can ask your GP to write a letter to your creditors explaining your circumstances and how they will not improve or deteriorate soon.

If you are dealing with debts of a deceased person, you will usually have to provide a copy of the death certificate, and also explain if the deceased person left behind any assets or property.

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How will my creditors handle my request to have my debt written off?

Your creditors should assess every request on an individual basis and consider all the information you provide to them.

When writing to your creditors you should point out that if they were to apply for a County Court Judgement (CCJ) and proceed to the Enforcement Of Judgements Office (EJO) to have this enforced they are likely to report back that you can only afford to pay a token amount, which could be as low as £1 per month. Point out that it would be financially detrimental to the creditor to ask a debt collection agency to try to recover the debt, as it may cost the creditor more to pay the debt collection agency than they get back and the length of time it would take you to repay the debt would be further detrimental to their costs.

Most creditors will consider writing off their debt if they are convinced that your situation means that pursuing it is unlikely to be successful, especially if the amount is small.

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How to make a request for a debt write-off

You should make your request in writing, keep copies of any letters you send and replies that you get from your creditors. It is very important that you keep any confirmation from the creditor that the debt has been written off to have as evidence that you no longer owe this debt. This is also important to have if a debt collection company contacts you in the future claiming to have bought the debt and is pursuing you for it. Any letters you have from the original creditor detailing that the debt is written off can be used to stop the new company from pursuing you for the debt.

We have sample letters at the back of this factsheet which may help you, or if need assistance at writing a letter to your creditor you should **contact us for advice**.

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What to do if a creditor refuses your request of a debt write-off

If the creditor at first refuses to write-off your debt, ask them to explain why they have refused if they have not given any reasons. If the creditor is a registered firm with the Lending Standards Board, they are encouraged to give reasons in Section 11 of the [Information for Practitioners - Financial difficulty](#). You can quote this to the creditors when you are asking them to detail their reasons for rejection.

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How to request partial debt write-off

If you can offer a lump sum towards the settlement of your debt, or if your creditors are unwilling to write-off the full amount of the debt, then you may consider asking your creditors for a partial write-off. Creditors could agree to the one-off lump sum payment, or a reduced payment over a limited period, with the remainder of the balance written off.

As with a request for a full write-off, you will need to outline the reasons to the creditor that a partial write-off is in their best interest as well as in yours. With any offer you make you should ask them to stop interest and charges and highlight that your offer is a better return than they will receive if you alternatively chose an option like bankruptcy or a DRO.

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Your credit rating with a debt write-off

If a creditor agrees to write-off a debt or to a partial write-off of a debt, then this means that your debt for that account is settled. However, a creditor is likely to report this on your credit record and it will remain there for **up to six years**, which may have a negative impact on your ability to get credit. The creditor is also likely to report on your credit record:

- That the balance has been reduced to zero
- That it has been registered as a default
- They can highlight the account to show that a write-off or partial write-off was agreed

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