

Debt Management Part Four: Debt Prioritisation

In previous parts of this series of articles on [debt management](#) we have looked at ways in which to manage your money more efficiently, how to draw up and make use of a detailed budget, and how to approach problem debt. In the article on managing problem debt we indicated that it was important to prioritise your debts. Here we will look at high priority and low priority debts in more detail.

As we indicated in Part 3: Problem Debt: high priority debts are those that might have severe consequences if we fail to maintain payments. We gave typical examples of these as your mortgage that could result in you losing your home, court orders that might result in a visit from the bailiffs, and council tax that might end up with you being sent to prison. Certainly these are all debts of the highest priority and all efforts must be made to make sufficient repayments on them to prevent your creditors taking unpleasant actions against you.

Payments due to the Child Support Agency also come under the high priority list. This organisation will not hesitate to extract what they consider you owe directly from your wages.

Less critical debts are utility bills. A few years ago these would have to be classified as high priority debts, as the electricity and gas services would readily remove supplies from debt defaulters. Nowadays these companies tend to take a much more lenient approach and, although they are legally permitted to withdraw services under certain circumstances, there are often other ways available to them, for instance the installation of a pre-payment meter.

Debts that have been incurred as a result of hire purchase agreements are, in some cases, of lower priority. Even if the company repossessed that luxury sofa, it would not seriously impact on your life. If, however, it repossessed your car and you needed this for work, then that would indeed be a high priority debt.

The lowest priority debts are such items as credit cards debts and bank overdrafts and loans. In this context of lowest priority we do not mean that you can forget about them, in fact you can't forget about them at all. We just mean that these are likely to be more lenient than the others and will give you more time to pay if they are sure that they will get repaid eventually.

About the Author

With the number of people that use credit cards and end up in a spiral of debt, [credit card debt advice](#) is available. [Debt free professionals](#) are usually the best source of help if you have been long affected by debt problems.

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