

Creditor wants voluntary charge on your property

Creditor address

Dear Sir/Madam

Acc/Ref No:

Further to our meeting/conversation of _____, we are writing to confirm that we are not prepared to agree to a voluntary charge on our property as requested by you, in respect of the debt to your company.

As already discussed with you, we have a number of creditors, apart from yourselves. To allow you to obtain a charge on our property would be to grant your company preferential status, and could therefore prejudice the rights of our other creditors, all of whom have already accepted our proposals without any request for additional security.

In addition, whilst it is not our intention in any way to be unco-operative, we are not prepared to allow a debt which is currently unsecured to become a secured debt and therefore put our home at risk.

As you will see from the Personal Budget which we have already submitted an offer to your company is still open for you to accept. This is based on our income and expenditure, and a pro rata of equitable distribution of available income. We would therefore hope that you will follow the lead taken by the other creditors, and accept our proposals without attaching unnecessary conditions.

Furthermore, whilst of course we wish to avoid county court action, we are aware that were your company to pursue this debt through the county court, the court would look at our circumstances and order a level payment which we could afford, and in addition would freeze interest on the account.

We would bring to your attention that following the case of Mercantile Credit Ltd-v-Ellis and others in the Court of Appeal on March 11th 1987, if we were to maintain payments as ordered by the court, your company would be unable to obtain a Charging Order against us. This is further reason why we do not wish to allow a charge on our home.

In light of the other creditors agreeing to our repayment plan, please would you reconsider our offer? We will be making the payments in line with the offer to our company, on a monthly basis, as a gesture of goodwill.

May we take this opportunity of expressing our sincere hope that we can come to a mutually acceptable arrangement; that will allow repayment to our creditors at a level which is affordable based on our circumstances.

We look forward to your co-operation in this matter

Yours faithfully

Standard letters adapted from national debt line.