



## Struggling to meet car repayments?



Names: Tanya and Max.

Professions: Fulltime mum and being a child.

Age: 35 and 3.

**Tanya's story:** Tanya bought her car 6 months ago on credit through a finance company the car-yard recommended. She visits her mum on most weekends with Max. However, two months ago she lost her job, and since then has been struggling to meet payments. She can't keep up with the payments, but without a car life will become difficult.

**What she did:** Tanya went to her local Community Law Advice Centre and found out she could successfully apply for hardship. She ended up talking to her finance company and postponed repayments on her car for 4 months.

### Struggling to meet your car repayments?

If you can't keep up your payments due to something unexpected happening, e.g. illness, injury or losing your job and you are up-to-date with your payments, then you have the right to make a 'hardship' application to the finance company which means you may be able to keep your car.

### How can I apply for hardship?

Contact the finance company as soon as you realise you can't afford the payments.

Tell your finance company you wish to make an application "under the hardship provisions of the Credit Contracts and Consumer Finance Act".

### What are my options?

As long as you are up-to-date with your payments, you can ask your credit company to:

- Reduce the amount you pay by spreading payments over a longer period.
- Take a payment holiday (that means suspend the payment dates until a time in the future when you are financially able to start them again).

Remember: by taking either of these options, it will take longer to pay off the loan.

### What if I don't qualify for hardship?

Even if you don't qualify for a hardship application, you can still take action by:

- Approaching the finance company to see if they can help.
- Getting advice from the Budget Advice Service.
- If things are really tough, you may want to consider contacting the Insolvency and Trustee Service to discuss your bankruptcy options.

[See the Help / Contacts section of this site for contact details of agencies that can help.](#)

You may instead consider returning the vehicle to the finance company. Ask them if this is possible – you will still owe them money but your debt will not include penalty interest and repossession costs.

### **Do you have insurance?**

Did you take out insurance with your credit agreement? If you did, then in some circumstances you may be able to claim – for example, if you have been made redundant. Check the terms and conditions of your insurance agreement for details of how to claim.