

# Which debts and bills are top priority?

You might think your top priority debt is that wretched high-cost loan or the debt collector that keeps phoning you at work, or the money you borrowed from your sister who now needs it back. But the terms “priority” and “non-priority” debts have special meanings in debt advice and you need to know which of your debts is which, as it changes how you deal with them.

Citizens Advice research found that 28% of people would pay a debt such as credit card bills or personal loans ahead of household bills, like rent, mortgage, or utility bills. This is dangerous and putting yourself at risk.

## Non-priority debts

- credit card debts (including store cards);
- Buy Now Pay Later debts such as Klarna;
- catalogue debts;
- unsecured bank loans;
- overdrafts;
- high cost debts such as payday loans and doorstep lenders;
- water bills; and
- loans from friends and family.

Failing to pay non-priority debts is usually less serious than not paying a priority debt. You can't get sent to prison for paying non-priority debts! But they can still result in CCJs, bailiffs, charges over your house, bankruptcy etc so “non-priority” doesn't mean “safe to ignore.”

Sometimes one of these debts is really important to you so you want to treat it as a priority:

- perhaps you have a loan from your employer and are worried your job might be affected if you can't repay it;
- your mum may have taken a loan so that you could buy a car and she can't afford the loan repayments if you don't pay them;
- you may have taken a guarantor loan (big mistake! ) and you don't want your guarantor to be asked to pay.

If you have this sort of “*very important but not a priority debt*” problem, it's a good idea to get debt advice to help you resolve it. For the guarantor loan situation, also read [Making an affordability complaint about a guarantor loan](#) as that can often help.

## Priority debts and bills

- mortgage repayments and loans secured on your home;
- rent;

- car finance and HP for furniture;
- logbook loans;
- gas and electricity bills;
- child support and maintenance payments;
- council tax;
- income tax, VAT and other tax debts;
- TV licence payments;
- Magistrates Court fines (not penalty fines such as parking); and
- certain payments ordered by the courts.

These are priorities because bad things can happen if you don't pay them. Getting behind with the mortgage or rent can lead to eviction. Your gas or electricity supply could be cut off, or you may have to accept an expensive pre-payment meter instead. HP items can be repossessed. You could [go to prison](#) if you don't pay your council tax, TV license, taxes or magistrates court fines. If that parking ticket isn't paid quickly it may escalate alarmingly.

Being sent to prison is rare. For council tax it tends to be reserved for the "won't payers" rather than the "can't payers". But councils are among the fastest creditors to go to court and this will add costs and possibly bailiffs charges to what you owe, so council tax arrears need to be given a high priority because of this.

### **Sort out the priority debts first**

If you have a large debt problem including some priority debts, the priority debts need to be under control before the non-priority debts can be tackled. This essentially means making a separate agreement with each priority creditor to get them to accept £x per month.

Before you start making these offers though, you need to know that you can genuinely afford them over the length of time it is going to take to clear the debts!

Only when you know what all these £x's add up to will you know how much money you have left to offer to your non-priority creditors.

If it's not clear that you can resolve the priority debt problems or if you also have benefits problems at the same time, then you should probably get help by visiting [your local Citizens Advice](#).

The good news is that your other creditors will understand that the priority debts have to come first. They may not like it, but they will accept it.

If you know it is going to take several months to sort out repayment arrangements with your priority debts, think about offering all your non-priority creditors a [token payment of £1 a month](#) for this time.

### **Useful links for specific situations**

The absolute top priority for most people has to be any rent or mortgage arrears. See [Worried about rent arrears and eviction?](#) for details and [Struggling to pay your mortgage?](#) which have details of where to get debt advice in these situations.

Council tax arrears are the most common priority debt. See [What to do if you can't pay your Council Tax](#) for details.

If your car finance payments are too large, look at what your options are. It may be possible to [end your contract early](#) without paying any more – although this may leave you without a car. Sometimes you may be able to get interest removed by making [an affordability complaint](#).

If a debt has been passed to the bailiff, read [Bailiffs – what you need to know](#). That looks at important questions such as whether you should let a bailiff in (normally No!) and whether they could take your car.

If you have income tax or VAT debts, the taxman may want a very short repayment period and won't freeze interest – as a result, it's important to get a "time to pay" arrangement with HMRC first. See [10 things you need to know if you can't pay your tax](#) for more details.