

# WHAT IS A DEBT MANAGEMENT PLAN (DMP)?

A Debt Management Plan (DMP) allows you to pay off your debts at a rate you can afford. Find out more about how it works and which debts you can use it for. You can also talk to a free debt adviser about whether it's the best way to pay off or clear your debts.

What's in this guide

## Speak to a free debt adviser

Use our [Debt advice locator tool](#) to find free and confidential debt advice online, over the phone or in-person near to where you live.

A debt adviser will:

- treat everything you say in confidence
- support you without judgement – they'll never make you feel bad about your situation
- suggest ways of dealing with debts that you might not know about
- check you've applied for all the benefits and entitlements available to you.

Three quarters of people who get debt advice feel more in control of their finances afterwards.

## How a Debt Management Plan works

A Debt Management Plan (DMP) might be for you if you have non-priority debts like credit or store cards, overdrafts or personal loans. Your DMP provider will help you work out an affordable payment and talk to your creditors.

You make one monthly payment to the DMP provider who then pays your creditors for you.

## Which debts can I pay off with a Debt Management Plan?

You can only use a Debt Management Plan for non-priority debts.

These include:

- overdrafts
- personal loans
- bank or building society loans
- money borrowed from friends or family
- credit card, store card debts or payday loans
- catalogue, home credit or in-store credit debts.

## Which debts can't I pay off with a Debt Management Plan?

DMPs are for non-priority debts such as credit cards or store cards.

You cannot use a DMP to pay off priority debts as these can cause serious problems if you do not do anything about them.

Priority debts include:

- court fines
- TV Licence fees
- Council Tax or rates
- gas and electricity bills
- child support and maintenance
- Income Tax, National Insurance and VAT
- mortgage, rent and any loans secured against your home
- hire purchase agreements, if what you're buying with them is essential
- missed payments owed to DWP (Department for Work and Pensions) or HMRC.

Find out more in our guide [How to prioritise your debts](#).

## Who offers Debt Management Plans?

A debt adviser will help you decide if a DMP is right for you. They might also be able to arrange a plan to make sure your repayments help clear your debts. Find out more in our guide on [free debt advice organisations](#).

If you choose a fee-paying provider, it's important to know that all DMP providers must be authorised by the Financial Conduct Authority (FCA) to ensure they meet agreed standards.

Before you agree to take out a plan with a fee-paying provider, check they have been authorised using the [FCA Firm Checker](#) on the FCA website.

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