

Tangled in \$7,000 of escalating debt, life was a real struggle for 20 year old, mother of two, Charlotte*.

Tangled in a Web of Debt

“I was going down a stupid track,” she said. “I was nervous all the time with debt collectors chasing me for payments on the phone. I was constantly going in to Work and Income to get my power paid or a food voucher.”

“Shops knew I was on the DPB [domestic purposes benefit], but made it very easy to buy things. They rarely queried it but on the odd occasion when they did, I would get someone to act as a guarantor for me. It was never a problem.”

She put things on hire purchase as she wanted her home to look good for friends. “Older people would come around and because I was a young mum I felt pressurised to buy nice things. Most of them had heaps of nice stuff ... and it made me feel inadequate,” explained Charlotte.

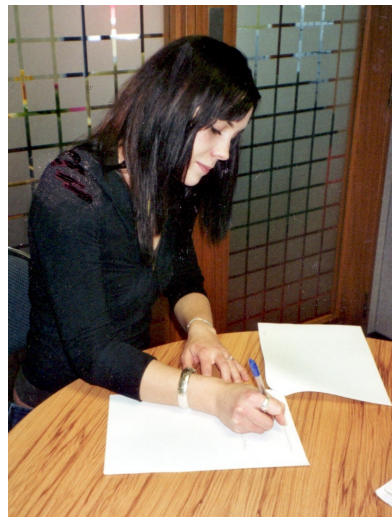
Items on hire purchase included a table, a DVD player and television. She also had an overdraft facility and a loan.

Work and Income put Charlotte in contact with Kingdom Resources to try and help her get out of the debt trap.

“I did a debt assessment on the phone with Kingdom Resources and shortly afterwards Lesley, a budget advisor, was sent over. She’s my angel. I owe so much to her. She’s been more like a mum to me”, explained Charlotte.

“Lesley set out a very realistic budget for me and explained about HP and other debt traps. I was shocked. Interest rates vary so much,” said Charlotte. “She also made me feel a sense of self-worth and that I didn’t need stuff to make me important.”

Getting back on track has not been an easy task for Charlotte. She initially applied for an interest free loan from Kingdom Resources but was not successful in her application. “I don’t think they thought I would make the payments,” said Charlotte.



“However, Les brought me over flowers to make me feel better and explained I could try for a loan again in 6 months time.”

Charlotte was determined to succeed. She gave up smoking to show she could stick to something. She paid all her bills on time and kept to a strict budget.

“Before being given budget advice, I spent \$150 a week on groceries, but with Les’ help I reduced it to about \$90. She told me to write the original prices of items down at the supermarket and then compare the ‘special’ price. It’s so easy to be enticed by advertising. It made me think twice.”

Six months later, Charlotte successfully re-applied for the loan. “I do find it hard sticking to a budget sometimes, but I get there. I don’t want to upset Les or let her down. She also brought me closer to God. I believe it was all meant to happen. She never judged me, but she had something I wanted and I admire her completely. I had been brought up a Christian but had turned away from it and I have now started to go to church,” said Charlotte.

Now, with her finances back on track, Charlotte is managing to save as well as pay off her loan. She strongly believes that budget advice should be a compulsory subject at school and is very thankful to Les for her solid advice and support.

**Name changed*