

Use credit cards wisely and they are a key component in modern living. They are more convenient than cash and can, as the old advert. had it, “take the waiting out of wanting”. However, it's easy for credit cards to take over and – if you let the credit card take control you'll find yourself at the top of a slippery slope of credit card debt that, at least, can harm your credit record and, at most, could see you plummet into bankruptcy.

Overdoing credit card spending can set you on a long arduous road to becoming debt free.

Clear your credit card debt

There are some simple rules that will help you clear your credit card debt off your flexible friends. First, here's what to do if your credit card debt is merely tricky – not disastrous.

If you can, you must pay more than the minimum payment off your credit card debt each month. Pay on time or penalties will certainly be charged (they may have come down recently – but late-payment charges are still a pain in the neck), creating a larger minimum payment for the next month - and a larger charge added to the total again if you miss a second month.

Transfer credit card debt to a low rate credit card

Think about transferring your credit card debt to a low-rate or (if you can still get one) a 0% card. But, make sure you know when that rate is due to expire and finish paying off the balance (or move it) before that happens. Oh, and late payments on a 0% credit card are likely to result not just in charges, but in reversion to the standard rate of interest.

If you are a little further down the credit card debt track and can only just pay your bills when they fall due, then stop using your credit cards and consider the “snowballing” debt repayment technique. First you put all the money you can afford into repaying your most expensive credit card debt or loan first. Then move onto the next most expensive credit card debt, and so on. This can slash months off the time needed to become debt free.

Of course, you must keep making the minimum payments on all your credit cards and loans, and you must keep an eye on changing interest rates too.

When credit card debt gets out of control

If you've got to the point where bills aren't going to get paid, then you should consider debt consolidation, debt management. (do it yourself or take care!) or insolvency, either through an IVA or bankruptcy.

If you decide to do your own debt management plan (DMP), then pick up the phone and negotiate with your credit card providers. They may try to help, after all, getting something back is better than nothing.

The first thing to try is blackmail: tell your credit card providers that a credit card company has offered to pay off all your old credit card debt at four per cent if you switch (It's worth getting that offer first – to avoid incredulous laughter at the other end of the line). Ask your old companies if they can do better, and go with whichever is lowest.

You could also try the straightforward approach: Tell the credit card company's collection department that you're having financial difficulties and need help paying your credit card debt. It's as simple as that. They say: 'What can you manage?' You tell them. Or, write letters to each of your creditors acknowledging the situation, and tell each one what you can repay. They may appreciate your openness and you might earn some breathing space.

However, it's increasingly likely that your credit card creditors will ask you to talk to a debt management organisation like CCCS (Consumer Credit Counselling Service), which the lenders fund (A BBC journalist has had a recent experience of this – [click here](#)). The debt manager will try to put you in an informal debt management plan: This may be just what you need.

Is a debt management plan the answer to credit card debt?

However, this debt management plan is likely to involve repayments that will be similar to those you'd need to cough up every month in an IVA (Individual Voluntary Arrangement) and may well be scheduled to last ten years or more. Interest may not be frozen and creditors can still take legal action against you at any time.

Could a ClearDebt IVA be the answer to credit card debt?

You will almost certainly end up paying your creditors more with a debt management plan than you would in an IVA – so some might see it as the honourable course. However, this kind of debt management can be an expensive and uncertain way to clear debt, so think before you commit.

Contact us now for free credit card debt help and whether IVAs are suitable for you.