

We know money's tight, but women known as 'wannabes' have found a way to become debt-free. Woman columnist Martin Lewis coined this term on his website, moneysavingexpert.com, and last year the members of his debt-free and mortgage-free wannabes forums saved tens of thousands of pounds in interest.

'The MSE forums are not just about practical advice like switching suppliers,' he tells us. 'They offer support too. Often people start there and when they've paid off their debt they graduate to the mortgage-free boards. People say there's no community any more but these forums prove that's not the case.'

Here, two women who've faced financial demons, explain how they are winning the fight against debt...

'I'll be mortgage free in three years'

Elaine Colliar, 42, is a freelance employment training instructor. She's a single mum to James, 11, and Rowan, three.

When I tell people I plan to be mortgage free by the time I'm 45 they look at me as if I'm mad. No, I didn't get a big inheritance and I'm certainly not rich.

In 2007 I took out a £126,000 mortgage on my five bedroom flat in Cupar in Fife and, like most people, I intended to pay off exactly what the bank asked. But soon after, the credit crunch hit and owing money to the bank scared me, so I vowed to pay it off as soon as possible.

Live on a 'survival budget'

As I'm on a 2.24% tracker mortgage it meant that of my £400 a month payment £230 was interest and the remaining £170 was paying off the capital. By overpaying, I could cut the mortgage term, and when I asked the bank they said I could overpay* as much as I liked.

Because I work part-time my income can vary, so I set a 'survival budget' for me and the children of £800 a month. There were sacrifices – I bought clothes from charity shops and turned down the heating by a few degrees. Then everything I earned over

that budget, I put into the mortgage.

For me, it's all about taking small steps. I imagine my mortgage split into 100 chunks of £1,250 and try to save enough to pay off each chunk – I pay in £5 from my current account every day for a month.

I've earned more

I've also sold £940 worth of books on eBay and even upholstered our sofa myself for £8.87. This month we'll have two lodgers living with us, which will earn me £4,250 tax free a year under the Government's Rent a Room scheme.

So far I have paid off £11,250. When Rowan starts school in two years, I'll be able to work full-time and pay off more. I reckon in three years' time I will be mortgage free.

But the biggest difference will be the interest I'll save. By paying off my mortgage early I'll save a staggering £42,000 in interest – who wouldn't want to do that?



Elaine, James and Rowan are all making changes

WAYS TO OVERPAY

- * Get an offset mortgage: link any savings – over £1,000 – to your mortgage so you only pay mortgage interest on the difference.
- * Check your terms: if your mortgage limits how much you overpay or how often, save up and make bigger payments when your deal expires.
- * Keep adding: an extra £50 a month can save £6,500 in interest on a £100,000 mortgage at 5%.
- * Visit whatsthecost.com/mortgage.aspx

From 'wannabes' to debt-free



More of us than ever are desperate to take control of our finances. Martin Lewis has a new way...

Need help dealing with your debts? Scan this code to be taken straight to the Moneysaving Expert forums.



'I've paid off £25,000 in four years!'



Kirsty Williams, 38, from Newcastle, is single and works as a health and safety advisor.

I always thought debt was part of life until I couldn't afford my repayments any more. At first I was shocked but then I realised that although I earned £16,000 a year as a health and safety advisor, I had a £15,000 loan and £10,000 spread over four credit cards.

Credit was easy to get

I first got into debt when I was 24 and working as a holiday rep in Greece. All my accommodation and bills were paid for, so I spent my £650 a month allowance on having fun. Before long that wasn't enough and I reached the £500 limit on my credit card. The bank extended it and after two years, I owed £5,000.

Back home two years later, I got a £5,000 bank loan at 7% interest. I used it to pay off my credit card, started spending again and got three new credit cards. It was so easy I never worried. Within four years I was £10,000 in debt. I took out a £15,000 loan to pay off my cards, but kept buying clothes and having meals out instead.

It was only when I added up my

bills that I realised I had a problem. I was spending £800 more than my total income on interest and minimum payments each month.

I lived in fear

I soon stopped answering my phone and opening the post because of court threats. I was also too scared to answer the door in case it was someone demanding money.

One day, I saw an advert for the Consumer Credit Counselling Service (CCCS) – a charity that helps people in debt – and gave them a call. They helped me to add up how much I owed, then worked out a monthly budget. They wrote to lenders and under CCCS's debt management plan, most agreed to waive interest fees and all legal threats were dropped. My monthly repayments were set at £170.

I cut up my credit cards and saved money by swapping phone, gas and electricity providers and even supermarkets. I also found support on the moneysavingexpert.com forums where I discovered that when I'd taken out my £15,000 loan, my bank had charged me £5,000 for Payment Protection Insurance – it should have been paid in instalments instead of as a lump sum. Using templates on moneysavingexpert.com I wrote to the bank and it eventually repaid it, as well as £3,000 in late fees. With that £8,000, I paid off a huge chunk of my debt.

Last month, I paid off the final £170 and I'm proud to say I'm now debt free. I have no intention of ever going into the red again. And I know that without CCCS and the moneysavingexpert forums, I would never have been able to do it.

THE BEST WAYS TO TAKE BACK CONTROL

1 Work out a budget You should know how much it costs to run your life, including everything from rent or mortgage payments to haircuts and treats, whether you're in debt or not. Visit makesenseofcards.com/soacalc.html to see how much money you should have left each month – and where you can make cutbacks.

2 Find out when you'll be debt free Go to whatsthecost.com/snowball.aspx key in your debt, interest rate and monthly payments and it will work out when you'll pay it off. You'll see how overpayments can make a difference: if you borrow £500 at 20% and pay the minimum of £10 it will take almost nine years to pay off and cost you

£538 in interest. But just by doubling your payment to £20 it will take just over two years and cost £79.

3 Get help Free services include Citizens Advice Bureau (citizensadvice.org.uk); call 08444 111444 in England; call 08444 772020 in Wales) and Consumer Credit Counselling Service (cccs.co.uk); call 0800 138 1111. **40**

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