

We never dreamed we'd go **BANKRUPT**

BANKRUPT
130 of 2006

Joanne Wood

Mother-of-two Jo Wood, 44, had a beautiful home and thriving business with her husband. But this was soon to collapse around her, as her diary extracts reveal...

➤ In the summer of 1996 I looked out from our beautiful, 200-year-old thatched cottage across to the village green and genuinely couldn't have wished for anything more. I had two lovely children, a thriving court-reporting business with my husband Tim and a happy marriage. Our business, which involved filing details of crime stories to newspapers from the Old Bailey, had an annual turnover of around £200,000. We had expensive cars, designer clothes, five-star holidays – and no financial worries. But then...

SEPTEMBER 1997

Work is dropping off. The rise of celebrity culture is sapping our business as interest wanes in our court reporting stories. It's been slowing for the past 18 months and clients are taking longer to pay. We're still working 12 to 14-hour days, but our monthly income has been radically reduced. Chasing overdue invoices is a job in itself. As our income dwindles, our credit cards are taking a battering – we are £40k in debt. All we can do is wait for the work to pick up. We decide to sell our house to safeguard our financial security, but to do this we need to find a buyer by the end of the year.

JULY 1999

We sell the house for £40k less than we had hoped for 22 months after putting it on the market. To ride the downturn, we're moving to a Victorian house in Colchester – it's a large property but in a far cheaper area, which has allowed us to pay off our credit card debt.

MAY 2001

For the last two years our income has been in virtual freefall. The Old Bailey seems to be inundated with sexual abuse stories, but the newspapers don't seem to be pursuing them. And as the Old Bailey deals with many inner London cases, these just don't sell

in regional Britain. The stories that do best involve white middle class people who commit crime. We're trying to keep the business afloat with loans and overdrafts, but have racked up more credit card debt – a massive £60k. We have to sell our house again.

AUGUST 2001

We move into our next house, located on the edge of a large pond on a private communal estate. We've had to downsize to a smaller, modern, four-bedroom house, but at least we are debt-free. The strain is beginning to take its toll though and I'm getting only a few hours of sleep each night.

JANUARY 2004

Our annual turnover has now plummeted to under £30k. This insatiable desire for celebrities is outstripping traditional crime stories from court reports, and we have thousands of pounds worth of unpaid invoices. And with no cash, we have to borrow on our credit cards. I keep transferring the balances to lower interest repayments, but the bills are mounting out of control again.

FEBRUARY 2004

We are forced to sell our house once more to pay off our debts – £50k this time. But the house we have bought is a ramshackle old place and, although we paid for a full survey, it failed to reveal extensive rot, which has required nearly £60k of unbudgeted structural repairs. I can't believe our bad luck.

MARCH/APRIL 2004

The builders move in to renovate the house while we are still living in it. Just functioning on a daily basis is horrendous. The children are sleeping on a mattress in our

bedroom, as various ceilings, walls and floors are removed. Our sex life has definitely taken a back seat! Tim is still commuting to London, while I work from home managing the house renovation and chasing unpaid invoices. I enrol on a computer skills course to make myself more marketable and start job hunting. Tim and I often stay up late into the night, completely drained, looking at ideas as to how to retrain and launch a new business.

JULY 2004

I try to keep smiling for the sake of the children, Joseph, now 14, and Charlotte, almost 13, but I'm increasingly depressed. I feel so guilty that they're not getting the best of me. I want to protect them from all of this, but the stress associated with such huge debts is unbearable. The business is now owed almost £50k. I've cut the weekly shopping budget to £70, but it's impossible with two growing teenagers. My biggest fear is not being able

to feed them. Tim and I laugh nervously that we're heading for the bankruptcy courts. Little do we realise that our financial fate is already sealed.

NOVEMBER 2005

Despite having worked side by side for over 25 years, the pressure Tim and I are under is unbearable. I'm obsessively driven and have an ingrained work ethic, but even with both of us working 18-hour days, we're in financial meltdown. We have racked up £140k debt – £70k in house repairs and another £70k split over 12 credit cards, bank loans and overdrafts. The building society will not help us any more and the phone rings constantly, from 8am to 9pm, with demands for non-payment of bills. And

our mortgage company has refused us a mortgage holiday as we are already in arrears with our £1,600 monthly payments.

DECEMBER 2005

Christmas is terrible. I feel so bitter and incredibly depressed. Tim and I bicker constantly and on Christmas Day I just don't want to get out of bed. But we muddle through at my parents' house and Boxing Day is spent with Tim's parents. At least we don't have to find the money for all the food and drink. Tim and I don't give each other anything this year. We buy the children iPods and that's it – no other presents.

EARLY JANUARY 2006

I'm constantly preoccupied with the thought that the bailiffs must be close to knocking at our door. I confess everything to some close friends, who were themselves declared bankrupt two years ago. I list every debt we have and freely admit that there isn't enough money to pay the mortgage and the bills. They advise me to take control by calling the bankruptcy court and requesting a form to file for personal bankruptcy. I tell Tim that night. He stands in resigned silence, accepting our fate. We barely look at each other – we both know that we have run out of time and energy. But that said, I still hope for a miracle.

MID-JANUARY 2006

Both sets of parents are shocked by our insolvency. I'm so ashamed. I know bankruptcy is a taboo, not just in their generation but in ours too. I try to explain it to the children and they seem to understand. Terrified of being made homeless, we carry on paying our mortgage and the secured loan from any invoices that are settled, but nothing else. Once we've filed for bankruptcy, our bank account will be frozen and we'll have no access to cash or credit. Not even a mobile phone contract. So I stoke the freezer to the brim using ▷

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modern times

the remaining £400 of credit we still have on our cards – and we fill the car up with petrol.

EARLY FEBRUARY 2006

In hindsight, I have no one to blame for the bankruptcy but myself. I grew up in a 'have-it-all, have-it-now' society and I lived by that motto. But now reality has hit, it feels like a tornado has ripped through my family. Tim and I are declared bankrupt on February 17, namely, 'Bankrupt 129 of 2006' and 'Bankrupt 130 of 2006'. The thought of liaising with the Official Receiver fills me with utter terror.

MID-FEBRUARY 2006

Tim and I walk into the bankruptcy court with our heads held high. But in truth, I feel like a hopeless failure. The Official Receiver sets a tight budget – a set allowance for a family of four, which has to pay for everything – food, travel, clothing, petrol, shoes etc. Being self-employed, we are not entitled to any state benefits. Our bank accounts are frozen for two weeks until the Official Receiver is convinced that we do not have undeclared funds squirreled away. Working entirely with cash is a totally new experience. Good mental arithmetic is essential; there is no plastic back up. I dub our life the 'boiled egg budget' as that is all we ever seem to eat. We carry on working, desperately hoping some of the outstanding invoices will be paid.

MARCH 2006

We have to account for every penny and fill in endless forms for the Official Receiver, detailing how much petrol we are using and how much we spend on food. How am I meant to stretch a £20 note to put petrol in the car, buy a weekly train ticket to London and feed a family of four? Some days Tim can't even get into work because we can't afford the fare. Deprived of credit, we scabble around for cash and sometimes even pennies. I have absolutely no financial control over my life – the Official Receiver now owns me. I wake up in the mornings



convinced I can't face another day, cursing the unpaid invoices and trying to make sense of it all.

JUNE 2006

At rock bottom with no self-worth, I visit my GP, who prescribes antidepressants and Valium. I feel increasingly paranoid when out in public, convinced that everybody knows I am a bankrupt. Although Tim and I normally make a good team, he refuses to talk about the bankruptcy, which provokes some enormous rows. There is shouting and screaming – I feel such anger towards him. I keep thinking that if he loves me, he'll try to make me feel better. But he is dealing with it as his personal catastrophe and is pushing me out, refusing to discuss the situation. As for our sex life, forget it. It feels like a battle just to stay out of the divorce courts. But in some unspoken way, we resolve to stay together however hard things get.

OCTOBER 2006

We have been discharged from the bankruptcy, which means we are officially no longer bankrupt and our debts have been written off by the Official Receiver. We are free to get on with our life – but what kind of life? We are three months in mortgage arrears and have been refused a mortgage break. Our business continues to operate, but we're now focusing on providing legal information tours at the Old Bailey for students, which brings in an annual income of around £8,000. We supplement this with newspaper shift work and freelance PR. We are continually behind with the bills and I am seriously worried that we won't have enough food to put on the table.

DECEMBER 2006

This is the darkest time of my life. Like the Christmas before, we spend it split between my parents and in-laws. I've never felt so low. Three days after Christmas we have just £39 in the bank. We were allowed to open a bank account two weeks after the court hearing. We have a cash machine card but nothing else. I end up completely drunk after drinking a couple of bottles of cheap plonk with Tim. I leave him asleep on the sofa and pound the streets at I am sobbing my heart out. I keep thinking about what will become of our home? Where will we live?

FEBRUARY 2008

It takes over a year to sell the house but we make no profit. Unable to get a new mortgage, because we're considered a financial risk, we have no choice but to rent, though being former bankrupts landlords treat us with suspicion. We have to pay a year's rent for a three-bedroom house up front – £13,500 – money shamefully borrowed from our parents. It takes another year to find a bank willing to allow us a credit card. Albeit, with a hideous 39.9 per cent interest rate APR.

SEPTEMBER 2008

I miss owning my own home, my old life and my once-safe little family bubble. The thought of saving a 40 per cent deposit for a house seems a million miles away – even light years away. I can't imagine ever not worrying about work or feeding the family – it's relentless. I still ask myself how did my idyllic life collapse? I'm beginning to see materialism as an addiction, whether it's a

designer handbag, or a pair of Jimmy Choos. But, as with any addiction, every high is followed by a huge low. Bankruptcy is a slap in the face. I never thought it would happen to me, but it's becoming a growing trend in our society.

NOVEMBER 2009

We are still in our rented house. The court reporting is very slow, but the tours are picking up and Tim is busy with newspaper shifts. Our life is very unsettled and I crave financial security. We don't have much savings and it will take a good few years to even think about getting another mortgage. But I now feel the worst has happened to me emotionally and financially and that I can start putting everything behind us. My son Joseph has a part-time job and is very sensible with money. Both of my children have learned the value of money the hard way.

DECEMBER 2009

I don't take anything for granted any more, but at least the severe stress and anxiety I once felt has now gone. I no longer wake up with a knot in my stomach, panicking about paying the bills. For the first time in ages I am beginning to enjoy life, rather than endure it, and take pleasure in the simple things: a walk in the park, a good book or home-cooked food. I might have learned the hard way, but discovering what *really* matters was a lesson worth learning. I have been spoiled most of my life. I worked hard and could afford most things, but failed to see the warning signs. I never once thought my life could change so dramatically. Now I think it's refreshing to take a step away from materialism. I still love nice things, but I stop and think before making frivolous purchases – and most of the time I walk away. **SHE**

• For advice on debt, call the National Debtline on 0808 808 4000; nationaldebtline.co.uk, or contact the Consumer Credit Counselling Service on 0800 138 1111; cccs.co.uk. Bankrupt 130 of 2006 is available from Amazon at £11.99. Jo also has a website at bankrupt130of2006.co.uk with information for people in debt.