



**PHASE I.**  
**EXPLORING INDEBTEDNESS**  
 - naivety  
 - limited information regarding consequences and real payments

**PHASE II.**  
**VIOLATION OF RULES**  
 - denial of responsibility  
 - excuses and lies  
 - concealment

**PHASE III.**  
**NEGLECTING THE DANGERS**  
 - lack of communication with the bank  
 - further violation of rules  
 - tower of lies  
 - closing eyes refusing the responsibility  
 - reliance on family and friends

**PHASE IV.**  
**PUNISHMENT AND FEAR**  
 - place on the red list of persons in debt  
 - first real consequences  
 - loan seizure  
 - blame by friends and family

**PHASE V.**  
**TEMPORARY RELIEF**  
 - relief after friends or family have helped  
 - troubles quickly forgotten  
 - undervaluing of previous experience  
 - taking things on a light shoulder

**PHASE VI.**  
**NEW LOAN DESPITE OF OLD DEBTS**  
 - relief after friends or family have helped  
 - troubles quickly forgotten  
 - undervaluing of previous experience  
 - taking things on a light shoulder

**PHASE VII.**  
**FATAL CONSEQUENCES**  
 - complex seizure (house, flat, loan...)  
 - social damage (gossip at work, in the community)  
 - severe family troubles (divorce, loss of friends)  
 - loss of the job position

**PHASE VIII.**  
**HOPELESS HOMELESS**  
 - no money  
 - no job  
 - no family  
 - no friends  
 - no place to stay  
 - total social damage  
 - no chances to get a loan for the next decade  
 - no optimistic prospects

# DEBT SPIRAL

[www.financial-literacy.eu](http://www.financial-literacy.eu)

Almost every person that has ever considered taking a loan thinks he or she definitely is the exception that cannot end up in deep troubles. It's always the others who are naive, stupid, not enough informed (people), or unfair, cheating, exploiting poor people (the banks). However the experience shows that the destiny of thousands of people in debt are very alike. Leading step by step to the financial hell if there is no help coming soon enough to stop the person before a complete disaster happens. Dealing with loans, remember this crucial sentence: **TAKING A LOAN, YOU ALWAYS BORROW THE MONEY FROM YOURSELF. YOU ARE THE ONE WHO IS GOING TO PAY FOR THEM, NOBODY ELSE WILL DO THAT!!!**