



# /guide

## Your questions answered

## HOW TO AVOID THE BIGGEST FINANCIAL MISTAKES IN DIVORCE

**T**he purpose of this Stowe guide is to help you avoid five common financial mistakes made when settling finances resulting from a divorce.

Most people only experience divorce once in their lifetime. As with anything new, it can feel confusing, like you're navigating unknown pitfalls and unsure how to avoid mistakes.

Knowing some of the common problems people run into when settling their divorce finances, can help you to avoid making costly mistakes.

### Understand your financial position

Your financial circumstances will inevitably change after divorce.

Work with your solicitor to value matrimonial assets such as the family home, savings, investments, property, and pensions, and calculate what it equates to in real terms.

Their professional expertise is invaluable in helping you to consider all your options and negotiate the best possible settlement with your spouse.

With your divorce solicitor's support, you can avoid consenting to an unfair deal.

### Get a financial order

A common misconception of divorce is that a Final Order, previously known as the Decree Absolute, automatically severs your financial ties with your spouse. However, this is not the case.

Finances following divorce are dealt with separately to the divorce process by obtaining a legally binding financial order to formally record the division of finances agreed between you and your spouse.

Without a financial order your spouse could make a financial claim against you at any time, even after your divorce is finalised.

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A financial order is advisable for all divorcing couples irrespective of wealth. A financial order will give you a clean break and prevent future financial claims against you.

Financial orders can be technical and it's in your best interests to consider all variables. We recommend it is drafted by a solicitor who specialises in this area.

## Don't ignore pensions

One of the most common financial mistakes in divorce is to ignore or forsake pensions.

Pensions can seem complicated, and their true value can be hard to determine.

However, pensions are often one of the largest matrimonial assets and not considering them as part of your settlement could impact your long-term financial security. Again, once a financial order is sealed by the court, you cannot make a claim in the future.

A specialist divorce solicitor can talk you through the options available to you, which can include pension sharing orders and offsetting.

## Do not remarry before resolving divorce finances

Remarrying before resolving finances in divorce can complicate ongoing divorce proceedings and have a lasting impact on your financial circumstances.

If you re-marry without a financial order, you may lose your right to apply for one in the future. This is commonly referred to as the 'remarriage trap'.

If you have not resolved your finances with a legally binding financial order before you remarry, you'll no longer be able to pursue any assets from your ex-spouse, even if you would have previously been entitled to do so.

## Need more information?

Call our Client Care Team on **0330 838 7456** to speak with one of our specialist family lawyers or visit [www.stowefamilylaw.co.uk](http://www.stowefamilylaw.co.uk)

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To prevent this unwelcome scenario, it's best to seek a financial order at the time of divorce and ensure that the settlement is finalised by way of a court order before remarrying.

## Get early advice

Divorce finances can be complicated, and mistakes can have long-lasting effects. Some choices could cost you money, be potentially permanent, and prevent you from moving forward when you want to.

While we encourage divorcing couples to discuss their financial arrangements and reach amicable agreements between themselves wherever possible, we do recommend that you seek legal advice before making any decisions.

By talking to your divorce lawyer and exploring all the options available to you, you can make informed decisions and help to protect your future financial security.



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