

# Problem debt

A report commissioned by the Consumer  
Protection Partnership

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## 1. Executive summary

- 1.1 Debt affects millions of people. Household debt stands at over £1.4 trillion and the debt-to-income ratio is forecast to increase significantly in the coming years, nearing pre-financial crisis levels by 2019.<sup>1,2</sup> Problem debt is an important issue for consumers. That is why the CMA has conducted this work to review how problem debt affects consumers' decisions and choices in the goods and services that they purchase, and whether the various UK consumer protection bodies should take additional action in this concerning area of consumer detriment.
- 1.2 This is a well-studied subject and we recognise that there is a wide range of government and third-sector parties with an active interest in this area. Given this and the significant impact of problem debt on consumers, we had two objectives for this work:
- to examine the problem debt landscape with a cross-market view to bring our own perspective to a well-studied area
  - to support the new consumer landscape by working with the Consumer Protection Partnership (CPP) and our other consumer partners who are active in this area to assess if more could be done – individually or collectively – to tackle any significant consumer protection issues which were not being addressed effectively

### *Findings*

- 1.3 Our short review of the problem debt landscape, which began in April 2014, highlighted four areas the CMA considers are important for tackling problem debt effectively. These are summarised below:
- **Supporting financial capability:** ensuring consumers are fully equipped with the skills to manage their finances and make sound financial decisions is key to helping them avoid falling into financial difficulty and to resolve problems.
  - **Providing early debt advice:** research shows that consumers who seek debt advice at an early stage are more likely to resolve their problems.
  - **Undertaking further consumer behaviour research:** understanding the ways in which consumers with problem debts behave and what drives their choices may help to provide early warning of those consumers who are at

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<sup>1</sup> Bank of England (July 2014) [Statistical Release](#).

<sup>2</sup> See [Budget 2014 – Treasury](#), paragraph 37.

risk of falling into financial difficulty, and target remedies for helping them to avoid and resolve problems.

- **Pursuing enforcement and compliance:** strong, swift enforcement work and vigilant supervision helps to create a culture of compliance within industry and protects all consumers, including those most at risk.

1.4 Our review has shown that there are many organisations committing considerable resource to activities in these four areas, both within the CPP and outside. These organisations appear to be addressing the core issues in relation to problem debt and there are appropriate mechanisms for co-ordinating that work effectively. The review has not identified any significant areas in the problem debt landscape that the CPP appears to need to address as a collective group. However, given that problem debt is one of the most significant problems for consumers in the UK today, the CPP is committed to keeping matters in relation to problem debt under review.

### ***Next steps***

1.5 In addition to ongoing review by the CPP of problem debt, the CMA intends to consider further practices or markets that may generate particular problems for consumers with low incomes. In this context, issues that may arise include the ‘poverty premium’, a situation in which consumers on the lowest incomes pay more per unit for goods and services than more affluent consumers; access to markets, in particular whether access is hindered by a lack of enabling products and services (such as direct debits, internet connection, transport) and/or whether other aspects of a consumer’s profile (such as credit rating) act to exclude low-income consumers from markets; whether low-income consumers are particularly prone to exploitation and/or targeting by businesses and the frequency and consequences of any such activity; and whether they face particular problems in obtaining redress when things go wrong. This work is related closely to two of the CMA’s strategic objectives, refocusing consumer protection and extending competition frontiers, which were set out in the CMA’s Annual Plan for 2014/15, and will be a key part of the CMA’s strategy for putting consumers at the heart of everything we do.<sup>3</sup>

### ***Acknowledgments***

1.6 We are grateful to the organisations and individuals that met and shared information with us during this project. In producing this report we have been mindful of this information.

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<sup>3</sup> For further details on the CMA’s strategy, see the [CMA’s webpage](#).

## 2. Introduction

- 2.1 Debt affects millions of people and is one of the most significant problems for consumers in the UK today. Household debt stands at over £1.4 trillion and the debt-to-income ratio is forecast to increase significantly in the coming years, nearing pre-financial crisis levels by 2019.<sup>4,5</sup> While there is clearly a difference between debt and problem debt, changes in economic circumstances, such as an increase in interest rates coupled with slow income growth, have the potential to send large numbers of people into debt-related problems, with some estimates that between 600,000 and 1.8 million households could have debt repayments equivalent to 50% of their disposable income by 2018, depending on the level of interest rate rise.<sup>6</sup>
- 2.2 For the purposes of this report, the CMA uses the term ‘problem debt’ to mean a debt, or accumulation of debts, including arrears, that impacts on the consumer adversely, either because they are unable or struggling to repay the debt itself and/or because it has or potentially will have adverse consequences for them in another market. However, we acknowledge that there may be different perspectives on what problem debt is. We consider both demand- and supply-side issues in this report.
- 2.3 Problem debt can have a disempowering effect. It can restrict consumers’ access to products and services and it can limit their ability to engage fully in certain markets. Research has shown that indebtedness can also have a negative effect on mental health<sup>7</sup> and increase consumers’ risk of bankruptcy or losing their homes. It can have a serious impact on family life, including on children.<sup>8</sup>
- 2.4 This is a well-studied subject and we recognise that there is a wide range of government and third-sector parties with an active interest in this area. Given this and the significant impact of debt on consumers, we had two objectives for this work:
- to examine the problem debt landscape with a cross-market view to bring a new perspective to a well-studied area
  - to support the new consumer landscape by working with the CPP and our other consumer partners who are active in this area to assess if more could be done – individually or collectively – to tackle any significant

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<sup>4</sup> Bank of England (July 2014), [Statistical Release](#).

<sup>5</sup> See [Budget 2014 – Treasury](#), paragraph 37.

<sup>6</sup> Resolution Foundation (2013), [Closer to the edge? Prospects for household debt repayments as interest rates rise](#).

<sup>7</sup> See, for example, [work by the Royal College of Psychiatrists](#).

<sup>8</sup> See, for example, [The Children’s Society local statistics](#).

consumer protection issues which were not being addressed more effectively

2.5 In order to achieve these objectives, we focused our research and analysis on:

- which organisations are active in the consumer debt landscape and what activities they are engaged in
- whether there are areas for joint working or information sharing between actors in this space that have not yet been fully exploited
- whether there were any significant consumer protection issues which were not being addressed across the consumer landscape with respect to problem debt and, if so, who might be well placed to address them

### ***The structure of this report***

2.6 The remainder of this report is structured as follows:

- Chapter 3 sets out our review of the problem debt landscape, including details of the organisations that are active in it, their responsibilities and the activities they engage in.
- Chapter 4 details the research and analysis we have done through our literature review and stakeholder engagement. The chapter sets out what we found with regard to the characteristics of consumers in problem debt and the consumer journey into, through and out of problem debt.
- Chapter 5 outlines our conclusions and next steps.

### 3. The problem debt landscape

3.1 In this section, we set out the findings from our review of the problem debt landscape, looking particularly at the range of organisations active in this area, their respective roles and responsibilities, and the work that they do.

#### *The CPP*

3.2 The CPP was formed in April 2012 as a part of a suite of changes to the consumer landscape. The following organisations are current members of the CPP:

- Citizens Advice, which helps consumers resolve their legal, money and other problems by providing free and independent advice and information, and by influencing policymakers.<sup>9</sup>
- Citizens Advice Scotland, which provides advice to consumers in Scotland through its member bureaux and consumer helpline and campaigns on behalf of consumers where it sees problems.<sup>10</sup>
- The CMA, which promotes competition for the benefit of consumers, both within and outside the UK. The CMA's aim is to make markets work well for consumers, businesses and the economy.<sup>11</sup>
- The Consumer Council for Northern Ireland, which is an independent consumer organisation, working to bring about change to benefit Northern Ireland consumers. It has a statutory remit to promote and safeguard the interests of consumers in Northern Ireland with specific functions in relation to energy, water, transport, postal services and food.<sup>12</sup>
- The Department for Enterprise, Trade and Investment Northern Ireland (DETINI), which formulates and delivers economic development policy in terms of Enterprise, Social Economy, Innovation, Energy, Telecoms and Tourism in Northern Ireland. In addition, DETINI has responsibility for ensuring a modern regulatory framework to support business and protect consumers.<sup>13</sup>
- The Financial Conduct Authority (FCA), which regulates the financial services industry in the UK. Its aim is to protect consumers, ensure that the industry remains stable and promote healthy competition between

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<sup>9</sup> See [Citizens Advice website](#).

<sup>10</sup> See [Citizens Advice Scotland website](#).

<sup>11</sup> See [CMA webpage](#).

<sup>12</sup> See [Consumer Council website](#).

<sup>13</sup> See [DETINI website](#).

financial services providers. It has rule-making, investigative and enforcement powers to protect and regulate the financial services industry.<sup>14</sup>

- The National Trading Standards Board, which provides leadership influence, support and resources to trading standards services across England and Wales to help combat consumer and business detriment locally, regionally and nationally.<sup>15</sup>
- The Trading Standards Institute, which is a professional membership association, representing trading standards professionals in the UK and overseas who are in local authorities, the business and consumer sectors and central government<sup>16</sup>
- Trading Standards Scotland (COSLA) is a single national team that was established by COSLA to take on national casework from the Office of Fair Trading in April 2013, when lead responsibility for consumer protection enforcement transferred to local government. The team incorporates the Scottish Illegal Money Lending and Scambuster teams and a central intelligence team.

3.3 The CPP's objective is to bring together these key consumer partners within the reformed consumer landscape to better identify, prioritise and coordinate collective action to tackle the issues causing greatest harm to consumers. In essence, the CPP's role is to ensure that CPP partners work together to tackle detriment more effectively than they could through working in isolation.

### ***Activities in the problem debt landscape***

3.4 We have identified in our review over 150 organisations that are active in the area of problem debt. They include both CPP and non-CPP organisations such as businesses, government departments, regulators, enforcers, trade associations, professional bodies, consumer bodies, charities and academic organisations, which engage in a variety of functions.

3.5 We have also identified over 150 activities, most of which are ongoing or were undertaken since 2010, that relate to problem debt. These include work to define and measure problem debt, understand its causes, identify who has debt problems, consider consumers' attitudes and behaviours, examine specific areas such as payday lending or the effectiveness of debt advice, and propose remedies for tackling problems. There is also work around broader

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<sup>14</sup> See [FCA website](#).

<sup>15</sup> See [National Trading Standards webpage](#).

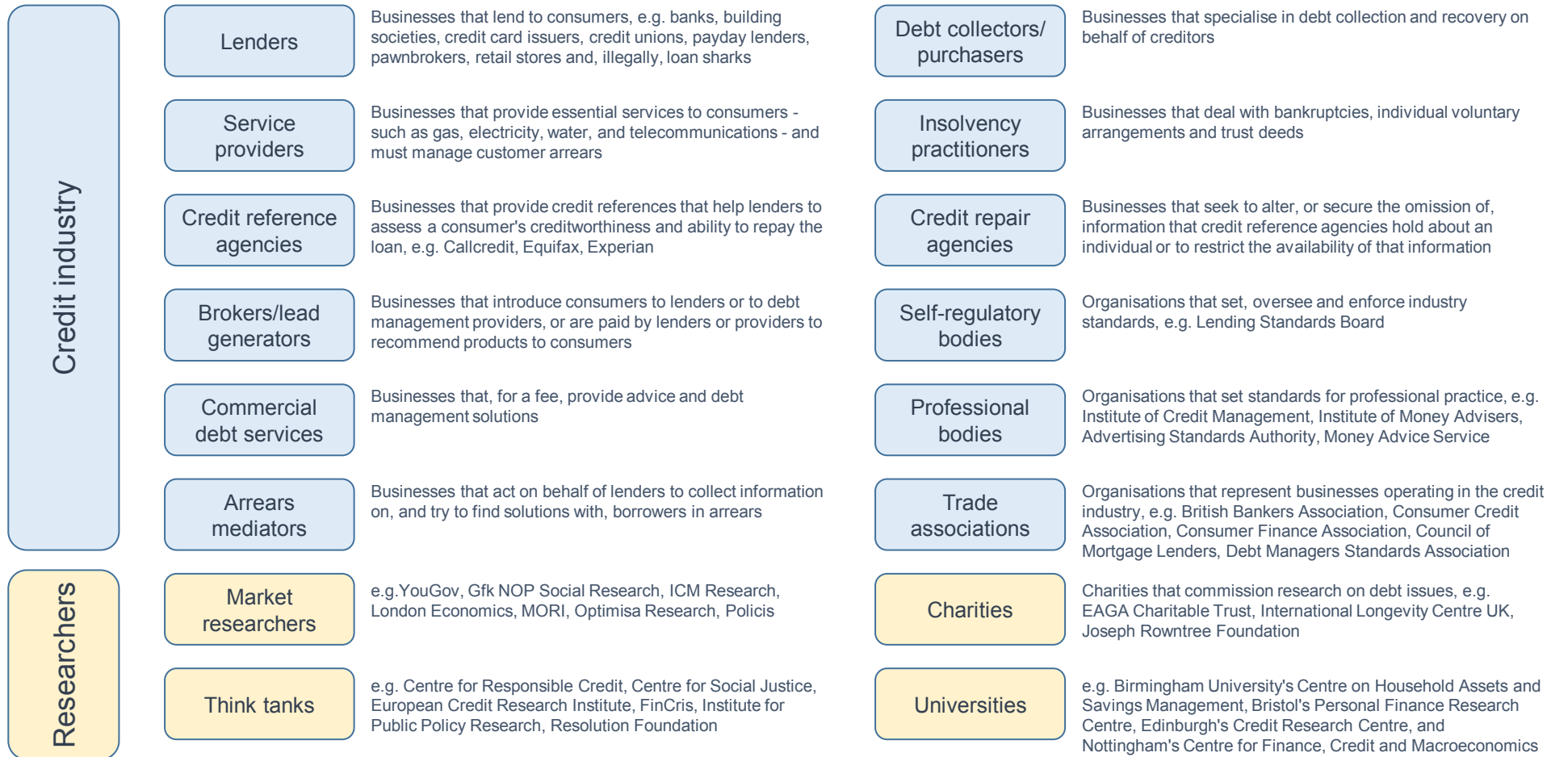
<sup>16</sup> See [Trading Standards Institute website](#).



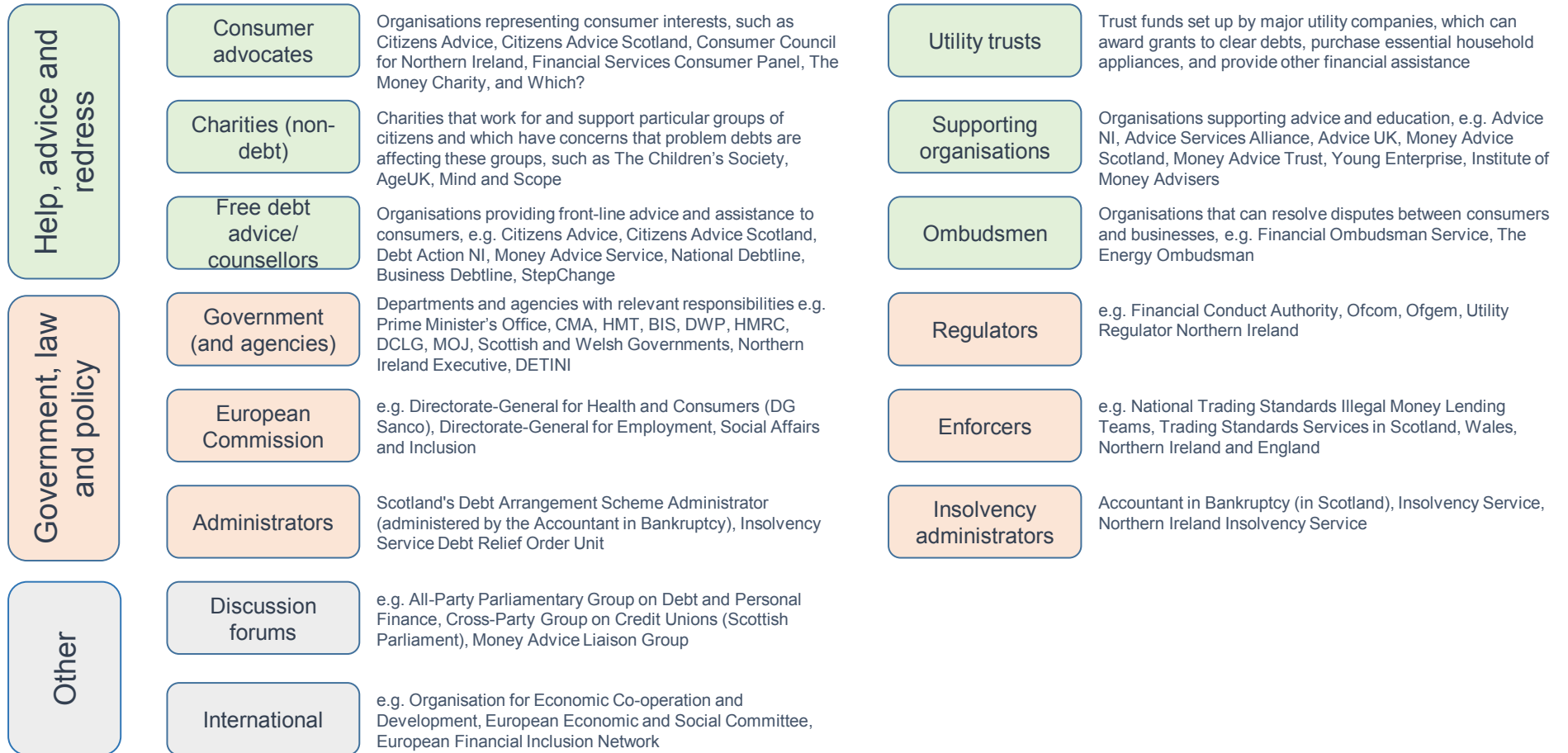
issues such as poverty, affordability or vulnerability, which, although not specifically focused on problem debt, are relevant to it.

- 3.6 Figure 1 below summarises how different organisations and activities fit into the problem debt landscape.
- 3.7 Annex 1 sets out the organisations we identified that are active or have an ongoing interest in the problem debt landscape and the activities we identified carried out by these organisations. However, this is not intended to be an exhaustive map of the problem debt landscape and we acknowledge that there may be other organisations who undertake activities relating to problem debt.

**Figure 1: Organisations active in the problem debt landscape (1)**



**Figure 1: Organisations active in the problem debt landscape (2)**



## 4. Research and analysis

- 4.1 This chapter sets out the CMA's secondary research and analysis based on a review of existing activities and literature relating to problem debt. We consider first what we have found regarding the characteristics of consumers who are at risk of falling into or are in problem debt. We then review the consumer journey into, through and out of problem debt.

### ***Characteristics of consumers vulnerable to or in problem debt***

- 4.2 A number of attempts have been made to identify the factors that may increase or decrease the risk of consumers falling into problem debt. One consistent finding from our research is that there is not a single profile of consumers in problem debt. This needs to be assessed taking into account the particular characteristics and circumstances of different consumers.
- 4.3 Despite the different profiles of consumers in problem debt and the different definitions of problem debt that have been considered, it is possible to identify some factors, or combinations of these, that are associated with problem debt. In this regard it is important to note that debt problems are rarely solely a result of bad money management or a lack of financial capability.<sup>17</sup> The factors we have identified through our review are set out below.

#### *Age*

- 4.4 A number of studies have looked at how age can affect the likelihood of consumers falling into problem debt. One report by the Department for Business, Innovation & Skills (BIS) found that younger consumers (between 18 and 24 years old) are more likely to have high levels of debt and high debt-to-income ratios.<sup>18</sup> Another study based on data from the Wealth and Assets Survey found that having a person in the household aged 25 to 35 years old increased the risk of overindebtedness.<sup>19</sup> Other work has found that for young people with higher incomes, typically those who are educated and in employment, accumulation of unsecured debt, sometimes combined with a mortgage, exposes them to income shocks. For young consumers on lower incomes, although the amount of debt and arrears is smaller in absolute terms, debt is less manageable.<sup>20</sup>

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<sup>17</sup> Institute for Public Policy Research (2010), *Strength against shocks: low-income families and debt*. Money Advice Trust (2014), *Changing household budgets: supporting the UK's economic recovery*.

<sup>18</sup> BIS (2013), *Credit, debt and financial difficulty in Britain 2012: a report using data from the YouGov DebtTrack survey*.

<sup>19</sup> University of Essex's Institute for Social and Economic Research (for BIS, 2010), *Over-indebtedness in Great Britain: an analysis using the wealth and assets survey and household annual debtors survey*.

<sup>20</sup> The Smith Institute (2013), *Tomorrow's borrowers: personal debt by 2025 and the policy response*.

- 4.5 The Money Advice Service<sup>21</sup> found that around 34% of over-indebted consumers belonged to one of the following groups of young people:
- ‘optimistic young workers’ (12.5%)
  - ‘struggling students’ (11.3%)
  - ‘first time workers’ (9.8%)
- 4.6 However, the study also found that the age profile of people struggling with their debt peaked between the ages of 35 and 44. At age 55 and above, the proportion of consumers struggling with debts dropped significantly. This is consistent with the findings of other reports.<sup>22</sup>
- 4.7 One report highlighted that although young households may have low relative incomes compared with incomes later in their lifetime and higher needs, for example young dependents, they have a prospect of relatively fast income growth (although we note that in the aftermath of the financial crisis this may be less true than it once was). Older households face a slower expected growth of income. The report suggested that evidence of even relatively low levels of net indebtedness among older households might be of greater concern than larger levels of indebtedness among younger families.<sup>23</sup>
- 4.8 A study by Age UK found that problem debt among older people is associated with self-employment, unemployment, depression, lower income, renting and being an owner/occupier with a mortgage. It also noted that more research was needed in this area to understand why some older people fall rapidly into problem debt.<sup>24</sup>

### *Low income*

- 4.9 Low-income households are more likely to have high debt-to-income ratios and be in financial difficulties.<sup>25</sup> The Money Advice Service found that 50% of all households struggling with debts had a household income of less than £20,000 a year.<sup>26</sup> Low or irregular income is among the most common

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<sup>21</sup> The Money Advice Service (2013), *Indebted lives: the complexities of life in debt*.

<sup>22</sup> See, for example, European Central Bank (2013), *The Eurosystem household finance and consumption survey: results from the first wave*.

<sup>23</sup> University of Nottingham’s Centre for Policy Evaluation (for BIS, 2008), *Drivers of overindebtedness*.

<sup>24</sup> Age UK (2013), *Problem debt among older people*.

<sup>25</sup> BIS (2013), *Credit, debt and financial difficulty in Britain 2012: a report using data from the YouGov DebtTrack survey*. In this study, BIS defined financial difficulty as being three months in arrears with any loan or bill, being under an individual voluntary arrangement or debt management plan, or being bankrupt.

<sup>26</sup> The Money Advice Service (2013), *Indebted lives: the complexities of life in debt*.

reasons why consumers seek debt advice,<sup>27,28</sup> and is also linked to other vulnerability factors such as being a lone parent, being unemployed, having health problems or being disabled.<sup>29</sup>

- 4.10 Credit products used by households can vary according to their income. Use of loans and credit or store cards, sometimes referred to as mainstream credit, increases with household income, while the use of non-mainstream credit, such as home-collected credit and pawnbrokers, decreases the higher the household income.<sup>30</sup> In extreme cases, low-income households can resort to illegal moneylenders. One report, for example, estimated that 6% of residents from the most deprived estates borrow £120 million per year from illegal moneylenders.<sup>31</sup>
- 4.11 For households with low incomes, high-cost loans can be attractive because they offer flexible terms, allow the purchase of goods that they could not otherwise access, and allow for payment in a way that fits with weekly budgeting. The overall cost of the loan may therefore not be the main issue that low-income households take into account in making their choice.<sup>32</sup> Lower-income consumers may have fewer credit alternatives. A BIS study explored the characteristics of consumers of high-cost credit and found that over 50% of users of payday loans used them because this was the only kind of credit they could get. A survey carried out for the Competition Commission investigation into the payday loan market found that consumers with lower incomes may be less likely to have other credit options.<sup>33</sup> For other types of high-cost credit, research has found that the percentage of payday loan users who could only access home-collected loans or pawnbroker loans as alternatives were 41% and 34% respectively.<sup>34</sup> There is a strong correlation between the use of one type of high-cost credit and other types of high-cost

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<sup>27</sup> The Centre for Social Justice (2013), *Maxed out: serious personal debt in Britain*. 23% of debt advice clients cite low or irregular income as the primary contributory cause of their debt; 87% of Citizen Advice Bureau's debt clients have annual incomes of less than £18,000.

<sup>28</sup> StepChange (2014), *Statistical yearbook: personal debt 2013*. StepChange noted that 19.5% of its clients approached it as a result of reduced income or irregular income.

<sup>29</sup> University of Essex's Institute for Social and Economic Research (for BIS, 2010), *Over-indebtedness in Great Britain: an analysis using the wealth and assets survey and household annual debtors survey*.

<sup>30</sup> BIS (2010), *Over-indebtedness in Britain: second follow-up report*.

<sup>31</sup> Policis (for BIS, 2010) *Interim evaluation of the national illegal money lending projects - summary*. The CMA acknowledges, however, that illegal money lending is hard to measure and may be under-reported.

<sup>32</sup> Institute for Public Policy Research (2010), *Strength against shocks: low-income families and debt*.

<sup>33</sup> TNS BMRB (for the Competition Commission, 2014), *Research into the payday lending market: report*. Overall, 78% of respondents said they could have used at least one alternative source, if borrowing from friends and family is included. Excluding friends and family, 61% could have used at least one other source, so 39% did not have access to any other source of credit. By far the most common alternative cited was borrowing money from friends and family, with 60% saying they could definitely have done this. 27% said they could have accessed a pawnbroker loan, 20% said they could have used an overdraft (though in two-thirds of cases they would need to go over their overdraft limit to do this), around 20% said they could have used a bank or building society loan, 18% a credit card, 17% home credit and 17% an unlicensed lender.

<sup>34</sup> BIS (2013), *Credit, debt and financial difficulty in Britain 2012: a report using data from the YouGov DebtTrack survey*.

credit, suggesting that lower-income households may draw on multiple sources of high-cost credit. This may exacerbate problem debt for such households.

- 4.12 As well as driving consumers towards high-cost credit products, low and insecure income can increase the risk of consumers being unable to access certain markets or only being able to access more expensive products and services across the economy.<sup>35</sup> This, in turn, can restrict their ability to or prevent them from resolving their problem debts.
- 4.13 The relationship between low incomes and higher-cost goods and services has been described as a 'poverty premium'.<sup>36</sup> Consumer Futures identified four types of poverty premium:<sup>37</sup>
- Paying higher than average utility tariffs, either because of the payment method such as quarterly billing or prepayment, or because of being on a suboptimal deal. Consumer Futures identified that people on low incomes are particularly affected by these tariff effects.<sup>38</sup>
  - Paying more per unit of consumption due to lower consumption levels. This is especially an issue in telecommunications, where tariffs are increasingly structured around inclusive packages.
  - Paying more because of limited financial and communications capabilities. People on low incomes often have limited choices on how to buy. If they cannot access the Internet or pay by direct debit, they can end up paying more.
  - Paying high interest on consumer credit. By purchasing essential goods on credit, some low-income consumers end up with much higher bills because of high effective interest rates.

#### *Financial or family shocks*

- 4.14 Even households with relatively high incomes can rapidly fall into problem debt after suffering a financial or family shock. The Institute for Public Policy Research found that a reduction in income was the main cause of a household falling into problem debt, with over 25% of participants having experienced a fall in their income during the four-month research period.<sup>39</sup>

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<sup>35</sup> Consumer Focus (2012), [Tackling consumer vulnerability: an action plan for empowerment](#).

<sup>36</sup> See, for example, Save the Children (2007), [The Poverty Premium: How poor households pay more for essential goods and services](#).

<sup>37</sup> Consumer Futures (2013), [Addressing the poverty premium: approaches to regulation](#).

<sup>38</sup> *ibid.*

<sup>39</sup> Institute for Public Policy Research (2010), [Strength against shocks: low-income families and debt](#).

The FCA found that low-income consumers who previously had higher incomes cited a change in circumstances as the greatest difficulty in servicing their existing commitments.<sup>40</sup> StepChange found that, among its clients, life events combined with underlying financial vulnerability were the main reasons for moving from financial difficulty into problem debt.<sup>41</sup>

4.15 Among the sort of shocks that may expose households to problem debt are:

- income shocks such as a loss of employment or failure of a business
- relationship breakdown
- price shocks
- increased caring responsibilities
- pregnancy or a newborn child
- bereavement
- illness and/or disability

4.16 Adverse shocks often have a cumulative rather than an immediate effect on households' financial circumstances.<sup>42,43</sup> The effect of shocks depends on the level of savings and the income volatility of households.<sup>44,45</sup> It is worth noting that significant saving and forward planning is not always realistic for families on very low incomes.<sup>46</sup>

### Savings

4.17 Having low levels of, or no, savings are associated with higher levels of debt<sup>47</sup> as savings increase households' resilience against shocks. StepChange estimated that around 13 million people would not have enough savings to last a month if their income were to drop by 25%.<sup>48</sup>

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<sup>40</sup> Optimisa research for FCA (2014), *Consumer credit research: low income consumers*.

<sup>41</sup> StepChange (2014), *Life on the edge: towards more resilient family finances*.

<sup>42</sup> University of Nottingham's Centre for Policy Evaluation (for BIS, 2008), *Drivers of over-indebtedness*.

<sup>43</sup> StepChange (2014), *Life on the edge: towards more resilient family finances*.

<sup>44</sup> FCA (2014), *Consumer credit and consumers in vulnerable circumstances*.

<sup>45</sup> The Centre for Social Justice (2013), *Maxed out: serious personal debt in Britain*.

<sup>46</sup> Institute for Public Policy Research (2010), *Strength against shocks: low-income families and debt*.

<sup>47</sup> BIS (2013), *Credit, debt and financial difficulty in Britain 2012: a report using data from the YouGov DebtTrack survey*.

<sup>48</sup> StepChange (2014), *Life on the edge: towards more resilient family finances*.



4.18 A BIS report<sup>49</sup> on debt and financial difficulty noted that households formed of couples with no children and those who owned their home outright had higher-than-average levels of savings, whereas lone-parent households and households using unsecured credit had below-average savings. The likelihood of having a higher level of savings increases with age and household income.<sup>50</sup> Around 3 million low-income households have no savings, meaning that they depend on debt to cover unexpected expenses.<sup>51</sup>

### *Employment status*

4.19 Although most households in problem debt are working households, unemployment, especially when combined with low income, illness or disabilities, is associated with higher risk of overindebtedness.<sup>52</sup> Unemployment can trigger dramatic changes in income, which can lead to escalating debt. This can be exacerbated by overoptimism, with households using credit to maintain their existing lifestyles.<sup>53</sup>

4.20 StepChange reported that significant demand for advice arose as a result of unemployment (23%) and reduced income resulting from a loss of hours at work (16%). Some estimates suggested that a 1% increase in the unemployment rate resulted in an additional 240,000 debt advice enquiries per year.<sup>54</sup>

4.21 Debt levels can vary according to whether consumers are self-employed. StepChange's self-employed clients have by far the highest level of average unsecured debt.<sup>55</sup> Moreover, StepChange clients living in households that depended on self-employment had average household incomes in 2012 that were between 4 and 6% lower than their counterparts in 2011.<sup>56</sup>

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<sup>49</sup> BIS (2013), [Credit, debt and financial difficulty in Britain 2012: a report using data from the YouGov DebtTrack survey](#).

<sup>50</sup> *ibid.*

<sup>51</sup> The Centre for Social Justice (2013), [Maxed out: serious personal debt in Britain](#).

<sup>52</sup> University of Essex's Institute for Social and Economic Research (for BIS, 2010), [Over-indebtedness in Great Britain: an analysis using the wealth and assets survey and household annual debtors survey](#).

<sup>53</sup> University of Bristol's Personal Finance Research Centre research for Stepchange (2012), [Working households' experiences of debt problems](#).

<sup>54</sup> Gathergood J (for the Money Advice Trust, 2011), [Demand, capacity and need for debt advice in the United Kingdom](#); The Centre for Social Justice (2013), [Maxed out: serious personal debt in Britain](#).

<sup>55</sup> StepChange (2014), [Statistical yearbook: personal debt 2013](#).

<sup>56</sup> University of Bristol's Personal Finance Research Centre research for Stepchange (2012), [Working households' experiences of debt problems](#).

## *House tenure*

4.22 Some research argues that being a tenant is associated with higher risk of problem debt.<sup>57,58</sup> An estimated 3.9 million households could not pay their rent or mortgage for more than a month if they lost their job.<sup>59</sup> StepChange has observed a significant increase in rent arrears.<sup>60</sup> Single parents have the highest levels of rent arrears.<sup>61</sup>

## *Being in problem debt*

4.23 Consumers in problem debt may be in situations that are unsuitable for their specific circumstances at a time of desperation, resulting in arrangements that are more likely to fail and leave them in a worse situation.<sup>62</sup> A study by Save the Children, for example, found that some consumers on lower incomes who tried to change from a prepayment energy meter to a cheaper payment method were not able to do so because the energy companies would charge them a deposit of £250 to protect against future debt, which they could not afford.<sup>63</sup> In the case of prepayment meters, although switching is possible for debts below £500, consumers would need to keep a prepayment meter, which could limit their choice of payment method.<sup>64,65</sup> Debts secured on vehicles, such as logbook loans, and telecoms bills can also cause problems if unpaid. Consumers who lose access to cars, telephones or the Internet may find it more difficult to work or seek employment.

## *Gender*

4.24 Women are over-represented among the overindebted population.<sup>66</sup> The number of credit commitments are higher for women.<sup>67</sup>

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<sup>57</sup> University of Essex's Institute for Social and Economic Research (for BIS, 2010), [Over-indebtedness in Great Britain: an analysis using the wealth and assets survey and household annual debtors survey](#).

<sup>58</sup> Money Advice Service (2012), [Debt advice services in the UK](#).

<sup>59</sup> The Centre for Social Justice (2013), [Maxed out: serious personal debt in Britain](#).

<sup>60</sup> StepChange (2014), [What does personal debt look like in the UK?](#)

<sup>61</sup> StepChange (2014), [Statistical yearbook: personal debt 2013](#).

<sup>62</sup> Loughborough University's Centre for Research in Social Policy (for Money Advice Trust and Lloyds Banking Group, 2012), [Sustaining debt repayments: experiences of people in informal repayment arrangements](#).

<sup>63</sup> Save the Children (2011), [UK poverty rip off: the poverty premium 2010](#).

<sup>64</sup> Ofgem and Citizens Advice (2013), [Energy Best Deal](#).

<sup>65</sup> Consumer Focus (2010), [Switching energy suppliers when in debt to your current supplier](#).

<sup>66</sup> The Money Advice Service (2013), [Indebted lives: the complexities of life in debt](#).

<sup>67</sup> University of Essex's Institute for Social and Economic Research (for BIS, 2010), [Over-indebtedness in Great Britain: an analysis using the wealth and assets survey and household annual debtors survey](#).

### *Households with children*

4.25 There is a high level of credit use among households with children<sup>68</sup> and the number of credit commitments are higher for those with dependent children.<sup>69</sup> The probability of arrears may be associated with having dependent children.<sup>70</sup> For parents who are recently unemployed, credit is an important way of ensuring that children's lives are not disrupted.<sup>71</sup>

### *Disabilities*

4.26 Disabilities increase the risk of problem debt at the household level.<sup>72</sup> The onset of disability is a key factor in triggering problem debt, together with employment loss.<sup>73</sup> Disabled consumers find it harder to access mainstream affordable credit and are generally over-represented among high-cost credit users. These consumers are disproportionately likely to turn to doorstep and payday loans.<sup>74</sup>

### *Location across the UK*

4.27 It is unclear the extent to which location affects how vulnerable consumers are to falling into problem debt. Some research suggests that the population of consumers with problem debt appears to be spread disproportionately across the UK, with a general skew towards the cities of the North of England and Northern Ireland, with the five most overindebted areas having over 40% of their total population struggling with debts.<sup>75</sup> Other research suggests that problem debt is more widespread across the UK.<sup>76</sup>

### *Education*

4.28 There is some indication that the probability of arrears and of debt being a heavy burden is lower among consumers who are highly educated.<sup>77</sup> A study by the Centre for Social Justice found that 5.2 million UK adults lack functional

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<sup>68</sup> BIS (2013), *Credit, debt and financial difficulty in Britain 2012: a report using data from the YouGov DebtTrack survey*.

<sup>69</sup> University of Essex's Institute for Social and Economic Research (for BIS, 2010), *Over-indebtedness in Great Britain: an analysis using the wealth and assets survey and household annual debtors survey*.

<sup>70</sup> *ibid.*

<sup>71</sup> University of Bristol's Personal Finance Research Centre (for Stepchange Debt Charity, 2012), *Working households' experiences of debt problems*.

<sup>72</sup> University of Essex's Institute for Social and Economic Research (for BIS, 2010), *Over-indebtedness in Great Britain: an analysis using the wealth and assets survey and household annual debtors survey*.

<sup>73</sup> Optimisa Research (for Money Advice Service, 2014), *The Money Advice Service debt advice review 2013/14*, July 2014.

<sup>74</sup> Scope (2013), *Disabled people and financial well-being: credit and debt*.

<sup>75</sup> The Money Advice Service (2013), *Indebted lives: the complexities of life in debt*.

<sup>76</sup> The Children's Society (2014), *Local statistics*.

<sup>77</sup> University of Essex's Institute for Social and Economic Research (for BIS, 2010), *Over-indebtedness in Great Britain: an analysis using the wealth and assets survey and household annual debtors survey*.

literacy and 6.8 million lack functional numeracy skills, making it difficult for them to understand financial products.<sup>78</sup>

### *Addictions*

4.29 The Centre for Social Justice found that problem debt was an issue for almost all of those entering treatment for addiction problems. Moreover, it extended to the families of consumers with addiction problems, with 80% of substance users' family members experiencing financial difficulties.<sup>79</sup>

### *Future direction of factors associated with problem debt*

4.30 Some studies have also assessed the issue of problem debt from a longer-term perspective. A study by the Smith Institute<sup>80</sup> estimated that there would be increased pressures leading to more personal indebtedness by 2025, such as higher interest rates, an ageing population, more single-person households, a less generous welfare state, more people renting privately and sluggish real wage growth. The study noted that households were likely to become more vulnerable to problem debt as people would be paying off debts incurred in youth for longer and would need to continue working longer to meet their financial commitments. It also noted that the incidence of financial shocks experienced by a typical household might be expected to rise, and the continued availability of credit, particularly online, would make it easier to build up high levels of financial commitment. The study projected that problem debt among pensioners would rise, particularly for those unable to build up a housing asset.<sup>81</sup>

4.31 The Resolution Foundation conducted a study on the effect of rising interest rates in coming years.<sup>82</sup> It found that even under a scenario of strong income growth, the number of households with perilous debt levels<sup>83</sup> was estimated to rise from 600,000 in 2011 to 1.1 million in 2018. The study also estimated that under the 'worst case scenario' (weak income growth and a 5% rise in interest rates), the number of affected families would increase to approximately 1.8 million by 2018, equating to 1 in every 14 households.

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<sup>78</sup> The Centre for Social Justice (2013) *Maxed out: serious personal debt in Britain*

<sup>79</sup> Ibid.

<sup>80</sup> The Smith Institute (2013) *Tomorrow's borrowers: personal debt by 2025 and the policy response*

<sup>81</sup> Ibid.

<sup>82</sup> Resolution Foundation (2013) *Closer to the edge? Prospects for household debt repayments as interest rates rise*

<sup>83</sup> Households considered in "debt peril" are those spending more than half of their disposable income on debt repayments.

## *Conclusions*

4.32 Consumers who are at greater risk of falling into problem debt do not fit into one defined profile. A combination of low incomes, limited savings, reliance on credit to cover living expenses, limited access to financial products, and poverty premiums can make consumers less resilient to any income or expenditure shocks, and less likely to clear their debts. Other risks are likely to become significant in the coming years such as higher interest rates, an ageing population, more single-person households, more people in rented accommodation and slow real wage growth.<sup>84</sup> Problem debt can be triggered by one or more of a number of shocks. Unemployment, the onset of disability or long-term sickness, divorce, a new child or other new caring responsibilities can all have significant effects on disposable income and the level of out-goings that can turn a manageable financial position into problem debt.

### ***The consumer journey***

4.33 Our research demonstrates that the characteristics of consumers with problem debt and their journey into, through and out of problem debt also vary widely. In considering this journey, we have broken it down into four stages. These are:

- early problem debt
- crisis point problem debt
- debt resolution
- post-crisis situation

4.34 For each of these stages, we looked at the situation consumers find themselves in, the issues that arise on the supply side and how consumer behaviour impacts on the situation.

### *Early problem debt*

4.35 In this section, we look at where consumers are in the early stages of having problem debts, before they reach crisis point.

#### *The situation consumers are in*

4.36 Consumers who use credit products often need, or perceive that they need, access to credit at short notice, for example due to an unexpected income or

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<sup>84</sup> The Smith Institute (2013), [Tomorrow's borrowers: personal debt by 2025 and the policy response](#).

expenditure ‘shock’, such as the need for home or car repairs.<sup>85</sup> As a result, when applying for credit, consumers may value speed of access to credit over other factors, such as the long-term cost. Many consumers of higher-cost credit products do not have access to other, mainstream credit products,<sup>86</sup> which could limit their ability to choose the most appropriate product. The FCA noted that a lack of access to mainstream credit could drive people towards unmanageable debt.<sup>87</sup> Consumer behaviour<sup>88</sup> and/or supplier practices<sup>89</sup> may also be causes or contributing factors to early-stage problem debt, for example where consumers lack self-control or financial literacy or where suppliers lend irresponsibly.

### *Supply-side issues*

- 4.37 A report by Optimisa for the FCA noted that some consumers considered affordability checks carried out by lenders when assessing an application to be insufficiently rigorous.<sup>90</sup> Other organisations also made claims that some lenders targeted individuals already in financial difficulty, those on low incomes or those with poor credit ratings with marketing and offers of credit.<sup>91</sup>
- 4.38 A number of reports stress that low-income households may struggle to access affordable credit. In particular, they may only be able to access high-cost and higher-risk sources of credit.<sup>92</sup> This could drive consumers into problem debt. Some reports noted that there might be scope to improve the

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<sup>85</sup> FCA (2014), *Consumer credit and consumers in vulnerable circumstances*; Optimisa research for the FCA (2014), *Consumer credit research: low income consumers*; StepChange (2014), *Life on the edge: towards more resilient family finances*.

<sup>86</sup> Optimisa research for the FCA (2014), *Consumer credit research: low income consumers*.

<sup>87</sup> FCA (2014), *Consumer credit and consumers in vulnerable circumstances*.

<sup>88</sup> See, for example, University of Bristol research for Arrow Global (2013), *Working together: understanding motivations and barriers to engagement in the consumer debt marketplace*; The Centre for Social Justice (2013), *Maxed out: serious personal debt in Britain*; Centre for Finance, Credit and Macroeconomics, Nottingham University (2013), *Self-Control, Financial Literacy and the Co-Holding Puzzle*; University of Bristol’s Personal Finance Research Centre and University of Warwick’s Institute for Employment Research research for the Money Advice Trust and Barclays Bank (2011), *Understanding financial difficulty: exploring the opportunities for early intervention*.

<sup>89</sup> Office of Fair Trading (2013), *Payday lending compliance review: final report*.

<sup>90</sup> Optimisa research for the FCA (2014), *Consumer credit research: low income consumers*.

<sup>91</sup> Citizens Advice/Citizens Advice Scotland (2011), *Desperate times, desperate consumers: CAB evidence on the consumer problems caused or exacerbated by the recession*; Institute for Public Policy Research (2010), *Strength against shocks: low-income families and debt*; Business, Innovation and Skills Committee, House of Commons (2013), *Payday Loans*; Stepchange (2014), *Press notice on payday loan firms bombarding financially vulnerable customers*.

<sup>92</sup> FCA (2014), *Consumer credit and consumers in vulnerable circumstances*; The Centre for Social Justice (2013), *Maxed out: serious personal debt in Britain*; Chartist Research & Bretton Woods Inc (2013), *Options for short-term credit in the United Kingdom*; Consumer Futures (2013), *Addressing the poverty premium: approaches to regulation*; Policis/Friends Provident Foundation (2011), *Credit and low-income consumers: a demand-side perspective on the issues for consumer protection*.

ways in which information about credit products was communicated to consumers.<sup>93</sup>

- 4.39 In terms of high-cost credit, the CMA set out its proposals to lower payday loan costs in October 2014.<sup>94</sup> The FCA has consulted on the introduction of a cap on the total cost of high-cost, short-term credit, which is due to come into effect in 2015. The FCA proposed that from January 2015, interest and fees should not exceed 0.8% of the amount borrowed, fixed default fees should not exceed £15 and the overall cost of high-cost, short-term credit should never be more than 100% of the amount borrowed.<sup>95</sup>

#### *Consumer behaviour and how it impacts on the situation*

- 4.40 There is evidence to suggest that some consumers using credit do not shop around.<sup>96,97</sup> This may be due to the urgency with which they need or want access to the credit.<sup>98</sup> One report suggested that young people in particular valued the speed at which they could access a loan.<sup>99</sup> Even in cases where consumers do shop around, characteristics of markets can mean that shopping around will be ineffective. For example, consumers may focus on availability of, and speed of access to, credit rather than long-term cost and affordability, or they may have difficulty in identifying the product best suited to their needs. However, in certain cases speed of access may be valuable to particular consumers.
- 4.41 Reports indicate that consumers tend not to assess the total cost and longer-term implications of committing to a credit product before doing so.<sup>100</sup> Instead, they are more likely to focus attention on the short-term affordability. Other research has suggested that consumers fail to consider the potential impact of additional fees or penalties that can be incurred, for example if they miss payments. This may be as a result of overoptimism in their ability to meet future repayments or desperation at the point of borrowing.<sup>101</sup>

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<sup>93</sup> See, for example, Institute for Public Policy Research (2014), *Jumping the shark: building institutions to spread access to affordable credit*; European Banking Authority (2013), *Report on consumer trends: supervisory concerns regarding consumer protection issues in 2012/13*.

<sup>94</sup> CMA (2014), *CMA sets out proposals to lower payday loan costs*.

<sup>95</sup> FCA (2014), *Press notice on proposing a cap for payday lending*.

<sup>96</sup> Jigsaw research for the FCA (2014), *Consumer credit qualitative research: credit cards and unauthorised overdrafts*.

<sup>97</sup> Office of Fair Trading (2010), *Review of high-cost credit: final report*.

<sup>98</sup> Zero-credit (for Debt Resolution Forum, 2013), *2012 Survey: clients' demographics and financial circumstances*.

<sup>99</sup> Consumer Finance Association (2013), *Credit crunched: a commentary on the UK's changing attitude towards borrowing and spending*.

<sup>100</sup> Optimisa research for the FCA (2014), *Consumer credit research: low income consumers*; Toynbee Hall (2013), *Listening event for Financial Conduct Authority: report on key issues and recommendations*.

<sup>101</sup> Toynbee Hall (2013), *Listening event for Financial Conduct Authority: report on key issues and recommendations*.



- 4.42 Research suggests that consumers may have preconceptions of particular products and services, which influence their decision-making. For example, the FCA found that some people did not view a bank overdraft as debt, while others saw store cards as being a lower-risk option in comparison with credit cards.<sup>102</sup>
- 4.43 One study found that concerns relating to poverty can directly impede cognitive functions, increasing the likelihood of consumers making poor decisions.<sup>103</sup> For example, the study stated that people on lower incomes found themselves in situations where they must manage sporadic income, juggle expenses and make difficult trade-offs in what they spend money on. Even when these consumers are not making decisions relating to finances, their situation could impact on their choices and actions.<sup>104</sup>

### *Conclusions*

- 4.44 Research suggested that consumers with early-stage problem debts share a number of similar drivers of behaviour, most notably the perceived or actual need to access credit quickly and limitations in access to particular sources of credit. Consumers' behaviour may exacerbate the issues they face, in particular where they prioritise speed of access to credit above other factors such as long-term costs, where they do not adequately compare different credit products and where they have a tendency to be overoptimistic about their ability to repay credit.

### *Crisis point problem debt*

- 4.45 In this section, we look at the position of consumers who have progressed past early problem debt and whose problems have reached crisis point.

### *The situation consumers are in*

- 4.46 Unmanageable debt can be triggered by major changes in life circumstances, for example loss of job, reduced working hours, relationship breakdown, poor

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<sup>102</sup> Jigsaw research for the FCA (2014), [Consumer credit qualitative research: credit cards and unauthorised overdrafts](#).

<sup>103</sup> Mani A, Mullainathan S, Shafir E and Zhao J (in *Science*, 341, August 2013), [Poverty impedes cognitive function](#).

<sup>104</sup> *ibid.*



health or disability.<sup>105</sup> Consumer behaviour<sup>106</sup> and/or supplier practices<sup>107</sup> may also be a significant cause or contributing factor, for example where consumers lack self-control or financial literacy or where suppliers lend irresponsibly. The cumulative effect of a series of shocks and the effect of poverty premiums are also directly relevant.<sup>108</sup> Some studies report that households are falling into debt because they are unable to afford basic household bills.<sup>109</sup>

4.47 At crisis point, it is likely that consumers can no longer service all of their debts and must deal with demands for debt recovery. If they have ignored or underestimated their difficulties up to this point, they cannot do so any longer. If they have not sought help already, then it is more likely that they will do so now.

4.48 In terms of hardships that may arise, depending on the type of debt, consumers may face serious risk of repossession or eviction, having services cut off, or bankruptcy. They may also face the worry of debt-collection services or court action. There may be an impact on their health, family relationships, including significant impacts on children,<sup>110</sup> and well-being due to significant stress or cutting back on essentials such as food and heating. Consumers' scope to help themselves may be extremely limited, with only high-cost and higher-risk credit available to them. One survey, for example, found that 1 in 20 respondents who had been refused credit had turned to unlicensed lenders.<sup>111</sup> Switching to better deals that may help alleviate problem debts can also be more difficult because consumers are already in debt. They may also experience charges and fees to switch that further add to their debts.<sup>112</sup> Individual circumstances may compound the harm, for example where the

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<sup>105</sup> See, for example, Optimisa research for the Money Advice Service (2014), *The Money Advice Service debt advice review 2013/14*; StepChange (2014), *Statistical yearbook: personal debt 2013*; University of Bristol research for Arrow Global (2013), *Working together: understanding motivations and barriers to engagement in the consumer debt marketplace*; The Centre for Social Justice (2013), *Maxed out: serious personal debt in Britain*; Eurofund (2013), *Household over-indebtedness in the EU: the role of informal debts*; Institute for Public Policy Research (2010), *Strength against shocks: low-income families and debt*.

<sup>106</sup> See, for example, University of Bristol research for Arrow Global (2013), *Working together: understanding motivations and barriers to engagement in the consumer debt marketplace*; The Centre for Social Justice (2013), *Maxed out: serious personal debt in Britain*; Centre for Finance, Credit and Macroeconomics, Nottingham University (2012), *Self-Control, Financial Literacy and the Co-Holding Puzzle*; University of Bristol's Personal Finance Research Centre and University of Warwick's Institute for Employment Research research for the Money Advice Trust and Barclays Bank (2011), *Understanding financial difficulty: exploring the opportunities for early intervention*.

<sup>107</sup> Office of Fair Trading (2013), *Payday lending compliance review: final report*.

<sup>108</sup> Consumer Futures (2013), *Addressing the poverty premium: approaches to regulation*; University of Nottingham's Centre for Policy Evaluation (for BIS, 2008), *Drivers of Over-indebtedness*.

<sup>109</sup> Money Advice Trust (2014), *Changing household budgets: supporting the UK's economic recovery*.

<sup>110</sup> StepChange The Children's Society (2014), *The debt trap: exposing the impact of problem debt on children*.

<sup>111</sup> Policis/Friends Provident Foundation (2011), *Credit and low-income consumers: a demand-side perspective on the issues for consumer protection*.

<sup>112</sup> University of Leicester's Centre for Consumers and Essential Services research for EAGA Charitable Trust (2013), *The energy penalty: disabled people and fuel poverty*; Consumer Futures (2013), *Addressing the poverty premium: approaches to regulation*; University of Leicester's Centre for Consumers and Essential Services research for EAGA Charitable Trust (2011), *Too many hurdles: information and advice barriers in the energy market*; Save the Children (2011), *UK poverty rip off: the poverty premium 2010*.

consumer loses their car to a logbook lender when it is essential for their job or cannot afford Internet access to look for new employment or cheaper deals.

### *Supply-side issues*

4.49 A number of reports argue that the market does not cater well for the needs of low-income households in terms of providing affordable credit. In particular, consumers may only be able to access high-cost and higher-risk sources of credit.<sup>113</sup> Research highlights a number of areas where the actions of creditors and service providers may impact on consumers' ability to turn around serious debt problems, including:

- Continued marketing to overindebted consumers, including rollover loans,<sup>114</sup> low rejection rates for certain products and services and inadequate affordability checks.<sup>115</sup> Some reports also suggest targeting of consumers with marketing and offers of credit.<sup>116</sup>
- Personal data used to channel potentially unsuitable credit or credit related products or services to vulnerable consumers, and possible inadequate safeguarding of consumers' personal data.<sup>117</sup>
- Questions over whether suppliers do enough to identify consumers with problem debt and proactively engage with them to address problems.<sup>118</sup>

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<sup>113</sup> FCA (2014), *Consumer credit and consumers in vulnerable circumstances*; The Centre for Social Justice (2013), *Maxed out: serious personal debt in Britain*; Chartist Research & Bretton Woods Inc (2013), *Options for short-term credit in the United Kingdom*; Consumer Futures (2013), *Addressing the poverty premium: approaches to regulation*; Policis/Friends Provident Foundation (2011), *Credit and low-income consumers: a demand-side perspective on the issues for consumer protection*.

<sup>114</sup> In this context, we note changes to the consumer credit regime in relation to payday lenders and other firms supplying high-cost short-term credit that took effect on 1 July 2014. These include limiting the number of times a loan is rolled over to two, limiting the number of times attempts can be taken to deduct money from a borrower's bank account under a continuous payment authority and requiring the inclusion of prominent risk warnings on all financial promotions – see FCA (2014), *Press notice on tougher rules for payday lenders taking effect*.

<sup>115</sup> BIS (2013), *Credit, debt and financial difficulty in Britain 2012: a report using data from the YouGov DebtTrack survey*; Jigsaw research for the FCA (2014), *Consumer credit qualitative research: credit cards and unauthorised overdrafts*; Optimisa research for the FCA (2014), *Consumer credit research: low income consumers*; Institute for Public Policy Research (2014), *Jumping the shark: building institutions to spread access to affordable credit*; Which? (2013), *Credit Britain: making lending work for consumers*; Northern Ireland Council for Voluntary Action's Centre for Economic Empowerment/Advice NI (2013), *Expensive lending in Northern Ireland: a discussion paper*; Office of Fair Trading (2013), *Payday lending compliance review: final report*.

<sup>116</sup> Northern Ireland Council for Voluntary Action's Centre for Economic Empowerment/Advice NI (2013), *Expensive lending in Northern Ireland: a discussion paper*; Citizens Advice/Citizens Advice Scotland (2011), *Desperate times, desperate consumers: CAB evidence on the consumer problems caused or exacerbated by the recession*; Institute for Public Policy Research (2010), *Strength against shocks: low-income families and debt*; Stepchange (2014), *Press notice on payday loan firms bombarding financially vulnerable customers*.

<sup>117</sup> FCA (2014), *Consumer credit and consumers in vulnerable circumstances*.

<sup>118</sup> Lending Standards Board (2014), *Themed review of the treatment of customers in financial difficulties*; StepChange (2014), *Life on the edge: towards more resilient family finances*; Toynbee Hall (2013), *Listening event for Financial Conduct Authority: report on key issues and recommendations*; University of Bristol's Personal Finance Research Centre and University of Warwick's Institute for Employment Research research for the Money Advice Trust and Barclays Bank (2011), *Understanding financial difficulty: exploring the opportunities for early intervention*; Ofgem/Consumer Focus (2010), *Review of suppliers' approaches to debt management and prevention*.

Additionally, there may be problems when consumers approach suppliers for help such as inconsistent or incorrect advice and a failure to follow company policies.<sup>119</sup>

- Actions that cause more financial distress or other worry, for example use of continuous payment authorities, high default charges, withdrawing money from another account, refusing partial payments, and notices of legal action.<sup>120</sup>
- Insufficient signposting to free debt advice or information on options to resolve debts, such as social tariffs or utility providers' trust funds.<sup>121</sup>
- Potentially aggressive debt recovery practices, for example misrepresentation of legal powers, intimidation and abusive language, and high interest or charges added to debt.<sup>122</sup>

4.50 There are a number of organisations with responsibility for addressing these types of issues. For example, marketing and lending of credit, and debt collection practices would fall within the FCA's remit for financial regulation. The Information Commissioner's Office has responsibility for ensuring privacy of consumers' personal data, and takes action in respect of, for example, unsolicited sales calls and text messages.<sup>123</sup>

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<sup>119</sup> Lending Standards Board (2014), *Themed review of subscribers' handling of customers in financial difficulty*; StepChange (2014), *Statistical yearbook: personal debt 2013*; StepChange (2014), *Life on the edge: towards more resilient family finances*; Toynbee Hall (2013), *Listening event for Financial Conduct Authority: report on key issues and recommendations*; University of Leicester's Centre for Consumers and Essential Services research for EAGA Charitable Trust (2011), *Too many hurdles: information and advice barriers in the energy market*; Ofgem/Consumer Focus (2010), *Review of suppliers' approaches to debt management and prevention*. In this context, we note that for high-cost short-term credit, various changes are forthcoming in respect of, for example, rollovers and refinancing, requiring signposting to sources of advice, limiting the number of rollovers to two and limiting use of continuous payment authorities.

<sup>120</sup> StepChange (2014), *Statistical yearbook: personal debt 2013*; The Smith Institute (2013), *Tomorrow's borrowers: personal debt by 2025 and the policy response*; Which? (2013), *Credit Britain: making lending work for consumers*; Northern Ireland Council for Voluntary Action's Centre for Economic Empowerment/Advice NI (2013), *Expensive lending in Northern Ireland: a discussion paper*; Debt Resolution Forum (2013), *2012 Survey: clients' demographics and financial circumstances*; Office of Fair Trading (2013), *Payday lending compliance review: final report*. In this context, we note that for high-cost short-term credit, various changes are forthcoming in respect of, for example, rollovers and refinancing, requiring signposting to sources of advice, limiting rollovers to two and limiting use of continuous payment authorities.

<sup>121</sup> Toynbee Hall (2013), *Listening event for Financial Conduct Authority: report on key issues and recommendations*; Which? (2013), *Credit Britain: making lending work for consumers*; University of Leicester's Centre for Consumers and Essential Services research for EAGA Charitable Trust (2011), *Too many hurdles: information and advice barriers in the energy market*; Ofgem (2008), *Debt and disconnection best practice review*.

<sup>122</sup> Citizens Advice (2014), *Press notice on research into logbook loans*; StepChange (2014), *Statistical yearbook: personal debt 2013*; Northern Ireland Council for Voluntary Action's Centre for Economic Empowerment/Advice NI (2013), *Expensive lending in Northern Ireland: a discussion paper*; University of Bristol's Personal Finance Research Centre research for Stepchange (2012), *Working households' experiences of debt problems*; Office of Fair Trading (2013), *Payday lending compliance review: final report*; Financial Ombudsman Service (2014), *Annual review 2013/14*.

<sup>123</sup> See, for example, Information Commissioner's Office, *Sales Calls* and *Spam Texts*.

## *Consumer behaviour and how it impacts on the situation*

- 4.51 Consumer behaviour may also affect the extent to which crisis debt problems are brought under control or made worse. Recognising the scale of the problem early enough and taking remedial action before it gets worse can be helpful. However, consumers do not always have any real visibility of their total debt<sup>124</sup> or do not seek advice or do so early enough, which can worsen their situation. Some consumers are also slow to engage with creditors to discuss their problems and try to find solutions.<sup>125</sup> Some consumers may perceive that creditors will not or cannot help.<sup>126</sup>
- 4.52 Some research suggests that consumers prioritise their debts reasonably well.<sup>127</sup> Other research, however, shows that some debtors ignore correspondence from lenders and miss payments.<sup>128</sup> Others repay the most demanding creditors, the creditors that levy penalty charges, the debts with the lowest repayments or the debts related to the products/services they value most first.<sup>129</sup>
- 4.53 Consumers' ability to make sound decisions may also be impaired. They are likely to be under considerable stress, making it hard to make decisions that might turn their debt situation around.<sup>130</sup> Academic research suggests that preoccupations with pressing budgetary concerns may leave consumers with fewer cognitive resources available to guide choice and action.<sup>131</sup>

## *Conclusions*

- 4.54 At crisis stage, consumers may have experienced a significant event or shock to force them into problem debt. Their debts can be made worse by certain business practices and by their own behaviours. Equally, there are steps that can be taken to help consumers who have hit crisis point, such as seeking advice early to improve their situation.

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<sup>124</sup> Optimisa research for Financial Conduct Authority (2014), *Consumer credit research: low income consumers*.

<sup>125</sup> StepChange (2014), *Statistical yearbook: personal debt 2013*; University of Bristol research for Arrow Global (2013), *Working together: understanding motivations and barriers to engagement in the consumer debt marketplace*; The Centre for Social Justice (2013), *Maxed out: serious personal debt in Britain*; University of Leicester's Centre for Consumers and Essential Services research for EAGA Charitable Trust (2011), *Too many hurdles: information and advice barriers in the energy market*.

<sup>126</sup> University of Bristol's Personal Finance Research Centre research for Stepchange (2012), *Working households' experiences of debt problems*.

<sup>127</sup> Optimisa research for the Money Advice Service (2014), *The Money Advice Service debt advice review 2013/14*.

<sup>128</sup> Optimisa research for the FCA (2014), *Consumer credit research: low income consumers*.

<sup>129</sup> University of Bristol research for Arrow Global (2013), *Working together: understanding motivations and barriers to engagement in the consumer debt marketplace*.

<sup>130</sup> University of Leicester's Centre for Consumers and Essential Services research for EAGA Charitable Trust (2011), *Too many hurdles: information and advice barriers in the energy market*.

<sup>131</sup> Mani A, Mullainathan S, Shafir E and Zhao J (in *Science*, 341, August 2013), *Poverty impedes cognitive function*.

## *Debt resolution*

4.55 In this section, we look at the position of consumers who are seeking debt advice and applying debt solutions.

### *The situation consumers are in*

- 4.56 Research highlights that only a very small proportion of indebted consumers seek debt advice. A BIS survey showed that just 4% of respondents who had difficulties keeping up with bills and payments had sought professional debt advice in the previous six months, while the figure for those who constantly struggled or were falling behind with payments was 8%.<sup>132</sup> A Money Advice Service survey found that only 17% of overindebted consumers were receiving advice on their debt problems.<sup>133</sup> There are strong indications that seeking advice results in significant benefits. In one survey, for example, 81% of respondents who had used BIS-funded debt advice said that it had improved their debt situation.<sup>134</sup> In another example, 76% of Money Advice Service clients reduced or cleared at least some of their debts within six months of receiving advice.<sup>135</sup> The Money Advice Service also found that those in unmanageable debt who sought debt advice were almost twice as likely to have their debts become manageable within 12 months compared with those who did not.<sup>136</sup> Moreover, the Money Advice Service found that those who did not seek advice were significantly more likely to report that their debt had increased compared with those who did seek advice.<sup>137</sup>
- 4.57 Debtors may turn to free or commercial debt advice services. Some surveys suggest that both are effective in moving people out of unmanageable debt or helping them to improve their financial situation.<sup>138</sup> However, a number of organisations reported their views that commercial debt advice services were less well regarded, for example due to concerns about the quality of advice provided.<sup>139</sup> We make no conclusions on whether such concerns are justified or not for the purposes of this report.

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<sup>132</sup> BIS (2013), [Credit, debt and financial difficulty in Britain 2012: a report using data from the YouGov DebtTrack survey](#).

<sup>133</sup> The Money Advice Service (2013), [Indebted lives: the complexities of life in debt](#).

<sup>134</sup> National Audit Office (2010), [Business, Innovation and Skills: helping over-indebted consumers](#).

<sup>135</sup> Optimisa research for the Money Advice Service (2014), [The Money Advice Service debt advice review 2013/14](#).

<sup>136</sup> YouGov research for Money Advice Service (2012), [The effectiveness of debt advice in the UK: final report](#).

<sup>137</sup> *ibid.*

<sup>138</sup> YouGov research for Money Advice Service (2012), [The effectiveness of debt advice in the UK: final report](#); National Audit Office (2010), [Business, Innovation and Skills: helping over-indebted consumers](#).

<sup>139</sup> Office of Fair Trading (2010), [Debt management guidance compliance review](#); StepChange (2014), [Statistical yearbook: personal debt 2013](#); National Audit Office (2010), [Business, Innovation and Skills: helping over-indebted consumers](#); University of Bristol Personal Finance Research Centre (for Money Advice Trust, 2009), [An independent review of the fee-charging debt management industry](#); Citizens Advice Scotland (2011), [Debt advice in Scotland: the role of the Scottish CAB Service in the debt advice landscape](#).



4.58 Research suggests that consumers can benefit from taking up solutions such as a debt management plan. Those who did were less likely to experience unwelcome creditor conduct, such as penalties and charges, refusal to accept partial payments, and notices of legal action.<sup>140</sup> In Scotland, creditors are prohibited from taking further action against debtors who have agreed a debt repayment programme under the government-run Debt Arrangement Scheme.<sup>141</sup>

### *Supply-side issues*

4.59 The quality and suitability of debt advice is vital for consumers in resolving problem debts. If advice is poor quality and/or not suitable for consumers, or particular groups of consumers, then it may have an adverse impact on their ability to resolve problem debts.<sup>142</sup>

4.60 Some organisations raised concerns about marketing practices of debt management companies, including possible targeting of consumers, the information provided to consumers on fees and charges, claims about their services, the use of upfront fees, and the monthly fees paid to them relative to the size of monthly repayments to creditors.<sup>143</sup> On the other hand, some research argued that practices in this subsector had improved.<sup>144</sup>

### *Consumer behaviour and how it impacts on the situation*

4.61 Consumers may be unaware of who to approach for advice. Research shows a mixed picture in this respect.<sup>145,146</sup> Some people will consult their family and friends for advice.<sup>147</sup> Other research highlights issues around consumers' awareness of options to help resolve debt problems. For example, one report

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<sup>140</sup> Zero-credit (for Debt Resolution Forum, 2012), [Debt resolution in the UK: a study into the need for personal debt advice in the UK and the outcomes achieved for clients of fee-charging debt resolution companies](#).

<sup>141</sup> See [Debt Arrangement Scheme \(Scotland\)](#).

<sup>142</sup> In this respect, the [Money Advice Service has carried out work](#) to develop a quality framework to achieve consistent and high-quality advice in the debt advice sector.

<sup>143</sup> Loughborough University's Centre for Research in Social Policy (for Money Advice Trust and Lloyds Banking Group, 2012), [Sustaining debt repayments: experiences of people in informal repayment arrangements](#), November 2012; Citizens Advice/Citizens Advice Scotland (2011), [Desperate times, desperate consumers: CAB evidence on the consumer problems caused or exacerbated by the recession](#); Ministry of Justice (2012), [Transforming bailiff action: How we will provide more protection against aggressive bailiffs and encourage more flexibility in bailiff collections: a consultation](#); Financial Ombudsman Service (2014), [Annual review 2013/14](#).

<sup>144</sup> See, for example, Lending Standards Board (2014), [Themed review of the treatment of customers in financial difficulties](#).

<sup>145</sup> BIS (2013), [Credit, debt and financial difficulty in Britain 2012: a report using data from the YouGov DebtTrack survey](#).

<sup>146</sup> FCA (2014), [Consumer credit and consumers in vulnerable circumstances](#); Jigsaw research for the FCA (2014), [Consumer credit qualitative research: credit cards and unauthorised overdrafts](#); University of Bristol research for Arrow Global (2013), [Working together: understanding motivations and barriers to engagement in the consumer debt marketplace](#); The Money Advice Service (2013), [Indebted lives: the complexities of life in debt](#); Policis (for Money Advice Trust and Friends Provident Foundation, 2012), [Clients' perspectives on how they access debt advice: summary report](#).

<sup>147</sup> London Economics (for Money Advice Service, 2012), [Debt advice in the UK](#).

found that less than 10% of people thought a credit union could help them, but once told about the services provided by credit unions this rose to 60%.<sup>148</sup>

- 4.62 Where consumers do not seek advice or do not do so early enough,<sup>149</sup> this can affect their chances of resolving problem debt. In terms of commercial debt advice services, there may also be issues in terms of consumers not shopping around for, or gathering information on, different advice services or debt solutions, and making an arbitrary choice of adviser.<sup>150</sup>

### *Conclusions*

- 4.63 Availability of good debt advice is clearly important for resolving problem debt, as is the need for consumers to seek it at the optimal time. In this context, consumers do have options for advice and to help resolve problem debt and it is important that they can access clear and accurate information and advice about these.

### *Post-crisis situation*

- 4.64 There appears to be less research and information about this stage of the consumer journey than others. One report found that advice seekers are more likely to remain in manageable debt than non-advice seekers, suggesting that debt advice helps not only to manage debt but to sustain it at a manageable level.<sup>151</sup>
- 4.65 Even when consumers have resolved their situation, their past debt problems can have an impact on their credit rating and ability to obtain new credit. This may mean that it is difficult to break free of the 'debt trap', for example to gain access to cheaper forms of credit. For example, an unpaid County Court judgment against a consumer can affect their credit rating for up to six years.<sup>152</sup>

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<sup>148</sup> The Centre for Social Justice (2013), *Maxed out: serious personal debt in Britain*.

<sup>149</sup> BIS (2013), *Credit, debt and financial difficulty in Britain 2012: a report using data from the YouGov DebtTrack survey*; The Money Advice Service (2013), *Indebted lives: the complexities of life in debt*.

<sup>150</sup> University of Bristol research for Arrow Global (2013), *Working together: understanding motivations and barriers to engagement in the consumer debt marketplace*; Loughborough University's Centre for Research in Social Policy (for Money Advice Trust and Lloyds Banking Group, 2012), *Sustaining debt repayments: experiences of people in informal repayment arrangements*; Zero-credit (for Debt Resolution Forum, 2012), *Debt resolution in the UK: a study into the need for personal debt advice in the UK and the outcomes achieved for clients of fee-charging debt resolution companies*.

<sup>151</sup> YouGov (for Money Advice Service, 2012), *The effectiveness of debt advice in the UK: final report*.

<sup>152</sup> See *County court judgments for debt: CCJs and your credit rating*.

## 5. Conclusions

- 5.1 Our review of the problem debt landscape has highlighted four areas of work that we consider are important, perhaps even essential, for tackling issues affecting consumers with problem debt effectively: financial education; debt advice; research; and enforcement/compliance.

### *Tackling problem debt*

- 5.2 We have used our review of the problem debt landscape to identify what work is being undertaken in each of the four areas highlighted above both by CPP partners and non-CPP organisations. There is much work going on in each of the four areas, the main components of which are summarised below:

- **Supporting financial capability.** Ensuring that consumers are fully equipped with the skills to manage their finances and make sound financial decisions is key to helping them avoid falling into financial difficulty and to resolve problems. Within the CPP, Citizens Advice, the FCA and Consumer Council for Northern Ireland all play roles in supporting financial capability.<sup>153</sup> Outside of CPP members' activities, the Money Advice Service plays a key role and is developing a Financial Capability Strategy for the UK in conjunction with other organisations, including the FCA and Citizens Advice.<sup>154</sup> Financial capability is also a statutory element of the curriculum in Northern Ireland for 11- to 14-year-olds, is embedded in schools in Scotland and Wales, and has been included in the curriculum for secondary schools in England since September 2014. Young Enterprise<sup>155</sup> plays a leading role in developing and providing free resources to teach children and young people about money management, and has worked with a wide range of organisations to develop educational programmes and materials that are used in primary and secondary education. In terms of CPP activities in this context, the Trading Standards Institute and National Trading Standards Illegal Money Lending teams have contributed significantly to providing information and resources to schools for teaching children of varying ages about financial issues.
- **Providing early debt advice.** Research shows that consumers who seek debt advice at an early stage are more likely to resolve their problems, but

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<sup>153</sup> The FCA and Citizens Advice are both members of the [Steering Group](#), whose purpose is to advise on and oversee the development of the Financial Capability Strategy for the UK. The Consumer Council for Northern Ireland leads the [Financial Capability Partnership NI](#), which brings together government, banks, building societies, credit unions, education, community and voluntary sectors to help consumers in Northern Ireland to manage their money and make it work best for them.

<sup>154</sup> See [Financial Capability Strategy](#) for the UK for more information.

<sup>155</sup> [Young Enterprise](#) offers programmes and services for students and teachers, provides teaching materials and support to deliver learning, including materials previously produced by the Personal Finance Education Group.



also that only small numbers of consumers actually seek advice or do it at the optimal time. There are a number of organisations which play an important role in providing advice to consumers in debt. Within the CPP, responsibility falls to Citizens Advice, Citizens Advice Scotland and DETINI (through Debt Action NI, managed by Advice NI). There is also a range of organisations outside the CPP, such as the Money Advice Service,<sup>156</sup> Money Advice Scotland, StepChange and the Money Advice Trust, that play key roles in ensuring that consumers have access to debt advice. Additionally, the Money Advice Liaison Group (MALG) provides a discussion forum for sharing best practice and learning in respect of debt advice.<sup>157</sup> By bringing together a wide body of expertise, the MALG appears able to tackle difficult issues like the relationship between mental health and debt. In addition, the Money Advice Trust holds a biannual Partnership Board meeting that brings together debt advice organisations to discuss best practice and emerging challenges in debt advice. In Scotland, the Scottish Financial Health Service will also bring together different strands and sources of information and advice, so that consumers with concerns or issues about debt or borrowing can find the help and assistance that they need in one place.<sup>158</sup>

- **Undertaking further consumer behaviour research.** Understanding the ways in which consumers with problem debts behave and what drives their choices may help to provide early warning of those consumers who are at risk of falling into financial difficulty, and target remedies for helping them to avoid and resolve problems. As demonstrated in Chapter 4, there is a large body of existing and ongoing research about problem debt and related issues. Within the CPP, the FCA, Citizens Advice, Citizens Advice Scotland and the Consumer Council for Northern Ireland research problem debt.<sup>159</sup> In addition to these organisations' research on problem debt and this report, the CMA has carried out wider market analysis where issues relevant to problem debt have arisen, such as payday lending. Outside the CPP, organisations such as the Money Advice Trust, Money Advice Service, charities like StepChange and The Children's Society, industry associations like the UK Cards Association and Lending Standards Board,

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<sup>156</sup> We note that the Money Advice Service provides funding to members of Citizens Advice, Citizens Advice Scotland, COSLA and DETINI for providing debt advice.

<sup>157</sup> See [full list of the MALG membership](#).

<sup>158</sup> The Scottish Government introduced the Bankruptcy and Debt Advice (Scotland) Bill in June 2013, which introduced measures to help those people in Scotland who are struggling under the burden of debt. The Bill was passed on 20 March 2014 and became an Act at the end of April, providing a framework on which to build Scotland's Financial Health Service. The Act will come into force in April 2015. More information is available at [Accountant in Bankruptcy](#).

<sup>159</sup> See, for example, Citizens Advice research on [the impact of money worries on mental and physical health](#), [logbook loans](#) and [payday lending](#); Citizens Advice Scotland's work on [debt management](#); and the FCA's work on [consumer experiences of payday loans](#), [logbook loans and debt management services](#) and [consumer credit and consumers in vulnerable circumstances](#).

and a large number of academic institutions also all engage in research relevant to problem debt and how it impacts on consumers.

- **Pursuing enforcement and compliance.** The responsibility for much of this work in the problem debt landscape falls to the FCA in relation to regulated credit activities and it is already taking action with regard to a number of practices and businesses.<sup>160</sup> Away from regulated credit activities, the National Trading Standards Illegal Money Lending teams take enforcement action to protect consumers from illegal money lenders in England, Wales and Scotland. Trading Standards Services in England, Wales, Scotland and Northern Ireland may also lead on consumer protection enforcement work, whether against a single business or a number of businesses, including cases where businesses' behaviour may cause significant or widespread consumer detriment. The CMA has a range of consumer protection enforcement powers and may use these to tackle, in particular, systemic problems in markets involving widespread practices, which may involve a number of businesses, and market-wide problems, such as issues which may affect consumers' ability to make choices.

- 5.3 Our review has shown that there are many organisations committing considerable resource to activities in these four areas, both within the CPP and outside. These organisations appear to be addressing the core issues in relation to problem debt and there are appropriate mechanisms for co-ordinating that work effectively. The review has not identified any significant areas in the problem debt landscape that the CPP appears to need to address as a collective group. However, given that problem debt is one of the most significant problems for consumers in the UK today, the CPP is committed to keeping matters in relation to problem debt under review.

### **Next steps**

- 5.4 In addition to ongoing review by the CPP of problem debt, the CMA intends to consider further practices or markets that may generate particular problems for consumers with low incomes. In this context, issues that may arise include the 'poverty premium', a situation in which consumers on the lowest incomes pay more per unit for goods and services than more affluent consumers; access to markets, in particular whether access is hindered by a lack of enabling products and services (such as direct debits, internet connection, transport) and/or whether other aspects of a consumer's profile (such as

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<sup>160</sup> See, for example, the FCA's [work on debt collection practices by high cost, short-term lenders](#), on [redress for debt collection practices](#) and on [debt management firms](#).

credit rating) act to exclude low-income consumers from markets; whether low-income consumers are particularly prone to exploitation and/or targeting by businesses and the frequency and consequences of any such activity; and whether they face particular problems in obtaining redress when things go wrong. This work is related closely to two of the CMA's strategic objectives, refocusing consumer protection and extending competition frontiers, which were set out in the CMA's Annual Plan for 2014/15, and will be a key part of the CMA's strategy for putting consumers at the heart of everything we do.<sup>161</sup>

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<sup>161</sup> For further details on the CMA's strategy, see the [CMA's webpage](#).

## Glossary

|                             |   |
|-----------------------------|---|
| <b>Creditor</b>             | Any entity to which the consumer owes money, such as a bank, mortgage lender, payday lender, utility company, local authority or government department.   |
| <b>Credit union</b>         | A not-for-profit financial cooperative that provides basic savings and loan facilities for the benefit of its members.  |
| <b>Debtor</b>               | Someone who owes money to a <b>creditor</b> , whether the money has been borrowed from a lender or credit facility (for example, credit cards, overdrafts, personal loans, store cards, payday loans), or represents arrears on bills for essential services (rent, gas, electricity, water, council tax and telephone services). |
| <b>Debt-to-income ratio</b> | Calculated as the total debt of a household divided by its annual income. In this report, the debt-to-income ratio is calculated including only unsecured debt.   |
| <b>DMP</b>                  | Debt Management Plan: an agreement between a <b>debtor</b> and their <b>creditors</b> to pay off their debts. The <b>debtor</b> makes regular payments to a licensed debt management company, which divides this money between the <b>creditors</b> .   |
| <b>High-cost credit</b>     | In the context of this report, pawnbroker loans, logbook loans, payday loans (and other short-term small-sum loans), home-collected credit, and rent-to-buy credit.   |
| <b>Home-collected loans</b> | The provision of credit, typically small sum loans, the repayments for which are collected in instalments (often weekly or fortnightly) by agents who call for that purpose at consumers' homes.  |
| <b>IVA</b>                  | Individual Voluntary Arrangement: a legally-binding agreement between a <b>debtor</b> and their <b>creditors</b> to pay all or part of their debts. The <b>debtor</b> agrees to make regular payments to an insolvency practitioner, who will divide this money between the <b>creditors</b> .                                    |
| <b>Mainstream credit</b>    | Credit products that are commonly used by a large proportion of the population, for example credit cards, mortgages, overdrafts and personal loans.   |

|                             |   |
|-----------------------------|---|
| <b>Overindebtedness</b>     | Loosely, a term used in some reports to describe debt which has become a major burden for the borrower. There is no agreed definition, but potential indicators of overindebtedness may include: missing two or more consecutive payments, having four or more credit commitments, spending more than 25% of gross monthly income on unsecured credit repayments, spending more than 50% of gross monthly income on total credit repayments, and reporting that unsecured debts are a 'heavy burden'. |
| <b>Poverty premium</b>      | Additional costs for essential services faced by lower-income households. These can arise, for example, when consumers do not have Internet access to compare services or when consumers cannot afford to pay by direct debit.  |
| <b>Prepayment meter</b>     | A special type of meter that enables the consumer to pay for gas or electricity upfront. They can be a useful way to budget and can be used to pay off arrears if the meter has been programmed to do this. However, tariffs under prepayment meters are usually more expensive.  |
| <b>Problem debt</b>         | A debt, or accumulation of debts (including arrears), that impacts on the consumer adversely, either because they are unable, or struggling, to repay the debt itself and/or because it has, or potentially will have, adverse consequences for them in another market. Consumers with problem debt may or may not be 'overindebted' according to the typical objective or subjective indicators used in previous studies.  |
| <b>Social tariff</b>        | A charging rate for the supply of some good or service that helps the most vulnerable or low-income consumers. All UK energy suppliers are required to offer one.   |
| <b>Vulnerable consumers</b> | In the context of this report, consumers who are most at risk of falling into <b>problem debt</b> and/or harmful or aggressive practices that may worsen their situation. In the context of certain consumer protection legislation, the phrase 'vulnerable consumer' has a particular legal meaning.   |

## List of reports, projects and organisations with an ongoing interest in problem debt

### Accent

A market research company ([www.accent-mr.com](http://www.accent-mr.com))

Accent (for Ofwat), *Using behavioural economics to encourage water bill payment by debtors and those who struggle to pay*, March 2012

### Accountant in Bankruptcy

Statutory body, responsible for administering the process of personal bankruptcy and recording corporate insolvencies in Scotland ([www.aib.gov.uk](http://www.aib.gov.uk))

### Addressing Financial Difficulties Good Practice Working Party

Working party created in 2010 with representatives from over 40 firms from 18 sectors, including banks, credit card companies, utility suppliers, water companies, local government, debt collectors, bailiffs and advice providers; chaired by Citizens Advice

Addressing Financial Difficulties Good Practice Working Party, *How to do the right thing: examples of good practice that help consumers address and overcome periods of financial difficulty*, October 2011

### Advice NI

Umbrella membership organisation that supports the independent advice sector in Northern Ireland ([www.adviceni.net/](http://www.adviceni.net/))

### Advice Services Alliance

Umbrella body for independent advice networks in England and Wales (<http://asauk.org.uk/>)

### AdviceUK

Charity and umbrella membership organisation: UK's largest support network for free, independent advice centres ([www.adviceuk.org.uk](http://www.adviceuk.org.uk))

### AgeUK

UK's largest charity dedicated to helping older people; runs AgeUK Advice, a free confidential advice service ([www.ageuk.org.uk](http://www.ageuk.org.uk))

AgeUK, *Financial resilience in later life*, June 2014

AgeUK/International Longevity Centre UK, *Problem debt among older people*, June 2013

### All Party Parliamentary Group on Debt and Personal Finance

Provides a forum for MPs and peers to discuss debt and personal finance issues; monitors legislative developments in this area; and provides an opportunity for

liaison between members and consumer organisations with an interest in these issues. The Secretariat for the Group is provided by StepChange ([www.publications.parliament.uk/pa/cm/cmllparty/register/debt-and-personal-finance.htm](http://www.publications.parliament.uk/pa/cm/cmllparty/register/debt-and-personal-finance.htm))

Future programme includes meetings on debt and mental health and on the energy sector (fuel poverty etc). The Group will also be looking more closely at the collection practices of local authorities and the rent to own sector.

### **Archbishop's Task Group on Credit Unions**

Created in January 2014 by the Archbishop of Canterbury; headed by Sir Hector Sants; aims to work with the wider financial sector to build support for more competitive and community-based financial services ([www.churchofengland.org/creditunions](http://www.churchofengland.org/creditunions))

### **Association of Arrears Mediators (AAM)**

Represents organisations that act on behalf of lenders to collect information and try to find solutions with borrowers in arrears ([www.arrearsmediators.org.uk](http://www.arrearsmediators.org.uk))

### **Association of British Credit Unions Ltd (ABCUL)**

Represents British credit unions (about 70% of the sector) ([www.abcul.coop/home](http://www.abcul.coop/home))

### **Association of Professional Debt Solution Intermediaries (APDSI)**

Represents intermediaries and brokers that offer a range of debt solutions (eg IVA, DMPs) to financially disadvantaged clients ([www.apdsi.org.uk](http://www.apdsi.org.uk))

### **Aviva**

An insurance and assets management company ([www.aviva.co.uk](http://www.aviva.co.uk))  
Aviva, *The Aviva family finances report*, July 2013

**Bellotti T and Crook J** (University of Edinburgh's Credit Research Centre), *Forecasting and stress testing credit card default with dynamic models* [in *International Journal of Forecasting* 29(4)], October–December 2013

**Bertrand M and Morse A**, *Information disclosure, cognitive biases and payday borrowing* [in *The Journal of Finance*, Vol 66 Issue 6], December 2011

### **British Bankers Association (BBA)**

The UK's leading association for the banking sector, representing the interests of more than 240 member organisations ([www.bba.org.uk](http://www.bba.org.uk))

British Bankers' Association/Accenture, *A new model for dealing with personal debt: improving the way we tackle financial difficulties*, January 2011

### **British Cheque and Credit Association (BCCA)**

Represents businesses providing unsecured short-term loans (eg payday), credit brokerage; and third party cheque cashing services; over 430 members ([www.bcca.co.uk](http://www.bcca.co.uk))

### **Building Societies Association (BSA)**

Represents mutual lenders and deposit takers in the UK, including all 45 UK building societies ([www.bsa.org.uk](http://www.bsa.org.uk))

### **Business Debtline**

National telephone helpline offering free, independent and confidential advice for self-employed people with debt problems in England, Scotland and Wales; run by the Money Advice Trust. Piloting a similar service for Northern Ireland, in partnership with Advice NI ([www.bdl.org.uk](http://www.bdl.org.uk))

**Business, Innovation and Skills Committee**, House of Commons (2013) *Payday Loans*, December 2013

### **Cabinet Office's Commercial Models Team**

Currently working to integrate and contract out the government's debt management services

### **Centre for Responsible Credit**

Part of the Centre for Economic and Social Inclusion, a not-for-profit company; researches responsible credit provision, credit regulation, debt advice and financial inclusion, and promotes policy responses that protect the long-term interests of households ([www.responsible-credit.org.uk](http://www.responsible-credit.org.uk))

Centre for Responsible Credit, *Tackling the high cost credit problem: the importance of real-time regulatory databases*, September 2013

Centre for Responsible Credit (for Friends Provident Foundation), *Can consumer credit be affordable to households on low incomes?*, October 2011

### **Child Poverty Unit**

Works to reduce poverty and improve social justice; jointly sponsored by the Department for Work and Pensions, the Department for Education and HM Treasury ([www.gov.uk/government/groups/the-child-poverty-unit](http://www.gov.uk/government/groups/the-child-poverty-unit))

Planning to look at debt and living standards for poor families, more specifically how important different factors (food, fuel and transport costs; debt and access to credit) affect the living standards and work incentives of poor families

### **Christians Against Poverty**

A UK debt counselling agency working through a network of 260 debt centres based in local churches; helps 20,000 people a year (<https://capuk.org/about-us>)



**Church of England**, *Building an ethical financial system: the role of credit unions*, November 2013

### **Citizens Advice**

Helps people resolve their legal, money and other problems by providing free, independent and confidential advice, either through its consumer helpline or its bureaux. Its bureaux deliver advice services from over 3,300 community locations in England and Wales ([www.adviceguide.org.uk/](http://www.adviceguide.org.uk/))

Citizens Advice, *Press notice on research into impact of money worries on mental and physical health*, 28 April 2014

Citizens Advice, *Press notice on research into logbook loans*, 17 April 2014

Citizens Advice, *Press notice on research into payday lending*, 31 March 2014

Citizens Advice, *Press notice on research into rent arrears and repossession*, 24 March 2014

Citizens Advice, *Press notice on research into credit brokers posing as payday lenders*, 20 January 2014

Citizens Advice, *Council tax arrears, councils and bailiffs*, 23 December 2013

Citizens Advice, *All change: why welfare reform should matter to creditors and utility companies*, November 2013

Citizens Advice, *A credit to the nation? Making consumer credit regulation work for vulnerable consumers in the UK*, November 2012

Citizens Advice, *Falling short: the case for abolishing the standard interest rate used to calculate support for mortgage interest*, February 2012

Citizens Advice/Citizens Advice Scotland, *Desperate times, desperate consumers: CAB evidence on the consumer problems caused or exacerbated by the recession*, June 2011

Citizens Advice/Citizens Advice Scotland, *Cashing in*, March 2011

Citizens Advice, *Called to account: why banks must provide basic bank accounts to undischarged bankrupts*, July 2010

Citizens Advice/AdviceUK/Institute of Money Advisers/Money Advice Trust, *Do the right thing: advisers' and creditors' experience of best practice in debt collection*, February 2010

Citizens Advice/AdviceUK/Shelter, *Turning the tide? Evidence from the free advice sector on mortgage and secured loan possession actions in England in July 2009*, December 2009

Citizens Advice, *Out of order: CAB evidence on the use of charging orders and orders for sale in debt collection*, February 2009

### **Citizens Advice Scotland**

Provides the same services as Citizens Advice, for Scotland. Its bureaux offer advice from over 250 locations ([www.cas.org.uk](http://www.cas.org.uk))

Citizens Advice Scotland, *Debt advice in Scotland: the role of the Scottish CAB Service in the debt advice landscape*, September 2011

Citizens Advice Scotland, *Debt (mis)management. Evidence on debt management companies from Scottish Citizens Advice Bureaux*, August 2011

### **Civic Consulting**

An economic and public policy consultancy ([www.civic-consulting.de](http://www.civic-consulting.de))

Civic Consulting (for European Commission's DG Sanco), *The over-indebtedness of European households: updated mapping of the situation, nature and causes, effects and initiatives for alleviating its impact*, January 2013

### **Civil Enforcement Association (CIVEA)**

Represents private certificated bailiffs in England and Wales ([www.civea.co.uk](http://www.civea.co.uk))

### **Civil Legal Advice**

Offers free and confidential legal advice in England and Wales provided the person is eligible for legal aid (eg they are on benefits or a low income); this includes advice for debt issues but only where the person is at risk of repossession or eviction ([www.gov.uk/civil-legal-advice](http://www.gov.uk/civil-legal-advice))

### **Community Money Advice**

Charity network of over 100 affiliated local community centres offering free-to-client face-to-face debt advice ([www.communitymoneyadvice.com](http://www.communitymoneyadvice.com))

### **Competition and Markets Authority (CMA)**

Currently investigating to see if there are any features of the payday lending market which prevent, restrict or distort competition and, if so, what action might be taken to remedy them. Also carrying out work in the personal current account, including overdrafts, and energy markets ([www.gov.uk/government/organisations/competition-and-markets-authority](http://www.gov.uk/government/organisations/competition-and-markets-authority))

Competition and Markets Authority, *CMA sets out proposals to lower payday loan costs*, October 2014

Competition and Markets Authority, *Payday lending market investigation: summary of provisional findings report*, June 2014

**Competition Commission**, *Understanding past market investigation remedies: home credit*, February 2013

### **Consultative Group to Assist the Poor (CGAP)**

A global partnership of 34 leading organisations that seek to advance financial inclusion ([www.cgap.org](http://www.cgap.org))

Consultative Group to Assist the Poor, *Focus note: regulatory options to curb debt stress*, March 2013

### **Consumer Council for Northern Ireland (CCNI)**

Undertakes policy work and responds to consultations on credit regulation, and signposts consumers to agencies providing advice ([www.consumercouncil.org.uk](http://www.consumercouncil.org.uk))

**Consumer Credit Association (CCA)**

Represents the home credit industry in the UK and Republic of Ireland; over 500 member companies ([www.ccauk.org/](http://www.ccauk.org/))

**Consumer Credit Trade Association (CCTA)**

Membership represents all businesses involved in consumer credit (<http://ccta.co.uk/>)

**Consumer Finance Association (CFI)**

Represents the interests of major short-term lending businesses operating in the UK (including payday lenders); 60 to 70% of the payday market ([www.cfa-uk.co.uk/](http://www.cfa-uk.co.uk/))  
Consumer Finance Association/Harris Interactive/Vanilla Research, *Credit crunched: a commentary on the UK's changing attitude towards borrowing and spending*, May 2013

**Consumer Focus/Citizens Advice/Citizens Advice Scotland**, *Tackling consumer vulnerability: an action plan for empowerment*, December 2012

**Consumer Futures**

Statutory body created through the merger of Energywatch, Postwatch and the National Consumer Council (including the Scottish and Welsh Consumer Councils); formerly called Consumer Focus; since 1 April 2014, part of Citizens Advice Consumer Futures/Joseph Rowntree Foundation, *Addressing the poverty premium – approaches to regulation*, March 2013

**Council of Mortgage Lenders (CML)**

Represents UK mortgage lenders (eg banks, building societies and other mortgage providers); 117 members; 79 associates ([www.cml.org.uk/](http://www.cml.org.uk/))

**Credit Services Association UK (CSA-UK)**

Represents UK companies active in relation to unpaid credit accounts, debt recovery agencies, tracing and allied professional services; 381 members. Also runs the Debt Buyers and Sellers Group for companies that buy and sell debts or act as intermediaries in the sale process ([www.csa-uk.com/](http://www.csa-uk.com/))

**Debt Advice Foundation**

UK debt advice and education charity that offers free and confidential advice ([www.debtadvicefoundation.org](http://www.debtadvicefoundation.org))

**Debt Advice NI**

Provides free, confidential and impartial debt and money advice services across Northern Ireland; funded by DETINI; managed and coordinated by Advice NI ([www.debtaction-ni.net/](http://www.debtaction-ni.net/))

### **Debt Arrangement Scheme**

Statutory scheme in Scotland administered by the Accountant in Bankruptcy, which helps debtors pay back money owed to creditors over an extended period of time ([www.dasscotland.gov.uk](http://www.dasscotland.gov.uk))

### **Debt Managers Standards Association (DEMSA)**

Represents debt management companies; 21 members; operates a Code of Practice approved by the Trading Standards Institute ([www.demsa.co.uk](http://www.demsa.co.uk))

### **Debt Resolution Forum**

Represents members that offer a range of debt solutions; 25 members ([www.debtresolutionforum.org.uk/](http://www.debtresolutionforum.org.uk/))

### **Debt Support Trust**

UK debt advice charity, providing debt advice and support for people struggling to manage their debts ([www.debtsupporttrust.org.uk](http://www.debtsupporttrust.org.uk))

### **Demos**

A think tank ([www.demos.co.uk](http://www.demos.co.uk))

Demos, *Looking beyond the financial impact of debt ... the borrowers*, March 2014

### **Department for Business, Innovation and Skills (BIS)**

Currently working on a report on *Credit, debt and financial difficulty 2013*

Department for Business, Innovation and Skills, *Credit, debt and financial difficulty in Britain 2012: a report using data from the YouGov DebtTrack survey*, June 2013

Department for Business, Innovation and Skills, *Over-indebtedness in Britain: first follow-up report*, March 2010

Department for Business, Innovation and Skills, *Over-indebtedness in Britain: second follow-up report*, March 2010

### **Department for Communities and Local Government (DCLG)**

Responsible for policy on preventing repossessions and on the mortgage rescue scheme; has overall responsibility for (England-only) mortgage rescue scheme ([www.gov.uk/government/organisations/department-for-communities-and-local-government](http://www.gov.uk/government/organisations/department-for-communities-and-local-government))

### **Department for Education**

Responsible for education and children's services in England; financial education will be taught as part of the national curriculum in all maintained secondary schools in England from September 2014 ([www.gov.uk/government/organisations/department-for-education](http://www.gov.uk/government/organisations/department-for-education))

### **Department for Social Development (NI)**

As part of the Housing Strategy Action Plan, published July 2013, made a commitment to gather information, establish a working group and engage with stakeholders

during 2013/14 on the issue of repossessions and negative equity and to identify ways to prevent its impact on local families ([www.dsdni.gov.uk](http://www.dsdni.gov.uk))

### **Department for Work and Pensions (DWP)**

Responsible for welfare and pensions policy, including tackling the root causes of poverty ([www.gov.uk/government/organisations/department-for-work-pensions](http://www.gov.uk/government/organisations/department-for-work-pensions))

Its Debt Management team recovers social security benefit that has been overpaid; and can make benefit debt deductions – ‘Direct Earnings Attachment’ (DEA) deductions – from an employee’s pay

Providing budgeting support for people moving over to universal credit

Trying to double the number of people (currently 1 million) using credit unions within five years: helping credit unions to modernise by putting more services online so they are able to serve more people

Department for Work and Pensions, *An evidence review of the drivers of child poverty for families in poverty now and for poor children growing up to be poor adults*, January 2014

### **Department of Enterprise, Trade and Industry Northern Ireland/AdviceNI (aka DebtactionNI)**

Produces quarterly reports on levels of indebtedness, types of debt, remedies used by clients, time spent on cases etc

#### ***Department of Enterprise, Trade and Industry Northern Ireland***

Has commissioned KPMG to produce a report into debt advice in Northern Ireland ([www.detini.gov.uk/](http://www.detini.gov.uk/))

### **Department of Health**

Currently looking at the relationship between debt and mental health

([www.gov.uk/government/organisations/department-of-health](http://www.gov.uk/government/organisations/department-of-health))

**Department of Trade and Industry**, *Over-indebtedness in Britain, a DTI report on the MORI Financial Services survey, 2004*, June 2005

**Downs C and Woolrych R** (Lancaster University), *Gambling and debt: the hidden impacts on family and work life* [in *Community, Work & Family*, Vol 13 No 3], August 2010

### **EAGA Charitable Trust**

An independent grant-giving trust that currently supports projects and research that contribute to combating fuel poverty and ensuring that energy services are fair and accessible to all groups in society ([www.eagacharitabletrust.org/](http://www.eagacharitabletrust.org/))

### **Energy Ombudsman**

Statutory body; resolves disputes between energy companies and consumers (and small businesses) ([www.ombudsman-services.org/energy](http://www.ombudsman-services.org/energy))

## **Energy UK**

Represents the energy industry; over 80 members ([www.energy-uk.org.uk](http://www.energy-uk.org.uk))

## **Eurofound**

The European Foundation for the Improvement of Living and Working Conditions is an agency of the EU, providing knowledge in the area of social and work-related policies (<https://eurofound.europa.eu/>)

Eurofound, *Household over-indebtedness in the EU: the role of informal debts*, November 2013

Eurofound, *Household debt advisory services in the European Union*, March 2012

## **European Banking Authority**

A regulatory agency of the EU

During 2014/15, considering how it might fulfil its mandate to review and coordinate financial literacy and education initiatives by national authorities. Until initiatives are decided upon, will consider measures as part of its work on product oversight and governance

European Banking Authority, *EBA consumer trends report 2014*, February 2014

European Banking Authority, *Opinion of the European Banking Authority on good practices for responsible mortgage lending*, June 2013

European Banking Authority, *Opinion of the European Banking Authority on good practices for the treatment of borrowers in mortgage payment difficulties*, June 2013

European Banking Authority, *Report on consumer trends: supervisory concerns regarding consumer protection issues in 2012/13*, March 2013

**European Central Bank**, *The Eurosystem household finance and consumption survey: results from the first wave*, April 2013

European Central Bank, *Mortgage indebtedness and household financial distress*, February 2010

## **European Commission**

**The Directorate-General for Health and Consumers**, DG Sanco

([http://ec.europa.eu/dgs/health\\_consumer](http://ec.europa.eu/dgs/health_consumer))

Currently looking at indebtedness, including the social impact of overindebtedness; reporting summer 2014

Currently mapping and identifying consumer vulnerability in key markets (energy market, online environment/telecommunication and financial services)

**The Directorate-General for Employment, Social Affairs and Inclusion**

(<http://ec.europa.eu/social/home.jsp?langId=en>)

Ten-year programme to 2020 to tackle poverty and social exclusion, including action to improve access to basic banking accounts

**The Directorate-General for the Internal Market and Services**, DG Markt

([http://ec.europa.eu/dgs/internal\\_market/index\\_en.htm](http://ec.europa.eu/dgs/internal_market/index_en.htm))

Remit includes financial services

European Commission, *The new European consumer agenda – boosting confidence and growth by putting consumers at the heart of the Single Market*, May 2012

European Commission (DG Sanco and DG Markt), *Commission services working document: consultation on bank accounts*, March 2012

### **European Consumer Debt Network (ECDN)**

A network of debt advice services, educational organisations, consumer agencies and research institutes (<http://a1.ecdn.eu/ecdn/2014/>)

### **European Credit Research Institute (ECRI)**

An independent, non-profit research institute, which is part of the Centre for European Policy Studies ([www.ecri.eu](http://www.ecri.eu))

Has a Taskforce on the Future of Credit and Retail Financial Services in the European Union, linked to the 2014–19 European Commission’s agenda for retail financial services (in particular, consumer credit and payment systems); due to report late 2014

European Credit Research Institute, *ECRI Statistics: European household credit markets continue to fall*, August 2013

European Credit Research Institute, *Household debt and the European crisis*, June 2013

### **European Economic and Social Committee**

A consultative body of the European Union ([www.eesc.europa.eu](http://www.eesc.europa.eu))

European Economic and Social Committee, *Consumer protection and appropriate treatment of over-indebtedness to prevent social exclusion (exploratory opinion)*, April 2014

European Economic and Social Committee, *Financial education and responsible consumption of financial products*, July 2011

### **European Financial Inclusion Network (EFIN)**

A network of financial institutions, public institutions, government representatives, NGOs, trade unions and consumer organisations ([www.fininc.eu](http://www.fininc.eu))

Its Payment Services and Basic Bank Service Working Group is supporting the EU’s introduction of a range of legal and practical measures to ensure universal consumer access to a payment account. Will carry out research across 13 EU member states in order to measure the effectiveness and impact of the initiatives and to make effective recommendations

Its Financial Education Working Group is providing recommendations to the EU on further financial education support, both in terms of formal and informal education. Identifying the best practices and gaps in practices at EU and national level.

Developing an approach to measure the effectiveness and impact of financial education programmes delivered in the EU

European Financial Inclusion Network, *Financial inclusion priorities in Europe*, May 2012



## **European Observatory on the Social Situation, Demography and the Family**

A network of independent experts supporting the work of the European Commission European Observatory on the Social Situation, Demography and the Family (for European Commission's DG Empl), *Research Note 4/2010. Over-indebtedness – new evidence from the EU-SILC special module*, November 2010

**Federal Trade Commission (US)**, *Life of a debt: data integrity in debt collection – FTC roundtable opening remarks*, June 2013

Federal Trade Commission (US), *Repairing a broken system: protecting consumers in debt collection litigation and arbitration*, July 2010

## **Finance and Leasing Association (FLA)**

Represents the asset, consumer and motor finance sectors in the UK ([www.fla.org.uk](http://www.fla.org.uk))

## **Financial Conduct Authority (FCA)**

Regulates the financial services industry and the consumer credit market in the UK ([www.fca.org.uk](http://www.fca.org.uk))

Reviewing financial promotions across the consumer credit market to ensure they are not misleading, unclear or unfair (2014/15)

Putting all consumer credit firms through the FCA's authorisation process, initially prioritising high-risk sectors such as logbook loans, payday loans and debt management

Conducting a market study that will assess whether competition is effective and whether consumers have access to credit cards that are affordable and deliver good value for money

Assessing the quality and suitability of advice provided by debt management firms

Looking at the suitability and/or incentive structures of debt management firms, including the use of lead generators, to understand how this affects consumers

Carrying out thematic work into high-cost short-term credit (including payday loans and logbook loans); arrears management processes of high-cost short-term credit firms and fair treatment of customers

Designing a cap on the total cost of high-cost short-term credit, to come into effect on 2 January 2015. Research covers all consumers who have used, or sought, such credit products, including those who are overindebted.

Looking at mortgage arrears and forbearance practices

Reviewing governance of mortgage lending, risk management and strategies of firms with recent risk appetite changes across a sample of lenders

Looking at fairness in changes to mortgage contract terms

Carrying out a post-implementation review of the mortgage market review (MMR); reviewing, for example, how firms are implementing the new affordability rules, what advice they give and how they may be finding ways to avoid the rules



Looking at a sample of smaller firms to determine if consumers are being treated fairly in line with FCA guidance on maturity of interest-only mortgages published in 2013

Considering new policy rules that build on the Government's agreed measures with industry, for example opt-outs and text alerts

Including indebtedness and vulnerability in its proactive supervision of the sector, for example prioritising visits to firms providing high-risk products

Financial Conduct Authority, [Press notice on 'Debt management firms must raise their game'](#), 22 September 2014

Financial Conduct Authority, [Press notice on proposing a cap for payday lending](#), 15 July 2014

Financial Conduct Authority, [Press notice on tougher rules for payday lenders taking effect](#), 1 July 2014

Financial Conduct Authority, [FCA Consumer Credit Research: Payday Loans, Logbook Loans and Debt Management Services – ESRO 2014](#), June 2014

Financial Conduct Authority, [Consumer credit and consumers in vulnerable circumstances](#), April 2014

Financial Conduct Authority, [FCA risk outlook 2014](#), March 2014

### **Financial Inclusion Taskforce**

Government taskforce, which produced a programme of work on access to financial services, in particular transactional banking, savings, insurance, affordable credit, and access to debt advice

([http://collections.europarchive.org/tna/20110406080917/http://www.hm-treasury.gov.uk/fin\\_consumer\\_fininclusion.htm](http://collections.europarchive.org/tna/20110406080917/http://www.hm-treasury.gov.uk/fin_consumer_fininclusion.htm))

Financial Inclusion Taskforce, [Banking services and poorer households](#), December 2010

### **Financial Ombudsman Service**

Statutory body; advises and can make decisions on consumer complaints about financial products including mortgages, credit cards and store cards, loans and credit, payday lending and debt collecting, hire purchase and pawnbroking, and financial advice ([www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk))

Financial Ombudsman Service, [Annual review 2013/14](#), May 2014

### **Financial Services Consumer Panel (FSCP)**

Independent statutory body, set up to represent the interests of consumers in the development of policy for the regulation of financial services ([www.fs-cp.org.uk](http://www.fs-cp.org.uk))

### **FinCris**

Project running from 2012 to 2015, based at the University of Warwick, which is looking at the ethical issues raised by the financial crisis, including the ethical aspects of different forms of lending to people on low incomes (<http://fincris.net>)

### **Friends Provident Foundation**

An independent grant-making charity, which focuses on the role of money and financial systems, especially the impact of economic systems on the most vulnerable consumers. Its 2009 to 2012 programme focused on financial inclusion ([www.friendsprovidentfoundation.org/](http://www.friendsprovidentfoundation.org/))

### **Future of Debt Management Industry Working Group**

A group co-facilitated by Nationwide Building Society and Step Change Debt Charity, looking at the future of debt management, including consumer awareness and engagement (ongoing since 2013)

**Gathergood J** (Nottingham University's Centre for Finance and Credit Markets), *Self-control, financial literacy and consumer over-indebtedness* [in *Journal of Economic Psychology*, Vol 33 Issue 3], June 2012

**Gathergood J** (University of Nottingham, for the Money Advice Trust), *Demand, capacity and need for debt advice in the United Kingdom*, March 2011

### **GfK NOP Social Research**

A market research agency ([www.gfk.com/](http://www.gfk.com/))  
GfK NOP Social Research (for HM Treasury), *Research on budgeting behaviour and the scope for a budget account*, September 2010

### **Glasgow Caledonian University's Scottish Poverty Information Unit**

Past and current research on poverty issues, including past work on debt ([www.gcu.ac.uk/research/researchcentres/scottishpovertyinformationunit/](http://www.gcu.ac.uk/research/researchcentres/scottishpovertyinformationunit/))

**HM Government**, *A better deal for consumers: delivering real help now and change for the future* [white paper], July 2009

### **HM Revenue and Customs (HMRC)**

Recovers underpaid tax, overpaid tax credits and student loan repayments; can change a person's tax code to collect money owed ([www.hmrc.gov.uk](http://www.hmrc.gov.uk))

### **Home and Communities Agency**

Manages the Mortgage Rescue Scheme in England; supports vulnerable homeowners at risk of repossession with 'mortgage to rent' and 'equity loan' options ([www.homeandcommunities.co.uk](http://www.homeandcommunities.co.uk))

### **Housing Rights Service**

Helps people in Northern Ireland with housing problems; operates a Mortgage Debt Advice Service (funded by the Department for Social Development); runs the Tenant Debt Advice Service (whereby landlords can refer tenants to professional advice) ([www.housingrights.org.uk](http://www.housingrights.org.uk))

### **IFF Research**

A market research agency ([www.iffresearch.com](http://www.iffresearch.com))

IFF Research (for Money Advice Service), *Research Report – User Needs from Debt Advice: Individual and Stakeholder Views*, February 2012

### **National Trading Standards Illegal Money Lending Teams**

Trading Standards project set up to prosecute loan sharks and help their victims; covers and investigates illegal money lenders across the whole of England, Wales and Scotland ([www.birmingham.gov.uk/stoploansharks](http://www.birmingham.gov.uk/stoploansharks), [www.tradingstandardswales.org.uk/moneylending/](http://www.tradingstandardswales.org.uk/moneylending/))

### **Information Commissioner's Office (ICO)**

Regulates the Data Protection Act 1998 and Privacy and Electronic Communications Regulations 2003 (among other legislation). The ICO enforces against those organisations which conduct direct marketing in breach of the Data Protection Act and Privacy and Electronic Communications Regulations, including those marketing debt-related products. The ICO is also leading on multi-agency work focusing on the trading and sharing of personal data and lead generation (<http://ico.org.uk/>)

### **Insolvency Practitioners Association**

Represents and, under the Insolvency Act 1986, authorises insolvency practitioners (who deal with bankruptcies, individual voluntary arrangements and, in Scotland, trust deeds) ([www.insolvency-practitioners.org.uk](http://www.insolvency-practitioners.org.uk))

### **Insolvency Service**

Administers compulsory company liquidations, personal bankruptcies and debt relief orders. An executive agency of BIS, which authorises and regulates the insolvency profession ([www.gov.uk/government/organisations/insolvency-service](http://www.gov.uk/government/organisations/insolvency-service))

**Institute for Financial Services** (Germany), *Over-indebtedness Report 2011: Over-indebtedness in Germany*, September 2011

### **Institute for Public Policy Research (IPPR)**

A think tank ([www.ippr.org](http://www.ippr.org))

Institute for Public Policy Research – North

Conducting research to develop a data set to understand better the profile of people accessing payday loans; explore national and international examples that could be applied to the UK context; and develop ideas that would enable a different institutional and policy landscape for affordable credit

Institute for Public Policy Research, *Jumping the shark: building institutions to spread access to affordable credit*, April 2014

Institute for Public Policy Research, *Strength against shocks: low-income families and debt*, February 2010

### **Institute of Credit Management (ICM)**

Europe's largest association for the credit management profession; accredited by OfQual ([www.icm.org.uk/](http://www.icm.org.uk/))

### **Institute of Money Advisers (IMA)**

Acting for money advisers in England, Wales and Northern Ireland; 1,700 individual members; and offers the Certificate in Money Advice Practice, a qualification developed in 2009 by the IMA in partnership with Staffordshire University as an accreditation qualification for free sector money advisers ([www.i-m-a.org.uk/](http://www.i-m-a.org.uk/))

### **International Longevity Centre UK**

Independent think tank and charity dedicated to addressing issues of longevity, ageing and population change

International Longevity Centre UK/University of Bristol's Personal Finance Research Centre, *Financial wellbeing in later life. Evidence and policy*, March 2014

International Longevity Centre UK/University of Bristol's Personal Finance Research Centre, *Demystifying non-mortgage borrowing in older age: a longitudinal approach*, December 2013

International Longevity Centre UK/University of Bristol's Personal Finance Research Centre, *The mortgage debt of older households and the effect of age*, September 2013

**International Monetary Fund**, *Growth outlook* (Chapter 3 'Dealing with household debt'), April 2012

### **Jigsaw Research**

A research consultancy ([www.jigsaw-research.co.uk](http://www.jigsaw-research.co.uk))

Jigsaw Research (for Financial Conduct Authority), *Consumer credit qualitative research: credit cards and unauthorised overdrafts*, April 2014

### **Joseph Rowntree Foundation**

Funds and supports a programme of research and development project, seeking to understand the root causes of social problems such as poverty ([www.jrf.org.uk](http://www.jrf.org.uk))

### **KPMG**

A company providing audit, tax and advisory services ([www.kpmg.com](http://www.kpmg.com))

KPMG (for Department of Enterprise, Trade and Industry Northern Ireland), *Research project to examine future debt advice provision in Northern Ireland: final report*, September 2010

### **Lancaster University's Department of Management Learning and Leadership (DMLL)**

Research interest in gambling and debt

([www.lancaster.ac.uk/lums/people/all/carolyn-downs/](http://www.lancaster.ac.uk/lums/people/all/carolyn-downs/))

### **Law Centres Network**

Law Centres offer legal advice, casework and representation to individuals and groups and help build capacity within local communities by training and supporting local groups and educating people about the law and their rights. All Law Centres are independent and operate on a not-for-profit basis. They are also accountable to their communities, with local people acting on their management committees ([www.lawcentres.org.uk/](http://www.lawcentres.org.uk/))

### **Lending Standards Board**

Ensures that banks and building societies comply with the lending codes, and also interprets and develops the codes ([www.lendingstandardsboard.org.uk](http://www.lendingstandardsboard.org.uk))

Pre-arrears work/early identification of consumers who may fall into financial difficulty (Q2 2014/15)

Planning work on vulnerable consumers (2014)

Lending Standards Board, *Themed review of subscribers' handling of customers in financial difficulties*, August 2014

Lending Standards Board, *Themed review of the treatment of customers in financial difficulties*, April 2013

### **Liverpool John Moores University's Research Unit for Financial Inclusion (RUF)**

Past and current research on credit unions, debt advice and financial services for people on low incomes ([www.ljmu.ac.uk/EHC/financialinclusion/index.htm](http://www.ljmu.ac.uk/EHC/financialinclusion/index.htm))

Liverpool John Moores University (for Blackfriars Advice Centre, Southwark Credit Union, Twinpier Debt Management Agency, and Friends Provident Foundation), *Linking credit unions and money advice*, May 2008

### **Local organisations**

There are likely to be a large number of smaller organisations operating at a local level that offer help with problem debt issues. We have not attempted to identify all of these but note that there are examples of local community organisations that offer free debt advice and support, such as Toynbee Hall in Tower Hamlets

### **London Economics**

A research consultancy (<http://londoneconomics.co.uk>)

London Economics (for European Commission's DG Markt), *Study on means to protect consumers in financial difficulty: personal bankruptcy, 'datio in solutum' of mortgages, and restrictions on debt collection abusive practices*, December 2012

London Economics (for Money Advice Service), *Audit of the supply of debt advice services across the UK: final report*, December 2012

London Economics (for Money Advice Service), *Debt advice in the UK*, February 2012

London Economics (for Money Advice Service), *Funding debt advice in the UK – A proposed model*, December 2011

### **Loughborough University's Centre for Research in Social Policy (CRSP)**

Past and current research on poverty issues ([www.lboro.ac.uk/research/crsp/](http://www.lboro.ac.uk/research/crsp/))  
Loughborough University's Centre for Research in Social Policy (for Money Advice Trust and Lloyds Banking Group), *Sustaining debt repayments: experiences of people in informal repayment arrangements*, November 2012

### **Manchester Metropolitan University's Research Institute for Health and Social Change (RIHSC)**

Past research on the link between gambling and debt ([www.rihsc.mmu.ac.uk/](http://www.rihsc.mmu.ac.uk/))  
Manchester Metropolitan University's Research Institute for Health and Social Change (for GamCare and Money Advice Trust), *Gambling and debt pathfinder study*, October 2009

**Mani A, Mullainathan S, Shafir E and Zhao J**, *Poverty impedes cognitive function* [in *Science*, 341], August 2013

### **MIND**

Provides help and support to anyone experiencing a mental health problem, and campaigns to improve services, awareness and understanding. Its website notes the connection between debt and mental health, and it has produced reports on the subject ([www.mind.org.uk](http://www.mind.org.uk))

MIND, *Still in the red – update on debt and mental health*, 2012

**Ministry of Justice**, *Transforming bailiff action: How we will provide more protection against aggressive bailiffs and encourage more flexibility in bailiff collections – a consultation*, February 2012

### **Mintel**

A market research company ([www.mintel.com](http://www.mintel.com))

Mintel, *Consumer attitudes towards debt – UK*, July 2014

### **Money Advice Liaison Group**

A discussion forum, membership drawn from a range of voluntary agencies, private organisations and public sector bodies, all of which have an interest in personal credit and debt. Aims to promote communication, best practice, understanding and professionalism among organisations concerned with consumer credit and debt, debt advice, debt collection and related matters ([www.malg.org.uk](http://www.malg.org.uk))

Its Mental Health Working Party has produced various documents, eg *Good Practice Awareness Guidelines for Consumers with Mental Health Problems and Debt* (2009) and *Debt & Mental Health Evidence Form* (2012)

### **Money Advice Scotland**

Charity and umbrella membership organisation that promotes the development of free, independent, impartial and confidential debt advice in Scotland ([www.moneyadvicescotland.org.uk](http://www.moneyadvicescotland.org.uk))

Will be hosting a series of Debtor Support Group meetings in Scotland – an open forum for participants to speak about their problems (2014)

### **Money Advice Service**

UK statutory body responsible for: improving the public's understanding and knowledge of financial matters, enhancing individuals' ability to manage their own financial affairs, and working with partners to improve the availability, quality and consistency of debt advice across the UK. It gives free and independent money advice online and is the single largest funder of debt advice in the UK. Funded by a levy on the financial services industry (raised through the FCA)

(<http://moneyadvice.org.uk>)

Money Advice Service, *Achieving consistent and high quality debt advice*, December 2013

Money Advice Service, *Indebted lives: the complexities of life in debt*, November 2013

Money Advice Service, *The financial capability of the UK*, November 2013

Money Advice Service, *Debt advice services in the UK*, September 2013

Money Advice Service, *A better deal for everyone: A new approach to debt advice from the Money Advice Service*, February 2012

### **Money Advice Training Resources Information and Consultancy Services (MATRICS)**

Scottish Government-funded project involving Citizens Advice Scotland and Money Advice Scotland, which provides consultancy services for money advisers and develops training – aims to improve adviser skills and the quality of advice given

### **Money Advice Trust**

Charity formed to increase the quality and availability of free, independent money advice to people in the UK with debt problems; funded by a partnership of industry and government. Supports advisers by providing training and support to free-to-client debt advisers through its 'Wiser Adviser' programme. Runs National Debtline and Business Debtline ([www.moneyadvice.org.uk](http://www.moneyadvice.org.uk))

Money Advice Trust, *Changing household budgets: supporting the UK's economic recovery*, June 2014

Money Advice Trust and Personal Finance Research Centre, *Understanding financial difficulty – Exploring the opportunities for early intervention*, November 2011

Money Advice Trust, *Facing the squeeze*, October 2011

Money Advice Trust and The Royal College of Psychiatrists, *Debt collection and mental health: The evidence report*, January 2011

### **National Association of Student Money Advisers (NASMA)**

UK charity working to relieve the poverty of students through the provision of advice, information and training ([www.nasma.org.uk](http://www.nasma.org.uk))



**National Audit Office**, *Office of Fair Trading: regulating consumer credit*, December 2012

National Audit Office, *Business, Innovation and Skills: helping over-indebted consumers*, February 2010

### **National Debtline**

A free, confidential debt advice service for people in England, Wales and Scotland, run by the Money Advice Trust ([www.nationaldebtline.org](http://www.nationaldebtline.org))

### **National Pawnbrokers Association**

Represents about 900 pawnbrokers in the UK ([www.thenpa.com](http://www.thenpa.com))

### **Northern Housing Consortium**

Represents the views of social housing providers in the North of England; its members are responsible for two-thirds of the social housing in the North; has a 'real life reform' project that, among other things, considers households' experiences of debt ([www.northern-consortium.org.uk](http://www.northern-consortium.org.uk))

**Northern Ireland Council for Voluntary Action's Centre for Economic Empowerment/Advice NI**, *Expensive lending in Northern Ireland: a discussion paper*, May 2013

### **Northern Ireland Insolvency Service**

Deals with insolvency matters in Northern Ireland ([www.detini.gov.uk/deti-insolvency-index](http://www.detini.gov.uk/deti-insolvency-index))

### **Ofcom**

Regulates UK communications industries ([www.ofcom.org.uk](http://www.ofcom.org.uk))

Has gathered information on debt and disconnection from main communications providers: how many customers had significant debt (ie more than one month in arrears) on their account in each of the last four years, what proportion of customer base this represented, what was average level of debt in each of these four years, and what was the distribution of the debt

Conducting further research into the affordability of essential telecoms services, which includes a work strand on debt (due to report summer/early autumn 2014)

Ofcom, *Cost and value of communications services in the UK*, January 2014

Ofcom, *Telecom debt omnibus: omnibus carried out by ICM Research*, August 2013

### **Office of Fair Trading**

Office of Fair Trading, *Payday lending compliance review: final report*, March 2013

Office of Fair Trading, *Debt management (and credit repair services) guidance*, March 2012

Office of Fair Trading, *Markets and households on low incomes: Europe Economics and New Policy Institute*, September 2010



Office of Fair Trading, *Debt management guidance compliance review*, September 2010

Office of Fair Trading, *Review of high-cost credit: final report*, June 2010

Office of Fair Trading, *Personal current accounts in the UK: unarranged overdrafts*, March 2010

### **Ofgem**

Regulates gas and electricity industries in Great Britain ([www.ofgem.gov.uk](http://www.ofgem.gov.uk))

Ofgem, *Consumer vulnerability strategy*, July 2013

Ofgem and Citizens Advice, *Energy best Deal, 2013*

Ofgem/Consumer Focus, *Review of suppliers' approaches to debt management and prevention*, June 2010

Ofgem, *Debt and disconnection best practice review*, January 2008

### **Ofwat**

Regulates the water/sewerage industries in England and Wales ([www.ofwat.gov.uk](http://www.ofwat.gov.uk))

Current price review includes consideration of affordability

Assessing affordability of each water company's business plans – ie is the final bill likely to be affordable to their customers (2014/15)

#### **Ofwat/Consumer Futures**

Developing a framework to help companies identify vulnerable customers in the water sectors (2014)

Ofwat, *Dealing with household customers in debt – guidelines* (revised), July 2014

Ofwat, *Addressing affordability and debt workshop notes*, July 2012

### **Optimisa Research**

A research agency ([www.optimisaresearch.com](http://www.optimisaresearch.com))

Optimisa Research (for Money Advice Service), *The Money Advice Service debt advice review 2013/14*, July 2014

Optimisa Research (for Financial Conduct Authority), *Consumer credit research: low income consumers*, April 2014

Optimisa Research (for Money Advice Service), *360 degree evaluation of Money Advice Service funded face-to-face debt advice*, January 2013

### **Organisation for Economic Co-operation and Development**

Maintains a global database on financial education ([www.financial-education.org/gdofe.html](http://www.financial-education.org/gdofe.html))

Its International Network on Financial Education (INFE) serves as a platform to collect data on financial literacy, develop analytical and comparative reports, research, and develop policy instruments ([www.oecd.org](http://www.oecd.org))

Organisation for Economic Co-operation and Development's International Network on Financial Education, *OECD/INFE guidelines for private and not-for-profit stakeholders in financial education*, May 2014

Organisation for Economic Co-operation and Development's International Network on Financial Education/Russia Trust Fund for Financial Literacy and Education, *Evaluating financial education programmes: OECD/INFE stocktake and framework*, June 2013

### **Oxera Consulting Ltd**

An economics consultancy ([www.oxera.com](http://www.oxera.com))

Oxera Consulting Ltd (for APACS, British Bankers' Association, Finance and Leasing Association and Consumer Credit Association), *Are UK households over-indebted?*, April 2004

### **Oxford Brookes University's Business School**

Past and current research on credit rating agencies

(<http://business.brookes.ac.uk/about/staff/profile.asp?id=p0075192>)

**Parliamentary Commission on Banking Standards**, *Changing banking for good: Volume I: summary, and conclusions and recommendations*, June 2013

### **Payplan**

Offers free debt advice for consumers, supported by agencies, unions and members of the credit industry; helps over 100,000 people each year ([www.payplan.com](http://www.payplan.com))

### **Personal Finance Education Group**

Now part of Young Enterprise – see below.

### **PhonePayPlus**

Regulates premium rate (or phone-paid) services in the UK.

### **Policis**

A social and economic research consultancy ([www.policis.com](http://www.policis.com))

Policis (for Money Advice Trust and Friends Provident Foundation), *Clients' perspectives on how they access debt advice – summary report*, May 2012

Policis (for Money Advice Trust and Friends Provident Foundation), *Debt advice channel strategy research. Volumes One and Two*, February 2012

Policis/Liverpool John Moores University's Research Unit for Financial Inclusion (for Friends Provident Foundation), *Credit and low-income consumers: a demand-side perspective on the issues for consumer protection*, November 2011

Policis (for BIS), *Interim evaluation of the national illegal money lending projects – summary*, October 2010

### **Resolution Foundation**

Independent think tank, whose work focuses on the living standards of low- to middle-income groups

Resolution Foundation, *Hangover cure: dealing with the household debt overhang as interest rates rise*, July 2014

Resolution Foundation, *Mortgaged future: modelling household debt affordability and access to refinancing as interest rates rise*, May 2014

Resolution Foundation, *Closer to the edge? Prospects for household debt repayments as interest rates rise*, July 2013

### **Rethink Mental Illness**

With over 200 mental health services and 150 support groups across England, provides expert advice and support to almost 60,000 people a year, including help with debt problems ([www.rethink.org](http://www.rethink.org))

### **Royal College of Psychiatrists**

Since 2006, has run a research and intervention programme addressing the relationship between financial difficulties and mental health ([www.rcpsych.ac.uk](http://www.rcpsych.ac.uk))

Royal College of Psychiatrists, *Debt and mental health: What do we know? What should we do?*, October 2010

### **Save the Children**

An international children's charity which supports both emergency and long-term relief and development projects ([www.savethechildren.org.uk](http://www.savethechildren.org.uk))

Save the Children, *UK poverty rip off: the poverty premium 2010*, January 2011

### **Scope**

Provides free, independent and impartial information and support on the issues that matter to disabled people and their families ([www.scope.org.uk](http://www.scope.org.uk))

Scope, *Disabled people and financial well-being: credit and debt*, July 2013

**Scottish Government/Glasgow Caledonian University's Scottish Poverty Information Unit**, *Tackling financial exclusion and debt: money advice at the crossroads*, April 2010

**Sharifi S (Chartist Research) and Flores GM (Bretton Woods Inc)**, *Options for short-term credit in the United Kingdom*, March 2013

### **StepChange Debt Charity**

Independent debt advice service. Provides a range of solutions and specialist support mainly via telephone but also increasingly online. Formerly the Consumer Credit Counselling Service ([www.stepchange.org](http://www.stepchange.org))

Stepchange, *Press notice on payday loan firms bombarding financially vulnerable customers*, 22 July 2014

Stepchange Debt Charity/The Children's Society, *The debt trap: exposing the impact of problem debt on children*, May 2014

Stepchange Debt Charity, *Statistical yearbook: personal debt 2013*, April 2014

Stepchange Debt Charity, *Life on the edge: towards more resilient family finances*, April 2014

StepChange Debt Charity *What does personal debt look like in the UK?*, January 2014

### **Student Loan Company**

Shares responsibility with HMRC for the repayment of student loans ([www.slc.co.uk](http://www.slc.co.uk))

### **The Centre for Social Justice**

Independent think tank created in 2004 by the Right Honourable Iain Duncan Smith MP

Working on *Breakthrough Britain 2015*, a follow-up to its earlier project (as the Social Justice Policy Group). Has a Serious Debt Working Group to support this work

The Centre for Social Justice, *Restoring the balance: tackling problem debt*, July 2014

The Centre for Social Justice, *Maxed out: serious personal debt in Britain*, November 2013

### **The Children's Society**

A UK-based organisation that assists street children, disabled children, young refugees, and children in trouble with the law ([www.childrenssociety.org.uk](http://www.childrenssociety.org.uk))

The Children's Society, *Press notice on hundreds of thousands of children hit by family debt crisis*, 12 August 2014

### **The Low Commission on the Future of Advice and Legal Support**

An independent commission established, under the chairmanship of Sir Colin Low, to develop a strategy for access to advice and support on social welfare law (including debt) in England and Wales ([www.lowcommission.org.uk](http://www.lowcommission.org.uk))

The Low Commission, *Tackling the advice deficit: a strategy for access to advice and legal support on social welfare law in England and Wales*, December 2013

### **The Money Charity**

The UK's financial capability charity, promoting money education and financial literacy; works with all parts of the financial services industry to improve practice and outcomes for their consumers; and seeks to inform and influence policymakers. Formerly called Credit Action (<http://themoneycharity.org.uk>)

### **The Smith Institute**

A think tank ([www.smith-institute.org.uk](http://www.smith-institute.org.uk))

The Smith Institute (for Stepchange Debt Charity), *Tomorrow's borrowers: personal debt by 2025 and the policy response*, November 2013

### **TNS BMRB**

A social research company ([www.tns-bmrb.co.uk](http://www.tns-bmrb.co.uk))

TNS BMRB (for the Financial Conduct Authority), *Consumer research into the HCSTC market: Technical report*, June 2014

TNS BMRB (for the Competition Commission), *Research into the payday lending market: report*, January 2014

### **Toynbee Hall**

Community organisation that offers a range of free advice and support services out of its centre in Tower Hamlets. Its services include debt advice ([www.toynbeehall.org.uk](http://www.toynbeehall.org.uk))

Toynbee Hall, *Listening event for Financial Conduct Authority: report on key issues and recommendations*, June 2013

### **Turn2us**

Charity helping people in financial need to access welfare benefits, charitable grants and other financial help ([www.turn2us.org.uk](http://www.turn2us.org.uk))

### **UK Cards Association (UKCA)**

Represents the card payments industry in the UK; its membership includes all major credit, debit and charge card issuers ([www.theukcardsassociation.org.uk](http://www.theukcardsassociation.org.uk))

### **UK Regulators Network**

An initiative of the nine UK economic regulators (CAA, FCA, Ofcom, Ofgem, Ofwat, ORR, Utility Regulator, Monitor and the Water Industry Commission for Scotland) to improve consistency, deliver efficiency and improve understanding of economic regulation ([www.ukrn.org.uk/](http://www.ukrn.org.uk/))

Current project to develop a clear understanding of the overall affordability of regulated services for consumers ([UK Regulators Network 2014–15 work programme](#)), May 2014

### **University of Birmingham's Centre on Household Assets and Savings Management (CHASM)**

Current research on responsible lending and borrowing; commissioned to produce annual financial inclusion reports to 2017

([www.birmingham.ac.uk/research/activity/social-policy/chasm/about/index.aspx](http://www.birmingham.ac.uk/research/activity/social-policy/chasm/about/index.aspx))

Currently undertaking research (for FinCris) on responsible lending and borrowing, looking particularly at different approaches to providing affordable credit to low-income groups, and exploring the key principles of responsible lending and borrowing and how/why some organisations differ in being 'responsible' lenders

**University of Birmingham's College of Social Services** (for Friends Provident Foundation), *Financial inclusion: annual monitoring report 2013*, July 2013

### **University of Bristol's Personal Finance Research Centre (PFRC)**

Past and current research on debt issues, with a strong focus on credit use and over-indebtedness ([www.bristol.ac.uk/geography/research/pfrc](http://www.bristol.ac.uk/geography/research/pfrc))

With the International Longevity Centre UK (for the Economic and Social Research Council), is looking at the financial dimensions of well-being in older age (including

older people's patterns of spending and borrowing, and their access and use of financial services)

With the Nationwide Foundation and Nationwide Building Society, has a current project on helping vulnerable private sector tenants achieve financial inclusion (including exploring the specific barriers they face in accessing and using financial services)

With the Trades Union Congress, has a current project on 'Hard times: the financial wellbeing of low and middle earners' (seeking to better understand patterns of saving, retirement saving and indebtedness)

University of Bristol's Personal Finance Research Centre (for Joseph Rowntree Foundation), *Poverty, debt and credit: an expert-led review*, March 2014

University of Bristol's Personal Finance Research Centre (for Arrow Global), *Working together: understanding motivations and barriers to engagement in the consumer debt marketplace*, December 2013

University of Bristol's Personal Finance Research Centre (for BIS), *The impact on business and consumers of a cap on the total cost of credit*, March 2013

University of Bristol's Personal Finance Research Centre (for Stepchange Debt Charity), *Working households' experiences of debt problems*, November 2012

University of Bristol's Personal Finance Research Centre and University of Warwick's Institute for Employment Research (for Money Advice Trust and Barclays Bank), *Understanding financial difficulty: exploring the opportunities for early intervention*, October 2011

University of Bristol's Personal Finance Research Centre (for Consumer Focus), *Affordable credit: lessons from overseas*, July 2011

University of Bristol's Personal Finance Research Centre (for National Pawnbrokers Association), *Pawnbroking customers in 2010: a survey*, August 2010

University of Bristol's Personal Finance Research Centre (for Money Advice Trust), *An independent review of the fee-charging debt management industry*, June 2009

University of Bristol's Personal Finance Research Centre/Centre for European Policy Studies/Observatoire de L'Epargne Europeene (for European Commission's DG Empl), *Towards a common operational European definition of over-indebtedness*, February 2008

University of Bristol's Personal Finance Research Centre (for Department of Trade and Industry), *Over-indebtedness in Britain*, September 2002

### **University of Edinburgh's Credit Research Centre (CRC)**

Past and current research on different aspects of the provision of consumer credit, including credit risk modelling ([www.business-school.ed.ac.uk/crc/about](http://www.business-school.ed.ac.uk/crc/about))

Current project looking at survival analysis and stress testing, to predict time to default for borrowers of credit products

### **University of Essex's Institute for Social and Economic Research (ISER)**

Past research on overindebtedness ([www.iser.essex.ac.uk](http://www.iser.essex.ac.uk))

University of Essex's Institute for Social and Economic Research (for Department for Business, Innovation and Skills), *Over indebtedness in Great Britain: an analysis using the wealth and assets survey and household annual debtors survey*, October 2010

### **University of Kent's Law School**

Research interest in credit and insolvency

([www.kent.ac.uk/law/people/academic/Ramsay,\\_Iain.html](http://www.kent.ac.uk/law/people/academic/Ramsay,_Iain.html))

### **University of Leeds' Business School**

Research interest into how people think about using different sources of credit and how their emotions may feed into this process (<https://business.leeds.ac.uk/about-us/faculty-staff/member/profile/simon-mcnair/>)

### **University of Leicester's Centre for Consumers and Essential Services (CCES)**

Research on consumer vulnerability, and on disability and fuel poverty

([www2.le.ac.uk/departments/law/research/cces](http://www2.le.ac.uk/departments/law/research/cces))

University of Leicester's Centre for Consumers and Essential Services (for EAGA Charitable Trust), *The energy penalty: disabled people and fuel poverty*, June 2013

University of Leicester's Centre for Consumers and Essential Services (for EAGA Charitable Trust), *Too many hurdles: information and advice barriers in the energy market*, November 2011

### **University of Nottingham's Centre for Finance, Credit and Macroeconomics (CFCM)**

Past and current research related to indebtedness and financial distress

([www.nottingham.ac.uk/cfcm/index.aspx](http://www.nottingham.ac.uk/cfcm/index.aspx))

Its research programme on household finance focuses on consumer behaviour in credit markets using household and firm-level microdata. Topics addressed include the causes of household indebtedness and default/arrears on debt, financial literacy and the impact of liquidity constraints on household saving behaviour and health

University of Nottingham's Centre for Finance, Credit and Macroeconomics, Nottingham University, *Self-Control, Financial Literacy and the Co-Holding Puzzle*, February 2013

University of Nottingham's Centre for Policy Evaluation (for Department for Business, Enterprise and Regulatory Reform), *Drivers of overindebtedness*, October 2008

### **University of Warwick's Institute for Employment Research (IER)**

2007–14 project on the long-term impact of debt advice on low income households, funded by Friends Provident Foundation

([www2.warwick.ac.uk/fac/soc/ier/research/debt/](http://www2.warwick.ac.uk/fac/soc/ier/research/debt/))



University of Warwick's Institute for Employment Research, *Long-term impact of debt advice on low income households: The year 3 report*, July 2010

### **Utility Regulator Northern Ireland**

Regulates gas, electricity and water/sewerage industries in Northern Ireland ([www.uregni.gov.uk/](http://www.uregni.gov.uk/))

### **Water Industry Commission for Scotland**

Regulates the water/sewerage industries in Scotland ([www.watercommission.co.uk](http://www.watercommission.co.uk))

### **Which?**

Charity arm campaigns on consumer issues; commercial arm provides magazines/books, digital products, Which? Legal Service and the Money Helpline (a free advice service for Which? members) ([www.which.co.uk](http://www.which.co.uk))

Produces quarterly Consumer Reports

Which?, *Credit Britain: making lending work for consumers*, May 2013

Which?, Regional debt divide (at [www.which.co.uk/news/2012/11/north-east-hardest-hit-by-debt-301619/](http://www.which.co.uk/news/2012/11/north-east-hardest-hit-by-debt-301619/)), November 2012

**Xiao JJ, Sorhaindo B and Garman ET**, *Financial behaviours of consumers in credit counselling* [in *International Journal of Consumer Studies*, 29, 2005], July 2005

### **York University/Northern Housing Consortium**

Current project on 'real life reform' (how households participating in the project are coping with welfare reform), began reporting in September 2013 and further reports planned (2014/15) ([www.northern-consortium.org.uk/reallifereform](http://www.northern-consortium.org.uk/reallifereform))

### **Young Enterprise**

A business and enterprise education charity helping young people learn about business and the world of work in classrooms. Programmes range from the age group of 4 to 25 ([www.young-enterprise.org.uk/](http://www.young-enterprise.org.uk/))

### **YouGov**

A market research firm (<https://yougov.co.uk>). Since 2008, has been running Debt Tracker, a quantitative study with a sample of 2,000 respondents, that tracks UK consumer indebtedness and borrowing behaviour on a quarterly basis

YouGov (for Money Advice Service), *The effectiveness of debt advice in the UK: final report*, October 2012

### **Zero-credit**

A not-for-profit co-operative, owned by people with personal experience of borrowing, which trades in research and development about consumer credit ([www.zero-credit.co.uk](http://www.zero-credit.co.uk))

Zero-credit (for Debt Resolution Forum), *2012 Survey: clients' demographics and financial circumstances*, April 2013



Zero-credit (for Debt Resolution Forum), *Debt resolution in the UK: a study into the need for personal debt advice in the UK and the outcomes achieved for clients of fee-charging debt resolution companies*, June 2012