



Cabinet Office

Fairness in government debt management: a call for evidence

This call for evidence begins on 29 June 2020
This call for evidence ends on 21 September 2020

Fairness in government debt management: a call for evidence

A call for evidence produced by the Cabinet Office.
It is also available at <https://www.gov.uk/government/organisations/cabinet-office>

About this call for evidence

To:	Government welcomes evidence from the debt advice sector, private and public sector creditors, debt collection agencies, the voluntary sector and wider society, as well as from members of the public who wish to contribute.
Duration:	From 29 June 2020 to 21 September 2020
Enquiries (including requests for the paper in an alternative format) to:	Call for evidence Cabinet Office Debt Management Function 8-10 Great George St SW1P 3AE Email: debtfunction@cabinetoffice.gov.uk
How to respond:	Please submit your response by 21 September 2020 by using our online tool – https://www.smartsurvey.co.uk/s/Y0H0P/
Additional ways to feed in your evidence:	If you would like to discuss alternatives ways of providing your evidence please use the 'Enquiries' contact details above.
Response paper:	A response to this consultation exercise is due to be published in due course at: https://www.gov.uk/search/policy-papers-and-consultations

Contents

Ministerial Foreword	3
Introduction	5
Background	6
What is debt management?	6
The importance of fairness in debt management	6
Government action on fairness in debt management	7
Fairness in debt management outside government	11
Why the government is issuing this call for evidence	11
How to respond	12
Scope	13
Policy challenges	14
Affordability	14
Communication and preventing recurring debt	15
Vulnerability and financial hardship	17
Disputes	19
Reporting and transparency	20
Fraud and non-compliance	21
Other creditor sectors	22
Contact details and how to respond	23
Complaints or comments	23
Extra copies	23
Publication of response	23
Representative groups	23
Confidentiality	23
Consultation principles	25
Annex 1	26
Glossary	26
Full list of questions	28
References	31

2 Fairness in government debt management Call for evidence

Ministerial Foreword

Nobody relishes paying bills. Yet most people recognise that, as consumers and as citizens, there are few things that come without a price tag attached. There is an obligation to honour the payment of goods and services we receive and benefit from, whether that's paying a business, a local authority or government department.



Most can, and do, pay on time. However, some get into difficulties and end up owing money, this could be further exacerbated by the impact of Covid-19. The government is committed to ensuring that when this happens, they are treated fairly and proportionately in a way that balances a moral and monetary need to recover the debt with a duty to support vulnerable people and those facing financial hardship. We are determined that debt resulting from Covid-19 shouldn't still be harming families years down the line.

That means pursuing and recovering money diverted from vital services - for example as a result of fraud - bringing fairness to those taxpayers who have paid in. But it also means giving the right support to prevent a debt problem becoming a debt crisis and reducing the physical and mental health toll that owing money can bring. This is good for those facing debt problems, good for wider society and can lead to a more positive outcome for creditors.

The government has already made significant progress in making debt management fairer. In 2014, we introduced new rules for enforcement agents; in 2017, we published Fairness Principles for government debt management; in 2019, we created the Money and Pensions Service, which funds free debt advice and provides impartial information on debt. Next year, we will bring in a Breathing Space scheme, providing more time for people in problem debt to resolve their situation.

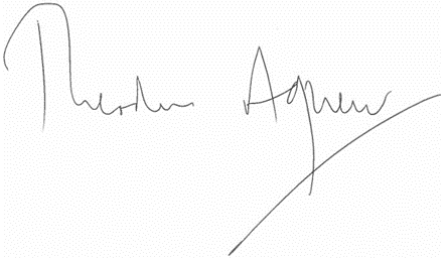
Feedback from the industry and members of the public, alongside the National Audit Office and the Treasury Select Committee, shows there is more we can do. That's why we're launching this call for evidence: to understand the range of views and provide a solid foundation on which to build a fairer approach; an approach that will ensure the best outcome for a public expecting a "new normal" following Covid-19.

We know we can only continue to improve by listening to our partners across the sector. You can help us identify areas where we can do better and learn from industry best practice. We want to proceed by gathering the best available evidence and use it to inform the government's policy.

I would urge all interested parties to respond to this call for evidence. We need your input, data and expertise.

4 Fairness in government debt management Call for evidence

Together, we can build a fair, ethical and compassionate approach to debt management that focuses on getting people out of debt, not on getting debt out of people.

A handwritten signature in black ink, appearing to read "Lord Agnew". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Lord Agnew Kt DL, Minister of State

Introduction

1. The government is committed to ensuring fairness in debt management, which is beneficial for both people and businesses facing problem debt and their creditors. Fair debt management ensures people who are vulnerable or in financial hardship are appropriately supported during the recovery process. For example, through being offered access to free debt advice.
2. Fair debt management lessens the physical and mental impact on individuals struggling to repay what they owe and the pressure on businesses and business owners. It helps reduce the number of people considering suicide as a result of debt, estimated at over 420,000 a year in England¹. Yet it also improves returns to creditors by avoiding the use of aggressive recovery techniques. The National Audit Office (NAO) reported that setting affordable repayment plans saved creditors £82m a year from clients of one debt advice agency².
3. However, fairness balances considerations of vulnerability against the need to recover money owed. It must ensure fairness to those who do pay on time, by taking a proportionate response to those who do not. Government has to have the right tools to identify and enforce against people who are in debt as a result of fraud or who engage in persistent default and serious non-compliance. Their actions harm society and reduce funding for public services.
4. Government has introduced debt management practices regarding fairness and fraud, which we discuss below. But it wants to go further. This includes by responding to the NAO recommendation that cross-government work on debt management has the mandate and levers to prompt better practices³.
5. To do this effectively, government needs to gather relevant evidence. Therefore, this document is calling for evidence on the following:
 - Where and how central and local government organisation debt management practices can be improved.
 - How central and local government organisations can most effectively manage debts stemming from fraudulent activity and serious non-compliance.
6. Where possible, government is asking respondents to include evidence on the effectiveness of policies.
7. Evidence will be used to inform future government policy in this area. However, please note this call for evidence is about the management of debt, not issues you believe may contribute to creating problem debt.

Background

What is debt management?

8. Over-indebtedness, or problem debt, is when someone becomes unable to pay their debts or other household bills⁴. Debt can be owed to the government and to consumer credit lenders⁵, such as high street banks, by individuals and businesses. Debt can also be owed to a range of businesses and service providers, including communication providers and water, gas and electricity suppliers. The NAO estimates there is £18 billion of personal debt currently owed to government, utility companies, landlords and housing associations⁶.
9. Debt management refers to actions taken by creditors to engage with people and businesses who owe them money, including those taken to recover debt. Depending on the creditor, different legal powers are available to recover debt, which may or may not require a court order. For example, the Department for Work and Pensions (DWP) can take debt repayment directly from earnings without a court order. Other creditors can do this only after court proceedings.
10. Many creditors choose not to use legal powers to recover debt and instead arrange to have it repaid in negotiated instalments, either directly with the person in debt or via a third party representing them, most often a regulated debt advice provider⁷. Creditors can employ Debt Collection Agencies (DCAs), while some debt recovery activity can result in the use of enforcement agents (commonly called bailiffs)⁸. In limited circumstances, debt recovery results in an individual losing their home through forced sale or eviction, or extremely rarely their liberty (for non-payment of council tax in England alone)⁹.
11. In many creditor sectors, regulators oversee debt management through setting rules and providing guidance. The Financial Conduct Authority (FCA) regulates the activities of financial services companies, including DCAs, in the United Kingdom (UK). Elsewhere, Ofcom regulates UK communications providers, Ofgem regulates gas and electricity suppliers in Great Britain and Ofwat regulates water suppliers in England and Wales.
12. Alongside regulation, organisations can create trade associations that commonly agree codes of practice. For example, many DCAs are signed up to the Credit Services Association (CSA) code of practice¹⁰.

The importance of fairness in debt management

13. People and businesses who can repay their debt should do so. This includes debts owed to central and local government, which is money owed to the taxpayer and used to fund public services, such as the NHS. Where debt is the result of fraud, the government should consider fast tracking cases to enforcement to minimise the cost of recovery and as a proportionate response to criminality and serious non-compliance.

14. However, aggressive debt recovery can have a detrimental effect on certain individuals and businesses, in particular people who are vulnerable or in financial hardship. It has been estimated that every year in England, 100,000 people in debt attempt suicide¹¹. NAO modelling shows intimidating letters, phone calls or doorstep visits lead to a 15% increase in the probability of debt problems becoming harder to manage, and a 22% increase in the probability of anxiety or depression levels rising¹². If an individual or business does not respond to attempts by a creditor to contact them and understand their circumstances, it can increase the likelihood more aggressive tactics are pursued.
15. Problem debt can also result in significant “downstream effects.” Research on the impact of debt on demand for mental health services and supported housing estimates a £900m annual cost¹³. More than half of employees struggling financially achieve less than they would have liked at work (55%) or work less carefully (53%) as a result of associated emotional problems¹⁴.
16. Yet an approach that is fair to the debtor and their creditor is beneficial to both parties. Research has shown that a debt recovery process that incorporates access to tailored debt advice, additional support and affordable repayment plans, increases returns to creditors by an average of £750 per person¹⁵. Other research has found that when independent debt advice is part of the debt recovery process, the return to creditors can increase by as much as £1,100 per individual¹⁶.

Government action on fairness in debt management

17. The government has introduced policies to help reduce any harm that could be caused by debt management, while ensuring those who can pay, do pay¹⁷.
18. Regulation of consumer credit was transferred from the Office of Fair Trading (OFT) to the FCA in 2014. The FCA incorporated the OFT’s Debt Collection Guidance into its rulebooks and has introduced new guidance and rules to ensure fair practices.
19. In 2014, the Ministry of Justice (MoJ) established new rules providing additional safeguards for people facing enforcement action from enforcement agents¹⁸. The new rules aim to balance providing protection for vulnerable debtors with the need for effective enforcement. The MoJ published the first post-implementation review in April 2018, which found that the reforms had led to many positive changes, including improved transparency and consistency. The review noted, however, that some enforcement agents were still perceived to be acting aggressively¹⁹. The MoJ held a call for evidence which closed last year to inform its second ongoing review of the reforms. As part of this review the MoJ is considering the case for strengthening the regulation of the enforcement agent sector.
20. Since 2015, the Debt Market Integrator (DMI) has supported the government’s debt collection process. The DMI is a joint venture delivered by Indesser²⁰ that allows government departments, Local Authorities and arms-length bodies (ALBs) to access FCA-regulated private sector debt collection agencies. This enables the government to avoid expensive court proceedings.

21. In 2017, the government published the Fairness Principles, which align with the FCA's Principles²¹, as part of the Digital Economy Act code of practice²². These were developed in collaboration with the Fairness Group, a partnership between government and the debt advice and debt collection sectors, and set high-level guidelines for government debt management.
22. In 2019, the government created the Money and Pensions Service (MaPS), which brought together three bodies — the Money Advice Service (MAS), The Pensions Advisory Service (TPAS) and Pension Wise — into a single organisation. MaPS took on responsibility for commissioning the free debt advice sector in England and overseeing the provision of free and impartial information on debt to members of the public²³. The Government had already agreed funding for debt advice in 2020-21 will rise by over 15% from £55.8m last year to £64.6m this year, which will deliver support to over 580,000 people with free debt advice sessions in England alone. As recently announced, an extra £37.8m support package will also be available to debt advice providers this year (2020-21) so they can continue to provide essential services to help more people who are struggling with their finances due to Covid-19.
23. To further support individuals in problem debt, the government will deliver a new Breathing Space scheme. Breathing Space will provide people in problem debt with a 60-day period where interests and charges on their debts are frozen and enforcement action from creditors is paused. To ensure that the scheme works for everyone, people receiving treatment for a mental health crisis will be able to enter Breathing Space without seeking advice from a debt adviser. They will be able to remain in the scheme for the entirety of their crisis treatment followed by a further 30 days. Subsequently they will retain the right to access to the main 60-day Breathing Space. The protections from Breathing Space will encourage people in problem debt to seek professional debt advice earlier and give them the headspace to identify the right debt solution.
24. The Ministry of Housing, Communities & Local Government (MHCLG) has committed to updating its guidance to councils on the collection and enforcement of council tax. It has been working with councils on identifying the wide range of best practice around the country. This will highlight the different ways councils can ensure that they maintain high levels of collection, whilst ensuring that they adopt fair, effective and proportionate approaches when collecting outstanding council tax debt.
25. The government is currently considering responses to a consultation on sanctions for TV licence fee evasion. This consultation looked at whether a criminal sanction remains appropriate, given ongoing concerns that the criminal sanction is unfair and disproportionate²⁴.
26. Within the government, many departments have considered their approaches to debt management. HMRC offers Time to Pay (TTP) arrangements²⁵, allowing individuals to repay arrears in affordable instalments. In addition, the department has a Needs Extra Support team that assists potentially vulnerable people²⁶.

Case study: HMRC approach to debt management

HMRC, through its Debt Management directorate, recovers a range of personal and business debts related to tax and tax credits. If the individual or business in debt is in financial difficulty or has experienced a change of circumstances they should contact HMRC. They may be able to arrange a time to pay instalment arrangement if they cannot pay in full.

Where Debt Management agrees that payment can be made after the due date this is known as Time to Pay (TTP). To access TTP, a HMRC customer must meet certain conditions:

- They must have the means to make the agreed payments.
- They must have the means to pay other tax liabilities that become due during the TTP period.
- The TTP period must be as short as possible.

TTP arrangements are tailored to the ability of the customer to pay and are typically for a few months although they can be as long as the customer needs. TTP arrangements are generally longer for tax credit customers due to the nature of the debts.

Where a TTP is not arranged, Debt Management can take a number of actions to recover debt. These include:

- Recovery through earnings or pension.
- Using debt collection agencies through the DMI.
- Taking money directly from a bank or building society account.
- Using enforcement powers to take control of goods and sell them.
- Initiating court action, applying to make an individual bankrupt or closing down a company.

HMRC Debt Management can adjust its approach if it identifies an individual is vulnerable. The Direct Recovery of Debt (DRD) guidance flags indicators of vulnerability, such as a long term health condition or domestic or physical abuse²⁷.

If somebody is identified as potentially vulnerable they are referred to specialist help within HMRC, the Extra Support service. This provides additional telephone support with advisers who have the time, skills and knowledge to handle customers' enquiries at a pace that suits them. HMRC will also signpost to free debt advice providers where appropriate.

27. The DWP has built the identification of financial difficulty and vulnerability into its standard debt collection operating model. The department arranges personalised sustainable repayment plans and refers customers to providers of specialised advice and guidance. It can offer breaks in debt repayments, or reduce repayment rates for individuals experiencing hardship.

Case study: DWP approach to debt management

The DWP recovers a number of debts, including benefits overpayments, social fund loans and Universal Credit advances. It has a set of customer service standards that guide how it deals with debt recovery. These standards aim to ensure the right treatment of individuals in debt, including that support can be accessed easily and within a reasonable timeframe.

Depending on the debt, the DWP can recover money in different ways. For example, legislation allows for the recovery of overpayments by automatic deductions from most benefits²⁸. The deduction can be made from a different benefit to the one originally overpaid, however the allowable recovery rate changes according to the benefit recovered from. There are maximum rates of deduction and if the benefit claimant is struggling to repay, the rate of deduction can be reduced.

Other recovery routes the DWP will take, if the customer is not in receipt of benefit, include:

- Voluntary repayments.
- Direct Earnings Attachment, where the amount of deduction is determined by the level of the person in debt's earnings²⁹.
- Referral to a debt collection agency, through the DMI, who will engage with the individual to agree a voluntary repayment plan.
- Court action.

In legacy benefits where a claimant does not agree with an overpayment decision they can request a mandatory reconsideration. A mandatory reconsideration of the decision happens before any appeal and allows the DWP an opportunity to resolve disputes at an early stage³⁰. However, in Universal Credit all overpayments are recoverable under legislation and the customer can only ask for a mandatory reconsideration for the amount of the overpayment, not the recoverability.

During the recovery process, the DWP will identify people who may be vulnerable or in financial hardship. It defines vulnerability as, 'an individual who is identified as having complex needs and / or requires additional support to enable them to access DWP benefits and use our services'. If an individual is defined as vulnerable or in financial hardship there are a number of ways the DWP can respond. These include the temporary suspension of recovery, reduction in recovery rate or in exceptional cases waiver / write-off of the debt.

Fairness in debt management outside government

28. Debt management practices have been changing across many sectors. This is often led by regulators refining views about potential vulnerability and the changing demographic of those in debt. The government is keen to understand where best practice can inform its approach across sectors, bearing in mind different contexts and the ability of regulators to enforce rules.
29. The FCA Principles provide a framework for financial services firms recovering debt, for example requiring authorised firms to ‘treat customers fairly’. Alongside the Principles, the regulator issues firms with detailed guidance and rules, for example in its Consumer Credit Sourcebook (CONC)³¹. The guidance and rules, supported by a supervisory regime, set out the FCA’s expectations about how firms should manage debt. This includes on affordability, communications, treatment of vulnerable customers, dispute handling and transparency.
30. The FCA has focussed on the treatment of vulnerable people. This has included the introduction of a standardised definition of vulnerability for regulated firms - *someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care*³² - and draft guidance on the best way to identify and support vulnerable people³³.
31. Ofwat has also updated its approach to personal debt. In its 2019 Price Review (PR19), Ofwat introduced new standards for assessing affordability, new reporting requirements and confirmed a more rigorous approach on vulnerability. Ofwat assesses water companies against these standards. For example, by looking at how well companies use good-quality available data to identify those in circumstances that make them vulnerable³⁴. If companies are failing in these duties, the regulator can deny them a licence, or fine them 10% of their turnover.
32. Ofwat publishes the dealing with household customers in debt guidelines, which set out high-level expectations for water companies to ensure the best outcomes for customers who are in arrears. The Ofwat guidelines ensure water companies give ‘full consideration’ to any repayment plans suggested by debt advice agencies³⁵.
33. The communications regulator, Ofcom, places greater emphasis on the role of alternative dispute resolution (ADR) in regards to debt management. The Ofcom *General Conditions* mean all providers must be a member of an approved ADR scheme, comply with its decisions and ensure customers have the right to use the scheme free of charge³⁶.

Why the government is issuing this call for evidence

34. While the government is proud of its achievements in this area and recognises advances across sectors, there remain concerns about some central and local government organisation debt management practices. The NAO noted that the government still lags behind the retail lending sector in following good debt management practice³⁷. Elsewhere the Treasury Select Committee has suggested there can be an ‘overzealous’ approach to recovering debts by Local Authorities,

including routine recourse to bailiffs³⁸. Although we recognise there are a range of practices.

35. There are also questions about how money is collected from those whose debts stem from fraudulent activity and how to deal appropriately with persistent defaulters³⁹ or serious non-compliance. Fraud results in harm to individuals and businesses and, no matter where it occurs, ultimately loses taxpayer money.
36. Fraud always results in a cost to government and society. It increases demand on institutions such as the police and reduces funding for public services like hospitals. Government can reduce or remove access to services when an individual has committed fraud. However, there are strict rules governing this that do not always exist outside of government⁴⁰. It may be that such rules should be examined so that the government can deal with fraud effectively.
37. It may also be the case that macroeconomic and socio-economic changes since 2008 are changing the demographic of people in debt or that changing market conditions are influencing who is seeking support. The NAO reported that an estimated 8.3m people in the UK are over-indebted⁴¹. One in five (22%) UK adults has less than £100 in savings⁴². This makes many vulnerable to the impact of a job loss, a large unexpected bill or an interest rate rise.
38. Households, especially low-income households, are increasingly likely to owe money to government and essential services providers⁴³.
39. This raises questions about whether government debt management practices, some of which are enshrined in legislation, have kept up to date. This call for evidence is a chance for us to scope this issue. Government recognises there has been an increased awareness of and focus on vulnerability. However, responses to vulnerability may have been applied inconsistently.

How to respond

40. Government seeks views on the following issues:
 - Where and how central and local government organisation debt management practices can be improved.
 - How central and local government organisations can most effectively manage debts stemming from fraudulent activity and serious non-compliance.
41. Government welcomes evidence from the debt advice sector, private and public sector creditors, debt collection agencies, the voluntary sector and wider society, as well as from members of the public who wish to contribute. All responses should be submitted through our online tool - <https://www.smartsurvey.co.uk/s/Y0H0P/> - by — 21 September 2020.
42. If you have any questions about the call for evidence, you can contact the Cabinet Office by emailing debtfunction@cabinetoffice.gov.uk.

Scope

43. Government recognises there are differences in the treatment of personal and business debts and there are some debt management options which exclude certain debts. For example, bankruptcy excludes several debts, including those arising from fraudulent activity, confiscation orders, magistrates' court fines and social fund loans.
- Q1:** Please provide details of any debts owed to central and local government organisations you believe should not be considered as part of this call for evidence.

Policy challenges

44. There are a number of broad areas the government would like responses to this call for evidence to cover. The sub-sections below summarise our understanding of these areas and ask questions related to each. For each area, please provide evidence about the impact of current approaches and practices that are effective in responding to these.

Affordability

45. Affordability in this context refers to the ability of people or businesses to maintain repayments of debt without exacerbating any potential vulnerability. It covers affordability assessments and practices designed to ensure debt repayments are sustainable. Affordability assessments establish a person's ability to repay debt and can include an element of budgeting support. Practices to ensure sustainability include regular reviews of a person in debt's situation.
46. For creditors, an affordability assessment can be used to set debt repayment rates, or as a way to identify customers who should be signposted to debt advice. Any positive impact can be dependent on what point in the recovery process assessments happen. Debt advisers use affordability assessments to help people select a debt "solution" i.e. a statutory or non-statutory scheme that allows somebody to deal with their debt in the most appropriate way. Affordability assessments have traditionally faced challenges in recording accurate information. This is because they often have to rely on the recollection of an individual⁴⁴. It has been suggested that technology such as Open Banking can overcome this challenge⁴⁵.
47. As an example of the centrality of affordability assessments in the recovery process, the CSA code requires its members to 'accept all reasonable offers by customers to pay by instalments provided such customers have supplied...income and expenditure information demonstrating the maximum amount they can afford to pay⁴⁶.'
48. Concerns about affordability assessments could include how well they can reflect uneven work patterns and how reliable they are in creating long-term repayment agreements. Organisations have suggested potentially mandating the use of a standard income and expenditure (I&E) form and associated guidelines⁴⁷. However, this is not necessarily an approach that fits with a principles-based approach from regulators, which often allows freedom for regulated firms to develop different policies, as long as they seek to achieve a common outcome.
49. In some areas the use of an I&E form, such as the Standard Financial Statement (SFS) or equivalent guidance, is a requirement for creditors. The SFS was created by MaPS in collaboration with the debt advice and creditor sectors. It is intended to be a membership-based universal I&E form, and comes with a single set of spending guidelines. The guidelines specify limits on spending on a range of items for an individual or family.

50. Government organisations approach affordability in a variety of ways, some of which are defined by legislation. HMRC arranges TTP repayments using the debt repayment Negotiating Frameworks⁴⁸. This is unless it anticipates the TTP will last longer than 12 months, then advisers can consider capturing full income and expenditure details using an I&E form⁴⁹ but the SFS will always be accepted by HMRC. The DWP accesses Credit Reference Agency (CRA) data to inform affordability assessments. Some central and local government organisations use the SFS, including the Insolvency Service. MaPS reports that 190 Local Authorities are registered members of the SFS but that it is used in a variety of ways.
51. When considering the sustainability of debt repayments, government could consider issues such as whether some approaches to agreeing repayment plans are counterproductive. For example, if they are guided by policies that require repayment to be completed within a certain timeframe.
52. The government recognises there could be an expanded role for technology in this area going forward. For example, Open Banking technology may enable the government as a creditor to have a better view of an individual's financial position, both at the point they are assessed and on an ongoing basis. From the individual's perspective it could allow greater flexibility in repayment. Recent initiatives, such as the Nationwide Open Banking for Good (OB4G) project have trialled the use of Open Banking technology in both these areas. OB4G products include tools for both creating rapid, automatic, I&E statements and allowing individuals to "income smooth" by flexing repayments over time⁵⁰.
- Q2:** Do you have any concerns about the way affordability is assessed by central and local government organisations agreeing debt repayments?
- Q3:** In your opinion, what is the best way to assess affordability of debt repayments? Please provide examples for any response you provide. This could include evidence on the role of technology.
- Q4:** How might issues of sustainability of debt repayments be addressed outside of an affordability assessment? For example, through the ongoing relationship between those in debt and the organisation that holds that debt, or through debt write-off.

Communication and preventing recurring debt

53. This call for evidence seeks views on how communication from creditors best supports those seeking help with debt and how to ensure effective communication between central and local government organisations and debt advice providers. The ability of creditors to help individuals or businesses who may be vulnerable or in financial hardship (see below) is often dependent on whether there is a dialogue between parties.
54. Communication can cover traditional routes, such as letters and telephone calls, but increasingly digital channels are used. Government would appreciate examples of best practice in all these forms of communications, including letters from Local

Authorities to people in council tax arrears. It would also be of value to understand the role of changing technology in communications.

55. When people are in debt, poor communication can deepen the adverse impact it already has on their mental health, well-being and self-confidence⁵¹. It can impact the administration of businesses in financial difficulty. Problems could be due to content and tone of communications or frequency of contact. Regarding communication, government organisations have been criticised for being difficult to reach, slow to answer letters and for sending communications that can be confusing and incomplete⁵². Elsewhere, debt recovery letters have been called ‘intimidating’ and described as containing obscure language⁵³.
56. Rules and guidance often place requirements on companies to communicate in a way that is accurate and not misleading⁵⁴ and to inform indebted people about the availability of free, impartial debt advice. Regulatory rules can prevent organisations threatening court action from recovering arrears more quickly than people can afford⁵⁵.
57. Those collecting debt are often restricted on when activity can take place, for example, enforcement agents are only able to carry out enforcement action between the hours of 6.00am and 9.00pm⁵⁶. People in problem debt can sometimes request firms contact them in the way the individual finds most acceptable⁵⁷. Communication providers must notify customers of the existence of an ADR scheme, including by providing information about the scheme on bills⁵⁸.
58. MaPS has made recommendations to creditors on communications between organisations managing debt and independent debt advice agencies. Recommendations include that they should support financial statements from debt advice providers authorised by the FCA and have a referral strategy with a face-to-face option⁵⁹. However, effective approaches may include an element of negotiation between creditors and advice agencies on repayment plans. This could be part of debt advice providers having a role in helping creditors identify and respond to vulnerability. Government would be interested in views on recommendations such as these and on the value of triage approaches, especially for organisations without a referral strategy in place.
59. Implicitly linked with issues of communication are questions regarding the prevention of additional or recurring debt. In communicating effectively, organisations cannot only help individuals deal with immediate challenges but help them avoid future hardship.
60. The government has introduced a number of policies to reduce the likelihood households face problem debt. These include increasing the powers of the FCA to regulate lending, introducing the Help-to-Save scheme and creating MaPS.
61. However, data indicates there continues to exist individuals who fall into debt repeatedly, whether due to structural challenges related to income and expenditure or due to psychological or behavioural issues⁶⁰. Some individuals, especially those in insecure employment, can struggle to build up the savings they need to deal with a

future income shock, especially if they are having to maintain debt repayments. Others can fail to understand how best to plan for longer-term financial needs.

62. Government debt management policy may have the potential to minimise the recurrence of debt in the individuals it interacts with. This may be through provision of information and tools on building financial resilience or through building saving into debt journeys. For example, it could look at linking debt repayment with the help to save scheme. In doing this, there is scope to work closely with organisations already working on prevention, such as MaPS.
63. Government would appreciate respondent's' comments on the challenge of preventing recurring debt, including on how to work most effectively with other organisations to this end.
- Q5:** Do you have any evidence of how issues with central and local government organisation communication can aggravate mental and physical impacts on people in problem debt?
- Q6:** How can central and local government organisations most effectively communicate with people who owe them money, including people who may be vulnerable? Please include any thoughts on the role of technology in communications or how best to reach people without access to technology.
- Q7:** Do you have any evidence on existing effective relationships between organisations collecting debt and debt advice providers? This could include comments about referrals and treatment of repayment offers.
- Q8:** How can central and local government organisations most effectively prevent recurring debt? Please include any thoughts on the role of partnership working in this challenge.

Vulnerability and financial hardship

64. According to the FCA, around half of UK adults display one or more characteristic of vulnerability, based on its definition of vulnerability⁶¹. The regulator has identified four 'drivers' of vulnerability: financial capability, financial resilience, health and life events. There are overlaps between these drivers. For example, just over 4% of UK adults may be vulnerable due to both low financial resilience and a life event that is affecting them⁶². This life event could be, for example, a circumstance such as job loss, a relationship breakdown, or economic abuse, where somebody is subject to their partner's control in how they acquire and use money⁶³. Data suggests that individuals with debt to central and local government organisations who seek debt advice might be more likely to be vulnerable than individuals with other forms of debt⁶⁴.
65. Financial hardship is where somebody is unable to pay arrears due to lack of available money but apart from that has no additional vulnerabilities.
66. The response to vulnerability or hardship is important. If debt management does not identify and respond to problems, there is a danger these are exacerbated. This can

result in harm to the individual, an increased cost to the government and a likely reduction in the amount of debt collected by the creditor. NAO modelling estimates intimidating letters, phone calls or doorstep visits lead to a 22% increase in the probability of anxiety or depression levels rising⁶⁵.

67. In recent years, there has been a concerted effort across different sectors to understand and respond to vulnerability. For example, the FCA is consulting on guidance on the fair treatment of vulnerable customers. The draft guidance aims to ensure firms embed fair treatment of vulnerable consumers into organisational culture, so it is understood throughout a firm⁶⁶. In the water sector, Ofwat made consideration of vulnerability a central feature of its PR19 determinations. It describes addressing vulnerability as vital to 'build and maintain trust and confidence' in water companies⁶⁷.
 68. Government is also making changes to support people who owe it money but may be vulnerable. The Fairness Principles state that where government identifies a vulnerable customer, they should be given appropriate support and advice. This can mean signposting to non-fee-paying debt advice agencies⁶⁸. Individually, many government organisations have updated processes to support people who may be vulnerable. For example, HMRC when dealing with a customer who might be vulnerable can contact them via letter, phone and text. HMRC does not use its DRD powers on vulnerable customers. The department signposts additional support through its website and offers face-to-face visits⁶⁹. The DWP provides information and support on the phone, through letters, online and offers home visits⁷⁰.
 69. When financial hardship is identified, government organisations can consider offering support in a similar way as they do with vulnerability. For example, HMRC can adjust TTP agreements in response to identified hardship⁷¹.
 70. Government recognises responding to vulnerability and financial hardship is complex. For example, it poses challenges on how to balance overlapping definitions across organisations and sectors, data sharing and staff training. Government is interested in respondents' views on these issues.
 71. There is an important question on how to offer services that work for everybody while meeting unique needs. Regarding this, the government is keen to understand how recent technological advances may help organisations understand and respond to vulnerability as effectively as possible. Research has indicated many individuals are content for organisations to use their financial data proactively to identify and offer support⁷². Respondents may want to suggest how technology could allow the data government holds, matched with other available data, to be used in this way.
- Q9:** In your opinion, what impact could poor debt management activity have on potential vulnerability?
- Q10:** How can central and local government organisations recovering debt best identify potentially vulnerable people? Please provide evidence of existing effective approaches. This could include evidence on the role of technology.

Q11: How can central and local government organisations recovering debt best support potentially vulnerable people? Please provide evidence of existing effective approaches. This could include evidence on the role of technology.

Disputes

72. During the debt management process, disputes can arise between the organisation managing debt and the person or business they are recovering it from. This can be for a variety of reasons, including over whether a debt is legitimately held and the recovery tactics employed.
73. In financial services, the Financial Ombudsman Service (FOS), deals with disputes between businesses and their customers. In certain cases, FCA rules mean that if a valid complaint has been submitted to FOS, firms cannot initiate legal proceedings⁷³. Ombudsman Services perform a similar role for the energy and communications industries⁷⁴. Compensation can be dependent on the decisions of third parties. If FOS finds in favour of a customer, it can order a firm to compensate that customer either financially or non-financially⁷⁵.
74. When considering this subject, the government is keen to explore, among other items, the role and potential of dispute resolution, policies on responding to disputes, the accessibility of dispute mechanisms and compensation.
75. There are a variety of rules and guidelines in place about how organisations should settle disputes. For example, Ofwat requires companies respond promptly, fully and appropriately to customer enquiries⁷⁶. Rules and guidelines can also require or encourage firms and customers to seek ADR.
76. Government organisations have a range of policies for handling disputes. For example, the DWP has a two tier process. If a complainant is not satisfied by the response to a first complaint, they can then submit that complaint to the Office of Group Manager in tier two and through it take a complaint to an Independent Case Examiner (ICE)⁷⁷. However, in regards to central and local government debt recovery processes, there have been concerns that resolving disputes can be difficult and time-consuming⁷⁸. Ultimately cases can go to the Parliamentary and Health Service Ombudsman⁷⁹.

Q12: In your opinion, what are the benefits of an effective disputes process in debt management?

Q13: In your opinion, what is the most effective way to ensure a fair outcome to a disputes process in debt management? Please provide evidence of creditor sectors or organisations with effective disputes policies.

Q14: Can you provide any evidence of where disputes policies interact, positively or negatively, with central and or local government organisations' debt management procedures?

Reporting and transparency

77. Organisations recovering debt often report on their activities. This could be due to a regulatory requirement or an assessment that openness is of benefit to the organisation and its customers.
78. Organisations can be incentivised to maintain high standards if an external body can assess their performance on the basis of consistent, long-term data. However, one concern about reporting, especially reporting by multiple organisations with different processes and definitions, is false equivalency. Data might appear to be measuring the same thing when in reality very different pieces of information are being shared.
79. As an example of reporting, as part of its supervision regime, the FCA requires firms with a debt collection authorisation to report data to help the regulator identify potential areas where there is risk of consumer detriment⁸⁰. In order to meet requirements, there are expectations about the type of data firms should gather. Examples of data reporting or gathering on debt management across regulated industries include on the number of people failing to meet debt repayments when due⁸¹, non-financial support for consumers in vulnerable situations⁸² and the number of individuals receiving support with communications⁸³.
80. Transparency is linked to reporting. Organisations can gather data on their debt management activities and report this to regulators and the public and businesses. In addition, they can make information on their policies and processes readily available, including any extra support they offer to people who may be vulnerable. For individuals and businesses, this makes it easier to seek help or make a complaint. For organisations there is a benefit to transparency, as it allows people to provide feedback, which can lead to service improvement.
81. In regulated sectors there are often transparency requirements. For example, communications providers must make information available to consumers, including about compensation and / or refund policies and ADR mechanisms. In government debt management, examples of transparency include HMRC, which provides online full explanations of its debt management policies, its approach to enforcement and a list of the private debt collection agencies it uses⁸⁴.

Q15: In your opinion, what advantages and challenges are there in central and local government organisations collecting and reporting data on debt management activities?

Q16: Are there any metrics on debt management activity that you believe could be a particularly effective measure of fair policies? Conversely, are there metrics / targets you believe drive poor debt management activity?

Q17: In your opinion, what is the value in central and local government organisations facilitating access to their debt management policies and processes?

Fraud and non-compliance

82. The current estimated loss to government due to fraud and error per year is £31 - £49 billion⁸⁵. This is money that should be contributing to public services, including the NHS. For the government, debt linked to fraud often arises through the tax and social security system and is owed to HMRC and DWP. However, fraud debt can stem from multiple sources including due to mis-claimed pensions and mis-reported social housing eligibility.
83. Government organisations can also face problems with persistent defaulters and other forms of serious non-compliance. A persistent defaulter uses their knowledge of debt collection processes to avoid obligations for an extended period of time. Other forms of non-compliance can include individuals who avoid repayment completely through a variety of methods, including false reporting or a failure to supply an address or financial details.
84. Government has taken steps to increase its ability to pursue debts arising from fraud. For example, it is using the Digital Economy Act 2017 to share data more effectively in order to identify and recover debt owed to public authorities and to take action in connection with fraud against public authorities⁸⁶. A Single Fraud Investigation Service now coordinates investigations that were previously managed individually by DWP, HMRC and Local Authorities. Cases can then be referred to the Crown Prosecution Service (CPS) for prosecution⁸⁷. The National Fraud Initiative has been set up to use data matching to identify fraud, working with some 1,200 participating organisations from the public and private sectors including government departments⁸⁸.
85. Where prosecution does not occur, government can recover fraud debt in other ways. For example, the DWP can use Direct Earnings Attachments to recover debt from a person's wages⁸⁹ or can deduct repayments from benefits. In some cases, the DWP can recover fraud debt at a faster rate through deductions from income related benefits⁹⁰.
86. In addition, there exists a range of sanctions available to government when fraud has been determined. HMRC can charge a penalty of up to £3,000 if a tax credit customer has deliberately or negligently given the wrong information on their claim⁹¹. The DWP can levy an administrative penalty of up to £5,000⁹².
87. Government can employ different recovery approaches where non-compliance is identified. For central government this can mean referral of debts to the private sector, or the imposition of often negotiated powers, such as a Direct Earnings Attachment. For local government in England collecting council tax, where individuals have deliberately refused or neglected to pay they can be imprisoned. Other responses, including bankruptcy and charging orders are available across the UK.
88. However, there may be concerns about the treatment of debts arising from fraudulent activity, especially whether recovery of fraud debt is always adequately prioritised in circumstances where prosecution does not occur. There could be a further benefit to debt management in discouraging fraud but this may have to be balanced against the

need to support vulnerable people. Government wants to understand respondents' views on these matters.

89. Additional concerns arise regarding serious non-compliance, especially the challenge in identifying where it occurs and tracking individuals seeking to avoid their financial responsibilities. Government would therefore also like respondents to provide an insight into how to best identify serious non-compliance and respond to it proportionately.

Q18: How can central and local government organisations get better at identifying and tracking debt arising from serious non-compliance or fraud?

Q19: How can central and local government organisations prioritise the recovery of debt from those whose debt is the result of serious non-compliant or fraudulent activity?

Q20: What can central and local government organisations' debt management do to discourage people from engaging in serious non-compliant or fraudulent activity?

Q21: How should central and local government organisations approach debt management when dealing with people who are in debt due to fraudulent activity, but may potentially be vulnerable?

Other creditor sectors

90. This document's focus is to gather evidence on where issues might exist with the management of debt by central and local government and ALBs. It is then to understand examples of best practice across creditor sectors, including government.

91. However, the government knows that there may also be valuable evidence on effective or ineffective debt management practices beyond central and local government organisations.

92. Evidence could provide value to departments in considering any future activity. For example, when considering debts related to their policy areas.

93. The government understands regulatory systems and processes already exist. Any evidence gathered through this call for evidence could contribute to discussions with these regulators and organisations operating in relevant sectors. This does not suppose any commitment to making policy changes.

Q22: If you believe there are effective or ineffective debt management practices beyond central and local government organisations, please provide any evidence the government may wish to consider.

Thank you for participating in this call for evidence.

Contact details and how to respond

Please use our online tool to complete your responses by 21 September 2020 – <https://www.smartsurvey.co.uk/s/Y0H0P/>.

If you have any questions about the call for evidence you can contact the Cabinet Office by post or email:

Call for evidence
Cabinet Office Debt Function
8-10 Great George St
SW1P 3AE

Email: debtfunction@cabinetoffice.gov.uk

Complaints or comments

If you have any complaints or comments about the call for evidence process you should contact the Cabinet Office at the above address.

Extra copies

Alternative format versions of this publication can be requested from debtfunction@cabinetoffice.gov.uk.

Publication of response

A paper summarising the responses to this consultation will be published in due course. The response paper will be available on-line at <https://www.gov.uk/search/policy-papers-and-consultations>

Representative groups

Representative groups are asked to give a summary of the people and organisations they represent when they respond.

Confidentiality

Information provided in response to this call for evidence, including personal information, may be published or disclosed in accordance with access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations 2004, and data protection legislation, including the Data Protection Act 2018 and the General Data Protection Regulation.

If you want information that you provide to be treated as confidential please be aware that, under FOIA, there is a statutory code of practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it

would be helpful if you could explain to us why you regard the information you have provided as confidential. If a request is made for disclosure of the information the Cabinet Office will take full account of your explanation, but cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Cabinet Office.

The Cabinet Office will process your personal data in accordance with the data protection legislation.

Consultation principles

The principles that government departments and other public bodies should adopt for engaging stakeholders when developing policy and legislation are set out in the consultation principles.

<https://www.gov.uk/government/publications/consultation-principles-guidance>

Annex 1

Glossary

Alternative dispute resolution (ADR): Alternative dispute resolution refers to ways of resolving disputes between consumers and organisations that don't involve going to court. Common forms of ADR include mediation and arbitration.

Arm's-Length Body (ALB): An arm's-length body is an organisation that delivers a public service, is not a ministerial government department, and which operates to a greater or lesser extent at a distance from Ministers. The term can include non-departmental public bodies (NDPBs), executive agencies, non-ministerial departments, public corporations, NHS bodies, and inspectorates.

Confiscation order: A confiscation order is an order made against a convicted defendant ordering them to pay back the amount of their benefit from crime.

Consumer Credit sourcebook (CONC): The Consumer Credit sourcebook contains the FCA's rules and guidance covering credit-related regulated activities.

Crown Prosecution Service (CPS): The Crown Prosecution Service prosecutes criminal cases that have been investigated by the police and other investigative organisations in England and Wales.

Debt Collection Agency (DCA): Debt collection agencies are companies that specialise in collecting debts on behalf of an original creditor.

Debt Market Integrator (DMI): The Debt Market Integrator allows government departments, Local Authorities and ALBs to access FCA-regulated private sector debt collection agencies.

The Department for Work and Pensions (DWP): The Department for Work and Pensions is responsible for welfare, pensions and child maintenance policy. It administers the State Pension and a range of working age, disability and ill health benefits.

Direct Earnings Attachment: A Direct Earnings Attachment allows the DWP to ask an employer to make deductions directly from earnings, to recover debt.

Direct Recovery of Debts (DRD): The Direct Recovery of Debts power gives HM Revenue and Customs (HMRC) the ability to recover established debts directly from bank and building society accounts.

Enforcement agent: An individual used by a creditor to recover debt by taking control of goods. There is more than one type of enforcement agent, including County Court enforcement agents.

Financial Conduct Authority (FCA): The Financial Conduct Authority is the conduct regulator for 59,000 financial services firms and financial markets in the UK and the prudential regulator for over 18,000 of those firms.

Financial Ombudsman Service (FOS): The Financial Ombudsman Service settles individual disputes between consumers and businesses that provide financial services.

HM Revenue & Customs (HMRC): The UK's tax, payments and customs authority.

Independent Case Examiner (ICE): The Independent Case Examiner reviews complaints about certain government organisations that deal with benefits, work and financial support.

Magistrates' Court fine: Magistrates' Court fines can be imposed for offences such as traffic offences, criminal offences and not having a TV licence.

Ministry of Justice (MoJ): The Ministry of Justice works to protect and advance the principles of justice. It is responsible for the following parts of the justice system: Courts, Prisons, Probation services and Attendance centres.

Money and Pensions Service (MaPS): The Money and Pensions Service is an ALB which provides individuals with guidance and information to make effective financial decisions.

National Audit Office (NAO): The National Audit Office scrutinises public spending for Parliament.

Ofcom: Ofcom is the Office of Communications. It regulates the TV, radio and video on demand sectors, fixed line telecoms, mobiles, postal services, plus the airwaves over which wireless devices operate.

Ofgem: Ofgem is the Office of Gas and Electricity Markets. It is a non-ministerial government department which regulates the gas and electricity markets.

Ofwat: The Water Services Regulation Authority (known as Ofwat) is a non-ministerial government department which regulates the water and sewerage sectors in England and Wales.

Ombudsman Services: Ombudsman Services provides independent dispute resolution across a range of sectors, including energy and communications.

Parliamentary and Health Service Ombudsman: The Parliamentary and Health Service Ombudsman makes final decisions on complaints that have not been resolved by the NHS in England and UK government departments and other public organisations.

Full list of questions

- Q1:** Please provide details of any debts owed to central and local government organisations you believe should not be considered as part of this call for evidence.
- Q2:** Do you have any concerns about the way affordability is assessed by central and local government organisations agreeing debt repayments?
- Q3:** In your opinion, what is the best way to assess affordability of debt repayments? Please provide examples for any response you provide. This could include evidence on the role of technology.
- Q4:** How might issues of sustainability of debt repayments be addressed outside of an affordability assessment? For example, through the ongoing relationship between those in debt and the organisation that holds that debt, or through debt write-off.
- Q5:** Do you have any evidence of how issues with central and local government organisation communication can aggravate mental and physical impacts on people in problem debt?
- Q6:** How can central and local government organisations most effectively communicate with people who owe them money, including people who may be vulnerable? Please include any thoughts on the role of technology in communications or how best to reach people without access to technology.
- Q7:** Do you have any evidence on existing effective relationships between organisations collecting debt and debt advice providers? This could include comments about referrals and treatment of repayment offers.
- Q8:** How can central and local government organisations most effectively prevent recurring debt? Please include any thoughts on the role of partnership working in this challenge.
- Q9:** In your opinion, what impact could poor debt management activity have on potential vulnerability?
- Q10:** How can central and local government organisations recovering debt best identify potentially vulnerable people? Please provide evidence of existing effective approaches. This could include evidence on the role of technology.
- Q11:** How can central and local government organisations recovering debt best support potentially vulnerable people? Please provide evidence of existing effective approaches. This could include evidence on the role of technology.
- Q12:** In your opinion, what are the benefits of an effective disputes process in debt management?
- Q13:** In your opinion, what is the most effective way to ensure a fair outcome to a disputes process in debt management? Please provide evidence of creditor sectors or organisations with effective disputes policies.

- Q14:** Can you provide any evidence of where disputes policies interact, positively or negatively, with central and or local government organisations' debt management procedures?
- Q15:** In your opinion, what advantages and challenges are there in central and local government organisations collecting and reporting data on debt management activities?
- Q16:** Are there any metrics on debt management activity that you believe could be a particularly effective measure of fair policies? Conversely, are there metrics / targets you believe drive poor debt management activity?
- Q17:** In your opinion, what is the value in central and local government organisations facilitating access to their debt management policies and processes?
- Q18:** How can central and local government organisations get better at identifying and tracking debt arising from serious non-compliance or fraud?
- Q19:** How can central and local government organisations prioritise the recovery of debt from those whose debt is the result of serious non-compliant or fraudulent activity?
- Q20:** What can central and local government organisations' debt management do to discourage people from engaging in serious non-compliant or fraudulent activity?
- Q21:** How should central and local government organisations approach debt management when dealing with people who are in debt due to fraudulent activity, but may potentially be vulnerable?
- Q22:** If you believe there are effective or ineffective debt management practices beyond central and local government organisations, please provide any evidence the government may wish to consider.

References

- 1 Money and Mental Health Policy Institute (2018), [A silent killer](#)
- 2 National Audit Office (2018), [Tackling problem debt](#)
- 3 Ibid
- 4 Ibid
- 5 [Financial Conduct Authority, Glossary 'consumer credit lending'](#) Accessed 22/11/2019
- 6 National Audit Office (2018), [Tackling problem debt](#)
- 7 [Institute of Money Advisers, FCA Regulation](#) Accessed 22/11/2019
- 8 [Gov.uk, Bailiff powers when they visit your home](#) Accessed 22/11/2019
- 9 [The Council Tax \(Administration and Enforcement\) Regulations 1992](#)
- 10 [Credit Services Association, Code and standards](#) Accessed 01/11/2019
- 11 Money and Mental Health Policy Institute (2018), [A silent killer](#)
- 12 National Audit Office (2018), [Tackling problem debt](#)
- 13 Ibid
- 14 Money and Mental Health Policy Institute (2017), [Overstretched, overdrawn, underserved](#)
- 15 Baker Tilly / StepChange Debt Charity (2014), [Transforming lives](#)
- 16 Wells, Jackie; Leston, John; and Gostelow, Mary (2010), [The Impact of Independent Debt Advice Services on the UK Credit Industry](#), Friends Provident Foundation
- 17 Office of Fair Trading (2012), [OFT guidance for businesses engaged in the recovery of consumer credit debts](#)
- 18 Ministry of Justice (2014), [Bailiffs and enforcement agents: national standards](#)
- 19 Ministry of Justice (2018), [One year review of enforcement agent reforms](#)
- 20 [Indesser](#) Accessed 22/11/2019
- 21 [Financial Conduct Authority, Prin 2.1 The Principles](#) Accessed 30/10/2019
- 22 [Digital Economy Act Code of Practice](#)
- 23 [Money Advice Service, Who we are](#) Accessed 04/10/2019
- 24 Department for Digital, Culture, Media and Sport, [Consultation on decriminalising TV licence evasion](#) Accessed: 21/04/2020
- 25 [HM Revenue and Customs, Debt Management and Banking Manual, Time To Pay](#) Accessed 22/11/2019
- 26 [HM Revenue and Customs, Needs Enhanced Support customers](#) Accessed 03/10/2019
- 27 Direct Recovery of Debts (DRD) allows HMRC to recover tax and tax credit debt from people and businesses directly from their bank accounts; [HM Revenue and Customs, If you do not pay your tax bill](#) Accessed 31/10/2019
- 28 [Social Security Administration Act 1992, Part III](#)
- 29 [Department for Work and Pensions, Make benefit debt deductions from an employee's pay](#) Accessed 29/10/2019
- 30 [Gov.uk, Benefit Overpayments](#) Accessed 22/11/2019
- 31 [Financial Conduct Authority, Consumer Credit Sourcebook](#) Accessed 04/10/2019
- 32 Financial Conduct Authority (2018), [Our approach to consumers](#)
- 33 Financial Conduct Authority (2019), [GC19/3: Guidance for firms on the fair treatment of vulnerable customers](#)
- 34 Ofwat (2017), [Delivering Water 2020: Our final methodology for the 2019 price review Appendix 1: Addressing affordability and vulnerability](#)
- 35 Ofwat (2015), [Dealing with household customers in debt](#)
- 36 [Ofcom, General Conditions, C4.3\(a-c\)](#) Accessed 21/11/2019
- 37 National Audit Office (2018), [Tackling problem debt](#)

- 38 House of Commons Treasury Committee (2018), [Household finances: Income, Savings and Debt](#)
- 39 Persistent defaulters use knowledge of the debt management process to withhold debt payments until a costly enforcement intervention is about to take place. This often involves attempts to maximise the length of time before cases reach enforcement.
- 40 Department for Work and Pensions (2013), [Loss of benefit as a penalty for benefit fraud](#)
- 41 National Audit Office (2018), [Tackling problem debt](#)
- 42 Money and Pensions Service (2019), [Listening document. To assist dialogue, with our stakeholders, about our evidence base, priorities and ambitions for the period 2020–2023](#)
- 43 National Audit Office (2018), [Tackling problem debt](#)
- 44 Some debt advice agencies have tried to overcome this problem through accessing Credit Reference Agency (CRA) data.
- 45 [Open Banking Entity, What is Open Banking?](#) Accessed 22/11/2019
- 46 [Credit Services Association, Code of conduct, Section 3c](#) Accessed 21/11/2019
- 47 Money and Pensions Service (2018), [Supportive Council Tax Recovery](#)
- 48 [HM Revenue and Customs, Debt Management and Banking Manual, Time To Pay: Time To Pay requests: deciding which information to gather](#) Accessed 22/11/2019
- 49 [HM Revenue and Customs, Debt Management and Banking Manual, Time To Pay requests](#) Accessed 02/11/2019
- 50 Personal Finance Research Centre (2019), [Open Banking for Good: Moving the dial](#)
- 51 Personal Finance Research Centre (2014), [Poverty, Credit and Debt: An expert-led review](#)
- 52 Citizens Advice (2016), [The state of debt collection](#)
- 53 Money and Mental Health Policy Institute (2018), [A silent killer](#)
- 54 Regulatory examples of these rules include the [Ofgem Standard Licence Conditions for gas providers and electricity providers](#) (Condition 27.6a) and the [Ofwat Information Principles](#)
- 55 [Financial Conduct Authority, Consumer Credit Sourcebook, 7.3.18R](#) Accessed 21/11/2019
- 56 Ministry of Justice (2014), [Taking control of goods: National Standards](#)
- 57 [Financial Conduct Authority, Consumer Credit Sourcebook, 7.9.4R](#) Accessed 21/11/2019
- 58 [Ofcom, General Conditions, C4.3\(d\)](#) Accessed 02/11/2019
- 59 Money Advice Service (2018), [Supportive council tax recovery](#)
- 60 Money Advice Service (2017), [An Unavoidable Challenge? Repeat Clients in the Debt Advice Sector](#)
- 61 Financial Conduct Authority (2017), [The financial lives of consumers across the UK](#)
- 62 Financial Conduct Authority (2019), [Guidance consultation 19/3: Guidance for firms on the fair treatment of vulnerable customers](#)
- 63 Sharp-Jeffs, Nicola. Dr. (2017), [Supporting survivors of economic abuse: Learning for the UK](#)
- 64 Data from StepChange, the national debt advice charity, showed that 40% of its clients with council tax debt were potentially vulnerable. According to the research, this was the highest proportion of any debt type, with, for example, only 19% of StepChange clients with gas arrears vulnerable. StepChange (2018), [Breaking the link: A closer look at vulnerable people in debt](#)
- 65 National Audit Office (2018), [Tackling problem debt](#)
- 66 Financial Conduct Authority (2019), [Guidance consultation 19/3: Guidance for firms on the fair treatment of vulnerable customers](#)
- 67 Ofwat (2017), [Delivering Water 2020: Our final methodology for the 2019 price review Appendix 1: Addressing affordability and vulnerability](#)
- 68 The Fairness Principles have been published in the [Digital Economy Act Code of Practice](#)
- 69 [HM Revenue and Customs, Dealing with HMRC if you have additional needs](#) Accessed 30/10/2019
- 70 [Department for Work and Pensions, Debt Management customer service standards](#) Accessed 30/10/2019
- 71 [HM Revenue and Customs, Debt Management and Banking Manual, Time To Pay requests](#) Accessed 02/11/2019
- 72 Money and Mental Health Policy Institute (2019), [Data Protecting: Using financial data to support customers](#)

- 73 [Financial Conduct Authority, Consumer Credit Sourcebook 7.15.10R](#) Accessed 21/11/2019
- 74 [Ombudsman Services](#) Accessed 02/11/2019
- 75 [Financial Ombudsman Service, Compensation](#) Accessed 03/11/2019
- 76 Ofwat (2015), [Dealing with household customers in debt](#)
- 77 [Department for Work and Pensions, Debt Management customer service standards](#) Accessed 30/10/2019
- 78 Citizens Advice (2016), [The state of debt collection](#)
- 79 [Parliamentary and Health Service Ombudsman, Who we are](#) Accessed 10/12/2019
- 80 [Financial Conduct Authority, Supervision Manual, Chapter 16 Annex 38B](#) Accessed 21/11/2019
- 81 [Financial Conduct Authority, Consumer Credit Sourcebook 1.5.1\(5\)G](#) Accessed 21/11/2019
- 82 [Ofgem, Monitoring Social Obligations](#) Accessed 21/11/2019
- 83 Ofwat (2017), [Delivering Water 2020: Our final methodology for the 2019 price review Appendix 1: Addressing affordability and vulnerability](#)
- 84 [HM Revenue and Customs, If you do not pay your tax bill](#) Accessed 31/10/2019
- 85 Cabinet Office / Department for Culture, Media and Sport (2019), [Tackling fraud in government with data analytics](#)
- 86 [Department for Culture, Media and Sport, Information sharing agreements under chapters 1, 2, 3 and 4 of part 5 of the Digital Economy Act 2017 register](#) Accessed 02/11/2019
- 87 Or in Scotland the Crown Office and Procurator Fiscal Service (COPFS)
- 88 Cabinet Office (2018), [National Fraud Initiative report](#)
- 89 [Department for Work and Pensions, Make benefit debt deductions from an employee's pay](#) Accessed 29/10/2019
- 90 [Department for Work and Pensions, Benefit overpayment recovery guide](#) Accessed 08/11/2019
- 91 [Department for Work and Pensions, Penalties policy: in respect of social security fraud and error](#) Accessed 01/11/2019
- 92 Ibid

This document is available in large print, audio and braille on request. Please email:

debtfunction@cabinetoffice.gov.uk



© Crown copyright 2020

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this publication should be sent to us at debtfunction@cabinetoffice.gov.uk

This document is also available from our website at <https://www.gov.uk/government/organisations/cabinet-office>