

# Citizens Advice

## money advice services



# Who we are and what we do

**The Citizens Advice service provides free, confidential and impartial advice through face-to-face, telephone and email services, and online via [www.adviceguide.org.uk](http://www.adviceguide.org.uk)**

As the UK's largest advice provider we are equipped to deal with any issue, from anyone, spanning debt and employment to housing and immigration plus everything in between.

In the last year alone, the Citizens Advice service helped over two million people to solve more than seven million problems. But we are not just here for times of crisis – we also use clients' stories anonymously to campaign for policy changes that benefit millions, often without them even realising.

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## How we're structured behind the scenes

The Citizens Advice service is made up of two parts:

1. **Citizens Advice Bureaux** deliver advice services from over 3,500 community locations in England and Wales, run by 382 individual charities. Each individual bureau is a vital part of the local community it serves.
2. **Citizens Advice**, itself an independent registered charity, is the membership organisation for bureaux.

Through the training, information systems and support it provides, Citizens Advice equips bureaux to deliver the highest quality advice to their local residents. In turn, bureaux alert Citizens Advice to widespread problems that require coordinated action at a national level.

Of the 28,500 people who work across the Citizens Advice service, 21,500 are unpaid volunteers and 7,000 are paid staff. What they all share in common is being highly trained and passionate about getting justice for their clients.

## Delivery of our money advice services

Citizens Advice takes the following approach to its delivery of money advice services:

### ■ Advice

Advisers recognise that one problem is often the cause or result of another so, rather than addressing a single issue at a time, they look at a client's situation holistically. This way, other potential problems can be identified early or pre-empted, which prevents them escalating into anything more



Last year we helped 550,000 clients with their debt problems

serious. For a client struggling with unmanageable debt, the priority is always to:

- preserve their home, fuel supplies and liberty
- make them aware of their rights and responsibilities
- help them to make informed choices about how they deal with their whole debt problem.

This service is provided from all bureaux and last year we helped 550,000 clients with 2.3 million debt problems.

### ■ Money guidance

Money guidance is in-depth information and guidance provided to individuals on financial issues from budgeting and borrowing to retirement planning and protection. These sessions complement the debt and benefit advice offered by bureaux.

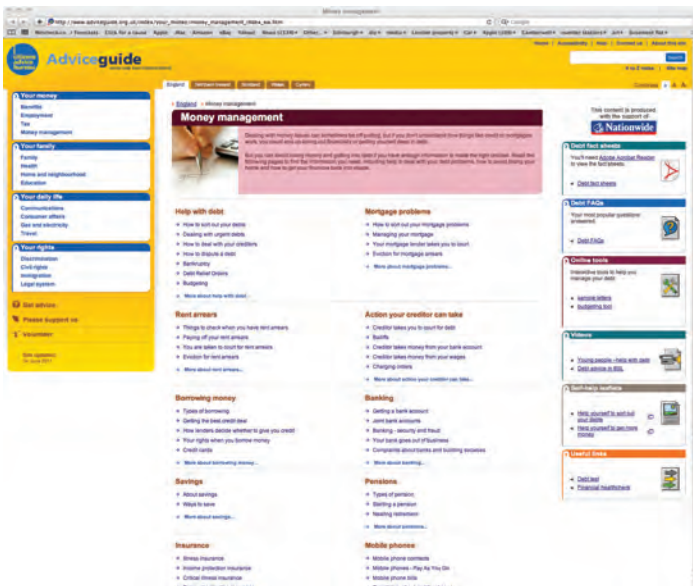
### ■ Prevention

By delivering financial education at community level, bureaux – often working with local partners – improve the skills that people need to make informed decisions about budgeting, borrowing or saving. Programmes are particularly targeted at groups of adults on low incomes and people who are at risk of social or financial exclusion.

Financial skills education is currently provided by 280 bureaux and reaches over a quarter of a million people each year.

### ■ Policy

Every client that comes into a bureau with a problem is a first-hand example of policies and practices having gone wrong. The case notes recorded during interviews form the foundation of our policy work. We use these, anonymously, to demonstrate to policy makers and service providers the impact of their decisions, and to lobby for improvement.



New online tools are helping clients take the first step to sorting out their debts

As the number of people seen by bureaux with money-related problems increases, tackling the policies, practices, legislation and services that are not working head on means that we can help more people than we could one-to-one. In 2010/11, we estimate that we helped 6.8 million people through our policy work.

### ■ Online self help channels

Those in need are also accessing a wealth of generic debt, money and other advice from our website [www.adviceguide.org.uk](http://www.adviceguide.org.uk) with page views reaching 16.4 million in 2010/11.

Thanks to funding from the Nationwide Building Society, the money management pages have online tools to help clients take the first steps to sorting out their non-priority debts. The simple-to-use online calculator works out household budgets and produces a financial statement. While the sample letters tool generates customised letters that clients can send to their creditors.

The use of video and podcasts enables us to reach people who may have difficulty accessing advice in person or by phone. As well as a video on debt advice in British Sign Language (BSL), our

advicepods, which include one on options for dealing with debt, can be downloaded to mobile phones and MP3 players to keep up with the growing demand for information and advice 'on the go'.

## The changing demand and need for debt advice

Citizens Advice Bureaux have seen a dramatic increase in the number of debt enquiries they have dealt with over the last 10 years. Debt is the number one advice issue in bureaux, accounting for one in three of all enquiries. CAB advisers around the country are dealing with over 9,500 new debt problems every working day.

The most common types of debt continue to be card debts and unsecured personal loans. Bureaux are now also dealing with more problems about arrears on household bills, particularly utility and council tax arrears. This is indicative of a worrying new trend of consumers being unable to afford their basic living costs. Amongst our clients the number of fuel debt problems has overtaken the number of mortgage and secured loans.

According to the latest statistics from the Insolvency Service:

- Between January and December 2010, the number of personal insolvencies reached 135,000.
- This figure includes over 25,000 debt relief orders (DROs) and over 50,000 individual voluntary arrangements (IVAs).
- Between January and March 2011, although the number of personal insolvencies has dropped overall by 1.7 per cent compared to the previous quarter, bankruptcy orders increased by 4.2 per cent and DROs by 10 per cent.
- Comparing this quarter to the same period last year there has been an overall drop of 15.5 per cent although the number of DROs increased by 20.3 per cent.

## Analysis of the top 10 client debt problems in 2010/11

Issues 2010/11	Number of CAB clients	As a percentage of all debt problems presented in 2010/11
Credit, store and charge card	354,000	14.7%
Unsecured personal loan debts	302,000	12.6%
Council tax arrears	169,000	7.0%
Bank and building society overdrafts	161,000	6.7%
Debt relief orders	142,000	5.9%
Bankruptcy	131,000	5.4%
Fuel debts	104,000	4.3%
Mortgage and secured loan arrears	103,000	4.3%
Catalogue and mail order debts	96,000	4.0%
Water debts	88,000	3.7%

Totals rounded to nearest thousand

## Client profile

The information recorded by CAB advisers shows that of all our clients with debt problems in 2010/11:

- 68 per cent had income below £1,000 a month
- only a quarter of clients worked over 30 hours a week
- 23 per cent had a disability or long-term health problem
- only a quarter of clients owned their own home compared to a national average of two thirds.

Profiling of our debt clients seen by Financial Inclusion Fund caseworkers in 2009/10 found that:

- on average each client owed just under £16,000
- the average number of debts per clients was 5.8
- the average value of each debt was £2,763.

## The impact of debt on individuals

Living with unmanageable debt can adversely affect people's lives in many ways – lowering confidence and self esteem, putting strain on relationships, causing health problems due to stress and restricting future prospects.



Bureaux have seen a dramatic rise in the number of debt enquiries

# Advice

Free, face-to-face advice from a Citizens Advice Bureau is available from community locations across England and Wales, including high streets, community centres, doctors' surgeries, courts and prisons.

CAB advisers aim to empower clients by helping them to prioritise their debts and maximise their incomes. They won't tell a client what to do but will explain the options available and the possible outcomes. Clients are encouraged to make their own decisions and act on their own behalf but where needed advisers will negotiate with creditors and write letters on their client's behalf.

To meet increased need, Citizens Advice has been able to expand its service of debt and money advice with additional funding.

## Government funding for face-to-face debt advice services

Funding from the Government for the **Face-to-Face debt advice** (formally the Financial Inclusion Fund, also known as FIF) programme has had a significant impact on the capacity of Citizens Advice Bureaux and participating organisations to deliver specialist debt advice to clients, who are often on very low incomes, with complex and entrenched debt problems.

Citizens Advice manages 11 of the 16 face-to-face debt advice projects. By recruiting and training an additional 338 debt advisers, Citizens Advice Bureaux and partners across England and Wales have been able to expand their free, face-to-face debt advice services helping almost 300,000 clients resolve their debt problems over the last five years. The 16 FIF projects serve selected regions throughout England and Wales including specific projects in rural areas and three designated client groups: disabled people, prisoners and ex-offenders and social

## CASE STUDY

A woman sought advice because she was facing court action to repossess her home. Prior to coming to a local debt advice service she had approached a national telephone debt advice provider who had provided her with a financial statement and told her the name of a legal form she could use to request an adjournment. She had asked the telephone debt advice provider if they could help by contacting the solicitors acting for her mortgage provider on her behalf, but they declined to do this.

The local debt advice service was able to assist by working out the client's financial statement, calculating sustainable mortgage repayments and agreeing these with the client and the mortgage provider's solicitors. She said that she wished she had approached the local debt advice service earlier and not tried the telephone service, which she found "too impersonal", and not able to spend sufficient time or provide advocacy to resolve a priority debt issue. Without help from the local service she may have lost her home.

housing tenants. Services are delivered in locations which exhibit high levels of multiple deprivation, with the aim of reaching the most socially and economically disadvantaged people and communities.

Seventy-five per cent of all clients seen by Citizens Advice as part of this project had never sought debt advice previously, demonstrating the ability of local community based bureaux and advice agencies to reach out to financially excluded individuals who had not previously accessed debt advice services. The

main reasons, cited by clients, for approaching the programme were that they needed to see someone in person; could not be helped by other agencies; were referred by other providers; or found the other services too costly.

### Project outcomes and successes:

- 39 per cent (26,525 clients) of clients were known to have one or more positive outcomes achieved by the Face-to-Face advisers in terms of income gain, debt written off, other financial gain or service.
- £2.3 million worth of income gain was recorded – an average of £2,533 per client.
- £93 million worth of debt was written off in total, amounting to an average of £21,850 per client.
- A survey of 1,300 clients in the North East in 2009 found that 95 per cent of CAB respondents reported a high level of satisfaction with the service and felt it had made a real difference to their lives.
- In a similar survey in Swansea, 86.7 per cent of respondents felt that the advice given to them made a lot, or some, difference to their health.



Free, face-to-face advice is available from bureaux across England and Wales

## Partnering with Macmillan to provide welfare advice

Macmillan Cancer Support and Citizens Advice have worked in partnership nationally since 2005 to provide welfare benefits advice for people affected by cancer. The partnership won the *Third Sector Excellence* award for best Charity Partnership of 2010.

Seventy six Citizens Advice Bureaux across England have a welfare benefits advice project funded by Macmillan Cancer Support. Caseworkers talk to clients about benefits that they may be entitled to, and ensure that they are aware of any available grants which could assist them. Between March 2007 and March 2011 statistics have shown that over 39,000 clients were assisted and gained over £77 million in benefits and payments from charities.

A booklet giving more information on the partnership is available from the web page at [www.citizensadvice.org.uk/cancer\\_support\\_service](http://www.citizensadvice.org.uk/cancer_support_service)

### CASE STUDY

David\* had advanced, terminal cancer and was living alone in a motor home. Due to periods working abroad he was ineligible for incapacity benefit and he was living on a small occupational pension each week. The adviser liaised with the different agencies to check that the client was receiving all the benefits to which he was entitled. When the client's girlfriend moved to the UK to care for him, the adviser helped her to claim income support and carer's allowance.

With a grant from Macmillan, the caseworker was able to secure a privately rented one bed roomed flat for them to live in and an increase in income of £469.14 per week. He passed away four months after his first meeting with the caseworker.

*\* name has been changed to protect anonymity*



## Benefits and money advice service funded by The Royal British Legion and Royal Air Force Benevolent Fund

Delivered as part of The Royal British Legion's Poppy Advice scheme, the award winning **Benefits and Money Advice Service** is a partnership between The Royal British Legion, the Royal Air Force Benevolent Fund, Citizens Advice and Citizens Advice Northern Ireland.

The service provides specialist benefits and money advice to serving and former members of the armed forces and their dependants. The service has helped over 24,177 people to date, achieving for clients a total of £69.3 million pounds in financial outcomes.

### CASE STUDY

CAB advisers were able to help Chris save his home from being repossessed when he was made redundant. As an ex-Service man, advisers were able to help him access the Legion's Poppy Fund grant scheme to assist with financial hardship.

"My greatest fear was that my house would be repossessed and I would lose my dog – she's all I've got. I couldn't have asked for a better outcome. I really cannot thank CAB enough."

There are currently 43 benefits and money advisers based in Citizens Advice Bureaux across England and Wales, three based in Citizens Advice Bureaux in Northern Ireland and seven based at Royal British Legion headquarters and regional offices across England and Wales.



## Debt advice and mental health

Research has found that almost one in two people with debts have a mental health disorder, in effect half our debt clients. Over the last two years Citizens Advice has worked with the Government to look at the links between the two.

In their new mental health strategy, the Government recognises that face-to-face debt advice is an effective intervention and bureaux have an important role to play. Cost-benefit analysis undertaken by the London School of Economics suggests that investment in face-to-face debt advice services could result in savings of £300 million, with a return of £3.55 for every £1 invested.

### CASE STUDY

John\* came to the drop-in at the psychiatric in-patient unit. He had previously been self employed but had been diagnosed with enduring mental health problems. Along with help claiming benefits, the CAB adviser at Sheffield CAB negotiated repayments or write-offs for multiple debts totalling over 10,000 including utilities, bank overdrafts and rent arrears. The adviser helped John find appropriate accommodation and arranged for him to see the bureau's financial capability adviser for help with budgeting. John's anxiety levels were reduced once his debts were under control and he could manage them himself. After he had been re-housed, he was sufficiently stable and confident to be able to resume some self employment activities.

*\* name has been changed to protect anonymity*

## Integrated debt advice

The **Integrated debt advice (IDA)** project is a two year project which started in April 2010. Funded by the Northern Rock Foundation, the project aims to improve access to independent debt advice for people living in Cumbria and the North East.

Since April 2010 there are IDA specialist debt caseworkers offering face-to-face debt advice in 13 bureaux across the region. In addition, a telephone service based at DAWN CAB has four telephone advisers providing a complete debt management and advice service, dealing with all kinds of debt problems including bankruptcy. These two services operate in conjunction offering clients a choice of debt advice delivery method and quicker access to the debt advice.

Running alongside the telephone and face-to-face provision is a pilot scheme to trial the use of video link technology to deliver debt advice to clients in rural locations. Based in three bureaux, the video conferencing suites are equipped with touch-screens and document scanners to enable clients to speak to a caseworker based at DAWN CAB via video link, with the caseworker able to view any relevant documentation.

Since the end of April 2010 the IDA project has dealt with:

- 4,592 clients
- 17,473 debts
- £40,564,172 worth of debt.

**“Thank you so much for all your help, support and advice over the last year. I don't think I would have managed or got an outcome without you. You have helped me secure a future for me and my girls and for that I will be forever grateful.”**

## Debt management plan pilot

One of the options for clients with unmanageable debts is to negotiate payment arrangements with their creditors. They can do this themselves or the bureaux can contact creditors on their behalf. Alternatively the client can turn to a provider of debt management plans (DMP).

There are numerous DMP providers in the UK with this sector having seen considerable growth in recent years. Although a few DMP providers are free, most

charge fees leaving clients with less money to pay towards their debts. Many Citizens Advice Bureaux have informal arrangements with non-fee charging DMP providers, and do refer clients. However, clients then need to provide their detailed financial circumstances again to the DMP provider, effectively starting from scratch.

To make the process easier for our clients we have launched a pilot project to address these issues. The pilot project will enable bureaux to offer clients the option to be referred to a preferred partner for the automatic setting up of a debt management plan if this option is considered to be the most appropriate debt remedy. The Consumer Credit Counselling Service (CCCS) has been selected as our preferred partner for the pilot.

## Debt relief orders

Debt relief orders were introduced in April 2009 and provide debt relief, subject to some restrictions. They are suitable for people who do not own their

own home, have little surplus income and assets, and have less than £15,000 of debt. An order lasts for 12 months. In that time creditors named on the order cannot take any action to recover their money without permission from the court. At the end of the period, if the clients circumstances have not changed they will be freed from the debts that were included in the order.

A number of competent organisations, including Citizens Advice, have been authorised to approve intermediaries to make DRO applications to the Insolvency Service on behalf of clients. At present Citizens Advice has over 1,220 approved intermediaries while 347 member bureaux have at least one intermediary on their staff, based either in the main bureau or within their district.

In the year 2010/11 just under 17,500 DRO applications were successfully submitted for CAB clients; this equates to 65 per cent of all DRO applications made to the Insolvency Service in the financial year.



Investment in face-to-face debt advice services could result in savings of £300 million according to figures published with the Government's new mental health strategy

# Guidance

## Free money advice

The Money Advice Service launched across the UK in April 2011 and on its behalf, Citizens Advice is providing face-to-face Money Advice Sessions across Wales.

The Money Advice Service is a new independent organisation set up to help people to understand and manage their money better.

With initial funding for three years, bureau Money Advisers are targeting those financially vulnerable people who are most likely to be adversely affected by poor financial decision-making to help them make the most of their money and take steps to plan for the future.

Money Advice Sessions are tailored to individual needs and circumstances and can give people the information and confidence they need to make the financial decisions that are right for them.

Trained Money Advisers can cover everything from budgeting to saving, credit and borrowing, mortgages, insurance, pensions and retirement planning. The Money Advice Service is free and unbiased and Money Advisers do not recommend or try to sell any financial products or services.

Elsewhere across the country, face-to-face sessions are delivered on behalf of the Money Advice Service by:

- A4e in England and Northern Ireland
- Citizens Advice Scotland in Scotland.

In addition to the face-to-face sessions, the Money Advice Service also provides information and advice online and over the phone:

Website: [moneyadvice.service.org.uk](http://moneyadvice.service.org.uk)  
Money Advice Line: 0300 500 5000

## Improving access to financial advice

Citizens Advice and the Personal Finance Society (PFS) are working together to improve access to generic financial advice for people with low to moderate incomes. By working together, Citizens Advice and the PFS have developed the 'MoneyPlan' programme which involves members of the PFS volunteering their time to provide generic financial advice to CAB clients.

Independent Financial Advisers (IFA) will use their expert knowledge and experience to provide general or generic advice to CAB clients on a range of financial topics such as:

- budgeting
- borrowing (including mortgages)
- emergency provision
- protection
- savings and investments, including retirement planning and converting assets into income.

The IFA does not provide Regulated Financial Advice but will be able to use information about individuals circumstances to help them identify and understand their financial positions and their needs to help them plan their finances accordingly.

**“Needless to say I would never have had the wherewithal – financial or chutzpah – to approach someone like that if it had not been provided under this scheme. Likewise, for other people in my position, a money advice service could end up saving the state a considerable amount of benefit.”**

# Prevention

Bureaux and our delivery partners' ability to offer financial capability training and education is primarily determined by funding.

The financial sector is a major supporter of our work, accounting for over 80 per cent of the annual centrally funded programme costs of over £3 million. As well as our key partner, Prudential, we have received substantial long-term funding from Barclaycard, Citi Foundation, Nationwide Building Society and Santander Foundation. This has enabled our central team to provide substantial training resources and grants to bureaux and their local partners.

Two thirds of our network of bureaux now provide some level of financial education, four times the number in 2006. Our ambition is to have all bureaux across England and Wales using their community links and financial expertise to deliver programmes.

Last year, our programmes made a particular impact on a wide range of communities, including parents, young people and social housing tenants.

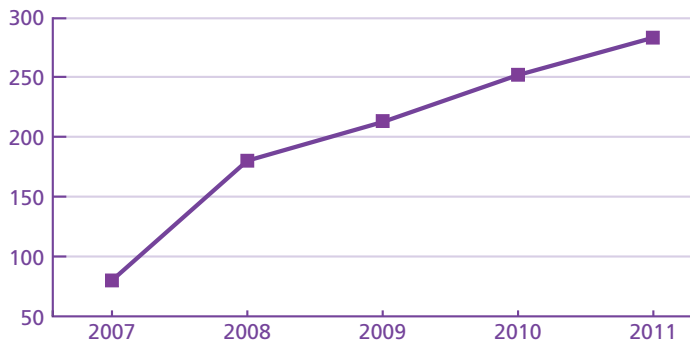
## Developing financial skills for life

Long-term backing from Prudential plc has helped bureaux and their community partners deliver high-quality financial education programmes for nearly



Financial capability session at Whitefield School, London

## Number of bureaux delivering financial capability 2007-2011



10 years. Independent evaluations show that we are now reaching over a quarter of a million more vulnerable adults each year, and having a positive impact on their basic money management skills, confidence and decisions.

Bureaux typically run one to two hour sessions for small groups of clients in existing community-based settings. Some also offer one-to-one assistance. In both cases the sessions cover relatively basic issues around personal budgeting, borrowing, banking and saving. As well as training members of the public directly, we teach frontline staff of other agencies how best to help their own clients. We conservatively estimate that these frontline staff typically cascade this knowledge to at least 15 clients a year.

Independent evaluations of our programmes have established that our financial capability work improves people's financial confidence and skills, resulting in increased financial security. [www.financialskillsforlife.org.uk](http://www.financialskillsforlife.org.uk) is the national financial capability website of Citizens Advice. It includes information about our programmes and partnerships, evaluation reports, downloadable tools and good practice guidance.

### Financial capability forums

We have also shared our experience with policy makers and, with financial support from The Money Advice Service, have established a network of regional



The Horizons project is helping lone parents

financial capability forums covering all of England and Wales. Forums bring together diverse local and regional organisations with an interest in helping people improve their money skills. Forums provide a focus where agencies can get together to share best practice, network and get joint financial education initiatives off the ground. Nearly 1,000 organisations have already participated. Over £1 million has already been channelled from Citizens Advice to forum participants to help them promote financial capability in their communities.

### Supporting lone parents

The **Horizons** programme helps lone parents build a brighter future for themselves and their families. Since 2005, the programme has been helping lone parents improve their confidence and skills so that they can better manage their finances, improve their job prospects and support their children.

Citizens Advice, Family Action and Gingerbread are working in partnership on the programme, which is supported by Barclaycard. Together, we are providing lone parents with support and advice on three key aspects – money, work and education.

Delivered from hubs in five areas, the Horizons programme has already supported over 700,000 lone parents and their children.

## Helping people get the best deal on their energy

As part of the three year **Energy Best Deal** campaign – largely supported by leading utility suppliers and the Government regulator, Ofgem – bureaux and their forum partners are expected to benefit some 100,000 frontline workers and consumers by the end of this year.

Follow-up interviews with a representative sample of 80 consumers who had already taken part in Energy Best Deal sessions found that a third of them had taken action since the session. Following the session, 88 per cent of frontline workers said they were more confident in advising clients on one or more of the topics covered in the presentation.

### CASE STUDY

Claire, a lone parent on a low income with a disabled child, took part in the Energy Best Deal campaign and discovered that she qualified for a special tariff. This reduced her energy bills by around £400 each year. She planned to put this money into a credit union savings account for emergencies.

## Training more volunteers to deliver financial education

Volunteers are at the heart of the Citizens Advice service, with 21,500 regularly giving their time, but only a small percentage were involved in proactive preventive work until the introduction of **MoneyActive** – an innovative financial capability partnership between Nationwide Building Society and Citizens Advice. Over the last two years the MoneyActive project has recruited and trained 1,100 volunteers who have delivered financial education sessions directly to 32,000 members of the public and frontline workers within communities across the whole of the UK. Between them the frontline staff cascade this knowledge to an estimated 122,000 people.

Over 140 bureaux have been involved in MoneyActive projects, working with a range of over 700 partners to help people get the skills and confidence they need to manage their money more effectively and avoid financial crisis.

### CASE STUDY

Blackpool CAB finds that people on low incomes are often out of pocket because they aren't fully aware of their options. For example, John who was managing on a state pension, was spending over £500 a year cashing his pension cheque through a cheque cashing company as he didn't understand how to open and manage a bank account.

### CASE STUDY

One session at a West Oxfordshire CAB resulted in an 82 year old client saving £60 a month on his telephone bill when it was revealed that the package he was on gave free calls at weekends and evenings, but did not cover the time during the day when he and his wife made lengthy calls.

## Tackling barriers to employment

The **East of England Financial Capability** project was set up to tackle barriers to employment by providing financial capability training for individuals out of work and the frontline workers who support them.

The project ran from May 2009 to March 2011 and was delivered through a consortium of local providers half of which were Citizens Advice Bureaux and the remainder, women's groups, credit unions, a housing association, and training and development agencies.

Funded by the East of England Development Agency European Social Fund programme, the project has delivered financial capability training to 930 individuals out of work and 580 frontline workers.



MoneyActive session at Queens University Student Union, Belfast

Providers were particularly successful at reaching those who tend to be more financially excluded – of those trained 42 per cent were disabled, 22 per cent lone parents, 28 per cent over 50 and 15 per cent from black, Asian and minority ethnic (BAME) communities. Feedback from participants was very positive and in a follow up survey of 108 participants 90 per cent had already taken action to improve their financial situation with budgeting being the most popular step.

The project was underpinned by a new network of county forums set up to share best practice, assess local needs and increase joint working opportunities. In a follow up survey of 81 forum members, 72 per cent had already identified new joint working

opportunities through the forums. Altogether 140 organisations joined the forums and four of these are now planning to continue.

Independent evaluators, Rocket Science UK Ltd, estimated the financial return of the project to be £4.50 for every £1 spent on training and the impact on the regional economy to be almost £1.2 million.

**“I have information I can look back on and tools to change my spending/saving habits.”**

# Policy

We work with government departments, regulators, creditors and the finance industry to improve the policies and practices that contribute to people's debt problems and make it difficult for them to resolve their problems themselves. As well as running local and national campaigns, we use our extensive knowledge of the problems people face to lobby Parliament for legislative changes that really make a difference to people's lives.

Here are a few examples of our successes:

## Legislative changes

- Our campaign to raise problems with consumer credit debts put the issue of irresponsible lending into the spotlight and subsequently amendments were added to the Consumer Credit Bill as it progressed through Parliament which included a duty on lenders to lend responsibly.
- Finding herself in mortgage arrears, one of our clients had come to an agreement with her mortgage lender to repay £30 a month towards the debt but her lender continued to charge her £40 a month while her account was in arrears – this added £880 to her balance. Our report *Set up to fail* in 2007 highlighted instances where people who were doing their best to repay their debts were not being treated fairly. The Financial Services Authority (FSA) agreed and changed its rules to prohibit this practice.
- In late 2009, we joined forces with AdviceUK, the Consumer Credit Counselling Service (CCCS) and the Institute of Money Advisers (IMA) to raise concerns about the problems faced by people excluded from debt relief orders (DROs) because they have pensions worth more than £300. From April this year, regulations are in place for 'approved pensions' to be ignored for DRO purposes.

- When mortgage repossessions rocketed at the start of the recession, it became clear that private tenants were being caught in the fall-out. Where landlords were being repossessed due to mortgage arrears, their tenants often received little or no notice of eviction. We worked with Crisis, Shelter and the Chartered Institute of Housing to produce *A private matter?* which called for urgent legislation to strengthen the rights of tenants in this situation. Bureaux joined the campaign by writing to their local MPs and urging them to sign an Early Day Motion on the issue. Over 100 MPs did so and tenants now have a statutory right to two months' notice in these circumstances.

## Super-complaints

- In March of this year, we submitted our third 'super-complaint' to the Office of Fair Trading (OFT) calling for a ban on cold calls offering credit or debt management services and the charging of up-front fees based on the evidence in our report – *Cashing in*. On 1 June 2011, the OFT published its response. Key findings include:
  - 270,000 UK adults have paid up-front fees of between £50 and £70 to credit brokers in a year.
  - 45 per cent have had a fee taken then no loan made.
  - Of those, only 50 per cent had the fee refunded.

The OFT are urging the Government to look at changing the law about up-front fees and have issued revised guidance for credit brokers.

- Our earlier super-complaint in September 2005 calling for an investigation into the payment protection insurance (PPI) business was a crucial



step in ending the consumer detriment in this market. Since then, the Competition Commission has banned the selling of PPI with credit. The banks have now agreed to compensate consumers who have been mis-sold PPI.

## Local and national campaigns

- Eighty per cent of bureaux get involved in one or more of our national campaigns, covering a diverse range of topics.
- Bureaux are in an ideal position to campaign locally on issues affecting their clients, with some local initiatives having such a wide-reaching impact that they develop into national campaigns. Leeds CAB's *Hung up* campaign highlighted the cost of calling 0800 numbers from a mobile phone. This led to the Department for Work and Pensions (DWP) negotiating with the six main mobile phone companies to make calls to government helplines free from mobile phones, helping an estimated nine million people.
- Bureau experience with vulnerable clients affected by bailiffs' poor practice led Citizens Advice and the Local Government Association (LGA) to launch a joint good practice protocol for bureaux to use with local authorities to improve collection of council tax debts. Bath and North East Somerset (BANES) District Council found that by using the protocol and adopting a more realistic and flexible approach to repayment options at the same time as ensuring that the most vulnerable and those in genuine financial difficulty are protected, they have maintained their 98 per cent collection rate. Bath and District CAB continues to hold regular meetings with BANES District Council's revenues team and the bailiff company. The protocol has provided a focal point for bureaux and local authorities to improve communications and enhance mutual understanding. In Northumberland this resulted in local bureaux being invited to be part of a tendering exercise to select new bailiffs. In Ashfield, the local authority, bureau and bailiffs have worked together to draw up a new code of practice for bailiffs including items on referral for vulnerable people and complaints procedures.



*Do the right thing*, published 2010 and *With a little help from my friends*, published 2008

## Work with the financial industry

During 2010/11, the CAB service dealt with over 354,000 enquiries about credit card, store and charge card debts. For some time we have been campaigning for measures that empower consumers and give them more control to manage their credit card accounts more effectively. Following a major review of credit and store cards by the Department for Business, Innovation and Skills, trade bodies representing credit and store card providers agreed to implement a suite of new rights. Citizens Advice was delighted to have worked with The UK Cards Association to publicise new rights for credit card holders by producing leaflets and posters outlining the positive changes that credit card users can now expect from their credit card companies.

## Working together for change

In 2009 Citizens Advice asked frontline debt advisers from the CAB service, AdviceUK, the Institute of Money Advisers (IMA) and National Debtline to nominate creditors who they thought had particularly good debt collection practices. We then interviewed those creditors nominated to understand how they were able to go beyond minimum standards and do the right thing to help people deal with their debts in a way that suits their circumstances.

Our findings led to the publication of *Do the right thing* which sets out five steps any creditor can take



Sky News interview Alex MacDermott, Credit Liaison Policy Officer



New rights for credit card holders

to achieve best practice in debt collection. It also calls on creditors to join us in a conversation about how these steps can be put into practice.

This conversation became the Addressing Financial Difficulties best practice working party (the AFD). This is a truly cross industry working party with creditors from a wide range of sectors represented. It acts as a forum to champion, catalogue and share non-competitive business practices that help consumers avoid, manage or recover from periods of financial difficulty.

The AFD is currently producing a definitive guide to best practice for addressing financial difficulties which will be published Autumn 2011.

In 2008 Citizens Advice asked frontline debt advisers from the CAB service, AdviceUK, IMA, National Debtline and creditors and debt collectors about the problems they encountered with self-help debt advice services – where people in debt are given the advice, information and support they need to negotiate with their creditor by themselves.

We used these experiences to produce *With a little help from my friends* an evidence report that recommended advisers, creditors and debt collectors work together to develop a new approach to self-help debt advice services. This new approach became known as CASHflow.

It's development and promotion was funded by BIS and RBS and in 2010 it won two industry awards.

# Our vision for the future

Over the last few years we have witnessed a continued increase in the number of people whose lives are blighted by debt. Record numbers of people obtained personal insolvency in 2010, and there has been sustained rise in the demand for debt advice services. A worrying trend is that Citizens Advice Bureaux are seeing increasing numbers of debt problems for basic essential services such as fuel, rent and council tax.

Our service statistics also tell us that people with disabilities or long-term health problems and from BAME communities are over-represented amongst our debt clients, compared with the population as a whole. People on incomes of less than £1,000 per calendar month or who have no or few assets or savings are most at risk of debt problems.

As well as our remit to provide free, impartial advice to those in need, Citizens Advice sees a real need for policy change so that financial services are more effectively regulated in future, over-indebtedness is prevented through responsible and fair practices and effective education and advice, and debt problems are resolved more easily.

Citizens Advice's own vision for the future is to:

- help more people at the right time by offering them a holistic service encompassing debt advice through to financial education
- increase our preventative reach, embedding financial capability as part of every bureaux services
- continue to lobby Government and financial services providers for fair financial products and business practices, effective regulation of financial services and debt recovery practice.

To help us realise this vision we need:

- more sustainable funding for free debt advice services
- better regulation of lenders and debt collectors that swiftly tackles bad lending and debt collection practices
- a curb on unfair default charges
- better protection for people in multiple debt from harsh enforcement practices, such as imposing charging orders for small debts
- more suitable debt management solutions.



Forty six per cent of people felt less anxious; stressed or had fewer health problems after using a CAB (MORI, 2005)

# Useful information

## Publications and links

*Do the right thing – advisers' and creditors' experience of best practice in debt collection*, Citizens Advice, available from:  
[www.citizensadvice.org.uk/do\\_the\\_right\\_thing](http://www.citizensadvice.org.uk/do_the_right_thing)

*Out of the picture, CAB evidence on mental health and social exclusion*, Citizens Advice, available from:  
[www.citizensadvice.org.uk/out-of-the-picture](http://www.citizensadvice.org.uk/out-of-the-picture)

For more information about Citizens Advice partnership projects see: [www.citizensadvice.org.uk/index/partnerships](http://www.citizensadvice.org.uk/index/partnerships)

House of Commons Committee of Public Accounts report 24 March 2010:  
[www.publications.parliament.uk/pa/cm200910/cmselect/cmpubacc/475/475.pdf](http://www.publications.parliament.uk/pa/cm200910/cmselect/cmpubacc/475/475.pdf)

*A life in debt*, Citizens Advice, available from:  
[www.citizensadvice.org.uk/a\\_life\\_in\\_debt.htm](http://www.citizensadvice.org.uk/a_life_in_debt.htm)

For more information about Citizens Advice's money advice services and partnership projects please contact Emily Jeffrey, Press and Public Affairs Officer on [emily.jeffrey@citizensadvice.org.uk](mailto:emily.jeffrey@citizensadvice.org.uk) or 020 7812 548.

## Contacts

### Citizens Advice Bureau

[www.citizensadvice.org.uk/getadvice](http://www.citizensadvice.org.uk/getadvice)  
find your local citizens advice bureau

### Consumer Credit Counselling Service

[www.cccs.co.uk](http://www.cccs.co.uk)  
online debt counselling, budgeting advice  
Helpline: 0800 138 1111

### Consumer direct

[www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk)  
information on reducing your fuel bills  
Helpline: 0845 404 0506

### Financial Skills for Life

[www.financialskillsforlife.org.uk](http://www.financialskillsforlife.org.uk)  
Information about financial education programmes and partnerships, evaluation reports and downloadable tools and good practice guidance.

### Money Advice Service

[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)  
interactive tools for budgeting and borrowing, information and leaflets  
Helpline: 0300 500 5000

### Money Advice Trust

[www.moneyadvice-trust.org](http://www.moneyadvice-trust.org)  
Information on Common Financial Statement, dealing with debt and sourcing advice

### National Debtline

[www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk)  
free, independent debt advice over the phone.  
Debt information pack, sample letters, factsheets  
Free independent debt advice line: 0808 808 4000



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