

Delivering debt advice during a pandemic

Debt impact report
2020/21



**citizens
advice**

Our impact

Our impact data helps us better understand the effect of our work. In 2020:



We **helped 258,000 people** with debt problems



We supported clients to write off a total of £180 million of debt and **135,000 clients gained £840 million of extra income**



The money and debt advice pages on our website received **4.4 million views**



9 in 10 clients would recommend our services to a friend¹



86% of debt clients said we helped them find a way forward



46% of clients said that they had seen an improvement in their mental health, being either less depressed, stressed or anxious



Our debt services **save the government and public services millions of pounds every year**

¹ Client experience survey 2020 (Q1 to Q3)

Delivering debt advice during a pandemic

Citizens Advice has been a trusted and stable source of support for millions of people for over 80 years. Our network of 272 local Citizens Advice charities in England and Wales offers free and confidential advice online, over the phone and in person.

Much of 2020 was dominated by the coronavirus pandemic, which caused immediate and hard hitting financial impact for many people.



7.3 million people are estimated to have fallen behind on household bills



1 in 3 households have lost income



36% of people who have lost their income have run down their savings



45% of people with children have lost household income

When the pandemic began, we rapidly transitioned our debt service so people could continue getting the help they needed. Staff and volunteers adapted swiftly as we expanded our phone, email and webchat advice channels. We introduced a new Trainee Academy to increase adviser capacity across our network. We also developed a locum adviser pilot to meet the demands of remote advice delivery, the first of its kind in the debt advice sector.

Demand for our advice will increase

Emergency measures introduced last year may have provided some relief for many people, but we know debt issues will not go away.

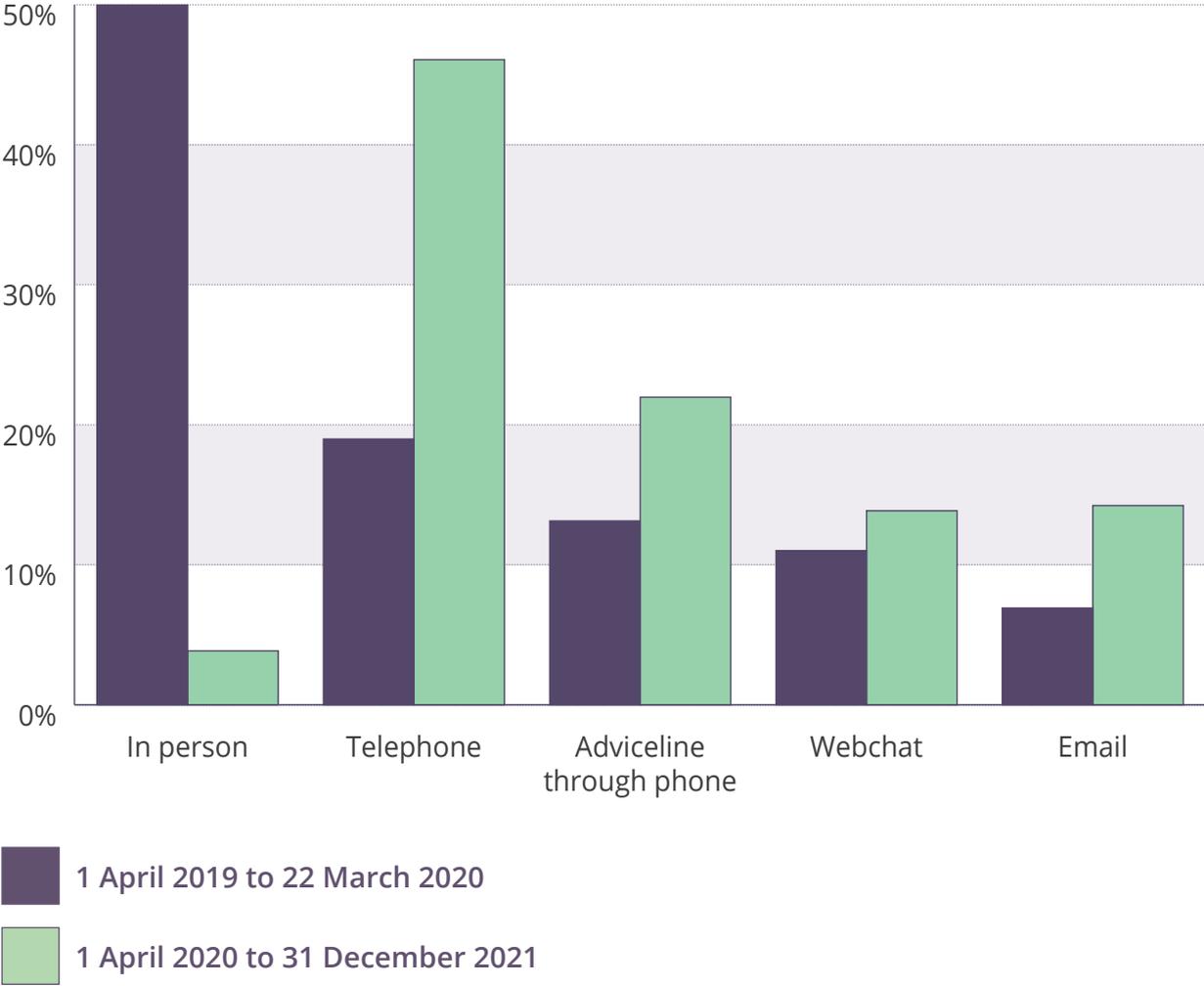
Our data suggests that some people may be simply putting off their debt problem. This may be due to those emergency measures, including a ban on bailiff enforcement, eviction, or repayment holidays which have provided some debt relief. However, arrears are rising at the same time.

This suggests an even greater demand for our services in the near future as the financial impact of the pandemic continues to cause debt issues for many people. We've already seen a sharp increase in people seeking online debt and money advice through our website.

More people also contacted us by phone and email since the first Covid-19 lockdown in March 2020. This is an increase of 27% by phone and an increase of 7% by email, compared to the previous year. We've also expanded ways people can access our debt advice by introducing video appointments. 195 clients had received advice through this method up to 31 December 2020.

Our ambitions remain the same. We'll continue to increase our capacity to meet phone, email and webchat demand to keep pace with the growing need for debt advice we anticipate by the end of 2021.

How our debt clients contacted us compared to last year



Expanding our support for people

We continue to invest in our network so we're ready to meet demand, now and in the future, and continue to improve people's experiences of our debt services.

Increasing capacity project

The Money and Pensions Service (MaPS) secured £16 million to increase the capacity of debt advice last year in response to the pandemic. This was to meet an expected 60% increase in demand for debt advice by the end of 2021. This was the largest expansion of debt advice services in over 10 years.

This supplemented existing funding our debt advice project received, which is already paying for 350 advisers across our network.

By the end of 2020:

- We recruited 138 full time advisers
- We funded 71 local offices to deliver debt advice in the areas it is most needed
- We developed training so we can strengthen the quality of advice we provide to people

Trainee Academy

We also introduced a new Trainee Academy for advisers last year. This will help us meet more demand, support advisers and improve staff retention and wellbeing.

The Trainee Academy pilot funded 12 new full-time advisers. We successfully:

- Created a bespoke 11 week Trainee Academy with 2 months post-training support for advisers
- Welcomed 3 more cohorts of 16 trainee advisers between August 2020 and January 2021
- Worked with the Money Advice Trust (MAT) to accredit our training materials
- Developed remote learning through tutor-led sessions and online learning

"The training this week was very comprehensive and gave me a good understanding of the quality requirements."

—Trainee adviser

Through our Trainee Academy we'll increase the capacity and expertise of advisers so they can provide the right information and support for clients tackling debt issues.

Locum adviser pilot

In 2020 we successfully secured funding to test a regional locum adviser pilot. This was to provide contingency support to cover staff absence and meet the changing needs of our debt advice delivery model following Covid-19 restrictions. This is the first of its kind in the debt advice sector.

We recruited 8 organisations in 8 regions of England and Wales each providing locum support to 10-20 local Citizens Advice-led organisations. As a result more clients are able to access timely debt advice when they need it.

“We have 4 advisers off sick and the locum adviser has been a great success.”

—Joanne Abdulla, Head of Advice at Citizens Advice Sheffield

Enabling locum advisers to support across our network is supplementing the debt advice we already offer, and will enhance our support to more clients in the future. As part of the pilot, we're also maintaining local referral pathways so clients are directed to the right local service that can give them the support they need.



Working together to expand our support offer

Launching our Help through Hardship helpline

Indications suggest that foodbank use has doubled in 2020.

Last year Citizens Advice partnered with the Trussell Trust to launch a new phone line to support people with emergency food and advice support.

Our free helpline offers personalised support to people struggling to afford the basics, providing the tools, advice and connections needed to help them towards a future where they have enough money for essentials.

80% of our helpline callers said that they had been affected by the pandemic, in some way. **1 in 3 people had a debt problem, with 96% saying their problem had worsened in the last year.**

From April 2020:



Over 30,000 calls answered by the helpline



Over 20,000 vouchers were issued



At least 2 in 5 people helped with the underlying problems which were causing food poverty

[Read more about the impact of our new helpline.](#)

Working with the NatWest Group

Last year we also started working with the NatWest Group. They've funded 4 full time advisers across England and Wales to identify and tackle the underlying causes of people's problems. Members of staff from Citizens Advice will support teams from across NatWest group to provide a referral service for customers getting in touch with issues. This includes bank staff helping customers with protection, fraud and bereavement, as well as those who are at greater risk of disadvantage, detriment or harm.

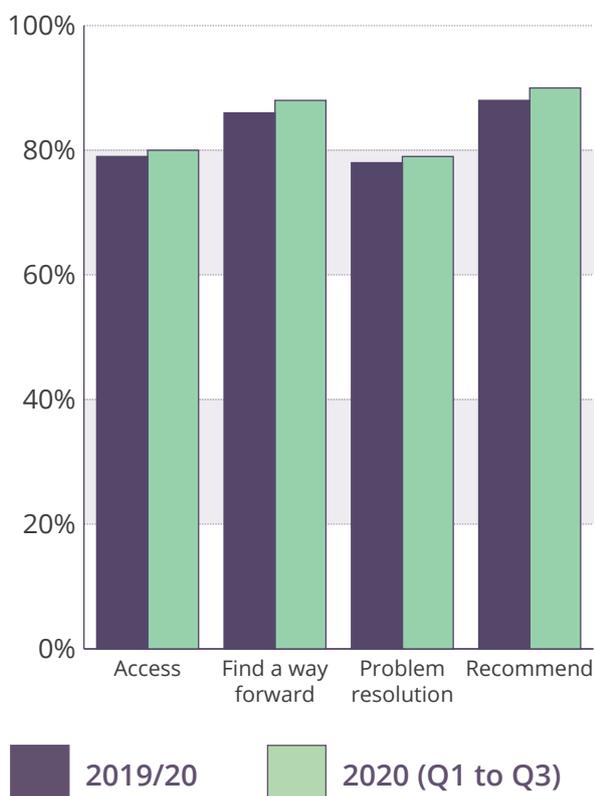
The service was introduced following the successful completion of a pilot programme in Southend. As a result we're helping more people get enhanced debt support and broader advice and ensuring their situation doesn't get worse.

Improving people's experience of our service

We regularly survey clients about their experiences of our services through our client experience survey.

We've seen an increase in positive feedback about our debt services in 2020. Clients continue to be highly satisfied, with about 90% of people saying they would recommend our services to a friend.

Client experience



- People told us they found our debt services easier to access, compared to 2019/20 despite our services transitioning to remote channels
- 86% of clients told us we helped them find a way forward
- More people who accessed our debt advice in 2020 said they would recommend our service to a friend

National outcomes and impact research

We interviewed 4,000 clients at the end of 2020 to ask them about their advice needs, experiences and the difference our service made to them. For debt clients:



48% were affected by the pandemic in some way



They're more likely to feel confident in dealing with their debt issue with our help, when compared to other main issue types



More than any other issue, debt is more likely to have negative consequences on other parts of their lives – including mental health, relationships and having less money to spend



Debt clients are positive about the experience of our services with more than 2 in 3 rating their experience as 'excellent'

[Read more about our research.](#)

The debt issues we're helping people with

No one sees so many people with so many different problems, and that gives us unique insight into how these problems can be linked. **49% of our debt clients had another issue that could have contributed to, or be exacerbated by, their debt situation.**

Clients we helped with debt issues also needed support with benefits, including tax credits and Universal Credit.

The causes of money problems are incredibly complex. **More than 4 in 5 of the people we help say they experienced a life event or change in circumstance** leading up to the problem that they came to see us about. This most often related to a change in finances (48%) or ill health (46%).

The 5 most common debt types Citizens Advice clients contacted us about in 2019/20 before the first national lockdown were council tax arrears (affecting 1 in 4 clients), credit card debts, personal loans and fuel debts.

People's advice needs changed during the pandemic

23 March to 31 December 2020

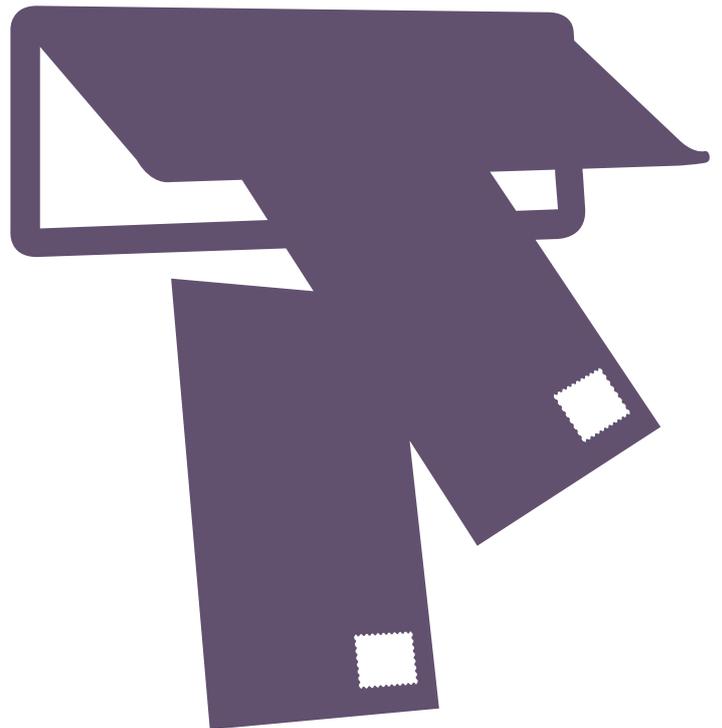
Issue type	Clients
Council tax arrears	33,445
Fuel debts	29,893
Credit card debts	29,569
Debt relief order	18,522
Personal loans (unsecured)	18,089
Water and sewerage	17,956
Rent arrears (private)	13,466
Rent arrears (LA and ALMO) ¹	12,592
Bank and building society overdrafts	12,200
Rent arrears (Housing association)	10,510

¹ Local Authority (LA) and Arms Length Management Organisation (ALMO)

- We still help more people with their council tax debt than other advice
- We saw an increase in people seeking advice about fuel debts last year
- We also saw more people seek advice about private rent arrears, compared to those in the social housing sector – this may be a result of a **lack of protections for people privately renting during the pandemic.**

We've also noticed a significant rise in the number of clients our advisers are assessing as being in a negative budget situation. This means people having less than £0 after essential expenditure. Last year we published **Making Ends Meet: The impact of the benefits freeze on people in debt.** We used our data to demonstrate that 40% of people we helped with debt who claim income-related benefits had a negative budget.

Our evidence showed that simply ending the benefits freeze would only lead to a small reduction in the proportion of households in debt with a negative budget. Ending the benefits freeze and uprating income-related benefits, would mean the proportion of households in debt with a negative budget would fall to 28% by 2024. Read about what we're calling on the Government to change to improve people's situations in **our Impact Report 2019/20.**



Helping people get debt free

Our debt services are helping solve people's problems so they can find a way forward.

-  **£643 million** – the total debt clients owed in 2020
-  **We helped over 14,000 clients** write off a total of £181 million of debt in 2020
-  **Average debt per client written off was £13,000** – nearly £500 more per client from last year
-  **135,000 clients** gained £840m of extra income
-  **10,000 clients** got their debt repayments rescheduled

Debt Relief Order (DRO) unit

During the pandemic our DRO unit continued to support people to access help sooner.

-  In the 10 months of 2020/21 **£44.8 million of client debt had been written off**
-  The unit will have **submitted over 4,000 DRO applications** by the end of March 2021

More local Citizens Advice offices made referrals to the unit and the number of Independent Advice Agencies (IAAs) also using our DRO unit increased.

In 2020 the DRO pilot model became part of our standard debt service delivery model. This improved how we could support more clients by being able to efficiently access the electronic credit reports for all referred clients. We also worked with credit reference agencies to agree that they would accept verbal consent from clients instead of the usual signed documentation. This has improved the client's journey to a debt resolution.

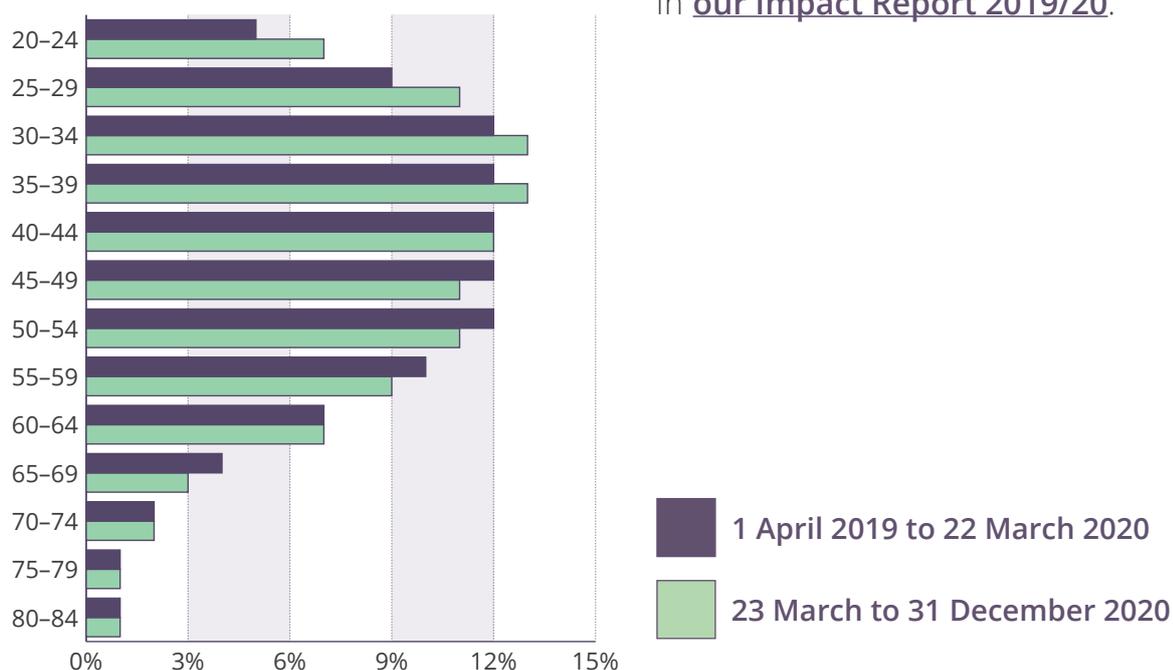
Our unit is usually responsible for administering somewhere between 40% and 50% of DRO applications in England every year. We have high success rates for our clients with the quality of our applications – just 0.3% are rejected by the Insolvency Service.

Who we help

Citizens Advice is committed to reaching as many people who need our debt advice as possible. We've rapidly expanded our phone, email and webchat channels so people can get the advice they need in a way that works for them.

Our network is also building partnerships with organisations to increase referrals to our service. As a trusted source of support we're also best placed to support more people from a range of communities. We expect our local offices across England and Wales will continue to be a key way particular groups of people access face to face advice, when it's appropriate and safe to do so.

Age of clients accessing our advice



Since March 2020, we've seen an increase in younger clients accessing our services. We know that people aged under 35 are roughly twice as likely to access our advice through webchat than people aged over 35. We'll be looking to increase awareness of webchat in 2021 so we can provide debt advice to younger people in a way that meets their needs.

The pandemic has disproportionately affected younger people who are more likely to be in insecure or low paid work and are more likely to be renting.

We work to ensure our services are accessible and relevant to a diverse range of people. In 2020, we have continued to help a high number of Black, Asian and Minority Ethnic clients and disabled clients. You can read about our commitment to further reducing the gap in reported problem solving between different client groups in [our Impact Report 2019/20](#).

How we're helping people with debt advice

By providing the right information and support we're helping to solve more people's problems. We expect our local offices across England and Wales will continue to support people who specifically need face to face to support, when it's appropriate and safe to do so.

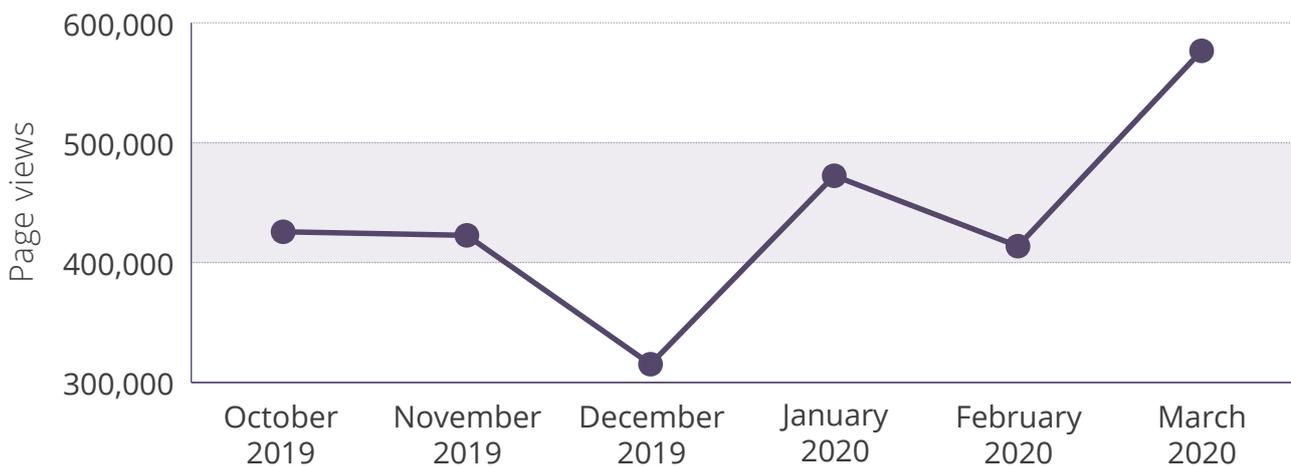


In 2020 there were **4.4 million visits to our debt and money pages**

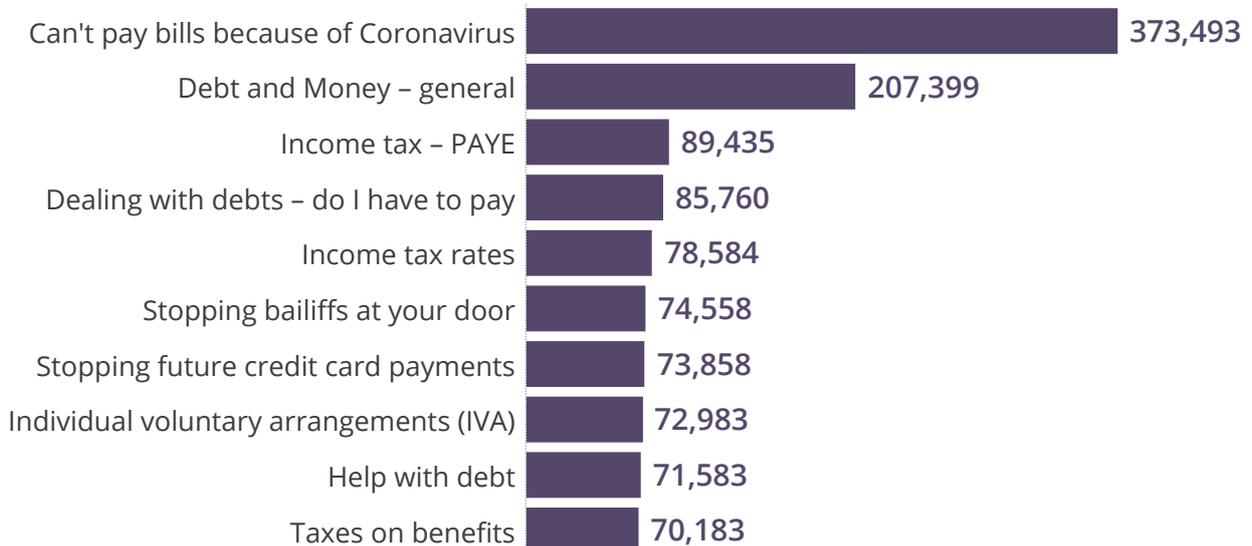


Website **traffic began to increase in March**, when the Covid-19 began

Increase in website views leading up to the pandemic



Most viewed website pages



Before Covid-19 began our most popular debt and money webpages provided advice about bailiffs, debt relief orders, bankruptcy and dealing with debt and bills.

After the pandemic this changed dramatically.

Our '[not being able to pay bills because of coronavirus](#)' advice became our most visited page, compared to all other webpage visits.

We also saw an increase in people seeking online advice about income tax as many workers were furloughed during the pandemic.

People also looked for advice about stopping their credit card payments. This shows that people may be putting off tackling their debts and taking advantage of payment holidays.

Many people found themselves in situations they have never faced before in 2020. More people using the social security system for the first time came to us for help about the taxes on benefits.



1 Citizens Advice, client experience survey, debt clients 2019/20

2 Citizens Advice, client experience survey, all clients exc. Debt 2019/20

Helping people find a way forward

Debt and mental health

For many people having debt problems goes beyond just dealing with financial impacts – it can affect people’s mental health too.

Clients with mental health issues related to debt tend to be from 2 categories. Those with pre-existing conditions that have contributed to their debt problem and those whose debt problems have contributed to deteriorating mental health. This second category is most likely to report improvements as a result of our support.

In 2019/20 nearly half of our debt clients (46%) said that they had seen an improvement in their mental health, being either less depressed, stressed or anxious a lot or a great deal.¹ This compares to 39% of clients within all other issue types.²

Signposting to support

To address people’s underlying mental health needs we’re working closely with Mind to understand how we can improve referrals between our organisations, both at a local and a national level. This work will include health training for our network and national staff so we can better direct clients to access appropriate information and support.

1 Citizens Advice, client experience survey, debt clients 2019/20

2 Citizens Advice, client experience survey, all clients excluding debt 2019/20

“I was very worried before I spoke to Citizens Advice and was making myself ill with stress but after talking to them and receiving help I was much more relaxed”

—Debt client

Improving the quality of our debt advice

Debt Advice Peer Assessment Scores have increased in 2020/21 from the previous year and the percentage of cases finding detriment has fallen significantly.

Our debt quality team developed 3 new adviser workshops to enhance quality in the advice areas where our data told us we needed to improve.

We successfully influenced changes to the peer assessment process and scoring criteria last year.

We also piloted a new approach to independent file review. This applies a flexible and robust approach to the monitoring of quality and service improvement activities. This will improve the assessment experience for local offices with any threat to funding being removed.

How we're influencing change

Our policy and advocacy work has continued to speak up for people on issues that matter most.



Households had an average debt of £8,100 in 2014 – **by 2018 it had increased to £9,400**



Citizens Advice **clients now have an average debt of £10,000** when they seek debt advice from us



By the end of 2020, **7.3 million people had fallen behind on household bills**

The financial impact of Covid-19 is overwhelmingly concentrated on people who have health risks, younger people, and people in insecure work.

- Young people under 40 are 4 times more likely to have fallen behind on a household bill
- People who have an 'increased risk' from coronavirus or are 'extremely vulnerable' are 3 times to have fallen behind on a bill or credit commitment due to the pandemic

- People employed by an agency or on zero hours contracts are around 3 times as likely to have fallen behind on a bill due to coronavirus
- Council tax debt is still the most prevalent type of debt our advisers see clients about
- In January 2021 **we estimated there are now 3.5 million people behind on council tax payments** – 51% of people in arrears now weren't before the crisis hit in March

When temporary protections on debt enforcement come to an end, people will return to facing debt collection practices that they could struggle to deal with.

Our policy and advocacy teams have consistently highlighted that rent arrears and council tax debts are contributing to rising debt levels. Private renters are a particularly insecure group. About half of this group were concerned they wouldn't be able to meet their rent payments and many spend 50% of their income on their rent.

The UK picture has become worse since the pandemic. We estimate that nearly half a million renters are now behind on their rent payments. 58% of people who are in rent arrears now, weren't before the pandemic. Without support their debt problems will become unmanageable and this may lead to tenants losing their homes.

- We are recommending a national programme of loans and grants to help people in England who have fallen behind on rent due to the pandemic
- We also recommended a legal ban on bailiff action and a pause on all possession proceedings during the national lockdown in England, and in tiers 2 and above. The eviction ban has now been extended to 31 May 2021

There were existing problems with the way council tax is collected before the pandemic. The current regulations make it harder for people with council tax arrears to arrange and make repayments.

We're calling for council tax reform to halt these trends:

- Stop people being liable for their entire annual bill if they miss 1 monthly payment
- Make it easier for councils to improve collection by giving them more powers to collect debt in a fair way without getting a liability order first
- Set out more steps councils must take before using the court process – this would ensure that all people in debt are given the option of affordable repayments to get back on track

Keep the Lifeline campaign

At the beginning of the lockdown in 2020, the Government announced a temporary 'uplift' of £20 per week to the standard allowance of Universal Credit and Working Tax Credits. This uplift was due to expire at the end of March 2021.

We know that without the uplift, 75% of people we help with debt who receive these benefits would be unable to cover their essential costs. Together with our local network, we campaigned to have the uplift extended.

While the 6 month extension announced in the March 2021 Budget will make it easier for people to make ends meet in the short term, we will continue to campaign to ensure people receiving these benefits will get support to cover their essential costs.

Citizens Advice helps people find a way forward.

We provide free, confidential and independent advice to help people overcome their problems.

We are a voice for our clients and consumers on the issues that matter to them.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.

citizensadvice.org.uk



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