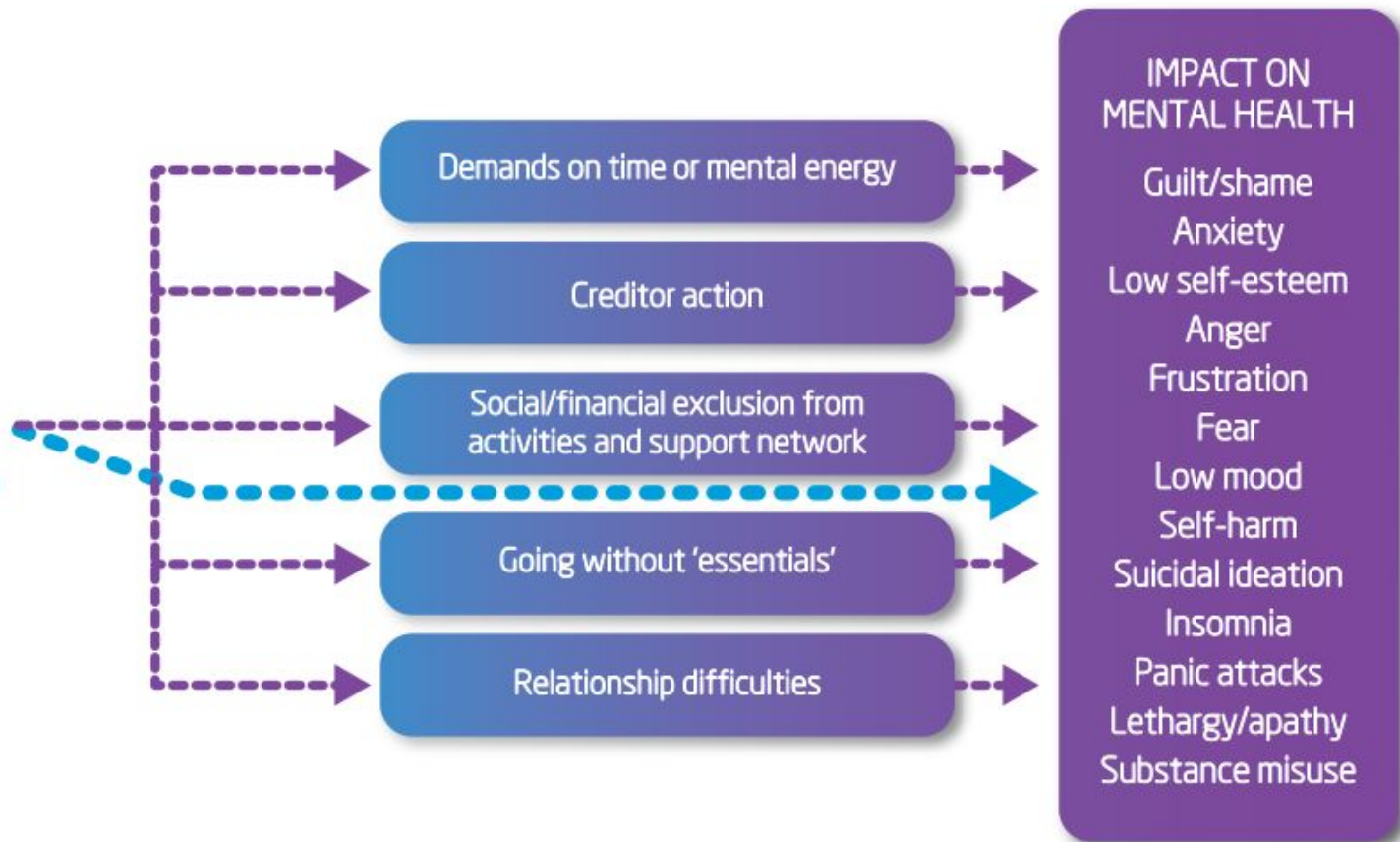
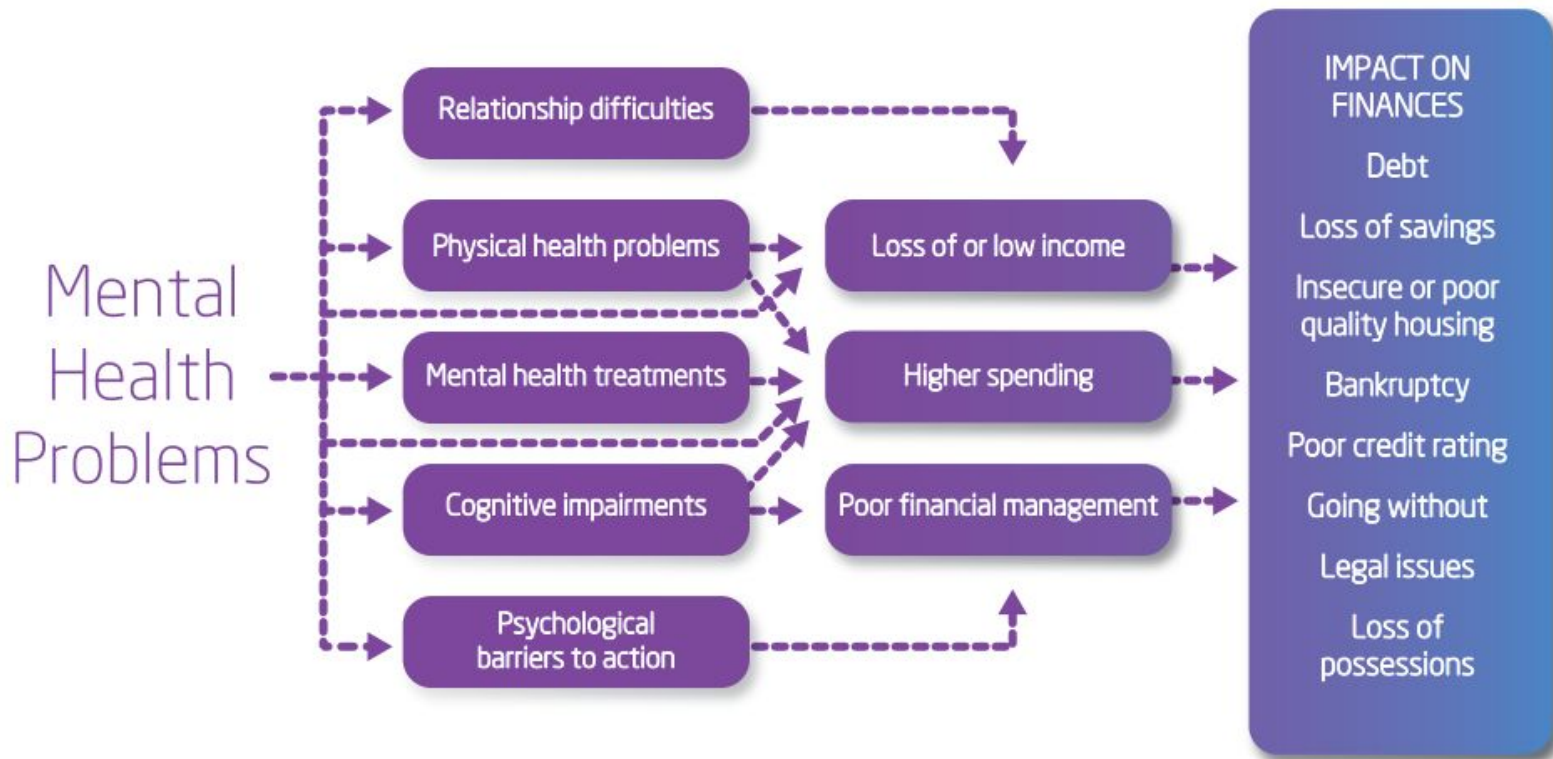




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Financial Difficulties





Buy now, pay later:
Problems in the point of sale
credit market

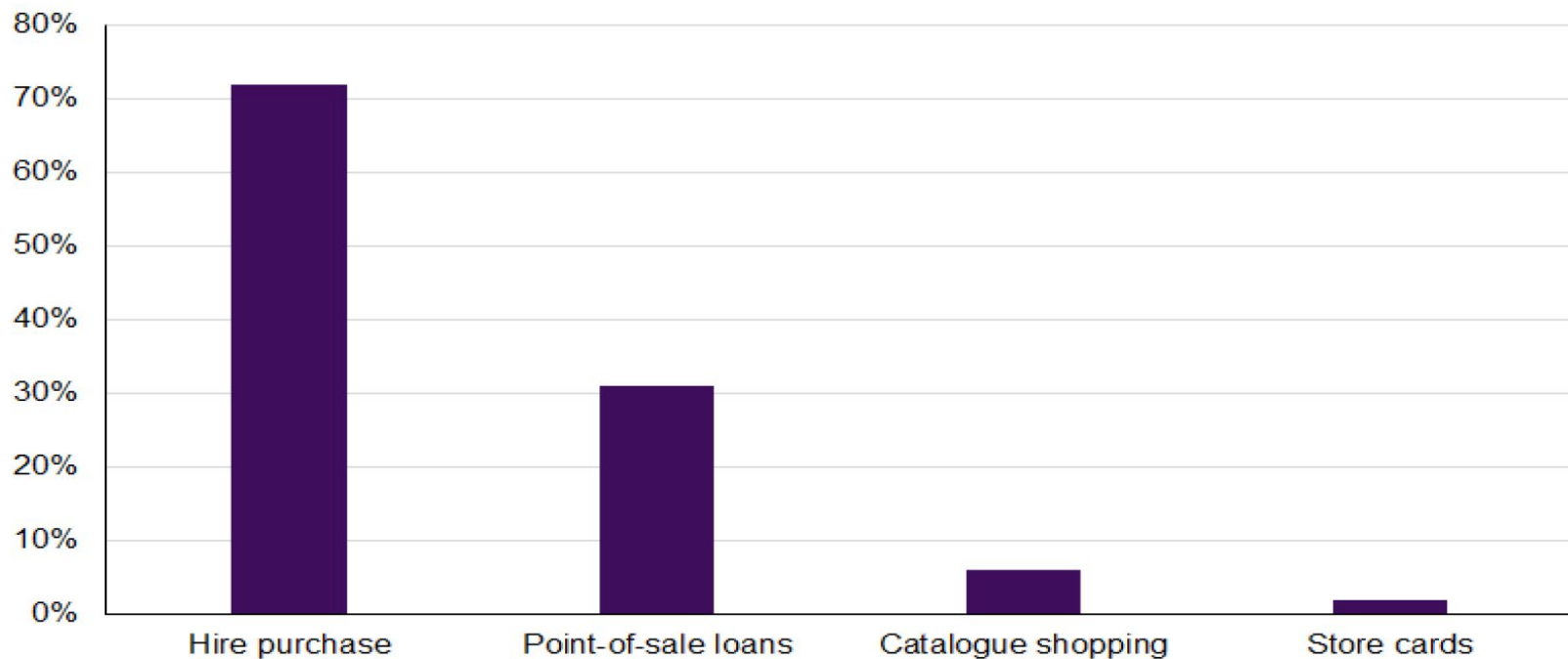


For many people, point of sale credit is a really important financial tool



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Figure 1: Year-on-year increase in complaints about point of sale credit products to the Financial Ombudsman Service, 2015/16



Source: Financial Ombudsman Service, Annual review of consumer complaints about... insurance, credit, banking, savings, investments, Financial year 2015/16.

Even though I can barely pay catalogue minimum payments when I get manic I keep ordering more things from it. Most of the stuff I order I keep even though it doesn't fit.

Looking through the catalogues, the internet, the shops, all Aladdin's caves... no one ever asked about any health problems or the ability to pay back the money.

Feeling out of control anyway due to depression, using impulse/obsessive buying on catalogues to ease symptoms of depression short term, a momentary high leads to further self-loathing, feelings of despair, despondency and even suicidal thoughts. Already on a dump but still not learning from the past. Using PayPal buy now pay 14 days later even though I don't have the available funds to pay. Lack and loss of trust from partner due to impulsive compulsive spending.



Not just anecdotal...

New national polling with Populus

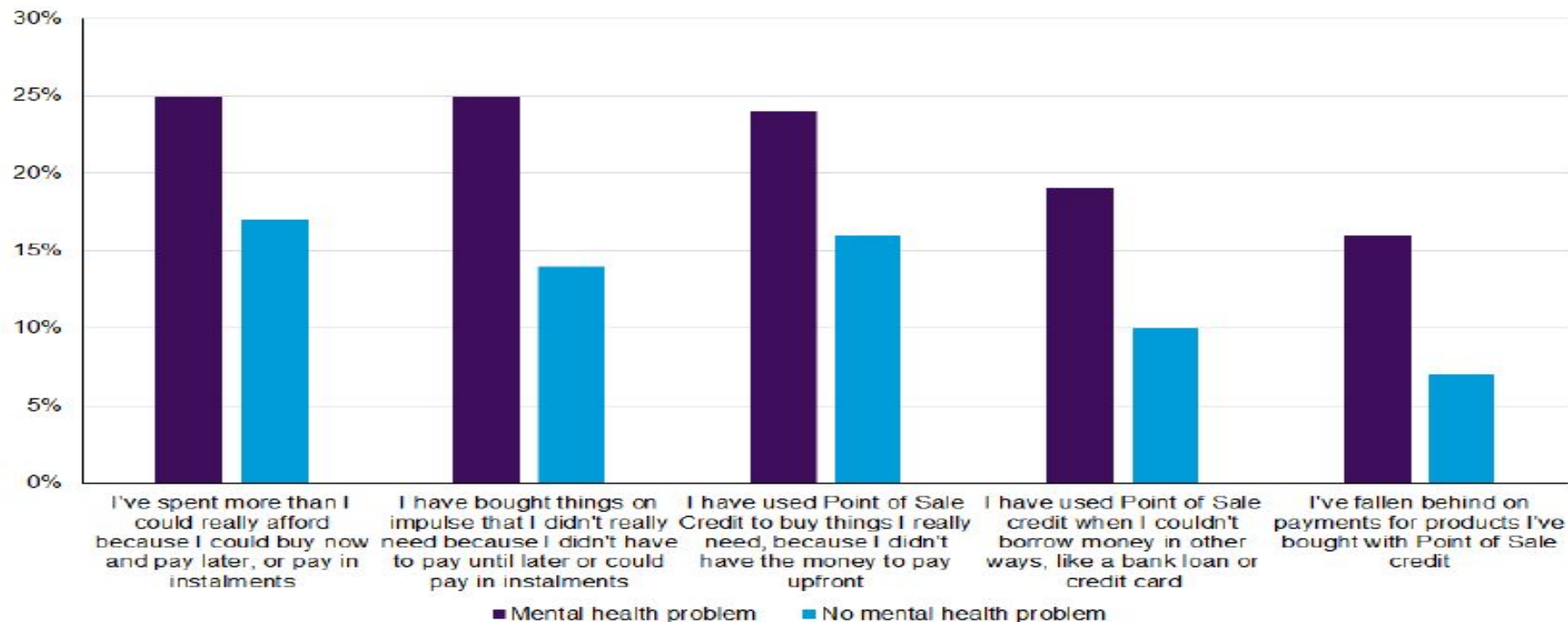
2,051 people, of whom 17% had experienced a mental health problem in the last year

39% of people with a mental health problem have bought something using point of sale credit

32% of people without mental health problems have used point of sale credit



Figure 2: Experiences of point of sale credit - people with and without mental health problems



Source: Money and Mental Health analysis of online survey of 2,051 people, carried out by Populus 9-11 December 2016. Data is weighted to be nationally representative.

What is happening?

- 1) Lower incomes
- 2) Linked to symptoms of mental health problems
 - a) Facilitating impulsivity
 - b) Difficulties making complex decisions



Lower incomes

When I'm having a bad period due to my depression, I feel so overwhelmed by my debts. I have started to look into ways to sort it out, but due to my low income it makes it hard to pay anything when I can't even keep up with my regular bills. Which in turn then causes me more stress and anxiety that then turns into another bad time and a bout of bad days with my depression. It's like a constant cycle, it affects my behaviour and me as a mother to my daughter. With all this and low income I even have struggled to decorate my home. All of my items are second hand, apart from my two hire purchase items.

I know I can spend too much, but hp on kitchen appliances cooker, fridge-freezer, washer and dryer should prob cost £1,200-£2,000 in total I now owe £10,000 with hp fees



Facilitating impulsiveness

I believe that my mental health problems have made me unable to make the correct decisions. I can be very impulsive when I feel depressed or anxious. I do not think things through as it all seems too complicated and I think of the here and now rather than the future.

I often guilt spend as I feel unable to provide for my children in other ways because of my anxiety. I do a lot of buy now pay in 12 months then can't face it when the time comes to pay. This then increases my anxiety.



Difficulties making complex decisions

I'm more impulsive if I'm bordering a depression crash, as the 'high' from a retail hit could possibly 'save' me from going over the edge. I get anxious and sometimes just say yes to store cards as i feel pressured by the sales assistants into applying and accepting to make the transaction quicker as they don't hear 'no' and I suffer from guilt.

Took out HP and catalogue borrowing without fully being able to understand how it would affect my situation in order to make repayments. As a result I am left with little or no spare money every month to be able to enjoy life.



Raising credit limits causes problems

I have a [store] account and have been paying regularly and had a £450 limit. Upon checking my balance a week or two ago they increased it to £2,000 so I've gone mental in spending on the clearance section. As I'm not able to feel / see the items before purchase I'm constantly ordering and returning. Sadly it seems I've lost complete control.

Keep buying from catalogues to 'cheer myself up' and they keep raising the amount of credit available and now I am really struggling to pay them.



What can we do to help?

Big solution - ability to self-exclude from all credit.



What can we do to help?

- 1) What is specific about the way credit products are sold at the point of sale? Are there any other potential reasons why people get into problems with these products?



What can we do to help?

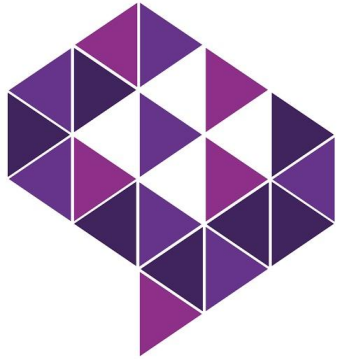
2) It's no longer permissible to offer discounts for taking out a storecard. Should this practice be ended for other point of sale products too?



What can we do to help?

3) How can we clarify credit pricing and contract terms to ensure understanding?





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