

Powerless people: *indebted and afraid*

The experience of debt collection by local and central government

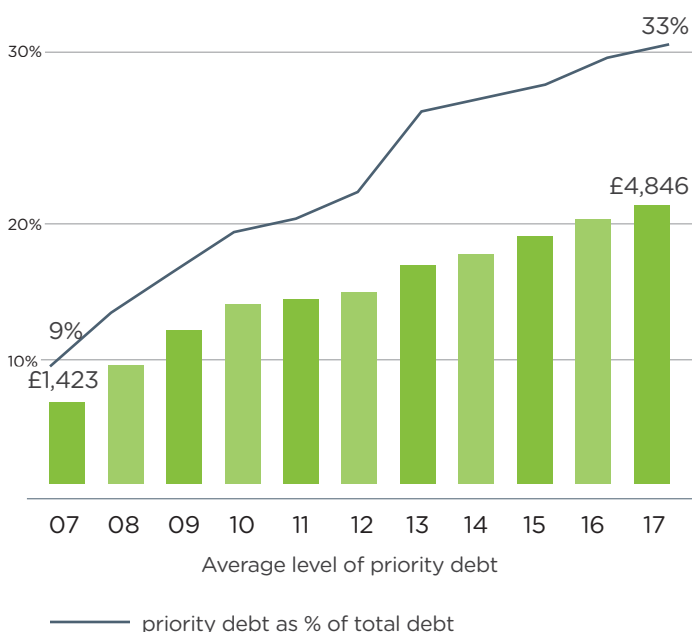
Problem debt is a daily reality for 8.3 million UK households, the pressure of which sees them unable to put food on the table, crippled with anxiety and in some cases even considering suicide.¹ Problem debt is most commonly caused by low income, mental ill-health and relationship breakdown and it is not solely a result of taking out credit agreements or spending on credit cards.²

A third of the money owed by people helped by Christians Against Poverty (CAP) is for household bills and other priority debts. Over the past decade there has been a threefold increase in the average amount of priority debt owed by CAP clients, the biggest component of which is debt owed to local and central government.³

Increasingly, financial difficulty is less about unsustainable use of credit and more and more about a daily struggle to make ends meet. One in two (49%) of the people helped with problem debt by CAP have owed money to the DWP, HMRC or their local authority. This creates a challenge for the public sector from many angles as they seek to provide and fund essential services.

Priority debt

Average amount owed in priority debt when seeking help



Some local authorities have responded by increasing support for residents facing financial hardship both within debt collection practices and through their wider financial inclusion work.⁴ Yet, central government lags behind and widespread bad practice persists in local government debt collections.⁵ Only 50 councils in England have adopted the Citizens Advice/Local Government Association Council Tax Protocol and in 2016/17 local authorities referred 2.3 million debts to bailiffs.⁶ Research shows that many people feel unfairly treated during this process.⁷

The experiences of many people in debt to local and central government reveals a diverse picture of collection practices that cause stress and hardship. This briefing paper examines the experience of people helped by CAP who owe money to local or central government and the advisers who support them. It shows that low income and vulnerable households are more likely to owe this type of debt, and that debt collection by the DWP, HMRC or local authorities causes more stress than other debts do. This is due to the speed, rigidity and inconsistency of debt collection practices by these creditors, which creates fear, leaving clients powerless and debts unmanageable.

It is clear that a more consistent and coordinated approach is needed, which provides those in hardship with the time and flexibility they need to resolve the situation. As well as action within departments and local authorities, now is a key time to recognise the value of statutory breathing space and debt repayment schemes in bringing this consistency to local and central government debt collection.

1 | MAS and CACI (2017) Money Advice Service: Over-indebtedness 2017 statistics, CAP (2018) Client report: Bringing restoration to desolate homes

2 | CAP (2018) Client report: Bringing restoration to desolate homes

3 | CAP (2017) Client report: Partnership; the key to transforming lives

4 | Citizens Advice (2016) The state of debt collection - the case for fairness in government debt collection practice

5 | Citizens Advice (2016) The state of debt collection - the case for fairness in government debt collection practice, Citizens Advice (2016) Catching up: Improving council tax arrears collection

6 | Money Advice Trust (2017) Stop the knock: mapping local authority debt collection practices in England and Wales

7 | StepChange (2016) Creditor and debt collector conduct: What's making debt problems worse?

Who is in debt to local or central government?

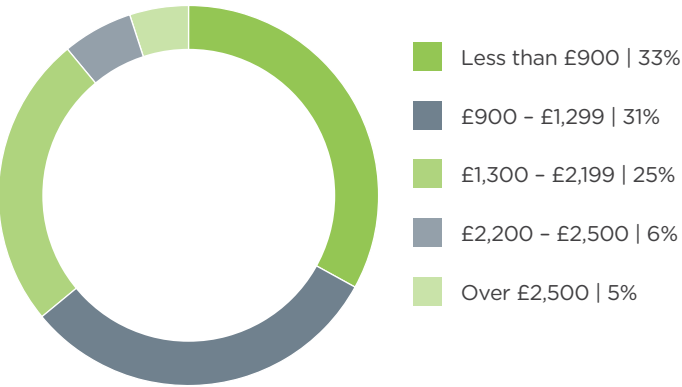
Almost one in two (49%) of the people helped by CAP Debt Help have owed money to the DWP, HMRC or their local authority. These clients are significantly more likely to be on a low income; nearly two thirds (64%) live below the poverty line, and nearly four in ten (37%) are lone parents.⁸ These clients are also more likely to have a key support issue that places them in a vulnerable situation; more often reporting that they have a learning difficulty or mental ill-health.⁹

49%

have owed money to the DWP, HMRC or their local authority

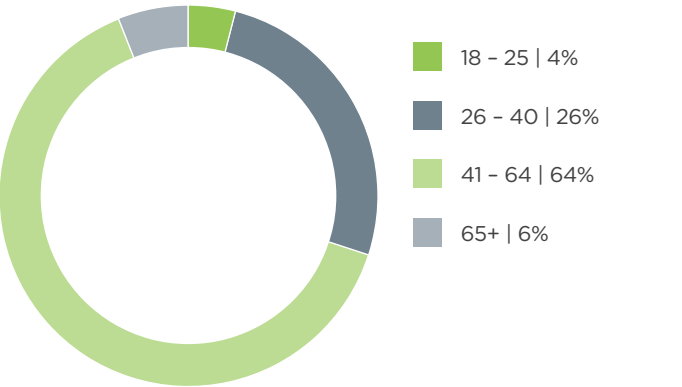
Household income

Distribution of clients who owed money to the DWP, HMRC or their local authority by monthly household income



Age

Distribution of clients who owed money to the DWP, HMRC or their local authority by age

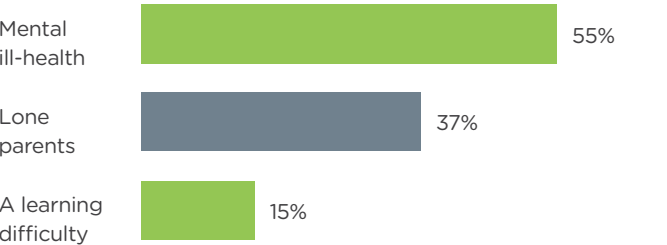


Case study Vulnerability

Denise¹⁰ is a single mum with two young children under the age of ten. She has dyslexia and limited literacy so struggles to read and write. She got into debt when her relationship broke down. When she contacted CAP for help, her debts (£29,800) were almost twice her annual household income. £25,000 of this was for benefit overpayments to both local and central government. Each month £160.33 was deducted from her benefits to pay a TV licence court fine, tax credits overpayment, Income Support overpayment and one Council Tax debt. She then needed to pay £48.10 to the local authority for a Housing Benefit overpayment, had two further Council Tax debts being collected by enforcement agents and seven other debts to make repayments to. She had signed a Control of Goods Agreement without understanding what it had said. Despite CAP writing to the council to ask them to take the debts back in light of Denise's vulnerability, the enforcement continued and she needed a lot of support to deal with her complex situation.

Vulnerability

Proportion of clients who owed money to the DWP, HMRC or their local authority with/who are:



8 | 64% of people who had owed money to the DWP, HMRC or their local authority had income below the poverty line compared to 53% of those who had not. Measured as having a household income of less than £1,200 a month which is broadly equivalent to 60% of the ONS median annual household disposable income published in July 2017 as £27,200. 37% of people who had owed money to the DWP, HMRC or their local authority were lone parents,

compared to 24% of those who had not.
9 | 15% of people who owed money to the DWP, HMRC or their local authority have a learning difficulty and 54% have mental ill-health, compared to 10% and 47% of those who had not respectively.
10 | Note: these are real stories but names have been changed for confidentiality.

What is owed to local and central government?

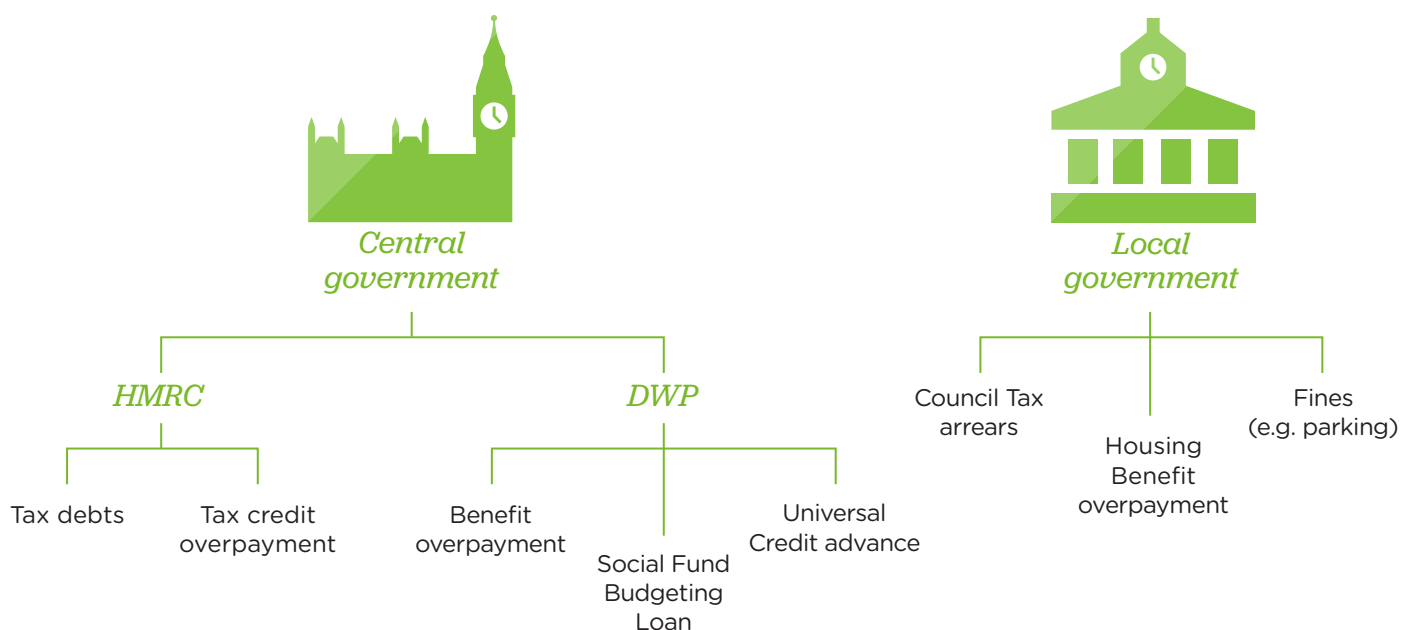
Personal debt owed to the government takes a variety of forms. This can be non-payment of a bill such as Council Tax or rent for a council owned property, a fine, a benefit overpayment that needs to be repaid or a loan given to help in times of hardship.

Most commonly CAP clients have had Council Tax arrears (47%), followed by Social Fund Budgeting Loans (22%) and benefit or tax credit overpayments (28%). Of this group, more than half (54%) have owed multiple types of debt to local or central government, with 22% having owed three or more. It was most common to have had a combination of Council Tax arrears and a debt to HMRC or DWP, or to have had a tax credit overpayment and overpayment for another benefit.¹¹ >>



Case study Council Tax debts

Verity suffers from an alcohol and drugs dependency which led to debt. She is a single parent to three children but the family situation is very chaotic and she recently lost custody of her children. When she contacted CAP for help she had 27 debts totalling £7,300. This included three Council Tax debts being collected separately, rent arrears and a Housing Benefit overpayment of £170. After making minimum repayments to these debts from her Employment and Support Allowance, totalling £25.90 a week, and paying her essential household bills, Verity had just £5 left to buy food each week.



¹¹ | 34% of those with Council Tax arrears also had a benefit overpayment, 26% also had a tax credit overpayment and 27% also had a Social Fund Budgeting Loan. 52% of those with a tax credit overpayment also had another benefit overpayment.

» The interaction between different types of debt is important. On average the people helped by CAP have eleven different debts when seeking help. It is situations in which multiple debts are owed to government creditors that prove to be most problematic and lead to particular hardship for the client.

Between March 2017 and February 2018, 79% of submissions to CAP’s Evidence Bank about local or central government debt collection related to cases where the client owed multiple debts to local and/or central government.¹² Debts to DWP, HMRC and local authorities are also often large compared to household income, with benefit overpayments typically being in the thousands of pounds and a demand to repay the remaining year’s Council Tax bill easily extending to several hundred pounds.



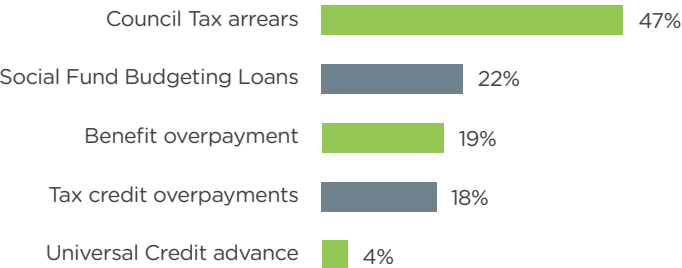
Case study

Multiple debts to local and central government

Pauline found herself in debt through an accident at work, which meant she could not work for over a year. When she contacted CAP for help she was very stressed about her financial situation, as well as trying to care for her mother who has Alzheimer’s and had fractured her pelvis. Pauline owed £30,400 in priority debts including £13,900 in a tax credit overpayment, a £3,000 Housing Benefit overpayment, £6,300 in Council Tax arrears and a £500 Universal Credit (UC) advance. Each month 30% of her income was spent on debt repayments, including £50 which was deducted from her UC payment. She was facing eviction from her property and had very little to live on after making debt repayments.

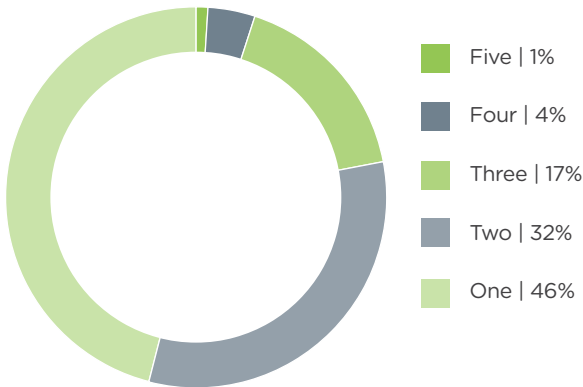
Type of debt

Proportion of clients with the following types of debt:



Frequency

Proportion of clients with multiple types of debt to DWP, HMRC or local authority



12 | The Evidence Bank is a database of cases raised by CAP’s caseworkers and frontline debt coaches where they deem the client to have encountered an issue that caused undue hardship or demonstrates a policy injustice.

What is it like to be indebted to the government?

A survey of people helped by CAP also shows that a higher proportion of those who had owed money to the DWP, HMRC or their local authority were caused stress by their debt and suffered adverse effects on their wellbeing, as well as sacrificing essentials to make repayments.

- 89%** were caused stress by their debt and 93% had sleepless nights
- 74%** were scared to open the door and 49% were afraid to leave the house
- 82%** were scared to answer the phone and 86% were scared to open the post
- 77%** said debt had made them ill and 49% had visited their GP due to a debt related illness
- 41%** had considered or attempted suicide as a way out of debt
- 69%** had skipped meals due to debt
- 46%** were unable to afford toiletries and hygiene products



Case study

Skipping meals

Reece is unemployed and lives on a low income. He was receiving full Housing Benefit and his only other income was £316.77 a month in Jobseeker's Allowance (JSA). When he contacted CAP for help his only debts were to local and central government. Reece was required to repay £190 a month in debt repayments, with £142.50 deducted straight from his benefits each month. These deductions made his budget unmanageable and he could only afford to spend £5 a week on food. However, these could not be reduced as his Income Support overpayment was deemed to be fraudulent.

Of those who had owed money to local or central government:¹³

41% **57%** **81%**

more likely to have considered suicide as a way out of debt

more likely to be unable to afford toiletries and hygiene products

more likely to have been afraid to leave the house¹⁴

35% **60%**

more likely to be skipping meals because of debt

more likely to be scared to open the door >>

13 | 74% of those who had owed money to local or central government had been scared to open the door compared to 46% of those who had not, 46% were unable to afford toiletries and hygiene products compared to 29%, and 69% had skipped meals compared to 51%.

14 | 41% of those who had owed money to local or central government had considered or attempted suicide as a way out of debt compared to 29% of those who had not, and 49% had been afraid to leave the house compared to 27% who had not.



» Local or central government debts play a significant part in this lived experience. When asked specifically about these debts, the majority (57%) were more likely to be stressed by these debts compared to their others. Those surveyed reported being subject to more court action and bailiff visits from these creditors, as well as finding them less willing to agree an affordable repayment plan.

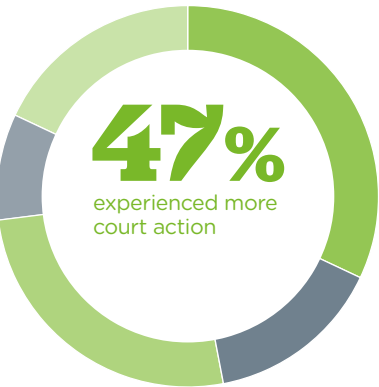
Stress

Stress felt by clients about debts owed to DWP, HRMC or local authority compared to other creditors

- A lot more | 42%
- More | 15%
- About the same | 28%
- Less | 5%
- A lot less | 10%

Court action

Court action experienced by clients for debts owed to DWP, HRMC or local authority compared to other creditors



- A lot more | 32%
- More | 15%
- About the same | 26%
- Less | 9%
- A lot less | 18%

Enforcement agent visits

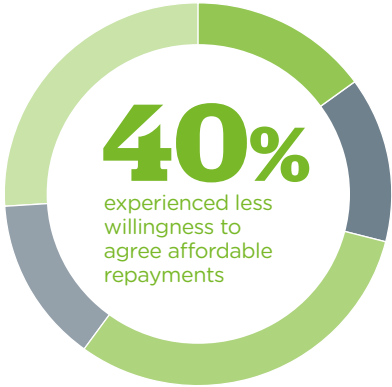
Enforcement agent visits experienced by clients for debts owed to DWP, HRMC or local authority compared to other creditors



- A lot more | 33%
- More | 13%
- About the same | 25%
- Less | 10%
- A lot less | 19%

Affordable repayments

Experience of DWP, HMRC and local authority's willingness to agree affordable repayments compared to other creditors



- A lot more | 15%
- More | 14%
- About the same | 31%
- Less | 14%
- A lot less | 26%

Understanding this experience

The prevalence of debts to local and central government means that day in and day out CAP's debt advisers support people who owe debts to local and central government. They also negotiate with these creditors on behalf of clients to agree a debt solution. Focus groups with these debt advisers provided opportunity to explore the reasons behind the trends and client experiences identified through the survey data presented above.

Three key themes can be identified from these discussions: the creation of fear, feeling powerless and finding these debts unmanageable. This section sets out these themes in more detail, using insights gained from the focus groups to explore how these experiences are created, perceived and experienced by CAP clients.



Fear

Owing money to 'the government'

There is an elevated sense of fear associated with debts owed to local and central government. Advisers felt that partly this stemmed from the perception that these debts were more official because the creditor is a governmental organisation, as well as clients' shock at the intensity of the collections experience in comparison to their perception of the role of the public sector in providing essential services and a safety-net.



'People are not expecting it from the government. They think the government is a more on-their-side organisation so when they do get a letter like that, it's quite a shock.'

Uncertainty and media portrayal

A large part of this fear was also thought to stem from uncertainty and misunderstanding of what collections and enforcement processes involve. Advisers found it was common for clients to have no idea what to expect when visited by enforcement agents or misconceptions about what this would involve. The role of television programmes such as *Can't Pay? We'll Take It Away!*, which primarily focus on the enforcement of business debt, was highlighted as perpetuating these misperceptions, with clients unaware that the same enforcement powers do not apply to Council Tax debts.¹⁵



'They have no idea what's going to happen when someone comes over. [They] don't know what the creditor powers are; could be prison, confiscation of goods, public humiliation, name in the papers. [They have] no idea.'

Fear-provoking language and threat of prison

Advisers highlighted the language used in collection letters as a key factor in creating fear. This was particularly the case for Council Tax arrears, where removal notices and threats of court action and ultimately imprisonment are used.¹⁶ Advisers felt that the language did not represent the enforcement process or powers if clients followed advice.

In particular, the threat of prison is mentioned early in the collections process and advisers reported that clients found this prospect terrifying. While advisers acknowledged that this is a legitimate threat, it was felt to be unhelpful as it made clients feel criminalised for being in financial difficulty and because it is very rarely fulfilled. Advisers also stressed that incarceration did not provide a possible resolution to the debt, which would remain outstanding for the client to repay on release when they would be in a worse position to do so.



'Even when they've gone to prison their debt is still outstanding. It doesn't resolve anything; it potentially makes things worse because they lose work and benefits.'



Case study

Fear of court action

After a close family bereavement Caroline built up debt and mortgage arrears of £8,750. She needed to pay £530 a month to avoid repossession, which left just £30 a month to repay her other twelve debts. £20 of this was budgeted to pay four separate Council Tax debts. However, the local authority refused the payment offers as they disputed the amount budgeted for Caroline's mobile phone contract despite her being on severely reduced allowances – just £1 a month for each of clothing, household maintenance and leisure. The local authority started court proceedings and Caroline was very stressed by the situation, which led to insomnia.

A person at the door

The presence of the debt collector in person through use of enforcement agents (or Sheriff's Officers in Scotland) was also a strong theme. This was felt to be acutely pertinent for people in vulnerable situations who would be particularly intimidated by the presence of an enforcement agent. There was also a concern for the impact it would have on children.

While there are standards in place to prevent enforcement agents entering homes where only children under 16 are present, advisers stressed that children were still caused distress when their parents were present, and clients were worried about this. Advisers also found clients were concerned about public humiliation and their neighbours finding out about the difficulty they were in as a result of enforcement agent visits.



'It's a real fear that they will be taking their children to school and the enforcement agent is there... and their kids see it and they see the parents stressed out and upset, which really upsets the children.'

15 | Note: Enforcement powers vary in Scotland

16 | Note: In Scotland, debtors cannot be incarcerated for non-payment of Council Tax

Powerless

Lack of understanding

Advisers identified that debt to local and central government was more often incurred by clients they considered to be in vulnerable situations. This was especially thought to be the case for Housing Benefit overpayments and Council Tax arrears. Advisers felt that this stemmed from being unable to understand complicated paperwork, and that consequently these clients would often have been entitled to more financial support than they were receiving.



'Often the debt is because the client can't cope with paperwork... usually the person would have been entitled to more help with their Council Tax if they'd requested that help earlier.'

A result of a change in circumstances

Advisers also found that these debts were often incurred due to changes in circumstances or because income fluctuations were not accommodated well by the benefits system. Advisers stressed that clients often had a lot to think about at these points in time and that the emotional impact of life events such as bereavement, relationship breakdown or job loss could take someone's complete attention. Clients found it difficult to do everything needed of them at these times, which then often resulted in overpayments.



'It's not always that easy, like there's a lot to remember... you're trying to work 37.5 hours a week, which you haven't had to do before and in amongst that you've then got to call the council, you've got to call the benefits... and at the same time you haven't got the money to put on your mobile phone to do all those things because you haven't actually been paid yet.'

Not knowing the reason for debt

Advisers also discussed how these debts often felt unfair to clients who had not taken out credit on purpose, but found themselves in debt because of their circumstances. Advisers found clients were often unsure what the debt was for or why they owed the money. It was found that clients were frequently unable to get clarity despite seeking it and providing required evidence, especially where these debts were for overpayments from many years previous.



'Misunderstanding of why an overpayment has occurred [is common], so like - I've told them everything, I've sent them payslips, I've done this.'



Case study

Historic benefit overpayment

Beth struggled to live on her low income and got into debt. When she contacted CAP for help, she was working 30 hours a week as a care worker and had £21,000 of debt. £7,200 of this is an Income Support overpayment from 20 years ago. When she had received the payment demand she had no idea whether this was correct or how to appeal. She was paying this back as an Attachment of Earnings at 7% a month. She also had a 12% Attachment of Earnings for Council Tax arrears, two tax credit overpayments with a collections agency and a Housing Benefit overpayment payable to the local authority, as well as eight other debts.

Unexpected setbacks

Tax credit debts in particular could be historic and very unexpected. Advisers found that sudden repayment demands for these debts could invalidate the progress clients had made towards becoming debt free and were a big setback for them. Advisers also stressed that these unexpected debts could be large, often for several thousand pounds. The timing of these debts coming to light could mean they would not be cleared if a client had a recent Debt Relief Order (DRO), leaving clients who could not afford to repay with the prospect of paying £655 to go through bankruptcy.



'I had one the other day where I called and said, "You're debt free!" and she said "Well, actually I've had this letter" and we had to start all over.'

Being asked to repay impossible amounts

Advisers found that clients often felt powerless to resolve these debts and felt that they were asked to pay amounts they could not afford. This was particularly the case where repayments were being deducted from benefits and clients felt they had no control of this amount. These deductions could be for Budgeting Loans, benefit overpayments, Council Tax arrears or court fines, as well as some other debts. Advisers also said that they frequently found local authorities would not accept repayment offers based on the client's affordability and would instead instruct an enforcement agent, which only exacerbated the situation.



'They feel they've got into this mess and they don't know a way out of it and they're often asked to pay amounts of money that are impossible.'

Unmanageable

Speed of escalation

The speed at which the collections process takes place was also a strong theme. This was particularly felt to be problematic where collections could not be halted and forbearance offered further down the line. Advisers largely attributed this to Council Tax arrears where one missed instalment can quickly escalate into a demand to pay the full year's bill in a lump sum and where often court action is taken quickly to obtain a liability order or the debt is sent to a Sherrif's Officer before a payment plan can be considered. HMRC and DWP were also identified as taking action quickly to set up deductions for benefit overpayments, but it was noted that HMRC were open to changing tack once advisers explained clients' circumstances and had introduced a 'time to pay' approach.



'We've already seen Liability Orders for this year... they've missed one instalment and they're immediately getting red letters through and then there'll be bailiffs at the house in the next couple of weeks.'

Inability to discuss the case

Advisers also talked about finding it more challenging to make contact with government creditors compared to those in the consumer credit sector. Advisers often found it difficult to make contact with the right team within local authorities, and gave an example of a council who could only be contacted online. For HMRC, advisers cited long queue times on phone lines and the need for the client to negotiate repayments themselves. Advisers stressed that this is problematic not only for them but for clients trying to manage debts themselves who cannot afford to wait on expensive phone lines for long periods or do not have internet access.



'We'll have an urgent reminder to call HMRC and I think, "Oh I'll put that off until 9am tomorrow because there's no chance I'll get through now."'

Diverse outcomes and processes

The variability in outcomes and processes was deemed to prevent advisers achieving a good outcome for every client. Advisers found it difficult and time-consuming to negotiate with local authorities about Council Tax arrears because each local authority operates their collections in different ways. This was further exacerbated due to Housing Benefit and Council Tax arrears being collected in different ways within the same council. Advisers also reported that these creditors can be unpredictable and offer a wide variety of responses to requests for forbearance for seemingly unidentifiable reasons. This was particularly felt to be the case for HMRC who had been known to pursue clients to bankruptcy in some cases but in other cases had shown great leniency.



'It's labour intensive, time intensive. Every local authority needs negotiating with in a different way. It's definitely the bulk of our work.'



Case study

Inflexible approach

Following an injury, Paul was unable to work more than a few hours a week. This income shock led to debt and he fell behind with his Council Tax and utility bills. He also received demands from both the DWP and HMRC to repay benefit overpayments, and at the same time his property was repossessed. There was equity so the subsequent sale of the property would provide money to clear all debts, however, the enforcement agent acting on behalf of the local authority was unable to accept a reduced payment in the meantime. Paul was staying with his sister and was anxious that a visit from an enforcement agent would jeopardise his lodgings there and leave him homeless.

Fees causing debts to spiral

Enforcement fees and administrative penalties were also noted as causing debt balances to increase substantially. Small Council Tax debts or debts to HMRC for several thousands of pounds, on to which a 50% administrative penalty could be applied, were cited as particularly distressing. Although enforcement fees are capped, advisers had seen these cause debts to escalate quickly and cause stress for clients who were already struggling to repay.



'The fees really escalate... so the balances can get high really quickly and if you already can't afford to repay then it's just going to get worse.'

Being unable to stop enforcement

Local and central government creditors were found to be more difficult to work with in comparison to consumer credit lenders where advisers perceived FCA regulation and dedicated vulnerability teams to have made a positive difference. Advisers felt that amongst government creditors there was less understanding about the reality of being in debt and lack of trust for debt advisers offering fair and sustainable repayment plans. Partly this was attributed to limited use of the Standard Financial Statement by government creditors and advisers often received pushback from local authorities about items of expenditure on financial statements. It was also common for advisers to be unable to stop enforcement action for Council Tax arrears or to reduce benefit deductions to affordable levels due to minimum rates. In particular, the threshold for severe hardship at which the DWP would offer more flexibility of deduction rates was felt to be too high.



'Often clients have been managing by paying loads to enforcement agents or paying loads to the council, but they come to us and we say, "You can't afford to do that" and actually enforcement picks up when they first come to us.'

Time to make it right

Local and central government have long been identified as one of the most challenging sectors to work with by debt advisers.¹⁷ These debts arise for different reasons, are collected by different departments, and governed by different powers of enforcement, rules and guidelines. While there is much diversity, there are commonalities. Unlike consumer credit or energy, there is no independent regulatory scrutiny of debt collection behaviour by local or central government. The speed, rigidity and inconsistency of debt collection by local and central government causes the greatest problems for those in financial crisis and advisers alike.

The links between debt and destitution are well documented, with debts to public authorities noted as being a major issue within this.¹⁸ For people in severe hardship and problem debt the creation of fear does not instigate a resolution but creates a paralysis that stops them engaging with the support they need. This is especially the case where mental ill-health impacts financial behaviours or is exacerbated by financial difficulties.¹⁹ Where a situation of problem debt exists the ability to reach an effective and sustainable resolution hinges on the response shown by creditors during the debt collection process.

Previous reports have highlighted that there is an inconsistent and uncoordinated approach to debt collection by different local authorities and government departments.²⁰ On average the people helped by CAP have eleven different debts, and the majority of those who owe money to the DWP, HMRC or their local authority have multiple debts to these creditors. It is vital to appreciate the multiplicity of enforcement being experienced and the need for forbearance to be shown by all creditors to be effective in giving the time and space needed to access a sustainable debt solution.

A more consistent and coordinated approach is needed not only to reduce the stress and hardship experienced by those accessing a debt solution, but also offer a sustainable way to repay. This research identifies three key principles that are needed for this: time, flexibility and consistency. >>



Time

Quick escalation of debt collection creates fear and a sense of powerlessness which prevents people taking positive actions to resolve their debts. Collection processes need to provide time for people in hardship to access the support and advice they need to put in place a sustainable solution.



Flexibility

Rigid practices that fail to take into account a person's personal circumstances make debts seem unmanageable and push vulnerable people into hardship. Debt collection cannot take a one-size-fits-all approach, and instead needs to be able to accommodate different personal circumstances and take into account affordability so that a resolution can be reached.



Consistency

Disparity in practices makes it difficult for advisers to know how best to work with creditors to support people in hardship. A consistent approach to debt collection and across-the-board forbearance would reduce stress caused to people in financial difficulty and ensure debt relief is consistent and complete.

17 | Citizens Advice (2016) The state of debt collection – the case for fairness in government debt collection practice
18 | Joseph Rowntree Foundation (2018) Destitution in the UK 2018

19 | Money and Mental Health Policy Institute (2016) Money on your mind
20 | Citizens Advice (2016) The state of debt collection – the case for fairness in government debt collection practice

» There are examples of these three principles within local and central government services. For instance, the *Tell us once* service, which provides a mechanism to report a death to government organisations through a single action. However, the experiences of people living in debt and debt advisers both demonstrate the need for these principles to be embedded more universally.

The number of agents involved in debt collection for local and central government means that to be effective these principles will need to be embedded across all channels and organisations, and put into operation well. This includes within contracts between local authorities and enforcement agencies, as well as through guidelines set by central government departments and training for frontline staff. The government's proposed breathing space and debt repayment schemes would provide a mechanism to bring this consistency across all creditors and stages of debt collection, but will need to be built with flexibility in mind.



The government made a manifesto commitment to introduce a statutory breathing space scheme and debt repayment plan in England, Wales and Northern Ireland. These schemes would provide people in financial difficulty with time to access debt advice and put in place a sustainable debt solution. They would also provide a consistent approach to forbearance by freezing interest, charges, collections and enforcement action in respect to the debts covered by the schemes.

These schemes offer the potential to extend the protection given by the 60-day hold period under FCA regulations for consumer credit debts to all collections and enforcement that people in financial hardship are subject to. To be effective it is vital that debts to local and central government are included within the protections.

Methodology: This briefing draws on data from a survey of 857 people being supported by CAP to resolve their financial difficulty in England, Wales and Scotland between September and November 2017, 79 case studies submitted to CAP's Evidence Bank by frontline debt coaches and head office caseworkers between March 2017 and February 2018, as well as two focus groups with nine CAP caseworkers held in May 2018. Please note that debt collection processes for Council Tax in Scotland differ and the threat of and therefore some of the experiences raised during the focus group are specific to England and Wales.

Author: Rachel Gregory, Social Policy and Relationship Manager



@CAPuk

capuk.org

externalaffairs@capuk.org

01274 761985

always hope.

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