

DRF RESEARCH

Free to Fee Outcomes

prepared by

Zero-credit

for

The Debt Resolution Forum



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1. ABOUT THIS REPORT

In May 2012, the Debt Resolution Forum commissioned Zero-credit to conduct a series of in-depth interviews with clients of DRF members, who had first sought free advice. This report focuses on the journey from seeking free advice to taking out a paid debt solution and the reasons for this. Research was conducted, analysed and compiled for this report by Emma Bryn-Jones.

Debt Resolution Forum

The Debt Resolution Forum promotes professional standards for resolving debtors' financial problems and focuses on the quality and appropriateness of advice provided to consumers. The DRF represents a membership that offers the full range of debt solutions and is committed to raising standards, irrespective of solution or professional specialism.

DRF members approach debt resolution by identifying the solution and outcome which are the most compatible and appropriate to the financial and personal position of the debtor. This approach also takes into account the interests of creditors and seeks to demonstrate that any proposal made on behalf of the debtor is reasonable in the circumstances and is achievable.

Zero-credit

Zero-credit Members believe that experiences of debt should inform debt prevention and that all borrowers have something of value to share. The co-operative aims to end debt stigma by creating a strong consumer voice for borrowers through:

- helping people to make informed choices about their finances through digital tools and signposts
- promoting a culture of self-advocacy, irrespective of financial circumstance
- encouraging participation in its research, development and decision making
- celebrating best practice and challenging consumer protection issues
- striving to build people's confidence, skills and experience through voluntary and employment opportunities and training

To finance the above and more particularly, to influence the provision and regulation of personal finance, Zero-credit trades in information, gathered through participatory techniques that:

- encourage borrowers to own a share in the business as Members of its co-operative
- ask professionals and organisations to engage with its co-operative as Subscribers
- publish resources that distinguish between best and poor practice from the consumer perspective
- contribute to the forums where financial services design, delivery and regulation are discussed
- conduct research and development for clients who share its co-operative principles and values



2. INTRODUCTION

Throughout May 2012, a total of 14 in depth interviews were completed with individuals and couples, taking place in their homes. The original brief was to complete 15 interviews. However, of the 16 interviews booked, two were cancelled at the last minute, due to participants' work commitments. As the tail end of this fieldwork coincided with the Jubilee and the start of the Olympics, we decided to leave the sample at 14 interviews.

The selection criteria for this study were that the DRF members' clients approached had sought initial advice from the free to client sector, before entering a paid solution. The rationale for this was that the consumer survey conducted in March 2012 had shown that around one fifth of DRF members' clients sought free advice before using a paid solution.

In addition to focusing on free advice users, we created a regional sample frame that included participants from across the UK as follows: North West (surrounding Greater Manchester); East Midlands (surrounding and within Nottingham); South West (surrounding and within Bath or Bristol).

	Area		
	North	Mid	South
Min	4	4	4
Ideal	5	5	5
Max	6	6	6
Total	15		
Actual	5	4	5

All interviews were recorded, lasting approximately one hour. They covered a range of topics to explore how participants had set about seeking advice, positive and negative experiences of the process, and recommendations to new advice seekers, as well as providers. The discussion guide is included in Appendix A to this report and a brief summary of participant profiles is in Appendix B.

3. EXECUTIVE SUMMARY

The purpose of this study was to explore the reasons for progressing to a paid debt solution after first seeking free advice. On this basis, the interviews included accounts of where and how participants identified and evaluated providers, whom they considered appropriate to their needs.

In seven of the fourteen interviews, participants stated that a free advice agency had referred them to a fee-charger. Some described generic referrals, after a guided repayment plan had failed to deliver sufficient relief, whilst others indicated recommendations to use a commercial firm from the outset. From these accounts, it was apparent that the free advice agencies used gave the impression that fee-chargers might have greater success in reducing creditor contact and sanctions. It was also clear that advisers from at least two free agencies had made direct referrals to a fee-charging firm, because the participants recalled receiving contact, rather than initiating it. One had entered an IVA, after the free adviser had recommended this. The other accounts were less clear about referral reasons and processes, and under the RESPECT Code, it was not possible to probe these circumstances fully.

Pressure from creditors was the main driver for initial advice seeking and the continuation of this after entering a guided repayment plan or managed solution from a free to client provider led several participants to opt for a fee-charger. Some participants made little distinction between creditors, free and fee-charging advisers, recounting simply that they felt pressured by the number of calls to take action of some form or another. There was a strong sentiment that simply asking for advice opened the gates to a whole host of unsolicited communications, although it is important to recognise that these experiences tended to precede the revised guidance for both Debt Management and Irresponsible Lending. It was clear that the extent of unsolicited contact made it difficult to discern its origin, and easier for unethical callers to mislead participants.

In eight of the fourteen interviews, participants described experiences of free advice failing them in some way. Those dissatisfied with the level of relief achieved by a guided repayment plan remained positive about the free agency originally visited, and tended to blame their creditors for continued pressure to repay. Others had explicit complaints, and these ranged from a lack of empathy for mental illness and bereavement, to a managed plan's failure to deliver, and a lack of consistency in repayment proposals. Two participants advised to make token repayments had not felt able to pursue these. A combination of dignity and the desire to repay as soon as possible prevented them from accepting arrangements that reflected their incomes. One had a poor experience of subsequently working with a DRF member because her situation got worse, and the other was satisfied, yet resentful that the only appropriate solution he could find required him to pay fees.

Most participants felt that lenders had been too quick to respond to requests for further borrowing to address a debt problem. Issues like giving a spouse additional access to credit, in relation to the couple's earnings, unsolicited or unquestioned increases to credit limits, and the failure to recognise minimum repayments as a sign of difficulty were a concern. One participant felt that a good credit history was in itself a burden because it gave a false sense of security that debt was manageable. Participants recognised their responsibilities and all were committed to making repayments, so concerns were less a question of blame than a common view that easy access to credit had exploited their circumstances. Several felt that the rise in payday lending perpetuated beliefs that it is possible to resolve debt through borrowing and that this was inappropriate.

All participants expressed a sense of inadequacy in their circumstances, although there were several reasons for this. For some, the values of extended family, friends or neighbours meant that creditor contact placed them at risk of judgements, which they felt were undeserved. Experiences of fee-charging solutions among these participants were that empathy and discretion were highly valued. For others, experiences of illness or bereavement had been so demanding that using a third party to administer repayments came as a welcome relief. Among these participants were some, who had started to consider alternatives to their current arrangements, although this had not yet extended to the active pursuit of



self-negotiated or managed plans from free providers. There was also a core of higher middle-income, self-employed and / or professional people, whose experience of indebtedness simply did not match their own perceived status. For these participants, paying for a professional service seemed to make debt acceptable because identifying an appropriate solution affirmed their independence, placing them back in control.

With the exception of one, all participants were active advice seekers, exploring a range of advice and solutions before signing a contract with a DRF member. Internet searches were one of the main sources for identifying providers and these were invariably qualified with a range of selection strategies. None selected agencies using sponsored links because participants felt these were not safe. Those who preferred the anonymity of telephone or digital contact created short-lists, from checks that included legal formation, membership of professional associations and testimonials. Generally, around half a dozen phone calls screened how providers responded and those that chased hard were rejected for their lack of empathy. Participants, who felt that non-verbal communications were the best method of reading a provider's reliability, tended to search for local agencies and to ask trusted friends, family and colleagues for recommendations and about these.

Participants were unanimous in their support of free advice for anyone considering a debt problem for the first time, and it was clear that access to free and impartial help at the earliest opportunity was the mark of a civilised society. Where views differed was in the extent to which support should continue to be free. Some opted for means testing, others for some form of contribution on recovery from personal indebtedness. Many felt that families with dependent children should receive special treatment and never face losing their homes. In some instances, even bankruptcy fees were rejected. Generally, there was recognition that the administration of repayments incurred a cost and in five of the fourteen interviews, participants were actively in favour of their meeting these in full. With the exception of one participant among the remainder, fees were a necessary component for solutions that were meeting participants' needs.

4. FROM FREE ADVICE TO A PAID SOLUTION

a. Referrals

In total, seven of the fourteen participants participating in this study said that they were referred to a fee charging debt solutions provider by a free advice agency. Of these, two were referred to IVA providers, three to debt management companies and two to unspecified fee charging solutions providers. The nature of referrals varied significantly, from a contact that was undoubtedly passed to a third party, to general recommendations that a fee charging solution might be an appropriate option.

It was clear that across several parts of the country, some free advice agencies believed that some clients wanted or needed a higher level of intervention between debtor and creditor than free to client services were able to provide. Of most concern, regarding transparency to the consumer was one incident where a third party – apparently an introducer – contacted a client from details passed by a free to client advice agency. Whilst contact was made with the client's consent, it seemed odd that the insolvency practitioner offering IVAs was not the firm that contacted the client in the first instance. It was not appropriate to probe this further, without causing distress to the participant.

I only went to [advice centre] and they put me in contact, they got someone to contact me...

OK, and did they tell you the name of the organisation that was going to contact you?

They did, but I can't remember what it was.



As long as the company they said would contact you was the company that did contact you?
We'll put you through to this company and they will be in touch with you about what's available.

Ok and how long was it between making that appointment and getting the call?
A week.

Ok and you remember [part of an introducer name]?
Yeah there's a folder with a yellow - yellow it comes in. I think I've got a folder upstairs.

Ok. So this organisation that begins with [part of an introducer name], you only found out about that through the [advice centre] and that conversation?
[nods]

So they called you and you had a conversation on the phone. What sorts of information did you get out of that?
It was like about what was on offer, like bankruptcy and then they were going through just on my wage and if the amount wasn't working, and you know how much I've got left at the end of the day and how much could you give back. The main thing that with bankruptcy is - I want to give the money back, but I can't do it in the five year time span that was planned whatever. Then you've got the IVA and I can consolidate all the loans and just do with a manageable repayment back and she just went through the different things that were available.

When you say the different things that were available?
I only remember the bankruptcy or IVA.

You own the house don't you?
Yeah.

And how did that make you feel at the time?
She was brilliant on the phone and because yet again I started crying and she was really nice. I can't remember exactly what she said but she was like "Don't worry about it at least you'll get it sorted now". You know this is it. You'll get it sorted, don't.. it was really like. I don't even know what she was like - it was like she reminded me of a grandmother, you know. All I was expecting was a pat on the head, you know. She was lovely. I was saying to [my partner] the other day she was the only person who has been like really, really nice.

NW2

This was not the only claim of a direct referral. Of course, it is possible that clients, who have been in a debt solution for some time, have limited recollection of the advice seeking process. For instance, recalling a television advertisement from a charity that does not advertise could be down to confusion with a brief programmed feature. It is unlikely that a look alike organisation was advertising on television, as this practice has typically been most prevalent on the internet. Further research with clients who have started a debt solution recently is more likely to reveal whether some charities make direct referrals to fee chargers and we recommend this accordingly.

So I looked at a [charity] advertisement on the TV? And I called somebody up they said look we'll get somebody to give you a call back and I think it was a representative from the [DRF member] branch or whichever their agents were at that particular time. And within five minutes they'd put me at ease straight away, so, instead of my shoulders being way up there - I was bursting into tears at the time - and it put my shoulders way down there because they made me feel relaxed straight away telling me not to worry. They'll sort it out.

...



Spouse: We went on to the internet for a few, didn't you?

We looked on the internet at a few things, looked at some of the papers and dialled up some numbers with advice, but some of them looked a bit shoddy you know.

Spouse: Some of them would charge you for advice as well we noticed that. So, we just went for the free ones.

So, this was when you went through and had a chat?

Spouse: Yeah. Some of them were expecting payment, some money up front, and we said that's wrong. Cos obviously we didn't know about the government sites at the time and you just panic because you need to get something dealt with and dealt with quick. We know now there's the government sites that give you free advice, free of charge, things like [another charity], that but at the time, we didn't think.

Ironically.

EM1

Most often, referrals to fee chargers were indirect, such as a recommendation to use a financial advisor. It was interesting to note that in this case, the IFA was one that the client had worked with previously, so this recollection may have focused on advice that supported the choices made.

Basically, they did not know the exact figure at [advice centre]

...

I mean, we didn't know until it all come in and it was all put together, we were basically going by like the biggest loan that we had and a couple of others. And they said "Well, you know there's no way you can afford doing that on, with your wages and what have you. With what you have coming in to what you have going out, your wages wouldn't cover it".

...

They said, you know, get like a financial advisor or whatever and see what they say.

SW3

However, some participants, who also demonstrated active and discerning advice seeking skills, stated that a free advice agency had recommended using a fee charger to them.

I just rang them up, made an appointment, went to see somebody, told them what it was. They went through various options and it was them that basically said, "Look, you've got to start doing something now" but they basically said, "it's up to you how you go about it, but use a professional".

What sorts of information did they give you?

All the various options, come to individual agreements with your creditors - they said that can be quite difficult. Use a professional fee paying company. There were a couple of organizations that you could get help with, but I went with the fee paying one because, I can't remember why, but I went with [DRF member] because they were a member of a professional organization.

NW1

And what sorts of information did [advice centre] give you about debt?

They basically just said that... given my personal circumstances as best as I can recall, there are various companies in relation to that. I don't think they gave me any names or numbers because I said ok I'll look under that heading and some such. I didn't ask specifics, but they said there were debt management and counselling businesses, which I didn't fully appreciate existed at the time and I Googled those and picked out a few from there.

NW5

b. Creditor Pressure

It would seem that one of the main reasons for free advice agencies referring clients to fee chargers was continued action by creditors. Two clients, who had initially worked with a local free advice agency that had negotiated repayments for them, were subsequently advised that paid solutions were another option.

I don't know, we used to go to [advice centre] when we first, sorry I missed that bit out, when we first started getting the letters. We couldn't obviously afford solicitors and everything and it was like my mum said "Get yourself to [advice centre]!". And they told us about debt management and this is the way to write letters. They could write the letters, they could make phone calls, but it would be down to us really at the end of the day to sort it out, and I think it was them who told me about debt management, cause it wasn't massively, I wouldn't say it was massively advertised then, debt management.

So, what did they tell you about debt management?

I can't remember, it was going back some years, so I can't really remember, you know.

You made the decision - you said they gave you the things so you could do it yourself?

The letters.

So, why did you choose somebody to do that for you?

Because we had made the phone calls, we had done everything possible and they wouldn't listen to us. Then the letters were coming through the door. You know, you're going to be taken to court and you're going to get all these charges put on if you don't make a full payment in so many days. And of course, you do panic and we took the letters down to [advice centre]. "Right, can you tell us what to do?". And they told us how to write the letter and you know, you can get debt management, you can, you know, there is people, like companies that would take over, you do pay and that's what we got told down at the [local town] [advice centre].

SW2

Whilst these clients valued the services that DRF members were currently providing, there was little doubt that they should have preferred their creditors not to place them in a position where they felt obliged to pay for some respite.

No, because, I always thought people were after the money, when you looked at them, they always want so much money. It's even like, who I am with now, they get a management fee for it. But it was a relief dealing with them because I didn't have to deal with companies I owed. Because I was getting lots of solicitors letters, lots of that, and I'm just sending them back to them. Because to be honest they didn't listen. I mean I got a secured loan and they're shocking. I told them honestly, I couldn't pay them and they're just like, we'll take your house from you, and they're so flippant about it, so that's when I went to [advice centre].

...

I was a bit dubious about using anyone else or a debt management company because of the fees.

Did you send the letters that they drafted?

Yeah, yeah.

Did they talk about some of the solutions, what you could do to manage it, I mean they gave you some letters to draft, was that a permanent offer or a temporary offer?

It was temporary at the time.

Ok, ok.

It's just sort of buying yourself time in't it? Asking to suspend interest and things like that.

...

It's the hardest thing that, the phone calls, the letters and everything. I'm still scared to answer the phone.

Did they talk to you, so if the letters were a temporary measure while you were sorting things out, what did they say about a more permanent option for managing things?

They didn't really... to be honest.

So, was there advice from them about looking somewhere else or doing something else for a permanent...?

They obviously said about the management companies that do that, obviously there was a fee involved, but they also said it will take the pressure away from receiving phone calls and everything.

NW4

Pressure from creditors was a common theme and several participants spoke of constant fears. For some, a third party was a welcome intermediary.

Peace of mind, I suppose it is, cause I'm not scared to open the door, I'm not scared to answer the phone now, you know. Even if one of the creditors rings up and I answer the phone even now, because it's been dealt with, I have an answer to them, I can say, deal with this person at [DRF member]. I give them a phone number, give them a reference number, and it's all out of my hand, it's not personally on me anymore, you know. I've actually got help, so yes, it's, I will say, it relieves a lot of stress.

Is it really important that there is a third party?

Yes, cause in the past I have dealt with it on my own and it's not easy, not easy at all, cause they still hound you, they still, you know, no matter what you're paying them, they will still keep ringing up and everything like that.

EM4

The most common complaint was that when an effort to repay was being made, creditors continued to treat clients as “won’t pay”.

Oh it was a series of things really, I think it was just the downside of being constantly chased, hounded and I am an honourable chap and I've always had every intention of fulfilling my obligations. But it was just the case that they were starting to go above me and that I wasn't in control of the situation anymore and I needed a situation that, you know, gave me some sort of breathing space.

Ok. I guess I'm terming that a trigger that you said they started to go above you. Was there communication at any time then?

It was just constant, ongoing. Regardless of what I said, how I said it. It was just ongoing, basically, you know, and the calls and you are dealing with people that aren't necessarily - that are trained to chase you, as opposed to understand the situation, if you see what I mean. And the consequence of that is that you are having the same conversation over and over again without any productive response.

NWS

It seemed there was a clear correlation between creditor harassment and the opportunism of unsolicited calls to market debt solutions.

...one thing came after another and it was just mounting up, nobody would listen to us, you know, like we're debtors, we have a bit of difficulty paying and they are not interested in what your difficulty is.

When you say they are not interested, who in particular do you mean?

Definitely [mainstream secured lender]. We had a loan against the house, which was only £15,000. That's when the debt started, we told them, because of my ill health at the time, I was on the sick. They weren't interested in nothing. Interest after interest went on, and what was originally a £15,000 debt went up to £44,000 in interest and they wouldn't, they just would not help. They wouldn't bend... nothing. I don't know if it was the rules but they wouldn't bend. They wanted their money and they couldn't care how they got it and every time a month passed, the interest went on and then interest upon interest.

We were trying to put the house, well we did put the house up for sale but it was a recession then about seven years ago and we couldn't get it sold no matter what, cause people just didn't buy. We handed it back to [the mortgage lender] to say “Look, we can't afford the house”. The house was worth £156,000 and they went and sold it for £89,000 at an auction and left us with the rest to catch up and pay them back, they weren't bothered...

There's no, I would say, if anything, in my own opinion, I think and probably along with others, the Government has to look into what people, that companies should not be forcing, should not be offering people money to help to pay off other debts. They should be finding the solution, making these companies find solutions, easy payment plans, yes it might take ten years more to pay it off, but they're going to get it back rather than get these people to have loads of interest...

Do you think there's anything that discourages people from looking for debt help?

Well I tell you what and this is the honest truth, we are inundated at this present moment in time with companies that we haven't - I can tell you about at least five, six times a week we get all these different companies phoning us. For an instance last week I had a gentleman phone up saying he was working alongside the Government to let people be made aware of all the situations and what help they can get and I says:

"Look, I'm not interested."

"But could I talk to you I'm not trying to sell you nothing. You are with a debt company?"

"Yes"

"Which one's that?"

I went "[DRF member]"

"Okay, we've had, we've been inundated with lots of phone calls about that company that people are being ripped off and everything else"

But as the phone call went on, he was no Government worker. He wasn't professional because he was using foul language in between, heard my husband was a police officer, made a sexual innuendo like "Ooh, I bet he brings his handcuffs home and gives you a good time". Now this is the type of phone calls we're getting all the time from - I've had a phone call off companies saying, "Oh right, we're debt collectors, you know helping people with their debt management company" and they, well I says "Yeah". "What's your husband's job?" I says "A police officer" "Oh right sorry, we don't deal with police officers" and hung up. We're getting loads – it must be cowboy companies.

SW2

It was perhaps pertinent that the couple who were certain that they had been contacted by a DRF member after approaching a charity commented:

What was weird was once you had spoken to one, it seems to have gone along a grapevine and they were like vultures at the door. So you kept wondering how that word got around.

EM1

There is little doubt that the nature of referrals by both free and fee charging providers is anything but transparent.

c. Free Advice Failures

Seven participants reported dissatisfaction with their experiences of free advice and solutions. Three of these were undoubtedly vulnerable clients, and whilst this was a qualitative sample, the commonality of some of these experiences is remarkable. Further research into difficulties using free advice is necessary to quantify the prevalence of some of the lack of sensitivity reported here.

The extent of information requested at initial contact was a particular hindrance for a participant who had recently lost her husband. This may have been compounded by the fact that her bank had apparently been most unsympathetic to her situation, not so much in refusing a consolidation loan, than in failing to provide any guidance as to appropriate advice and other solutions at this time.

Is there anything that discourages people from looking at debt help in your opinion?

I contacted the charitable ones but they wanted so much information, it was almost, I couldn't gather everything together, I found it very difficult what they were asking for and I didn't find it particularly helpful.

...

You mentioned the charitable ones – who did you speak to, do you recall?

[charity] from what I can think on and then it would be via the computer, I think then there was a link there to other voluntary sector agencies that would offer advice.

You said somebody wanted a lot of information for an IVA, who was that?

I think it was [charity] or one of these other agencies that they recommended to me.

And did you speak to them on the phone?

I did speak to them on the phone. They gave me the outline of what they needed, but as I say it was such a lot and I'll give them their due they did follow up to say, "Have you managed to sort something out?" and I said well I've taken on a plan with somebody else now.

Obviously, the charitable ones don't charge a fee, but [DRF member] - if you want me to go on as far as this – were extremely helpful. They offered me a percentage. I think it was 10% of the £200 a month that I pay, 10% would go to them and they reduced that to 5%, after some negotiation. And they managed everything. I sent them all my statements, every letter that came... Now I know they're doing it for a profit, you know they're not a charitable organisation. I understand that, but they did take control.

You mentioned that the level of information you were asked for was discouraging... is there anything that would have encouraged you to do it nine months earlier?

If I'd have known what help was out there, what solutions were out there – I didn't know, really. I approached the bank and they were not helpful at all. They were not helpful.

When you say not helpful, what sorts of things did they...

Well they just said we wouldn't offer you another loan. We wouldn't let you have another loan, because I thought they might be able to give me a better interest rate to consolidate everything with them, having been a customer with them for years, having had my mortgage with them. I thought it was almost in their best interests to try and protect me as well, but they said no we wouldn't let you have a loan for that reason.

So you went in asking for a consolidation loan?

Well, I phoned them, I phoned them.

Okay. And they didn't say anything else? They just said no, not a loan?

No, no.

They didn't guide you to...

No, no, they didn't offer any alternatives.

NW3

Even more concerning, and particularly in the context of a nurse, who found the lack of support from a free solution provider in dealing with creditors untenable, during the case studies we conducted earlier in 2012, was the experience of two health professionals who were both experiencing mental health problems, when they started to seek advice.

You see, I actually had depression so, part of depression is that when you're feeling bad you spend and you don't, you can't take on board what you're actually doing and then, when the bill comes in you say "Ok, I'll just pay whatever" and you're very head in the sand, you know. With me it wasn't - it was an illness that I had that got me into that, so...

Are there any particular triggers that prompt people to start looking for help?

So, it was just literally that I could not get help from the companies, that's why I started looking elsewhere, I was just desperate, like "What can I do?", so...

And where did you go to look?

I went to [advice centre], I also went to the credit companies as well. Like I say, [advice centre] just weren't any help at all.

Did you go to [advice centre] before or after speaking to the credit companies?

After.

So did the credit companies give you anywhere else to look for help or advice?

Not that I can remember, no.

OK. So you were beginning to tell me a little bit about what happened with the credit companies, would you?

Yeah, from what I can remember, because it was so long ago.

Yeah, yeah.

I tried to explain that, you know, I was getting into difficulty, and tried to, say you know, can I pay it over more or whatever, tried to come to a solution with them and they just weren't having any of it. So yeah, some quite fraught conversations, also I really was in the depths of depression at that point and it really, did not do my health any good.

Did you take time before going to [advice centre], or did you move into that fairly quickly after speaking to the credit companies?

I think I perhaps left it about two or three days, trying to think about what to do next and I think somebody at work suggested it.

What would you recommend to encourage people to look at debt help?

Hmm, good question, cause I didn't know much. The IVA people were actually the best people, [DRF member] were something else before they became [DRF member] and they were really, really nice. They actually did go through all the different options for me, and I felt they were the first people that actually listened and understood what I was going through. And they even said you know, like a high percentage of people that go to them are people with depression as well. Straight away, he said people go out and spend because they've got depression. He said it's a classic, you know, so that was really good to actually hear then, but it should be a lot sooner.

Who do you think should be pointing people to look at debt help?

[advice centre], that's what I thought they were there for, you know, but...

...

I actually went to [advice centre] and then looked online, so it would have been a week or so.

Your friend at work told you about it, did she say specifically that they offered debt advice? Or it was it just...

She just said go to [advice centre] for everything!

Can you tell me a little bit about your experience there then?

I just remember speaking to a man, explained my situation and I can't remember what was said at all.

Did you go in personally or was it over the phone?

No, over the phone. Literally because I couldn't see people at that time, you know, to go out of the house was too much, so I did everything on the phone, and that's probably why I went on the internet as well, you know. All I remember is a telephone conversation with a gentleman and I just felt that he totally fobbed me off and I just remember coming off the phone, just really upset, not knowing where to go next.

Do you remember any of the sorts of information that he gave, you had this feeling of being fobbed off - do you remember any particular thing that gave you that impression?

His tone, because I work for the NHS, so I speak to an awful lot of people and you can pick a lot up from the tone. You know, how you should be with people on the phone and he just didn't seem interested at all. He asked me a couple of questions and that was really it.

What sorts of questions?

It was so long ago, I just can't remember.

No, no, that's fine, I'm just trying to understand, alright. And how did it make you feel?

I was really upset and angry, you know. It's like, oh my gosh, you know, I'm trying to face this and nobody is helping me. You know, I'm being honest, I'm not trying to run away from it, I want to pay it, I don't just want for it to go away.

Do you recall any information about a range of solutions from the advisors at [advice centre] about the different things that you could do?

I don't, no. I don't remember that many options to be honest.

Did you talk about your income or your expenditure?

No, no.

And you are not aware of any other places where you might find help now?

No, no.

EM3

It was difficult to ascertain the extent to which pressure from creditors may have contributed to perceptions of mistreatment. However, it was clear that these feelings were acute and that the level of evidence needed to demonstrate mental illness may have been inappropriate.

I think it's not opening post really, not opening post, impulse buying, like BOGOF deals, that sort of stuff. And interest. And you know, they try and sell you insurance and stuff and I don't kind of understand that and I sort of panicked and thought "Ugh, perhaps I ought to have some of that just in case?". Those sort of things, not knowing, or going to the cash point and thinking, "Why isn't it giving any money?". Not knowing basically what was in your bank balance.

Ok.

If that's any help?



What makes you say that, what makes you think those are warning signals?

Because you're not in control, not in control, you don't know, or you haven't checked, so you're left, you seem just on a roll. I mean, my rent was always paid, electricity, all that sort of thing, was all done, so I usually had a roof over my head, it was just then when I went to start getting red letters, then the panic would sort of set in.

Is there anything that discourages people from looking at debt help in your opinion?

I think the woman I rang. I rang [charity], and the woman was sort of, well we can put you on a debt management plan and that would be £500 for 8 years, and she was quite pushy. And I'm, I thought, I won't be able to keep that out of my money and then because I was working shifts, so you get unsocial hours, so I thought, I'd work myself to death, you know. And if you go off sick for over 6 months, then you, because I work for the NHS, it goes down to half pay, and I thought I'll never be able to cope with it and that put me off particularly, thinking... Because I did go to an [advice centre] and when I mentioned depression, she said about, well are you seeing a psychiatrist or whatever, and I said "no, it's being managed by my GP"... Hindsight's a wonderful thing.

...

And then, how else can I get out of it and then being really scared of being bankrupt. Because you know, I thought "Oh shit, the house, because it was after the house". I thought, you know there's a child, my ex had a child, and I thought I don't want them, even though we weren't together, I didn't want them being out on the street or having to pay.

So, do you own part of a house?

I own half of it, but [DRF member] know all that and you know, I've not lived there since October 2005 and yeah, he's paid the mortgage and that sort of stuff.

Are there any particular triggers that prompt people to look at help?

I think it's when you just start getting lots of letters and the phone calls, but then you get scared of "Well, you need to pay now or...". But I think by that point, I think I'd spoken to a friend who'd said "Right, I think this is what we do". So, I don't know whether I would have managed to have done that at that point on my own.

...

Well I suppose I would go to [advice centre], internet, Google, like I said I went to the free [charity] one, which totally put me off because they were more debt management, they were very pushy and made me feel terrible, so I thought "Well no, they need to address that issue, really".

...

How did you get information from the [advice centre]?

I went on a, they have an open, you know you have to wait?

And what sorts of information did you get from them?

It was so long ago, it was, how much you owe, do you have any mental health problems? These are people we can point you in the right direction to, that sort of thing.

So who did they point you to?

I think it was the debt management people, then they mentioned IVA and then they mentioned bankruptcy.

So you said debt management people, did you mean the [charity]?

Yeah.

Ok, how did it make you feel at the time when you went there?

Absolutely terrible, I was crying. My friend came with me. Absolutely awful, I was in tears. I felt so guilty.

So, if I can go back to [charity], [advice centre] told you about [charity]. Was it only the debt management information they gave you, or were there other things that they mentioned?

I think it was maybe the thing that they gave me, they did sort of mention an IVA, but she was really pushing for this 8 years at £500 and I kept saying I can't do that. Then they sent me out something for some information and I thought I don't know this information, you know, but she was really sort of saying "Yes, you must". I thought it was very accusatory and I already felt dreadful, so if you're going to make someone feel worse...

So when [advice centre] talked to you, asked you about mental health, did they make any recommendations because of mental health?

No, they said, no because it's not under a psychiatrist we can't help.

Were you diagnosed with bipolar 2 at that point?

No, no, that was the problem.

SWS

Another complaint also echoed that of the nurse interviewed earlier in the year, in that interest had continued to be charged against some of the credit accounts managed under a free debt management plan.

But the problem with the [free solution], which I found was, you was getting a bill, a thing come through the door every month of the debt, what you were paying, but the paying off I was paying was just the interest, well not quite the interest, it was going up and up and up. And I stuck with this for three years and it was getting me down a bit. And I was working all hours, so I come home just got on the computer and [found] [DRF member] and that was it. And for the last four years, it's been great with [DRF member] as I've ever known.

...

And what sorts of information did you find out from them, what kind of help did they give you?

Well they gave me help by going through all our income and everything and what we had left to pay up and what we had left is what we could pay them, which was £622 a month. But when I went to this one on the computer, it come down to £522.

You been in the IVA for four years and you were with [free solution] for three years before that – do you know the name of the plan that you had with [free solution], the original solution that you had?

No, I can't remember the plan with that. Well, it was over ten years, that's what it was. The plan was over ten years.

But three years you were with them and in three years you'd removed four thousand pounds worth of debt?

Yeah.

Was your income very similar when you started the plan with [free solution] to what it is to what you've put on my form for me?

Yes – it's been roughly that for the last six or seven years.

And how did you feel about the help at the time?

The help was great, it relieved a lot of the pressure off us, but um, I... Once you've got in to it and seen what was happening like with [free solution] and I mean nothing was coming off, because all I was paying was the interest and we was getting all the figures coming back and it was only... We weren't even paying the interest off and I thought well what's happening with the rest, so that's why I went to [DRF member], to stop it.

Was the interest not stopped on any of the accounts?

No not stopped on any account, no.

SW1

Similarly, the amount of income that some free advice agencies deemed sufficient for living standards was questioned by one participant to this as well as the previous qualitative study. However, it is also worth noting that this complaint predated the Common Financial Statement.

Ok so, when you say you went to [advice centre], how did you get information from them?

Originally, cause I've been back in England now for 4 ½ years, so, it was when I used to live in [another town], when I first moved back from [another EU country]. Obviously I knew about [advice centre], which is why I went to them and the information they gave me was that I needed to make an appointment to see them. Then they go through, obviously, you have to take all your debts with you, and they then look at it in what would be the best option, so they give you all the information.

So, what sorts of information did you find on this particular occasion from what they were saying, what were the options?

Just, you know that, they will then contact, if you wanted them to do it. They will then contact all the creditors, and give them an amount that I could then pay, so yes it was obviously down to me to say yes or no to do that, but again it was out of my hands, they were dealing with it, rather than me dealing with it

And did they actually deal with it for you then?

Yeah

So, how did that make you feel?

A lot better

So what was the nature of the agreement you had with [advice centre] to start off with?

It was just to pay, they obviously wrote to everybody and just paying the odd pound, you know two pounds here and there every month. Obviously you know, it was some more than others and they just even it out, they do your priority debts and things like that first.

And you felt, so you were feeling good about that?

Yeah

But then you've actually moved away from that, as a solution. What prompted that?

It was still a struggle at the time, I wasn't working, I was only just back home and it was still a lot of a struggle to pay, to meet those payments. I was still getting phone calls and still getting the letters, and, so it wasn't 100% taken away from me, as such, not that I'm asking for it to be, but, and I ended up, yes, not paying some, and getting into debt again, because obviously, no, I couldn't cope with it, I couldn't. Obviously, what they allow you to live on, and what you've actually got, you know, they are two different things, and you know they do have a very fine line, the [advice centre].

Can you explain that more?

With what they think you should be paying out, and what you have to live on, you know, if anything crops up, you've got nothing to actually get, buffer that, if you know what I mean. Like I say, I' only just moved back into the country, I had absolutely nothing, and then to say, well half your money is going on these debts, is a bit like, ah, so of course, yeah, I ended up struggling a little bit.

When you say something crops up what sorts of things would those be?

Just anything really, I mean, I didn't have a car, I certainly wasn't allowed that expense, but you know I had to buy furniture, you know, things like that. I got a certain amount of an allowance for furniture, but you know it doesn't include the fridge freezer and things like that, so yeah, I had to buy, I had to buy odd things, and it had to come from somewhere.

So would I be correct in understanding that the kind of budget that you had assumed that you already had those things, and because you didn't...?

Well no, the Social Security only allowed me a certain amount, it is not, you know, they allow you a bed each, you know, there's no carpets, no curtains, no nothing like that, it's just your basic, basic - you can sleep and eat, you know and that's it.

EM4

d. Token Troubles

It was equally disconcerting that two participants who had been advised by free advice agencies to make token payments should end up in paid solutions. There seemed to be an assumption that low income necessitated an offer of token payments and that, whilst technically "best advice", this was not acceptable to the clients concerned. We have commented previously on the potential for debt professionals to presume vulnerability, when equalities best practice is for individuals to identify themselves as vulnerable. In the first instance, it was clear that two free advice agencies disagreed on the client's level of vulnerability because entirely opposing repayment offers were recommended.

Is there anything in your opinion that discourages people from looking at debt help?

Well maybe the price, what it's going to cost, what the cost might be.

Why do you say that?

Well, I presumed, at the time when I was looking, hang on what's it going to cost me, you know. Anyway I ended up going to a couple of companies, one of which was [a free solution] and I had letters from them and it came up with a solution, which was to me, totally ridiculous.

Why do you say that?

Okay, well they looked at all, what I owed and everything and they said if I start paying £1 per month to credit companies, I thought, God I'd be long dead before I even got anywhere near paying off what I owed. So I knocked that on the head and then I went to [advice centre] and they came up with a solution that was, there again, totally ridiculous, but it was totally the other way. They wanted me to pay about £600 a month I think it was, to all the credit people and at the time I wasn't even getting that sort of money. Okay it would have been paid off in two years - that was the plan - I just couldn't do it.

Were [advice centre] going to manage all of the repayments?

That was what they were going to do, yeah.

That reminds me actually because we didn't put the things in about the solution, do you know the name of the solution that you have whether it's a debt management plan or an IVA or?

It's a debt management plan.



Have you, how long have you been with that solution?

About six months I think it is now, thereabouts, yeah.

Have [DRF member] given you an estimate of how long it is likely to last?

Yes, they did, yeah, five years.

Okidoke. And if you're at all comfortable with that, do you know the total value of debts at the start of the solution?

I did. Off hand, I don't know at the moment, but yes I did know what it was.

Okay. Would you be happy to tell me that, or would you prefer not to say?

No, it was, I think altogether it was £20,000 thereabouts.

Super, so if you've been in it six months, it will be roughly that now, give or take?

Yes.

And monthly how much do you pay into the plan?

Three hundred pounds.

Okay, super, that's marvellous thank you. Do you think there are any particular triggers that prompt people to look at debt help?

Well, what made me go to this company [DRF member], they got in contact with me because I had one debt, which was about £300 and it went to the courts and that was when [DRF member] got in touch with me – obviously, they'd heard through the courts, somehow or other, and I thought Oh brilliant there's a company there that can sort things out and that was it. That's why I went to them, because they came to me via this court thing.

But you'd been previously to [free solution] and [advice centre] and you weren't comfortable with those solutions at all?

No I just, I thought it was crazy

SW4

In the second example, it was clear that despite three free advice agencies recommending token payments, the participant was unwilling to accept this and therefore pursued a paid option independently. Ultimately, this did not prove satisfactory because charges did not stop, so she had negotiated directly an informal arrangement with her creditors that achieved this. However, her new payment continued at £100 a month from a household income of £80 a week, plus Child Benefit, Working Family and Child Tax Credits.

The refusal to make token payments was significant because the participant was of Pakistani origin and the demographic profiling of DRF members' clients has shown an entirely different response to indebtedness, creditor actions and advice seeking amongst minority ethnic debtors. There is undoubtedly a need to explore attitudes to indebtedness amongst minority ethnic consumers, because there is evidence to suggest an increase in the prevalence of indebtedness amongst these communities. There may well be a case for advisers to negotiate "near" token payments for people on low incomes, who are unwilling to make offers of £1 a month and we recommend further research to explore this. When doorstep lenders often collect significant payments from low-income households, there may well be deep-seated opinions that encourage some people to attempt payments that they perceive as affordable. In some respects, policies that result in refusals to make token payments could make some debtors more vulnerable to collections that are beyond their means.

Basically, when I started struggling with four debts, I was working with an agency, I had a certain income even though it was not full time, I was managing somehow. But when the work was totally down to the agency, that was a worry, because I can see what income is coming and what the outgoings are with the three children. It was for me to take, definitely time for me to take the step. So I went to the helpline numbers, to see if they can help me out, and they gave me quite good advice, as well, like you know, you can go there and there will be no charges, everything is going to be fine. I can't remember exactly what name is it, I think he mentioned as well, [advice centre]. There will be no charges for that one but the service they are going to provide is going to be completely free and they have taken all my expenditures and income and outcome they have taken from me all the details of the account and what they said, if you agree we can do a, well it's a pound. What's it called? It's a term, a specific term?

A token payment?

A token payment sorry, yeah. He said if you agree for the token payment, so when I asked what the token payment is and he says "This time you're not going to get back on track, you're going to pay £1 a month".. So I think, no, I am not going to do the token payment. That means it is going to take ages and I want it to be as soon as possible.

...

I was thinking about it, the token payment it was like, you know, for me I didn't like it, it didn't appeal to me, because I was thinking that this payment is going to take maybe ages for me and I don't want anything to affect my credit history in the future.. At the I was thinking about it and then token payment it was like, you know, for me didn't, like, clear me, because I was thinking that this payment is going to take maybe ages for me and I don't want to anything to affect on my credit in the future.. At the end of the day, I had taken the loan.

...

I went to the council and [advice centre] and then [another advice centre].

And what sorts of advice, what advice did you get from [the other advice centre] first?

It was the same, first they had to talk about my income then the other thing, expenditure, they had to check my income, how to control it and what was the best thing to do, how much you can afford to pay ... and then I think most of the places it was the same, token payment, try to do the token payment.

So, the [other advice centre] said token payment?

Yeah they did.

[advice centre] said token payment?

They said it as well, because you are struggling, for the time being see how much, because obviously you have to feed your children as well, and to pay the bill after was what you can do for time being. It's not like a permanent token payment, they said it's going to be for the time being and then they will review my circumstances, if it has improved or anything.

And did the council give you a recommendation as well?

They did. She sent me the forms as well, they emailed me the form, they took all my details, how much my earnings and everything is, and they had a similar advice as well.

EM2

e. Perceived Bias

Echoing the opinions of some Zero-credit co-operative members, there was one participant who, at the time of seeking advice, felt that free debt solutions were not in his best interests. It is worth noting that he subsequently revised this opinion. However, the backlash experienced by UK banks in the wake of such as the PPI and Libor scandals is creating a body of consumers who are circumspect about creditors funding debt advice and solutions, so whilst a minority opinion, this should not be overlooked.

Well, I know there were two companies at the time that were actually appointed through the banks and one was [free solution], if I remember right and then there was another, which I can't remember... And well similarly, the reason I didn't go with [free solution] was, rightly or wrongly, just because I knew they were paid for through the banks. I was always of the view that legally their first recourse was don't bite the hand that feeds you and it would be the banks that would be paying for them and it seemed a little bit strange that they would be providing, acting in my best interests with my criteria in mind. I think I was a little bit more suspicious than I needed to be having subsequently investigated it and found out that not necessarily to be the case.

NW5

5. LENDING OR SPENDING CONTROL?

a. Credit to Solve Debts

A key issue impacting on consumer relationships with creditors is debtors' experiences of irresponsible lending: seven participants reported being offered credit, when in hindsight, they felt that they should have been referred to debt advice. This echoed responses given during the case studies earlier this year and there was some cynicism that people struggling with credit were simply sold more of the same until they could no longer cope.

I think people encourage you, to get money to pay off other debts, I think there's more encouragement than discouragement.

SW2

The ease with which a spouse could obtain credit due to his or her partner's credit history may have been misconceived, although this too was reported historically during the case studies conducted earlier in the year. Creditors need to appreciate that despite the OFT's Irresponsible Lending Guidance, current debtors are dealing with experiences or perceptions of what used to be lending practice. Thus, how creditors treat debtors now has a huge bearing on the extent to which they may continue to be trusted and this could in turn affect the extent to which consumers continue to trust advice and solutions funded by creditors.

She could have credit cards because I had a good credit rating. And of course the banks back in the 90s was chucking money at people, weren't they, and that's what started it and she had an easy – ooh I got money I can go out an - but the problem was I don't know what she was spending it on – that was the thing.

...

The bank was very helpful to start with, telling me that they can't help me and everything, I must admit. But I did say to her that it was her problem that we'd got in debt because she was so easy. She used to give [my wife] a loan to pay off the credit card, which was going to be £15,000 and of

course the credit card is empty again, but instead of taking the credit card off her they let her go away with the credit card and of course she was filling that up again. But I was one of the lucky ones, I didn't get behind on any of the payments and not waiting for – only finding that one letter on the doorstep though I don't know how many letters was coming before, but we hadn't got behind on anything.

SW1

There was evidence also that far from “consumption smoothing”, credit had become such a regular part of balancing the household budget that when a change of circumstances occurred, debt was inevitable.

Because really, my outgoings were exceeding my incoming amount, I was, for want of a better phrase, robbing Peter to pay Paul. Trying to manage it, trying to keep all the balls up in the air and doing so and I mean, I was doing so, but it was becoming increasingly difficult and worrying really and affecting me, very much so.

Were there early warning signals that you thought...?

Yes I did the classic, took on a consolidation loan to try and, I thought oh I can manage that one figure every month, but then you know more debts crept in. So probably, I should imagine, about nine months before I actually started looking for any professional solution I was having these concerns that I wasn't managing my money very well.

My husband had always been a big earner in the building trade and typically, the building trade was paid cash, so my income paid all the standing orders, all the bills and we lived on my husband's cash for everything else. And that dried up because of his ill health, so we were one income down and then it was virtually impossible towards the end to manage.

NW3

IVA clients were particularly inclined to comment on the ills of credit card debt. However, more significantly it was the easy access to credit that perhaps bodes ill for the payday borrower generation.

Spouse: Warning signals is like credit cards, it's too easy to get hold of credit cards, and you think, "Oh, I'll pay it" and then you don't because something else crops up and you need something else and you put that back and then before you know it, you're over your limits and that's that. Making minimum payments, no good whatsoever

...

Spouse: because it is too easy to have a minimum payment of like £5 and you think "oh, I can cope with that" and before you know it you've gone over that and you're way up. Because your interest on next month's is two to three times more than your actual minimum payment was, the previous month, plus what you had on it already since that last month. So that's how, you know, it just escalates, you know and you take loans out, you're trying to cover it, to pay off and then you know, you find, you're clawing away all the time. You just don't catch up basically.

SW3

A good credit history was seen as a setback too.

My problem was that we were good payers and of course when you are good payers you get top credit ratings and the top credit rating was a pressure in itself because it gives you a false sense of ... What do you call it? It gives you a false sense of security and that you are going to manage and



really, you're not because they keep bombarding you with more credit.

Spouse: And they keep hassling you in the post with more of this, more of that. You can do this, you can do that, you can have this, you can have that. They need to stop that advertising as they keep getting more people into debt.

What it was, was that I was juggling from Paul to Peter to Paul moving one credit card to another and those were the triggers at that time.

EM1

Participants seemed not so much to be passing the blame as recognizing the exploitation of their weaknesses.

Were there any warning signals, that it was becoming uncontrollable?

Yeah, because I kept upping my limit on my credit card.

Sorry?

I kept upping my limit on my credit card, to pay for other things, and that's where it went wrong. Looking back now, what the bloody hell was I doing? But you just try to get food, get food, hope she passes and gets a teaching job and then you can go back to normal.

So would you say that asking for a limit increase is...?

It's wrong. No, they should have said "No.".

Should you not have asked as well? Is that what you're saying?

It was easy to do it online, it was [credit card], they gave me these silly amounts of credit to start off with, which were like nine grand, and then it went to fifteen grand, just going online, just upping it online. It was so easy to get the money.

NW4

Perhaps most worryingly, and despite all of the work to promote responsible credit, one of the most vulnerable participants in this research was still being offered credit by her bank, despite being in an IVA.

You know there's a difference between Bipolar 1 and Bipolar 2. So it's not that I get psychotic or anything like that, it's sort of, you know, sort of down, I tend to get more down and the highs are sort of like "yay". I tend to be more sort of gregarious, more confident and that sort of thing and you know, maybe spending a bit more, but now, you know, I don't have a credit card, I don't have a bank account that has, I mean, they keep offering me, you know overdrafts and stuff and I'm like "No!".

Who is offering you an overdraft?

The Bank and I keep saying, no.

Which bank are you with?

[Bank name]. They say, you know when you put, when you go online, it's like oh yeah, would you like and overdraft and I'm like, no!

If you're in an IVA you can't have an overdraft?



I know, I know and that's why I just ignore it.

Is that an automatic pop-up advert?

No, it's underneath my... because I've managed the, my money really well, they probably think, they're like well the account's been managed really well, because you know, I'm never overdrawn.

Did you change account when you went into the IVA?

Yeah, yeah. I had to. Yeah, totally.

SW5

b. Low Self-Esteem

One of the most uncomfortable characteristics of the interviews conducted was the extent to which these debtors felt guilty and incompetent.

Well, because I thought I was just going to try and pay as much as I could because I've got myself into this mess and I owed it to the people I owed the money to.

...I think they need to listen more and maybe to understand and not judge, cause they make you feel, well I felt like I was the scum of the earth.

SW5

Such sentiments went beyond those with mental health problems too. Experienced business people expressed feelings above and beyond a simple obligation to repay their debts.

You feel as if you are a failure.

...

I used all that finance. I didn't want to walk away from my responsibilities.

EM1

I don't take failure easily and I'd had an awful lot in the past. I'd achieved very high standards and you know, it was a personal failure as such, which you know we deal with in our own ways and I'd probably dealt with it less well than others I suppose so that's why I'm starting back on the treadmill now to get somewhere towards where I used to be.

NW5

The lack of understanding or empathy from family members also contributed to a sense of social as well as financial isolation.

We didn't want to talk to any of the family because the feedback we can get back from some of the family is "Oh people shouldn't get in debt". But until they realise that somebody is in debt or, like [my wife's] family, they would not have wanted to know us because they've never had that situation being in debt.

SW1

For a recent widow, it was apparent that the experience of being in debt had taken away some of the capacity for decision-making.

I wanted someone to say [my name] this is what you need, this is the best for you. I didn't, I would have preferred someone – not, not to give me options – but to say this is what you need and [DRF member] more or less did that.

NW3

Whilst it is unlikely that a debtor might assert a refusal to repay during an interview of this kind, the extent to which all participants expressed their personal responsibility demands some consideration. There seemed to be far too many examples of creditors treating debtors as fraudulent or unethical customers.

The way I see it, these debts were mine and I've always been the sort of person that will pay. I don't believe in people paying for me. So, it's bad enough that I've got to that point and I should pay what I can and take responsibility for it

How far do you still think that IVA has been the right solution for you?

I'm not very sure, I think there are things that need to change in the IVA system because they do squeeze you so much, it's not livable. I have family to help me out.

EM3

c. Another Approach

There was often a sense that creditors must have realised the extent to which borrowers were struggling before they became debtors and this was seen as an ideal opportunity to intervene responsibly and sympathetically.

When they're sending your statements out, it must be obvious to them that you're struggling; you're only paying the minimum off every month. Maybe they should start putting something on the bottom of the statement saying, you know, we realise that there's a problem. There are agencies out there that can assist you with this. I would have thought that was in their best interest as well. So, I think that would probably be a good thing, that if the companies themselves that allow people – I don't know that they allow people – but assist people to get into debt also tell you what the solutions are out there if they see that you're struggling.

...

I would think personally, from my point of view, the banks and the credit card companies that help encourage people to get into debt. I think it would be a very small percentage of their annual profits if they assisted people. So yeah, probably the banks and the companies that provide the credit in the first place.

I'm interested that you said that they help people get into debt, do you feel...

I do because my credit cards, the limits were upped. If I applied to have them increased, it always, you know it was never – towards the end it was refused, but. You start off with a limit of say £500 and you get a few weeks, a few months down the line, oh we'll increase your limit to £1000 and I was one of those gullible people that always thought well something will come up and I'll be able to pay that off. So, maybe they should take more interest in what your actual outgoings are before they increase your limits.



Did you have your limits increased without asking for them?

Sometimes, yes, yeah. [Credit card], I think, [another credit card] and store cards, definitely.

NW3

6. ACTIVE ADVICE SEEKING

One of the principal findings of the consumer survey conducted with DRF members' clients in January to March 2012 was that people who used free advice agencies were often the most active advice seekers. A key focus of this study was therefore to map the advice seeking process to see if there were behaviours and patterns to support informed choice amongst other consumers.

Participants were divided in their preference for a particular advice channel: some did not want to face an adviser, preferring the anonymity of telephone or online services. Others felt the personal touch was imperative to building trust. However, it was apparent that the internet played a significant role in collating information and screening advice and solutions providers.

I went online. I didn't go in to see anyone because I found that difficult to want to talk to anyone face to face about it.

...

Do you still feel that now?

Yeah, yeah. Yeah, yeah. I'd rather do it online or over the telephone.

Okay. So, you got the information online, but the [charity] website has a number of self-help resources. Did you look at some of those – what sorts of information did you get off the website?
I don't think I looked at self help ones, no. I knew basically, you know, do your sums, see where you can cut back, don't just pay off the minimum. I knew all the script of what to do, but I just couldn't put it into practice.

You mentioned the IVAs – was it the [charity] website where you learned about that or was it when you clicked through to another...

I think it was via clicking through to another add-on or whatever and also via this hairdresser friend of mine that had took one out.

And when you had taken the step to look for the [charity] website, you found there was information about managing debts, how did that make you feel?

Relieved really that there was some assistance out there and there was possibly some solution to my problem.

And when you clicked on the links on the [charity] website and went through to other sites, did you do that all in one session, or did you go back several days...

No, I went several times, several times over several weeks really, before I thought well, oh, I have to bite the bullet.

Was there anything about the websites that you went on, where you thought well, that's interesting or helpful – any sort of features that you personally found?

No, I can't say there was anything. Probably the testimonials from people that I read, but I don't know how genuine they are, but I would read those. I would sort of read reviews or testimonials to see what other people had got to say.

And how did that make you feel with the testimonials?

Again, that there was perhaps light at the end of the tunnel and that there was someone out there with the knowledge to help me, and take the burden away from me.

So, [DRF member] was an organisation that you managed to find a connection to through looking at [charity], so how did you – did you look at their website?

I looked at their website. I looked at several websites and then I phoned several companies and [DRF member] – I don't know whether it was the gentleman, I found him easy to talk to, reassuring, spoke in plain English. It wasn't all jargon, you know, interest rates and variable rates and things I don't particularly understand, and they were the most, seemed about the best of the bunch. Plus, as well, they did say, think about it, they didn't chase and hound me. They did ring up to follow up eventually, but...

Were there others who did chase and hound you?

Yes. Yes there were, yes there were. I think there were two others that after I'd given figures to, and they did telephone several times to say have you made a decision, are you going to come with us?

And how did that make you feel?

Well, I didn't want to be sort of pressurized; I wanted to make my own decision. I don't like that sort of sales procedure anyway, because if I am going to do something, I will do it. I don't need hounding and chasing up. It's nice to have people to show an interest, and I'm sure that they're wanting to – they've got sales figures to hit and salaries to earn, but I don't like a hard-pressurized sort of sale.

NW3

We wanted to see whether sponsored links and key word advertising had a bearing on the providers selected, so we asked participants about the process for conducting an internet search. All were aware of paid advertising and avoided it. Only one participant chose to use the first provider contacted by telephone after an internet search, whereas the others all seemed to have a system for evaluating providers.

Usually we go through Google or Bing.

And what sort of things would you put into search for?

Debt help.. kinda like debt help or straight into... because we had a little bit of knowledge about bankruptcy. I'd probably just put in bankruptcy and see what it came up with and IVA to see what it came up with and that sort of thing you know.

...

Another question I have is if you put a phrase in to a search engine and you come up with listings, where would you pick someone to look at out of those?

We'd go through them all. We go through quite a lot of them trying to compare them.

Are there any on the lists that you wouldn't look at when you get a page of results?

No, we were determined to find out as much information as possible so whatever was there we'd look at and see you know.

And did you go over onto the second page of listings too?

Oh yeah, if there were 30 or 40 then we'd go through quite a lot and go through 3 or 4 pages.

And the other question I have is how many times will a search return what's called sponsored listings?

Yeah I try and miss them cos sometimes you get viruses on the links and I'm quite wary of that. Basically, I just stuck to the main the main sites.

...

I think it was just the quality, the quality of the site itself. The way it was laid out and sometimes some of the information that they were putting out looked as if it were taken from other sites. You know and then very obscure addresses and no company registration numbers and things like that.

So what would you consider to be an obscure address?

Well it - there were some addresses on there that weren't even registered at Companies House.

So you did a check on them?

Oh aye, I did a check on them I do all of that.

EM1

Often a combination of online screening and follow up phone calls was used. Sometimes the screening explored intangible service attributes, like evidence of empathy.

I think the opportunity to talk to somebody outside the box, regardless of your own competence. And whether you consider that you can handle things under the levels of pressure you can handle. In many respects, I think just recognising that things have gone wrong for whatever reason; actually having someone else say to you, impartially, put that to you in the first instance. And actually, to have the professional response to deal with it professionally and accepting that there may be a better way to do something.

...

Although I've done quite a few things and professionally as well as personally, when it's actually your problem, you don't always see things perhaps as objectively or openly as you would if you were managing a process or vetting it on behalf of someone else.

...

So, your starting point was the call to [advice centre]. They said to you there were companies that did that sort of work?

Yes

You then went onto Google to look at that?

Yup.

Would you explain how you searched on Google for me a bit please?

I think it was on debt management and counselling related businesses or debt help. Something as broad as that and that listed a range of companies and then I just sort of drew up my own shortlist in relation to that.

How did you go about selecting a shortlist?

I wanted to see what sort of services they offered first and foremost and then the ones I tended to respond to were the ones who were reasonably local... and those that basically, I suppose, tended to give me the impression that best understood my circumstances.

...

So, you tried to pick out those that were local. What other criteria did you have?

Just the ones that sort of seemed to be professional

Was that from the point of the website looked like or did you contact them?

Initially, from how the website looked and then when I contacted them directly.

So what sorts of things were you looking out for on the website?

Well, recommendations I suppose. If they had experiences of other individuals and their circumstances, because I suppose it's a strange human trait but you are always looking for people with a worse circumstance than yourself and thinking "Aw, I'm not that bad and they've managed to help them" sort of thing - it gives you a small comfort to a certain degree. But also to explain the process, in that where you are at and you need to have open discussion or the opportunity to have a discussion in strict confidence. And from that develop an action plan that you know best reflects your circumstances and how you can move forward but ... just to sort of take away some of the despair really which is where you, or how I felt at the time really.

So, you kind of looked through the first couple of pages and picked out a handful?

Yeah.

What did you do with that shortlist?

Phoned them

How many did you phone?

Five I would think all told.

NW5

It was significant that although the internet was an important tool for identifying providers, in many cases it was only a starting point to identifying the potential for a relationship. The lack of trust that so many participants had reported in their relationships with creditors was perhaps creating a degree of scepticism when choosing debt advice or solutions professionals.

I've looked for something like a non-profit organization to give me advice about the [advice centre] or, I've always used trade organizations when I've been using the internet research things. To find out how the system works and things like that.

...

The one thing I was surprised, not one of them offered a visit, it was all done by the telephone.

...

I'm aware of eye to eye contact, body language, and stuff like that, you can get an awful lot of information over the phone but you don't get a feeling, it doesn't give you that gut feeling that I can work with these people.

Is that important to the individual debtor who's seeking help or to the solution provider or to both and why?

Both

What does the debtor get from when seeing somebody in person in your opinion?

The way that they present themselves, you think that yeah, this is a professional, this is a person I can work with, and I think, yeah, they're coming across as a professional, you know, depends on what they're doing, they know what they're talking about.

Why would it be so important to somebody who's beginning to tackle a debt problem, to have that?

Peace of mind I suppose.

Anything else?

No, just that you know, if the person that's in front of you, is professional looking, know what they're talking about, I mean, it didn't happen, but I'm not bothered by it, but that would have been the icing on the cake.

...

Make sure that they're members of a professional organization and properly regulated.

NW1

7. FREE OR FEE?

Our case studies exploring solution outcomes (published in June 2012) revealed that debtors can opt to pay for a solution under less than rational or informed circumstances. This study was no different in identifying a body of clients who were paying for a debt solution because either their creditors or the free to client sector had failed them: the DRF member they were working with was valued, but still their second choice. Understandably, there was some resentment of this and all participants felt particularly strongly about the need for free and impartial initial advice.

Free is free. Free is totally impartial no pressure, no pressure selling, no worries about what information you are getting at all. It's just, you know, there is nobody, no extra burden placed on you at the end of the day. Free is free. It's self-explanatory.

Spouse: Especially coming from the Government. You don't expect to be channelled onto a service that will start charging you for information or a service in that case.

EM1

IVA clients were least likely to consider the cost of their solution a burden. All knew that they were paying nominee and supervisor fees, but did not seem unduly bothered by this. For many, the principal concern was that initial advice should always be free.

No, not at all. I think people are more likely to go if it's free, aren't they? Cause if you're in debt why would you want to pay, you've got no money to pay with, so no I don't know if I agree with that.

Ok, so does that mean you don't agree with paying for advice of any kind or for a debt solution of any kind?

I think it depends on what sort of debt it is, you know like, I'm not quite sure. I don't know, I suppose that you can charge for some types of debt, but just for common or garden people like me – literally we're in so much debt that you couldn't even buy food. I mean I'm not one for free things, I believe in paying for stuff, but when you get stuck like that, you're practically homeless, so, you need free advice.

EM3

As well as free advice for all, there was also some suggestion that absolute insolvency should not incur fees, whereas some aspect of having repayments made through a third party should incur a cost.

I think it should be free for all. I mean I wouldn't say that it should be free for people that are on benefits or anything like that. I think it should be free advice for everyone.

In terms of the solution that you've got, you're paying for it. Are you saying then that that should all be paid for by creditors?

The advice, I think the advice should be free.

No, I'm talking about the solutions as well – it's like the example that you said like with bankruptcy there shouldn't be a court fee, that the creditors should pay for it. But if that weren't possible that they paid for every single one, are there certain people or certain circumstances where you feel that these people should always...

No. Not really, no, no.

NW3

I think there should be almost like a state debt management plan, or debt management plan organization, there should be something like that, because although [DRF member] is very effective their fees are quite hefty...

Is that free to everybody or would you say to particular people in particular circumstances?

No, I see it almost a little bit like the RNLI really, rather than, you know, if you are in dire difficulties you are unable to sort yourself out, there should be that there. But I think there's a lot of people who are capable of sorting things out and, I don't mean that judgmentally, yeah, it's a life boat situation.

...

So, am I correct in understanding, those people maybe ought to pay a contribution to debt management companies?

Yeah, yeah.

Ok so, again, this is a tough question but I'm asking it because of the current economic landscape, what, who or which sort of circumstances would be your priority for free and totally free services?

I think when people are in danger of losing their home, or possessions or something like that, I think that should be generally available for nothing.

NW1

Other key priorities for free debt solutions were households with children, younger and lone parent families and those recently made unemployed by corporate insolvencies.

I don't think things should all be free, cause then we will get nowhere in life, would we? ...but I do think, if someone sees there is a single parent who is on the floor, and he's got young children, you know what I mean?

That was my next question, do you think there are certain people who should get anything free in terms of ...?

I don't think everyone should get everything free, even if you're on the floor, I think it comes down to circumstances.

That's what I mean, are there circumstances?

Yeah, for instance, people going through divorces, divorces you've always got debt ... young children who could have no family around to help out... perhaps a contribution towards companies, you

know... it shouldn't be that much of an issue but someone who is unemployed and it's not their fault, I think things should be free. Help, I do believe in free help.

NW4

Perhaps it was not so remarkable that individuals who had chosen to pay for a service believed in fee charging, not least when so many felt personally responsible for their debts.

You ought to pay for it... somewhere along the line.

SW4

There was recognition of the costs of administering repayments too.

Some people might prefer to go down the no-fee basis, I was quite happy paying the £200 a month or whatever it is to sort it out. It's nothing really, when you look at how much debt somebody might have, for all of the work that they were doing for 10% commission or whatever.

NW1

It was interesting to note that among these active advice seekers, there was support for:

Anything that brings somebody to the table as early and quickly as possible.

NW5

8. CONCLUSIONS & RECOMMENDATIONS

This research provides clear evidence that referrals from free to client advice agencies to fee-charging solution providers take place. However, some professionals' denial of this practice creates a lack of transparency for the consumer. Several of the advice agencies named by participants are members of organisations that declined to participate in discussions for a debt management protocol, because they mistrust commercial providers. The limitations of this research are such that it was impossible to clarify whether a free advice agency or individual adviser referred the participant, and whether this was for financial gain. Without this knowledge, there is a high risk of consumer detriment, and any agency, which shuns referrals in public yet makes them in private, lacks integrity. It is imperative that all referrals are clearly documented, and understood by clients, because this will eradicate unlicensed and non-compliant supply.

Perceived or otherwise, pressure from creditors is an unsatisfactory reason for consumers to move from one appropriate solution to another, whether this is from a free to a fee-charging provider or vice versa. Despite informed choice being a fundamental principle of fair and proper business practice, perceptions of pressure to switch providers exists and uncertainty that help is effective makes debtors more vulnerable than they may already be. When creditors fund advice and solutions, they should make every effort to support these because failure to do so contradicts the expectations of this help. Consumers are unlikely distinguish between creditors, who contribute to fair-share or adhere to the Lending Code for instance, so when debtors experience activities, which compel them to pay for relief, all creditors may be tarred with the same brush. Regrettably, creditors acting with integrity may need to exert more pressure on those who do not.

It was apparent that participants believed easy access to credit to be one of the main causes of unmanageable debt, both in the past and in the present. There was concern that high cost, short term lending may be fuelling even higher debt levels and the experience of one participant, offered credit by her bank despite being in an IVA, points to a lack of consistency. When much of the wider UK population blames bankers for the current economic climate, it is all too easy for debtors' tendency to fluctuate between low self-esteem and feelings of exploitation to result in mistrust and the retaliation of defaults. Clearly this is in neither debtors' nor creditors' interest, because it invites opportunists to exploit the irrationality of anger and fear. Indeed, it is apparent from this research that some consumers already perceive lenders' funding of free advice and solutions as biased in favour of their creditors.

There seems to be a tendency among free advice agencies to consider people on low incomes as vulnerable, when other circumstances may contribute similarly to a need for forbearance. Vulnerability is not simply synonymous with limited funds to repay, it may also relate to psychological and emotional states, or indeed to cultural differences in attitudes to debt. For instance, both this and the quantitative research with DRF members' clients revealed some minority ethnic debtors who paid for solutions, after extensive advice seeking. That said, any failure to meet the needs of participants in this research should be no more a criticism of free advice than the failure of compliant fee-chargers to satisfy all of their clients. Inconsistent recommendations are cause for concern, indicating a need for broader dialogue about processes and outcomes. However, there are always occasions when services fail to deliver and effective organisations learn from these. Confidence in professionalism between free and fee-charging sectors is essential to ensuring that the client's best interest remains the priority.

Given the informed choices made by most participants, suggestions for creditors to intervene earlier when warning signals like minimum payments occur are pertinent in the context of wider tensions between consumers and financial services. That said, almost all participants in this research were active advice seekers, using a range of techniques to assess providers, including tangible indicators like legitimacy and intangible attributes, like empathy. The internet is an increasingly significant tool for identifying sources of help, and while some used it as an advice channel, others, who preferred other media to establish relationships of trust, used it purely to gather and verify information. Participants were split in their preference for either the anonymity of telephone or online communications, or the assurance of non-verbal communications that only a face-to-face encounter can provide. It seems unlikely that technology will change such preferences.

The value of initial advice that was free and impartial was without question, and often considered a function of government. Participants tended to feel that fees for solutions were justified because of the work involved, but that means testing could ensure some people were always exempt from paying these. For instance, in extreme cases of insolvency, such as bankruptcy, there were many suggestions of no cost to the debtor at all, particularly for families with dependent children. There were several funding suggestions for options beyond initial advice, and whilst most participants included some degree of personal contribution, it seems likely that people using free solutions might think otherwise. Participants' capacity for informed decision-making, coupled with their interest in funding, suggests that debtors would welcome greater involvement in shaping provision. It is interesting that research for the Money Advice Service, *Effectiveness of Debt Advice in the UK*, reported better outcomes in Scotland, where the government has involved debtors in service development for some time. To conclude, this research finds compelling evidence of actions that are contrary to debtor well-being and it is therefore our recommendation to engage debtors in the development of policy, provision and regulation.

Appendix 1 – Discussion Guide

PARTICIPANT TO COMPLETE SOLUTION AND HOUSEHOLD PROFILE PRO-FORMA

Thinking about your earliest difficulties, are there any warning signals for people to start tackling money problems?

What makes you say that?

Is there anything that discourages people from looking at debt help?

Are there any particular triggers that prompt people to look at help?

What would you recommend to encourage people to look at help?

If I asked you to give me a hit list for people thinking about debt help, where would you start? Anywhere else? KEEP PROMPTING FOR ALL (MINIMUM OF 3) THEN ASK FOR ALL SOURCES:

When did you find out about this help?

How did you find out about it?

How did you get information from it?

What sorts of information did you find?

How did that make you feel at the time?

And how have you used that information?

How do you feel since using this help?

Is there any debt help you have used that you would not recommend? Why is that?

PROBE: When did you find out about this help? How did you find out about it? How did you get information from it? What sorts of information did you find? How did that make you feel at the time?

And how have you used that information?

Some people believe the word “free” undermines the value of debt help – what do you think about this?

Can you think of any debt help that’s free that you have not mentioned already?

Have you ever used that help? Why is that, do you think?

Which if any aspects of a debt help do you think should be free?

Who do you think should be most entitled to free debt help?

Thinking about [YOUR SOLUTION], what do you remember about your options for managing debt when you first looked at help.

Which advisers explained options for managing debt?

Were there any particular reasons you chose [YOUR SOLUTION]?

How far do you still think that’s the right solution for you?

What encouraged you to choose a solution from [NAMED COMPANY]?

How do you think professionals could improve people’s understanding of solutions for managing debt?

Is there anything in particular [NAMED COMPANY] could do to improve its service (a) before a solution starts and (b) during a solution?

Appendix 2 – Participant Profiles

SW1

Household members			Solution	
Age	57	49	Current debt solution	IVA
Gender	Male	Female	Length to date	4 years
Ethnicity	White English		Estimated duration	4 years
Disability	-	-	Total value of debts at start	£50,000
Economic activity	FT self-employed	FT self-employed	Total value of debts now	£0, pending completion
Qualifications	NVQ carpentry	DK	Monthly repayment amount at start	£522
Income	£34,000pa		Monthly repayment amount now	£522
Benefits	-	-	Previous advice	FREE
Tenure	Social tenants		Previous solution	DMP

SW2

Household members				Solution	
Age	47	46	25	Current debt solution	DMP
Gender	F	M	M	Length to date	4.5 years
Ethnicity	White British			Estimated duration	DK
Disability	Y	N	N	Total value of debts at start	£70,000
Economic activity	not working	FT employed	not working	Total value of debts now	DK
Qualifications	NVQ2	GCSE	GCSE	Monthly repayment amount at start	£380
Income	None	£32,000pa	JSA	Monthly repayment amount now	£260
Benefits	None	none	JSA	Previous advice	FREE
Tenure	Private tenants			Previous solution	DIY

SW3

Household members					Solution	
Age	52	46	14	10	Current debt solution	IVA
Gender	M	F	F	M	Length to date	5 years
Ethnicity	British				Estimated duration	5 years
Disability	N	N	N	N	Total value of debts at start	£72,000
Economic activity	FT employed	PT employed	n/a	n/a	Total value of debts now	£0
Qualifications	GCSE	NVQ2	n/a	n/a	Monthly repayment amount at start	DK
Income	£24,500	£5000	n/a	n/a	Monthly repayment amount now	£400
Benefits	Working & Child Tax credits Child benefit				Previous advice	FREE > IFA
Tenure	Homeowner with mortgage				Previous solution	NONE

SW4

Household members						Solution	
Age	69	67	25-39	25-39	21m	Current debt solution	DMP
Gender	M	F	M	F	M	Length to date	6 months
Ethnicity	English					Estimated duration	5 years
Disability	N	Y	N	N	N	Total value of debts at start	£20,000
Economic activity	Retired		FT employed	FT employed	n/a	Total value of debts now	DK
Qualifications	PNTS	PNTS	DK	DK	n/a	Monthly repayment amount at start	£300
Income	£500pm	pensions	DK	DK	n/a	Monthly repayment amount now	£300
Benefits	Pension	DK	Child benefit			Previous advice	FREE
Tenure	Living with family		Homeowner with mortgage			Previous solution	DIY

SW5

Household members		Solution	
Age	42	Current debt solution	IVA
Gender	F	Length to date	4 years
Ethnicity	White British	Estimated duration	5 years
Disability	Y	Total value of debts at start	£20,000
Economic activity	FT employed	Total value of debts now	DK
Qualifications	DipHE	Monthly repayment amount at start	£335
Income	£1600pm	Monthly repayment amount now	£445
Benefits	None	Previous advice	FREE
Tenure	Private tenant	Previous solution	NONE

NW1

Household members				Solution	
Age	40-59	40-59	18-24	Current debt solution	IVA
Gender	M	F	F	Length to date	0 months
Ethnicity	"WASP"			Estimated duration	5 years
Disability	N	N	N	Total value of debts at start	DK
Economic activity	Not working	FT employed	FT employed	Total value of debts now	£30,000
Qualifications	degree	degree	DK	Monthly repayment amount at start	n/a
Income	none	£30,00pa	£20,000pa	Monthly repayment amount now	£120
Benefits	none	none	None	Previous advice	FREE
Tenure	Private tenants			Previous solution	DMP

NW2

Household members			Solution	
Age	30	32	Current debt solution	IVA
Gender	F	M	Length to date	3 years
Ethnicity	White		Estimated duration	5 years
Disability	N	N	Total value of debts at start	£30,000
Economic activity	FT employed	FT employed	Total value of debts now	DK
Qualifications	Degree	NVQ3	Monthly repayment amount at start	£250
Income	£32,000	DK	Monthly repayment amount now	£250
Benefits	none	None	Previous advice	FREE
Tenure	Homeowner with mortgage		Previous solution	NONE

NW3

Household members			Solution	
Age	54		Current debt solution	DMP
Gender	F		Length to date	3 years
Ethnicity	British		Estimated duration	7 years
Disability	N		Total value of debts at start	£12,000
Economic activity	FT employed		Total value of debts now	DK
Qualifications	Degree		Monthly repayment amount at start	£200
Income	£25,000pa		Monthly repayment amount now	£200
Benefits	None		Previous advice	FREE
Tenure	Homeowner with mortgage		Previous solution	NONE

NW4

Household members					Solution	
Age	43	22	13	23	Current debt solution	DMP
Gender	M	M	F	F	Length to date	4 years
Ethnicity	White British				Estimated duration	10 years
Disability	N	N	N	N	Total value of debts at start	£34,000
Economic activity	FT employed	PT employed	n/a	PT employed	Total value of debts now	DK
Qualifications	Diploma	DK	n/a	GCSE	Monthly repayment amount at start	£175
Income	£35,000pa	DK	n/a	DK	Monthly repayment amount now	£175
Benefits	Child benefit				Previous advice	FREE > OTHER PAID
Tenure	Homeowner with mortgage				Previous solution	refused IVA > DMP

NW5

Household members		Solution	
Age	53	Current debt solution	IVA
Gender	M	Length to date	2 years
Ethnicity	British	Estimated duration	6 years
Disability	N	Total value of debts at start	£65,000
Economic activity	FT employed	Total value of debts now	£60,000
Qualifications	Post graduate	Monthly repayment amount at start	£441
Income	£25,000pa	Monthly repayment amount now	£150
Benefits	None	Previous advice	FREE
Tenure	Private tenant	Previous solution	NONE

EM1

Household members			Solution	
Age	51	48	Current debt solution	IVA
Gender	M	F	Length to date	4 years 8 months
Ethnicity	White British		Estimated duration	5 years
Disability	N	N	Total value of debts at start	£98,000
Economic activity	PT employed	not working	Total value of debts now	DK
Qualifications	IOSH	BTEC National	Monthly repayment amount at start	£357
Income	£15,500pa	£70pw	Monthly repayment amount now	£457
Benefits	none	JSA	Previous advice	FREE
Tenure	Homeowner with mortgage		Previous solution	NONE

EM2

Household members			Solution	
Age	41	48	Current debt solution	DIY
Gender	F	M	Length to date	PNTS
Ethnicity	Pakistani		Estimated duration	7 months
Disability	N	N	Total value of debts at start	£3,800
Economic activity	not working	FT self-employed	Total value of debts now	£3,400
Qualifications	A1 assessor	GCSE	Monthly repayment amount at start	£100
Income	none	£80pw	Monthly repayment amount now	£100
Benefits	Working & child tax credits Child benefit (3 children under 18 PNTS re profile)		Previous advice	FREE > DRF PAID
Tenure	Homeowner no mortgage		Previous solution	DMP

EM3

Household members		Solution	
Age	38	Current debt solution	IVA
Gender	F	Length to date	4 years
Ethnicity	White British	Estimated duration	5 years
Disability	N	Total value of debts at start	£25,000
Economic activity	FT employed	Total value of debts now	DK
Qualifications	Diploma	Monthly repayment amount at start	£320
Income	£26,000	Monthly repayment amount now	£269
Benefits	None	Previous advice	FREE
Tenure	Private tenant	Previous solution	NONE

EM4

Household members				Solution	
Age	43	42	14	Current debt solution	DMP (IVA pending)
Gender	F	M	F	Length to date	6 months
Ethnicity	White British			Estimated duration	DK
Disability	N	N	N	Total value of debts at start	£20,500
Economic activity	FT self-employed	FT self-employed	n/a	Total value of debts now	DK
Qualifications	GCSE	GCSE	n/a	Monthly repayment amount at start	£70
Income	£1000pm	£1000pm	n/a	Monthly repayment amount now	£70
Benefits	Working & child tax credits Child benefit			Previous advice	FREE
Tenure	Private tenant			Previous solution	BANKRUPTCY (N/A)



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