

DRF RESEARCH

2014 Client Survey
Demographics & Financial
Circumstances

prepared by

Zero-credit

for

The Debt Resolution Forum

1. INTRODUCTION

This report focuses on the Demographics and Financial Circumstances of DRF Members' clients. Until 2014, it was a principal report in the public domain and is now a subsidiary report to the 3 Year Trend analysis that has become possible since first conducting this research in 2012. The subsets through which we explore the DRF customer base include:

- age
- gender
- ethnicity
- health
- relationship status
- dependent children
- housing status
- household income

Additional methodological detail can be found in the separate Technical Appendix.



2. AGE

a. Customer Profile

Since 2012, the average age of survey respondents has been mid to late 40s (48.7 in 2014) and around half the sample has been in the 40-59 age range. There is little doubt that this is a dominant customer profile. At seven individuals, the subset of respondents aged 18-24 continued to be too small to make statistical inference, though we have included these data in the tables below. Within remaining subsets, there were emergent trends, and indicators of vulnerability, that could help to ensure DRF members respond ethically to changes in the over-indebted population as well as their core client base.

Age group	18-24 (7)	25-39 (153)	40-59 (287)	over 60 (137)	All (600)
average age	23.2	33.4	48.8	67.5	48.7

For instance, it is clear that there were many more male respondents aged 40-59 than in other age ranges, and that the only age range in which there were more female respondents was over 60.

Gender	18-24 (7)	25-39 (153)	40-59 (287)	over 60 (137)	All (600)
Male	85.7%	52.9%	63.1%	46.0%	55.7%
Female	14.3%	46.4%	36.2%	53.3%	42.3%

There was more age diversity among Black, Asian and Minority Ethnic respondents too: two-fifths were aged 25-39, for instance, compared to a quarter of white respondents.



Incidence of health problems increased with age, such that two fifths of over 60s recorded these, compared to significantly fewer than a fifth in each of the other age ranges and just under a fifth for the sample as a whole.

Relationship status remained a key difference between DRF member and not-for-profit firms' customers in 2014, this being the third year in which fewer than a third of respondents were single, compared to almost double this among StepChange clients in 2013 . Around seven out of ten respondents aged 25-39 or 40-59 were in a relationship, compared to just over half of over 60s.

As might be expected, there were more respondents in the middle age ranges who had dependent children, around half of those aged 40-59 and almost two-thirds of those aged 25-39.

Mortgaged home ownership was the dominant housing status among all respondents and this trend was apparent within age ranges also. However, there were some significant differences. For instance, private tenancies were particularly prevalent among under 40s, social tenancies among over 60s.

Housing status	18-24 (7)	25-39 (153)	40-59 (287)	over 60 (137)	All (600)
outright home owner	0.0%	0.7%	1.7%	18.3%	5.2%
mortgaged home owner	14.3%	34.6%	47.0%	27.0%	38.0%
private tenant	42.9%	32.7%	20.6%	16.8%	23.2%
social tenant	28.6%	15.7%	18.1%	26.3%	19.0%
living with friends / family	0.0%	12.4%	8.4%	5.8%	8.5%

Whereas around a third of respondents in the middle age ranges had household incomes that were less than £20kpa, the proportion almost doubled among over 60s. Since abstentions were similar across age ranges, the comparatively lower income of over 60s was worth noting.

Current annual household income	18-24 (7)	25-39 (153)	40-59 (287)	over 60 (137)	All (600)
less than £20,000	71.5%	36.0%	33.8%	60.6%	40.0%
twenty to less than £40,000	14.3%	35.3%	34.8%	15.3%	29.4%
more than £40,000	0.0%	7.8%	8.4%	2.2%	6.5%
prefer not to say	14.3%	20.9%	23.0%	21.9%	24.2%

b. Customer Circumstances

The average number of creditors on entering a debt solution peaked in the 40-59 age range, though the difference between age groups was subtle.

Creditors	18-24 (7)	25-39 (153)	40-59 (287)	over 60 (137)	All (600)
average number	5	5.9	6.1	5.8	5.9

A similar pattern emerged in relation to net income. However, respondents aged 40-59 took home significantly more than older and younger respondents, despite having a similar number of creditors. Their disposable incomes could be higher also, so detailed analysis of customer datasets is needed.

Net income	18-24 (7)	25-39 (150)	40-59 (284)	over 60 (135)	All (592)
average annual	£10,800	£15,846	£18,877	£14,693	£16,968



It was noteworthy to see a difference of more than £6000 between the average borrowing levels of respondents aged 25-39 and 40-59, given that their demographic profiles had more similarities than were apparent between middle and over 60 age ranges.

Personal Borrowing					
	18-24 (7)	25-39 (150)	40-59 (284)	over 60 (135)	All (592)
average outstanding	£5,870	£21,039	£27,405	£24,957	£24,639

There was considerable variation in the debt to income ratios, which increased with age.

Debt to income					
	18-24 (7)	25-39 (150)	40-59 (284)	over 60 (135)	All (592)
average ratio	0.5	1.3	1.5	1.7	1.5

Among respondents who had a mortgage, there was a much smaller difference in outstanding balances between those aged 25-39 and 40-59 than those who were older or younger than this.

Mortgage balances					
	18-24 (7)	25-39 (150)	40-59 (284)	over 60 (135)	All (592)
average outstanding	£67,000	£90,847	£106,000	£66,679	£95,945

c. Customer Journey



The 3 Year Trend analysis revealed an increase in respondents who had first sought help more than five years ago, concluding that this may relate to supply side changes in both consumer credit regulation and DRF membership in 2014. With this in mind, it was interesting to note slightly higher levels of recent demand from respondents who were not aged 40-59, as this had been even more pronounced in previous years.

First decision to seek help	18-24 (7)	25-39 (153)	40-59 (287)	over 60 (137)	All (600)
within the last year	57.1%	13.1%	7.3%	13.1%	10.7%
more than 1 but less than 2 years ago	14.3%	12.4%	18.8%	16.1%	17.0%
more than 2 but less than 5 years ago	28.6%	51.0%	54.7%	51.1%	52.5%
more than 5 years ago	0.0%	22.9%	19.2%	19.0%	19.5%

Whilst 2014 saw a contraction in respondents citing a drop in income as the main reason for seeking help, this reason continued to be most common to over 60s, and increased outgoings most prevalent among those in the 25-39 age range.

Main reason for seeking help	18-24 (7)	25-39 (153)	40-59 (287)	over 60 (137)	All (600)
a change in circumstances	14.3%	30.1%	34.5%	38.7%	34.3%
a drop in income	28.6%	22.2%	26.5%	27.0%	25.0%
increased outgoings	28.6%	23.5%	17.1%	16.8%	19.3%
Overspending	28.6%	17.7%	17.1%	16.1%	16.8%

As in 2013, over 60s reported fewer examples of creditor intervention than younger respondents did. However, the most significant variation in responses by age was that 61.4% of 25-39s experienced *increased interest, penalties and charges*, compared to 55.8% 40-59s and 45.3% of over 60s. On this basis, people in the 25-39 age range may be at most risk of increasing debt burden. It is therefore worth recalling that some two-thirds of respondents in this age range had dependent children.

Respondents aged 25-39 were the most active advice seekers, with almost nine out ten shopping around for advice. They were far less likely to turn to another company and far more likely to use a range of internet resources, and approach a charity, government or council adviser before using a DRF member too. Over 60s were significantly less likely to approach their bank or creditors than other age ranges, although their use of charity, government and council advisers was in line with the sample as a whole. However, a quarter of over 60s sought no other advice before using a DRF member at all.

Sources of help	18-24 (7)	25-39 (153)	40-59 (287)	over 60 (137)	All (600)
accountant / solicitor	0.0%	2.6%	2.1%	2.9%	2.3%
another company	28.6%	23.5%	30.0%	27.0%	27.5%
bank / creditors	0.0%	18.3%	17.1%	10.2%	15.8%
charity, government or council	14.3%	19.0%	9.1%	12.4%	12.3%
friends / family	14.3%	20.3%	17.4%	16.8%	18.0%
internet search	28.6%	49.7%	32.1%	20.4%	33.7%
internet forum	0.0%	8.5%	7.0%	2.9%	6.5%
did not seek other help	14.3%	9.8%	16.7%	24.8%	17.2%

There were no significant differences in the size of firm used by age range. However, in terms of what respondents noticed about DRF members before contact was made, significant minorities of over 60s mentioned that *they contacted me* (34.3%), whereas those in the middle age ranges were more inclined to mention testimonials and referrals (37.3% and 36.6% respectively). It should be noted that some contact initiated by DRF members was in relation to taking on another company's clients, though there was no significant variation in this by age. As might be expected in relation to high internet use for advice seeking, respondents in the 25-39 age range were most likely to state that a DRF had come *top or close to top of an internet search* (29.4%).

d. Customer Experience

There were no significant variations in pre-contract performance ratings by age, although, as in previous years and with the exception of learning about other places to find help, over 60s tended to give slightly higher marks out of ten than younger respondents did. As in 2013, over 60s were least likely to recall receipt of a written proposal - just over half remembered this compared to just under two-thirds of respondents in the middle age ranges - and least likely to recall the detailed content of a proposal. Respondents in the 25-39 age range had the most detailed recollections of advice in a durable medium.

Pre-contract proposal contents	18-24 (2)	25-39 (95)	40-59 (185)	over 60 (71)	All (365)
statement of income, expenditure and any surplus	50.0%	93.7%	95.1%	85.9%	92.3%
details of the repayment offer to each creditor	50.0%	84.2%	79.5%	81.7%	80.8%
information about priority / debts not included	50.0%	62.1%	62.7%	53.5%	60.5%
a warning of creditors' right to reject	50.0%	81.1%	80.0%	73.2%	77.8%
total solution cost differentiating repayments and fees	50.0%	83.2%	82.7%	77.5%	81.4%
the estimated length of the solution	50.0%	85.3%	83.2%	70.4%	80.5%
how often you and your creditors would be updated	50.0%	73.7%	70.8%	71.8%	70.7%
a warning about the impact on your credit history	50.0%	88.4%	81.6%	77.5%	82.2%
information about a cooling off and how to terminate	50.0%	75.8%	76.8%	69.0%	74.5%
none of these	50.0%	1.1%	1.1%	0.0%	1.1%



As a rule, post-contract performance ratings were consistent by age, with the exception of sustainability related perceptions among those aged 25-39, where differences of 0.5 points or more were noted between the mean scores calculated for this age range and others. Over 60s tended to give firms the highest ratings for post-contract attributes.

Post contract performance ratings

	18-24 (7)	25-39 (153)	40-59 (287)	over 60 (137)	All (600)
offering help and advice to stay on track	5.86	7.97	8.15	8.53	8.13
clear advice about what to expect as solution progresses	6.57	7.95	8.09	8.46	8.08
keeping me up to date with any feedback from creditors	4.29	6.95	7.42	8.34	7.47

e. Customer Outcomes

Incidence of switching was very low indeed, so it was interesting to note that it was highest among over 60s, at 2.2% compared to 0.8% of the sample as a whole. The principal difference in the original solution type by age, was that around two-fifths of respondents in the middle age ranges had IVAs compared to just over a fifth of over 60s.

Original solution chosen

	18-24 (7)	25-39 (153)	40-59 (287)	over 60 (137)	All (600)
Debt Management Plan	85.7%	56.2%	57.1%	68.6%	59.3%
IVA	0.0%	38.6%	39.0%	21.9%	34.7%
Debt Arrangement Scheme	0.0%	0.7%	0.7%	2.2%	1.0%

The difference in average solution length to date by age was marginal.

Age group



	18-24 (7)	25-39 (153)	40-59 (287)	over 60 (137)	All (600)
average age	1.3	3.0	3.1	2.9	3.0

Just over a fifth of over 60s had a joint solution compared to around a third in the middle age ranges.

Contract holder	18-24 (7)	25-39 (150)	40-59 (284)	over 60 (135)	All (592)
in your name only	85.7%	66.7%	63.7%	77.0%	67.7%
Joint	14.3%	30.7%	34.9%	22.2%	30.4%
prefer not to say	0.0%	2.7%	1.4%	0.7%	1.9%

There were significant differences in improvements to financial capability since using a debt solution by age, with improvements most likely to be reported by younger respondents. Older respondents tended to state these skills had stayed about the same.

Financial capability ratings	18-24 (7)	25-39 (150)	40-59 (284)	over 60 (135)	All (592)
BETTER					
managing your money	85.7%	86.0%	74.7%	61.5%	74.3%
planning ahead	57.1%	82.0%	67.6%	57.8%	68.9%
choosing suitable financial products	71.4%	68.0%	58.5%	46.7%	58.3%
finding financial advice and information	57.1%	66.0%	51.4%	47.4%	54.2%
WORSE					
managing your money	0.0%	0.7%	2.1%	3.0%	2.2%
planning ahead	0.0%	0.0%	3.5%	2.2%	2.5%
choosing suitable financial products	0.0%	0.7%	1.1%	2.2%	1.5%
finding financial advice and information	0.0%	1.3%	1.4%	0.0%	1.2%
ABOUT THE SAME					
managing your money	14.3%	12.0%	21.8%	32.6%	21.8%
planning ahead	42.9%	16.7%	26.4%	34.8%	25.8%
choosing suitable financial products	28.6%	26.0%	34.9%	40.0%	33.5%
finding financial advice and information	42.9%	31.3%	43.0%	43.0%	39.5%

Whilst 2014 continued to see relatively high levels of creditor intervention after a solution had started, there was little variation in this by age. Across the sample as a whole some two fifths of respondents suggested current household borrowing was none or manageable, when only 5% had recently completed a solution and this tendency increased with age, as did leaving verbatim comments about DRF members. Zero-credit makes only a basic analysis of these, sorting them into positive, negative or neither. Some two-thirds of comments were positive and given the higher performance ratings given by older respondents, it is likely that over 60s account for a significant proportion of positive feedback

Current annual household borrowing	18-24 (7)	25-39 (153)	40-59 (287)	over 60 (137)	All (600)
none or manageable	28.6%	36.6%	37.6%	52.6%	39.7%
less than £20,000	42.9%	38.6%	28.6%	16.8%	28.0%
£20,000-£39,999	0.0%	7.8%	8.4%	3.7%	6.8%
£40,000-£59,999	0.0%	0.7%	1.1%	1.5%	1.0%
£60,000-£79,999	0.0%	0.0%	0.4%	0.7%	0.3%
£80,000-£99,999	0.0%	0.0%	0.0%	0.7%	0.2%
£100,000 or more	0.0%	0.0%	0.0%	0.7%	0.2%
prefer not to say	28.6%	16.3%	24.0%	23.4%	23.8%

To conclude, there were several vulnerability indicators within the over 60 subset, to which DRF members should pay attention when advising customers for the first time. Whilst many outcomes were reported as positive, there is a risk that a lack of active advice seeking and poor recall of advice in a durable medium could lead to detriment. Given the greater tendency for over 60s to be single, in poor health, living in social housing and on a low income, the impact of inappropriate advice is high. This research recorded only a handful of experiences that were unsatisfactory, so ongoing vigilance is recommended.

More particularly, from a CRM perspective, this research tends to indicate some missed opportunities in targeting customers, whose behaviour complements the DRF's commitment to informed choice. Most likely to shop around for advice and take note of written proposals were respondents in the 25-39 age range. Despite having similar creditor numbers to the more prevalent 40-59 age range, their incomes and borrowing levels were lower. This was interesting because a percentage based fee model could predicate against attracting customers in this age range, whereas a per creditor fee model might not. It is certainly true to say that appealing to more people in the 25-39 age range could diversify the DRF client base, which has significantly fewer women than present in the over-indebted population reported by MAS, for example.

3. GENDER

a. Customer Profile

Whereas more than half of male respondents were aged 40-59, just over two-fifths of female respondents were in this age range. Since men accounted for more than half of respondents for the third year running in 2014, some consideration needs to be given to the relationship between DRF members' client base and the over-indebted population, of whom some two-thirds are women (Money Advice Service, *Indebted Lives*, November 2013),.

Age group	male (334)	female (254)	All (600)
18-24	1.8%	0.4%	1.2%
25-39	24.3%	28.0%	25.5%
40-59	54.2%	40.9%	47.8%
over 60	18.9%	28.7%	22.8%
prefer not to say	0.9%	2.0%	2.7%

There was greater ethnic diversity among male respondents to this survey. However, this is likely to be related to the higher proportion of female respondents who were over 60 than males in this age range in 2014. Ethnic diversity by gender was the same for males and females in 2013. In contrast, women (22.8%) were significantly more likely to suffer a health problem than men (16.2%) , and less likely to be in a relationship (56.7% compared to 72.5%), though again these findings may exaggerate trends spotted in 2013, due to the larger over 60 subset than in previous years. That there was no significant difference in the proportions of men and women with and without children tends to indicate that female respondents often had younger families. There were more private and social tenants among female respondents than male respondents, although mortgaged home ownership was the dominant housing status for both genders.

Housing status	male (334)	female (254)	All (600)
outright home owner	4.8%	5.9%	5.2%
mortgaged home owner	41.3%	34.7%	38.0%
private tenant	21.3%	26.8%	23.2%
social tenant	15.3%	24.0%	19.0%
living with friends / family	12.0%	4.3%	8.5%
prefer not to say	3.6%	3.2%	4.7%
something else?	1.8%	1.2%	1.5%

In 2014, gender differences in the current household incomes that respondents reported were similar to those recorded in 2013.

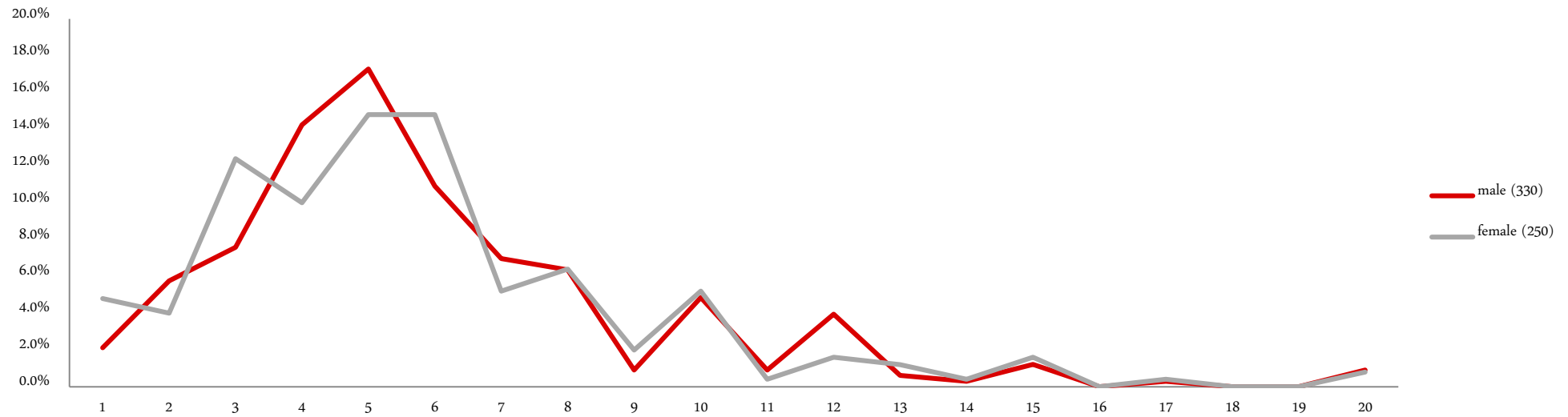
Current annual household income	male (334)	female (254)	All (600)
less than £20,000	35.1%	47.7%	40.0%
twenty to less than £40,000	33.0%	25.6%	29.4%
more than £40,000	8.7%	4.0%	6.5%

b. Customer Circumstances

The average number of creditors on entering a debt solution was 5.9 in 2014 (men 6.0, women 5.8). However, whilst men's responses resulted in a normal distribution at a peak of five, women's did not. This would tend to indicate a less homogenous female client base.



Creditor numbers



As in previous years, there was a significant gap in respondents' net income on entering a debt solution. Most interestingly, this was much smaller in 2014. Detailed analysis of customers' circumstances would allow firms to ascertain whether some bipolarity exists within the female customer base.

Net income	male	female	gap
average annual 2012	£18,225	£14,040	23.0%
average annual 2013	£23,492	\$15,342	34.7%
average annual 2014	£18,002	£15,209	15.5%

By contrast, the difference in personal borrowing levels remained similar from 2013 to 2014.

Personal Borrowing	male	female	gap
average outstanding	£27,941	£20,144	27.9%

2014 was the first survey year in which women respondents' debt to income ratio (1.3) was lower than men's (1.6), although the gaps between outstanding mortgage balances by gender remained much the same as in previous years.

Mortgage balance	male	female	gap
average outstanding	£103,200	£81,208	21.3%

c. Customer Journey



There were more recent advice seekers among female respondents than male.



First decision to seek help	male (334)	female (254)	All (600)
within the last year	9.6%	12.2%	10.7%
more than 1 but less than 2 years ago	15.0%	19.7%	17.0%
more than 2 but less than 5 years ago	54.2%	49.6%	52.5%
more than 5 years ago	21.0%	18.1%	19.5%
prefer not to say	0.3%	0.4%	0.3%

Women (38.6%) were far more likely to cite a change in circumstances as the main reason for seeking help than men (30.5%) were.

Women (78.3%) were also more slightly likely to report creditor intervention before entering a debt solution than men (74.8%) were. Whilst the difference was lower than our usual +/-4% margin of error, it is worth remembering the larger than usual subset of over 60s, that was often female and experienced less creditor contact than younger respondents.

Women were more reliant on friends and family and less inclined to shop around for advice than men were.

Sources of help	male (334)	female (254)	All (600)
another company	29.6%	24.0%	27.5%
friends / family	16.2%	20.5%	18.0%
internet search	37.7%	29.5%	33.7%
internet forum	9.0%	3.5%	6.5%
did not seek other help	14.1%	20.1%	17.2%

There were no significant differences in the size of firm used by gender. However, in terms of respondents' recollections of firms before making contact, women were far more likely to have been contacted by a DRF member and men far more likely to have encountered a recommendation to use one of these firms. Men were also more likely to spot a DRF member at the top or close to the top of an internet search, which relates to their higher use of the internet as an advice source.

DRF member initial observations

	male (334)	female (254)	All (600)
top / close to top of an internet search	21.0%	16.1%	19.0%
they contacted me	22.8%	31.5%	26.8%
testimonials / referrals	36.8%	30.3%	33.5%

d. Customer Experience

Women's mean scores for pre-contract attributes were consistently higher than men's were, in several instances by more than 0.5.

Pre-contract ratings

	male (334)	female (254)	All (600)
they explained the solutions that they could offer clearly	8.64	9.09	8.84
the possible risks of each solution were explained calmly	8.43	8.88	8.62
I felt involved in choosing the best solution	8.21	8.68	8.41
I felt they had my best interests at heart	8.37	8.96	8.64

There were no significant differences in the recollection of receipt of a written proposal by gender and few differences in terms of the detailed information recalled.



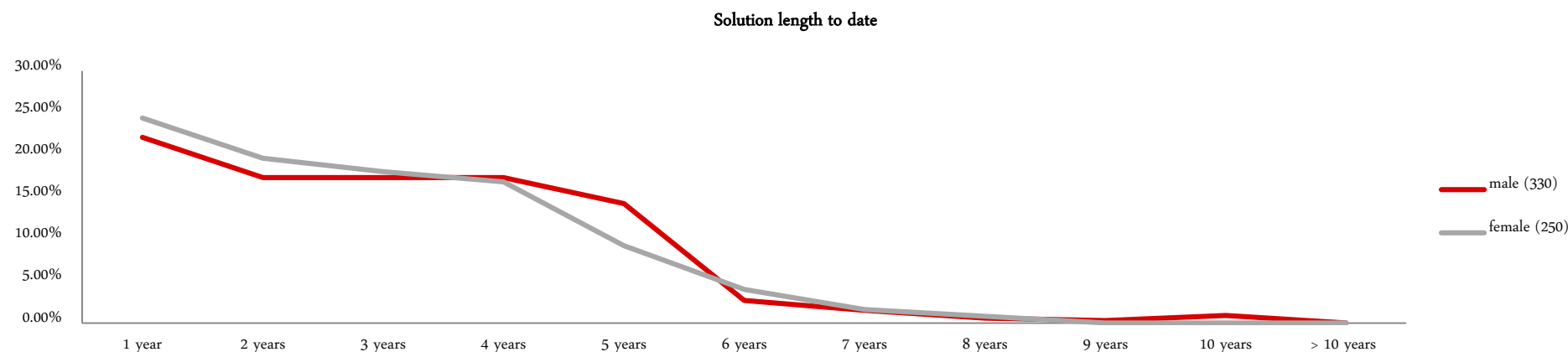
Pre-contract proposal contents	male (199)	female (158)	All (365)
information about priority / debts not included	62.8%	57.6%	60.5%
the estimated length of the solution	78.9%	82.9%	80.5%
how often you and your creditors would be updated	74.9%	67.7%	70.7%

There were no significant differences in post-contract performance ratings by gender.

e. Customer Outcomes

99% of women and 98% of men interviewed in 2014 were either still using or had recently completed a debt solution with a DRF member. There were more men (37.1%) who had originally entered an IVA than women (31.5%). Among the small minority, who had changed solution, two of nine women believed they had switched to a DMP, one from a DMP and the other from an IVA. Similar proportions of men and women (less than 5%) had changed solution and / or provider since first using a DRF member and around three-quarters stayed with a DRF member. The average solution length to date was three years, 3.1 years for men and 2.9 for women. In contrast to creditor numbers on entering a debt solution, the distribution of solution lengths by gender was very similar.





Not only were women more likely to be single than in a relationship, they were even more likely to have a debt solution in their name only. In short, within the sample for this research, women who were in relationships were less likely to share a debt solution with a partner than men in relationships were.

Contract holder

	male (330)	female (250)	All (592)
in your name only	64.6%	72.8%	67.7%
joint	34.2%	25.6%	30.4%
prefer not to say	1.2%	1.6%	1.9%

Significant differences between men and women's perceptions of financial capability were noted for *managing your money* and *finding financial advice and information*. Women were more likely to report these skills as about the same since using a debt solution than men were. This is may be very relevant to recommendations to improve financial capability among over-indebted people

Financial capability ratings	male (330)	female (250)	All (592)
BETTER			
managing your money	77.0%	70.8%	74.3%
finding financial advice and information	55.8%	51.2%	54.2%
ABOUT THE SAME			
managing your money	19.1%	25.6%	21.8%
finding financial advice and information	38.5%	41.6%	39.5%

Women (40.2%) experienced higher levels of post-contract intervention by creditors than men (35.9%) did, most notably *calls or visits at unreasonable times*.

Creditor experience after entering a solution	male (334)	female (254)	All (600)
calls or visits at unreasonable times	11.7%	16.5%	13.7%
none of these	64.1%	59.8%	62.5%

Women (44.5%) were also far more likely than men (37.1%) were to describe their current household borrowing as none or manageable.

Around two-thirds of men and two thirds of women left a verbatim comment about their experiences of using a DRF member.

To conclude, there was far more diversity in the profiles and circumstances of women responding to the 2014 survey than among male respondents and this may have a bearing on their journeys, experiences and outcomes. Since women are underrepresented in DRF members' customer base, compared to their presence in the over-indebted population as a whole, a key recommendation of this research is for firms to segment this subset within their customer datasets in order to establish whether any bipolarity of financial circumstance exists.

Over the three year period that Zero-credit has been conducting this research, we have seen increases in recent advice seeking among women, people aged 25-39 and who are not homeowners. There is evidence of informed choice within these changes, but this seems to be within a wider context of decreasing debt resilience, which may also be driving some more vulnerable advice seekers to DRF members. In addition to the vigilance needed to ensure that people in vulnerable circumstances are sensitively and appropriately signposted, it makes sense to observe shifts in demand in anticipation of a new wave of target customers.

4. ETHNICITY

a. Customer Profile

BAME respondents tended to be younger than their white counterparts. Their average age was 46, compared to 48.9. They were also slightly more likely to be male, though not significantly so. Incidence of health problems was broadly the same within BAME and white respondent subsets. There were more singles and more declined answers among BAME than white respondents with regard to relationship status.

Relationship status	White (533)	BAME (53)	All (600)
single	30.2%	34.0%	29.8%
in a relationship	66.8%	58.5%	64.8%
prefer not to say	3.0%	7.6%	5.3%

More BAME respondents had dependent children than white respondents also.

Dependent children



	White (533)	BAME (53)	All (600)
yes	40.5%	52.8%	40.8%
no	57.4%	45.3%	55.3%
prefer not to say	2.1%	1.9%	3.8%



There was far higher incidence of private tenancies among BAME than white respondents, among whom mortgaged home ownership was the dominant housing status.

Housing status	White (533)	BAME (53)	All (600)
outright home owner	5.4%	3.8%	5.2%
mortgaged home owner	39.8%	24.5%	38.0%
private tenant	22.5%	34.0%	23.2%
social tenant	19.1%	22.6%	19.0%
living with friends / family	8.4%	11.3%	8.5%
prefer not to say	3.2%	1.9%	4.7%
something else?	1.5%	1.9%	1.5%

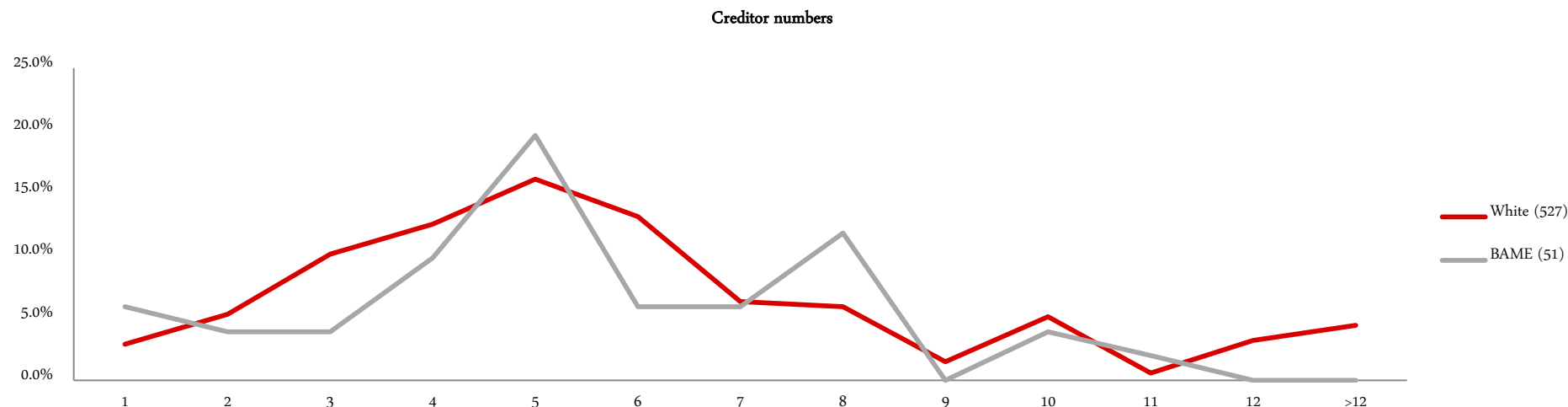
A tendency for BAME respondents to have lower household incomes was also noted, although there was a small spike in higher income households – the subset was too small to assert this as a trend.

Current annual household income	White (533)	BAME (53)	All (600)
less than £20,000	40.40%	47.20%	40.0%
twenty to less than £40,000	30.60%	24.60%	29.4%
more than £40,000	6.60%	7.60%	6.5%

b. Customer Circumstances

The average number of creditors among white respondents was 6.0, among BAME respondents this was 5.4. However, the distribution of creditor numbers among BAME respondents was far more variable than among white respondents.





Average net income at solution start was £17,141 for white respondents and £15,943 for BAME respondents, a gap of just under 7%. Personal borrowing was higher for white respondents at £25,053 compared to £21,706 for BAME respondents, a gap of 13.4%. Ultimately, this resulted in debt to income ratios of 1.5 and 1.4 respectively. However BAME respondents had far higher outstanding mortgage balances (£124,083) than white respondents (£93,902).

Care should be taken in assuming too much from a subset sample of circa 50 respondents. However, since 2012, Zero-credit has recorded significant differences between BAME and white respondents and this analysis of customer circumstances tends to indicate even greater diversity within the BAME subset. We continue to recommend further research on a national and market wide scale for this reason.

c. Customer Journey

There were no significant differences in when advice had first been sought by ethnicity. More than half of BAME respondents gave a change in circumstances as their main reason for seeking help, compared to a third of white respondents.





BAME respondents were far more likely to report creditor intervention before entering a debt solution than white respondents were and far higher incidence of intervention types also.

Creditor experiences before solution

	White (533)	BAME (53)	All (600)
calls or visits at unreasonable times	38.8%	47.2%	39.2%
notices of legal action	48.0%	52.8%	48.3%
confusing communications	33.6%	43.4%	34.2%
token payments not accepted	23.3%	28.3%	23.5%
money withdrawn from another account	8.1%	11.3%	8.3%
same/increased interest, penalties and charges	53.7%	60.4%	53.8%
none of these	24.4%	17.0%	24.2%

Incidence of active advice seeking remained considerably higher among BAME respondents, as has been recorded since 2012.

Sources of help

	White (533)	BAME (53)	All (600)
accountant / solicitor	2.3%	3.8%	2.3%
another company	26.5%	37.7%	27.5%
bank / creditors	15.8%	15.1%	15.8%
charity, government or council	12.0%	18.9%	12.3%
friends / family	17.1%	24.5%	18.0%
internet search	33.2%	41.5%	33.7%
internet forum	6.4%	7.6%	6.5%
did not seek other help	17.6%	9.4%	17.2%



There was little variation in the size of firm used by ethnicity, though BAME respondents tended to notice more about DRF member firms before making contact than white respondents did.

DRF member initial observations

	White (533)	BAME (53)	All (600)
top / close to top of an internet search	18.6%	24.5%	19.0%
clear contact details	11.3%	13.2%	11.5%
consumer credit licence number	2.6%	3.8%	3.0%
DRF membership / professional standards	4.5%	5.7%	4.7%
overview of debt solutions	6.9%	7.6%	7.0%
some examples of likely fees	3.6%	1.9%	3.5%
they contacted me	26.3%	30.2%	26.8%
none of these	10.3%	9.4%	10.2%
advertisements	6.8%	0.0%	6.0%
testimonials / referrals	33.4%	35.9%	33.5%
company takeover	6.0%	3.8%	5.8%

d. Customer Experience

With the exception of *the possible risks of each solution were explained calmly*, there was little difference in mean scores for pre-contract performance by ethnicity.

Pre-contract ratings

	White (533)	BAME (53)	All (600)
the possible risks of each solution were explained calmly	8.68	8.18	8.62



BAME respondents (66.0%) were more likely to recall receipt of a written proposal than white respondents (60.4%) were. However, they were less likely to recall the detailed content of a proposal. The subset of some 50 respondents for this survey was too small to explore the prevalence of English as a Second Language, so firms may wish to examine this within their customer datasets.

Pre-contract proposal contents	White (322)	BAME (35)	All (365)
statement of income, expenditure and any surplus	93.8%	80.0%	92.3%
details of the repayment offer to each creditor	81.4%	77.1%	80.8%
information about priority / debts not included	64.3%	25.7%	60.5%
a warning of creditors' right to reject	79.8%	65.7%	77.8%
total solution cost differentiating repayments and fees	82.6%	74.3%	81.4%
the estimated length of the solution	82.3%	71.4%	80.5%
how often you and your creditors would be updated	72.4%	65.7%	70.7%
a warning about the impact on your credit history	84.8%	62.9%	82.2%
information about a cooling off and how to terminate	77.0%	57.1%	74.5%

Post-contract performance means tended to be slightly lower among BAME respondents and there were three attributes where they were significantly (0.5 or more) lower. Since all three related to communications, some recollections of specific advice in a durable medium were poor, and a lack of regular communications from some DRF member firms was an observation across a significant minority of the sample as a whole, DRF members have good reason to explore the prevalence of English as a Second Language within the customer base.

Post contract performance ratings	White (533)	BAME (53)	All (600)
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discrete communications	9.17	8.55	9.11
clear advice about what to expect as solution progresses	8.16	7.41	8.08
providing me with regular (at least annual) statements	8.75	7.85	8.63

e. Customer Outcomes

99.1% of white respondents and 96.3% of BAME respondents were currently using or had recently completed a debt solution with a DRF member. There was no difference in solution types used by gender. With changes to solutions and / or providers at 30 respondents for the sample as a whole, this was reported by five out of 51 BAME respondents. Most stayed with the DRF member they started with. The average length of solutions in progress was 3.0 years for both white and BAME respondents, though many more had solutions in their name only, 86.3% compared to 66.0% among white respondents. BAME respondents were more likely to report improved financial capability since using a debt solution than white respondents were.

Financial capability ratings	White (527)	BAME (51)	All (592)
BETTER			
managing your money	74.4%	74.5%	74.3%
planning ahead	67.7%	80.4%	68.9%
choosing suitable financial products	57.7%	60.8%	58.3%
finding financial advice and information	53.3%	62.8%	54.2%

For the first time since 2012, BAME respondents were less likely than white respondents to report creditor intervention after entering a debt solution. Incidence of every type of debt collection was lower than in previous years

Creditor experience after entering a solution



	White (533)	BAME (53)	All (600)
calls or visits at unreasonable times	13.9%	13.2%	13.7%
notices of legal action	19.3%	17.0%	18.8%
confusing communications	21.0%	18.9%	20.7%
token payments not accepted	4.1%	1.9%	3.8%
money withdrawn from another account	0.8%	0.0%	0.7%
same/increased interest, penalties and charges	13.5%	13.2%	13.2%
none of these	61.9%	66.0%	62.5%

Around a quarter of BAME respondents stated that current household borrowing was none or manageable compared to more than two-fifths of white respondents, and four fifths left a verbatim comment about a DRF member compared to two-thirds of white respondents.

To conclude, this research suggests that BAME respondents represent just under 10% of DRF members' customer base. Throughout the three year period of sampling clients, there have been variations in BAME respondents' incomes, borrowing, debt to income and mortgage levels that tend to indicate considerable diversity in circumstance. The demographic profile of this subset is certainly more diverse than that of white respondents. The principal constant has been a consistent effort to shop around for advice, followed by customer retention on a par with white respondents. 2014 was the first year in which post-contract contact from creditors was not higher for BAME respondents than it was for white respondents, which would tend to indicate some influence from this research.

As a rule, post-contract performance ratings have been marginally lower than means recorded by white respondents and it is a concern that BAME respondents reported receipt of proposals, but could not recall their content as easily as white respondents did. Since 2012, Zero-credit has advised that BAME communities are culturally diverse and there are signs in the 2014 datasets that having English as a Second Language may be a barrier to fully understanding the solution entered. It is therefore important that DRF members remain observant of the subtle shifts in the needs and understanding of BAME advice seekers.

5. HEALTH

a. Customer Profile

Respondents who reported a long term illness, physical or mental health problem tended to be older than those who did not. Their average age was 55.7 compared to 46.9 for those without a problem and almost half of respondents with a health problem were over 60. Both their presence within the sample and the prevalence of older respondents within the subset correlate with ODI data. There were more women with a health problem than men – around six out of ten compared to five out of ten. There were no significant differences by ethnicity.

Some six out of ten respondents with a health problem were in a relationship, compared to just under seven out of ten among those with no health problem and a similar pattern emerged when asked about dependent children. Approaching half of respondents with no health problem had children, compared to just over a fifth of those who had one. In common with those who were over 60 or female, respondents with a health problem were more likely to be outright home owners or tenants, especially social tenants, this being the dominant housing status of respondents with health problems.

Housing status

	problem (112)	no problem (459)	All (600)
outright home owner	8.0%	4.6%	5.2%
mortgaged home owner	25.9%	42.1%	38.0%
private tenant	25.0%	23.8%	23.2%
social tenant	28.6%	17.2%	19.0%
living with friends / family	6.3%	8.7%	8.5%



Almost six out ten respondents with a health problem had a household income less than £20kpa, compared to just over a third of those with no health problem.

Current annual household income			
	problem (112)	no problem (459)	All (600)
less than £20,000	58.00%	36.80%	40.00%
twenty to less than £40,000	15.10%	34.50%	29.40%
more than £40,000	2.70%	7.90%	6.50%

b. Customer Circumstances

The average number of creditors for respondents with and without a health problem was 5.4 and 6.1 respectively and the distribution of responses was normal, peaking at 5 for both subsets. Average net income on entering a debt solution was £14,054 for respondents with a health problem, compared to £17,946 for those without, a gap of 19.2%. The gap in personal borrowing was higher at 30.2%, between averages of £18,410 for respondents with a health problem and £26,386 for those without. This resulted in a lower debt to income ratio for respondents with a health problem and it was worth noting that this was significantly lower than that recorded for over 60s too.

Debt to income				
	problem (112)	no problem (459)	over 60 (135)	All (592)
average ratio	1.3	1.5	1.7	1.5

The gap between outstanding mortgage balances was 3.9%.



Mortgage balance			
	problem (112)	no problem (459)	All (592)
average outstanding	£92,575	£96,364	£95,945

c. Customer Journey

There were more recent advice seekers among respondents with a health problem than those without.

First decision to seek help			
	problem (112)	no problem (459)	All (600)
within the last year	14.3%	9.8%	10.7%
more than 1 but less than 2 years ago	18.8%	15.9%	17.0%
more than 2 but less than 5 years ago	50.9%	53.4%	52.5%
more than 5 years ago	16.1%	20.5%	19.5%

More than half of respondents with a health problem gave a change in circumstances as their main reason for seeking help, which would tend to indicate that the advent of ill health was the primary cause of indebtedness and that this drove advice seeking. However, with the introduction of Welfare Reform, it would be responsible for DRF members to correlate demand trends with those of other professionals to track the impact of a *drop in income* and *increased outgoings* among advice seekers who declare a health problem.

Main reason for seeking help



	UK white (533)	other (53)	All (600)
a change in circumstances	32.7%	50.9%	34.3%
a drop in income	25.7%	20.8%	25.0%
increased outgoings	19.3%	17.0%	19.3%
overspending	17.6%	9.4%	16.8%



Overall, there was no significant difference in the extent of creditor intervention before entering a debt solution between subsets. However, there was some significant variation in specific experiences. Given the known relationship between debt and mental health, differences in experiences of *confusing communications* were noticeable. For instance, Zero-credit has previously recommended that creditors avoid black and white photocopies of prior OFT guidance about where to find free help and advice as these do not distinguish assistance from collections. Coloured paperwork differentiates communications types quickly and easily, serving as a gentle reminder and signpost to key messages.

Creditor experiences before solution	no problem		
	problem (112)	(459)	All (600)
calls or visits at unreasonable times	33.9%	41.4%	39.2%
confusing communications	38.4%	33.8%	34.2%
same/increased interest, penalties and charges	47.3%	55.6%	53.8%
none of these	26.8%	23.1%	24.2%

Active advice seeking was more common to respondents without a health problem, although eight out of ten respondents with a problem shopped around. The key difference was in internet use and this may relate to the higher proportion of over 60s in the subset with a health problem.

Sources of help	no problem		
	problem (112)	(459)	All (600)
accountant / solicitor	1.8%	2.4%	2.3%
another company	29.5%	27.7%	27.5%
bank / creditors	12.5%	16.3%	15.8%
charity, government or council	11.6%	12.6%	12.3%
friends / family	16.1%	17.9%	18.0%
internet search	25.9%	37.0%	33.7%

internet forum	2.7%	7.4%	6.5%
did not seek other help	20.5%	15.9%	17.2%



More respondents with a health problem used Band 3 firms than those without.

Company Band	no problem		All (600)
	problem (112)	(459)	
Band 1	13.4%	14.2%	14.3%
Band 2	42.9%	46.8%	46.2%
Band 3	43.8%	39.0%	39.5%

Incidence of recommendations to use a DRF member was consistent between subsets by health. However, contact initiated by DRF members was more often reported by respondents with a health problem than those without.

DRF member initial observations	no problem		All (600)
	problem (112)	(459)	
top / close to top of an internet search	14.3%	20.3%	19.0%
DRF membership / professional standards	8.0%	4.1%	4.7%
they contacted me	31.3%	24.6%	26.8%
testimonials / referrals	33.0%	34.0%	33.5%

d. Customer Experience

There were no significant differences in pre-contract performance ratings by health. Respondents with no health problem (61.4%) were slightly more likely to recall receipt of a written proposal than those with (56.3%). With the exception of *information about priority debts or debts that would not be included in the solution*, there were no significant differences in recalled proposal content by health. 65.1% of respondents with a

health problem recalled this compared to 58.9% of those without. There were no significant differences in post-contract performance ratings by health.

e. Customer Outcomes

99.4% of respondents with and 97.3% without a health problem stated that they were currently using or had recently completed a debt solution with a DRF member. There were no significant differences in the type of solution originally entered, nor in changes to debt solutions and / or providers. The average solution length by subset was identical at 3.0 years to date and the distribution of solution lengths was similar also. However, significantly more respondents without a health problem (32.5%) had a joint solution than those with a health problem (20.2%). Respondents with health problems were far less likely to report improved financial capability since using a debt solution – significant minorities stated that these were about the same.

Financial capability ratings

	problem (109)	no problem (455)	All (592)
BETTER			
managing your money	63.3%	77.6%	74.3%
planning ahead	57.8%	71.2%	68.9%
choosing suitable financial products	43.1%	62.0%	58.3%
finding financial advice and information	50.5%	55.2%	54.2%



There were no significant differences in creditor intervention after entering a debt solution by health. Current household borrowing was similarly reported between subsets, with some two-fifths of respondents describing this as *none or manageable*. More than three quarters of respondents with a health problem left a comment about a DRF member compared to just over two-thirds of those without.

To conclude, it was encouraging to see similarities between respondents with a health problem and this subset within the population as a whole. Whilst the profile and circumstances of respondents with a health problem differed from those without, many of the customer journeys, experiences and outcomes were the same. Especially since more than half of this subset cited a change in circumstances as the main reason for seeking help, this research tends to indicate that advice seekers with health problems, who approach DRF members, do so in the context of similar lifestyles and aspirations those without a problem.

Whilst ill health may contribute to the vulnerability of over-indebted people, there is no evidence from this research that customers with a health problem lack the capacity for informed choice. It is also worth noting that experiences of creditor intervention compared well with respondents with no health problem and it is testament to the formidable work of the Money Advice Liaison Group, the Money Advice Trust and the Royal College of Psychiatrists in raising awareness and understanding of the differences between mental health and mental capacity in particular that this is so.



6. RELATIONSHIP STATUS

a. Customer Profile

The average age of respondents who were single was 52.5 compared to 47.1 for those in a relationship. More than a third of singles were over 60, compared to fewer than a fifth of couples. Singles dominate the customer base of the free to client sector, which also tends to be much younger than DRF member firms', so it is worth noting the prevalence of relationships among respondents who use DRF members.

Age group	single (179)	couple (389)	All (600)
18-24	1.7%	1.0%	1.2%
25-39	21.8%	27.5%	25.5%
40-59	41.3%	52.7%	47.8%
over 60	35.2%	18.0%	22.8%

There were more women among respondents who were single than men, and more men among respondents in relationships. Some of this may be age related, although the prevalence of single women compared to men in relationships tends to suggest that there are other factors in play.

Gender	single (179)	couple (389)	All (600)
male	46.4%	62.2%	55.7%
female	53.6%	37.0%	42.3%
prefer not to say	0.0%	0.8%	2.0%

There was no difference in the ethnic diversity of respondents by relationship status. However, 24.0% of singles had a health problem, compared to 16.7% of couples. More than half of couples had dependent children, compared to just over a fifth of singles.

The housing status of singles was more diverse than that of couples, more than half of singles were tenants compared to more than half of couples being home owners. Private tenancies were the dominant tenure among singles.

Housing status	single (179)	couple (389)	All (600)
outright home owner	5.0%	5.7%	5.2%
mortgaged home owner	23.5%	46.3%	38.0%
private tenant	29.1%	20.6%	23.2%
social tenant	25.1%	17.5%	19.0%
living with friends / family	14.0%	5.9%	8.5%
prefer not to say	1.1%	2.8%	4.7%
something else?	2.2%	1.3%	1.5%

As might be expected singles had lower household incomes than couples, and this is even more apparent in the comparison with sole and joint solutions alongside relationship status.

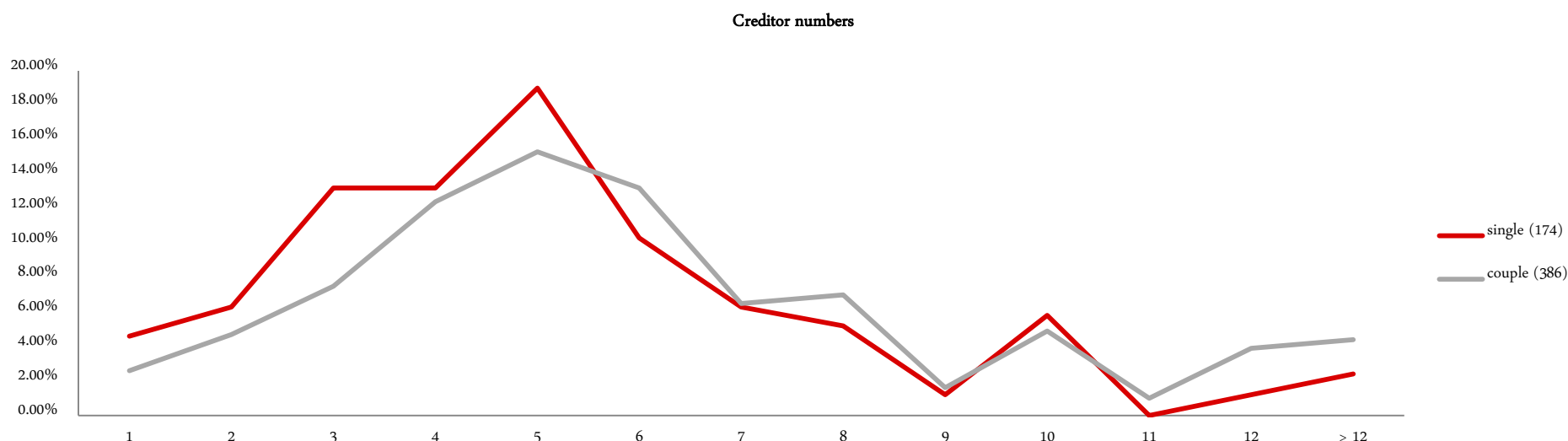
Current annual household income	single (179)	couple (389)	sole solution (401)	joint solution (180)	All (600)
less than £20,000	57.00%	33.70%	46.39%	26.67%	40.00%



twenty to less than £40,000	20.20%	35.70%	26.19%	38.33%	29.40%
more than £40,000	2.30%	9.00%	5.23%	10.00%	6.50%

b. Customer Circumstances

Singles tended to have fewer creditors than couples, with an average of 5.3 recorded compared to 6.2. Whilst both response distributions peaked at 5, higher percentages of single respondents with low creditor numbers were apparent.



The average net income of respondents entering a debt solution was £19,008 for couples and £14,364 for singles, a gap of 21.8%. The average personal borrowing on entering a debt solution was £26,763 for couples and £20,511 for singles, a gap of 23.4%. This resulted in debt to income ratios of 1.5 for couples and 1.4 for singles. The gap between outstanding mortgage balances was 14.8%.

Mortgage balance			
	single (174)	couple (386)	All (592)

average outstanding	£84,086	£98,654	£95,945
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c. Customer Journey

More than a third of singles had first sought advice within the last two years compared to less than a quarter of couples. Around four out of ten singles gave a *change in circumstances* as the main reason for seeking help, compared to three out of ten couples. Around three out of ten couples were affected by a *drop in income* compared to some two in ten singles. There were no significant differences in other reasons given for seeking help by relationship status.

There was no significant difference in the prevalence of creditor intervention experienced by relationship status. However, it was apparent that couples were more sensitive to some types of activity than others.

Creditor experiences before solution			
	single (179)	couple (389)	All (600)
calls or visits at unreasonable times	36.9%	41.4%	39.2%
notices of legal action	44.7%	49.9%	48.3%
same/increased interest, penalties and charges	50.3%	56.8%	53.8%
none of these	25.7%	22.1%	24.2%

Significant differences in the advice sources used by relationship status included greater dependence on a *bank or creditors* and *friends or family* among singles and higher incidence of *internet* use among couples. The prevalence of active advice seeking was common to both subsets.

Sources of help			
	single (179)	couple (389)	All (600)
bank / creditors	18.4%	14.4%	15.8%



friends / family	22.4%	16.5%	18.0%
internet search	24.0%	39.1%	33.7%
did not seek other help	16.8%	16.7%	17.2%

There were no significant differences in the size of firm used by relationship status. Since more couples used the internet to seek advice, it was as expected that more couples noticed a DRF member had come top or close to top of an internet search than singles did. Recommendations to use a DRF member were fairly consistent between subsets. However, more singles stated that they had been contacted by a DRF member than respondents in a relationship did.

DRF member initial observations			
	single (179)	couple (389)	All (600)
top / close to top of an internet search	13.4%	21.6%	19.0%
they contacted me	31.8%	24.4%	26.8%
testimonials / referrals	31.8%	34.7%	33.5%

d. Customer Experience

There were no significant differences in the mean scores calculated for pre-contract performance ratings. However, there was a 0.4 point difference between singles (5.73) and couples (6.18) for *I learned about some other places to find help*. Whilst active advice seeking levels were similar by relationship status, singles exhibited some of the vulnerability indicators identified by the FCA in terms of low income and living in rented accommodation.

Zero-credit believes that when a change in circumstances involves the loss of a partner, this can lead to isolated decision-making to which singles are not yet accustomed. For this reason we have been recommending since 2012 that DRF members use a prompted list of advice agencies for checking where help has already been sought. We believe this is more sensitive to personal circumstances than diagnosing vulnerability then



referring to a charitable or statutory agency, which could be perceived as judgemental.

Recollections of receiving a written proposal were almost identical by subset. However, there were some details that singles were less likely to recall seeing in a durable medium.

Pre-contract proposal contents	single (108)	couple (239)	All (365)
information about priority / debts not included	56.5%	62.8%	60.5%
a warning of creditors' right to reject	75.0%	80.3%	77.8%
a warning about the impact on your credit history	77.8%	84.1%	82.2%
information about a cooling off and how to terminate	69.4%	77.8%	74.5%

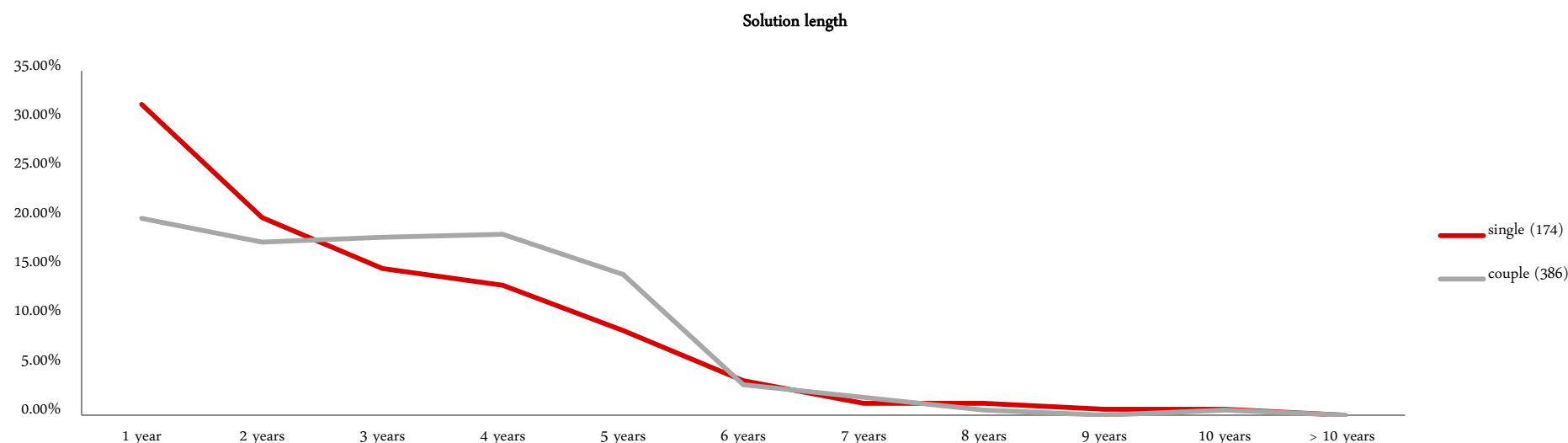
There were no significant differences in the mean scores for post-contract performance by relationship status, although the means for couples tended to be slightly higher than those for singles.

e. Customer Outcomes

98.4% of singles and 99.0% of couples were currently using or had recently completed a debt solution with a DRF member. The use of IVAs was similar between singles and couples and there were slightly fewer singles in DMPs than couples. A small number of singles declined to answer which debt solution they had originally chosen and often this was because they could not recognise its name. There were few differences in changes to a solution and / or provider by relationship status.



The average solution length to date was 2.7 years for singles and 3.1 years for couples. More than half of the singles interviewed were in a solution that had started within the last two years. Together with the larger proportion of singles seeking advice within the last year or two and the fact that DRF members' core customer base tends to be in a relationship, this may denote a change in demand. The 3 Year Trend analysis identified reduced debt resilience among respondents in 2014 compared to those in previous years, so members need to appraise the customer base they are attracting and continue to ensure that any choice to use a DRF member is informed.



Fewer than half of couples had a joint debt solution and a handful of singles had joint solutions.

Contract holder			
	single (174)	couple (386)	All (592)
in your name only	94.8%	55.2%	67.7%
joint	3.5%	44.0%	30.4%

Couples were more likely to report improved financial capability since using as debt solution than singles were.

Financial capability ratings	single (174)	couple (386)	All (592)
BETTER			
managing your money	67.8%	78.0%	74.3%
planning ahead	63.8%	71.2%	68.9%
choosing suitable financial products	51.2%	61.7%	58.3%
finding financial advice and information	49.4%	56.2%	54.2%

There were no significant differences in creditor intervention after starting a debt solution by relationship status. Singles (44.1%) were more likely state that household borrowing was now none or manageable than couples (39.3%) were and similar proportions of singles and couples left a verbatim comment about a DRF member.

To conclude, there is little doubt that in 2014 there were some subtle changes in the profiles and circumstances of respondents to the DRF's annual client satisfaction survey. Some of these are difficult to establish as trends because of regulatory and membership changes. However, being in a relationship has been a dominant characteristic of DRF members' customer base for some time and with early evidence of a downward shift in respondents' debt resilience and an apparent increase in demand from single advice seekers, now is a good time to review customer datasets carefully. Being single is not in itself vulnerability, but when combined with other characteristics, such as age, gender and health, we tend to see higher incidence of low income and tenancies. For this reason, Zero-credit believes relationship status may serve as an effective indicator for probing the advice seeking journey more fully, and indeed checking customers' receipt and understanding of advice in a durable medium.

7. DEPENDENTS

a. Customer Profile

In 2013, we started to consider lone parents as a subset of this research and with some 37 respondents being both single and having dependent children in 2014, we are able to analyse their responses accordingly. On this basis all tables include data for lone parents, though our reporting only refers to them when relevant.

The average age of respondents with children was 41.7 compared to 54.3 for those without. Lone parents were slightly older, with an average age of 42.2. More than half of respondents with children were aged 40-59.

Age group	no children			lone parents
	children (245)	(332)	All (600)	
18-24	0.4%	1.5%	1.2%	0.0%
25-39	39.6%	15.1%	25.5%	43.2%
40-59	56.3%	43.7%	47.8%	48.7%
over 60	2.9%	38.9%	22.8%	8.1%

There was little difference in the gender of respondents who had or did not have dependent children, although there were more female lone parents than male.

Gender



	children (245)	no children (332)	All (600)	lone parents (37)
male	57.1%	55.4%	55.7%	40.5%
female	42.0%	44.3%	42.3%	59.5%

Respondents with children tended to be more ethnically diverse than those without. They were also far less likely to suffer a health problem

Health problem	children (245)	no children (332)	All (600)	lone parents (37)
yes	9.8%	25.3%	18.7%	13.5%
no	89.0%	70.5%	76.5%	86.5%
prefer not to say	1.2%	4.2%	4.8%	0.0%

Around 15% of parents were single (lone parents) compared to just over two-fifths of people without children who were single. Mortgaged home ownership was the dominant housing status irrespective of whether respondents had children, unless they were lone parents – the most significant minority of these were private tenants.

Housing status	no children			lone parents
	children (245)	(332)	All (600)	(37)
outright home owner	2.0%	7.8%	5.2%	5.4%
mortgaged home owner	43.7%	35.2%	38.0%	21.6%
private tenant	23.7%	23.5%	23.2%	40.5%
social tenant	19.6%	19.9%	19.0%	21.6%
living with friends / family	6.9%	9.3%	8.5%	10.8%

With the exception of lone parents, respondents with children reported higher current household incomes than those with no children did. More than half of lone parents had household incomes below £20kpa, and a third of these were under £10kpa.

Current annual household income	no children			lone parents
	children (245)	(332)	All (600)	(37)
less than £20,000	34.30%	46.40%	40.00%	54.00%
twenty to less than £40,000	36.30%	26.20%	29.40%	29.70%
more than £40,000	9.00%	5.10%	6.50%	2.70%

b. Customer Circumstances



Lone parents and respondents without children had an average 5.7 creditors, compared to parents' 6.2 and the distribution of responses was similar between subsets. Despite having lower current household incomes than other parents and non-parents, lone parents had the highest net incomes on entering a debt solution (£19,447). It is not advisable to consider this typical or significant because the subset was small. The average net income of parents at solution start was £18,536 compared to £15,881 for non-parents, a gap of 14.3%. Borrowing levels were similar among all parents at £25,063 for lone parents and £25,813 for all parents. Non-parents had an average £23,853 outstanding, equating to a gap between parents and non-parents of 7.6%. This differences resulted in debt to income ratios as follows:

Debt to income	no children			lone parents
	children (241)	(328)	All (592)	(35)
average ratio	1.4	1.5	1.5	1.3

However, lone parents were more indebted in terms of an outstanding mortgage balance.

Mortgage balance	no children			lone parents
	children (241)	(328)	All (592)	(35)
average outstanding	£110,566	£82,894	£95,945	£115,000

c. Customer Journey

More lone parents had first sought advice within the last year or two than all parents or non-parents.

First decision to seek help



	children (245)	no children (332)	All (600)	lone parents (37)
within the last year	8.2%	12.4%	10.7%	18.9%
more than 1 but less than 2 years ago	16.3%	17.2%	17.0%	21.6%
more than 2 but less than 5 years ago	55.5%	50.9%	52.5%	48.7%
more than 5 years ago	20.0%	19.0%	19.5%	10.8%
prefer not to say	0.0%	0.6%	0.3%	0.0%

Parents and non-parents' reasons for advice seeking were very similar. However, almost half of lone parents had been affected by a *change in circumstances*, compared to a third of the sample as a whole.

Respondents without children were least likely to report creditor intervention before entering a debt solution and lone parents were most likely to record experiences of this. Some types of communication were experienced to a greater degree by parents than non-parents also. It was particularly concerning to see lone parents reporting even more experiences of intervention than parents in general.

Creditor experiences before solution	children (245)	no children (332)	All (600)	lone parents (37)
calls or visits at unreasonable times	43.3%	37.1%	39.2%	51.4%
notices of legal action	52.7%	44.6%	48.3%	56.8%
token payments not accepted	22.9%	24.4%	23.5%	29.7%
same/increased interest, penalties and charges	60.8%	49.1%	53.8%	67.6%
none of these	18.8%	27.4%	24.2%	13.5%

Parents were more likely to shop around for advice than non-parents and lone parents especially so, particularly in relation to approaching a *bank or creditors*.



Sources of help	no children			lone parents
	children (245)	(332)	All (600)	(37)
accountant / solicitor	1.6%	2.4%	2.3%	2.7%
another company	29.8%	25.9%	27.5%	29.7%
bank / creditors	16.7%	15.1%	15.8%	27.0%
charity, government or council	14.3%	11.5%	12.3%	16.2%
friends / family	16.3%	19.0%	18.0%	24.3%
internet search	40.0%	29.8%	33.7%	29.7%
internet forum	9.4%	4.5%	6.5%	2.7%
prefer not to say	2.0%	3.3%	2.7%	0.0%
did not seek other help	13.9%	19.6%	17.2%	13.5%
anywhere else?	0.4%	1.5%	1.2%	0.0%

Lone parents were most likely to use Band 1 or Band 3 firms. Parents in general were most likely to use Band 3 firms.

Company Band	no children			lone parents
	children (245)	(332)	All (600)	(37)
Band 1	13.9%	13.9%	14.3%	24.3%
Band 2	42.5%	49.7%	46.2%	29.7%
Band 3	43.7%	36.5%	39.5%	46.0%

Non-parents were most likely to mention contact initiated by a DRF member, whereas parents and lone parents in particular mentioned recommendations to use a DRF member.

DRF member initial observations

	children (245)	no children (332)	All (600)	lone parent (37)
top / close to top of an internet search	22.9%	16.3%	19.0%	16.2%
they contacted me	24.5%	28.9%	26.8%	24.3%
none of these	8.2%	11.8%	10.2%	2.7%
testimonials / referrals	36.3%	31.6%	33.5%	43.2%

d. Customer Experience

Pre-contract performance ratings were largely consistent by dependent children and lone parents rated firms highly for *they explained priority and non-priority debts clearly*.

Pre-contract ratings

	children (245)	no children (332)	All (600)	lone parents (37)
they explained priority and non-priority debts clearly	8.53	8.27	8.38	8.85

As a rule, receipt of written proposals and the detailed content of information within this were better recalled by parents than non parents, though differences were slight. There were no significant differences in post-contract performance ratings by dependent children.

e. Customer Outcomes



99.2% of parents (97.3% of lone parents) and 98.5% of non-parents were currently using or had recently completed a debt solution with a DRF member. More than two-fifths of parents had originally chosen an IVA compared to fewer than a third of non-parents. Fewer than 5% of parents and non-parents changed solution and / or provider, most stayed with a DRF member and thereafter, subsets were too small to make reasonable inference about alternatives. The average solution length to date was 3.1 years for parents (2.9 for lone parents) and 3.0 for non parents. Parents were the most likely to have a joint debt solution.

Contract holder	no children			lone parents(35)
	children (241)	(328)	All (592)	
in your name only	54.8%	77.4%	67.7%	91.4%
Joint	44.0%	21.7%	30.4%	5.7%
prefer not to say	1.2%	0.9%	1.9%	2.9%

Parents were more likely to report an improvement in financial capability since using a debt solution than non-parents, although lone parents were less likely than other parents to experience this in terms of *managing your money*.

Financial capability ratings	no children			lone parents (35)
	children (241)	(328)	All (592)	
BETTER				
managing your money	80.1%	71.0%	74.3%	71.4%
planning ahead	74.3%	65.2%	68.9%	74.3%
choosing suitable financial products	65.2%	53.1%	58.3%	60.0%
finding financial advice and information	57.7%	52.1%	54.2%	57.1%

There were no significant differences in experiences of creditor intervention since entering a debt solution by dependent children. Similar proportions of parents and non-parents described current household borrowing as none or manageable, compared to more than half of lone parents and non-parents (72.3%) were more likely to leave a verbatim comment about a DRF member than parents (66.5%) were.

To conclude, parents tended to display greater social capital than non-parents, especially in terms of active advice seeking and recollection of advice in a durable medium and it was interesting to note that lone parents were even more engaged in establishing whether a DRF member offered an appropriate solution for their needs. However, in the disparity between lone parents' current household incomes (the lowest) and those on entering a solution (the highest), the sustainability of solutions should be the subject of regular review.

Lone parents are a minority in DRF members' customer base, especially compared to the free sector. On this basis, their experiences of creditor intervention need the context of a wider population because parents in general, and lone parents in particular, tended to experience this to a greater degree than non-parents. In its research with the Children's Society, StepChange has started to explore the impact of indebtedness on children. With this in mind, the greater uptake of IVAs among parents than non-parents would tend to suggest that some monitoring of families is needed, not least as there is a considerable gender bias in insolvencies.

From a CRM perspective, it was relevant that non-parents were more likely to volunteer observations about DRF members than parents were, because failing to attract feedback from informed decision makers is a missed opportunity. Consideration should also be given to the numbers of parents in the 40-59 age range compared to those aged 25-39 because the MAS *Indebted Lives* datasets suggest that 75% of the over indebted population is under 45.

8. TENURE

a. Customer Profile



Respondents in the 40-59 age range dominated every tenure type, except outright home ownership, where more than eight out of ten were over 60. Around a third of social tenants were over 60. Respondents who were private tenants or living with friends or family included significant minorities aged 25-39.

Age group	unmortgaged	mortgaged	private tenant	social tenant	friends/family	All (600)
	(31)	(228)	(139)	(114)	(51)	
18-24	0.0%	0.4%	2.2%	1.8%	0.0%	1.2%
25-39	3.2%	23.3%	36.0%	21.1%	37.3%	25.5%
40-59	16.1%	59.2%	42.5%	45.6%	47.1%	47.8%
over 60	80.7%	16.2%	16.6%	31.6%	15.7%	22.8%

Male respondents dominated all tenure types except social housing, which would tend to corroborate other evidence of a systemic gender bias in the appeal of debt solutions.

Gender	unmortgaged	mortgaged	private tenant	social tenant	friends/family	All (600)
	(31)	(228)	(139)	(114)	(51)	
Male	51.6%	60.5%	51.1%	44.7%	78.4%	55.7%
Female	48.4%	38.6%	48.9%	53.5%	21.6%	42.3%
prefer not to say	0.0%	0.9%	0.0%	1.8%	0.0%	2.0%

Home ownership was the least ethnically diverse subset by housing status, private tenancies the most, though the difference was only a few percent. Health problems were most common among home owners without a mortgage, followed by social tenants.

Health problem



	unmortgaged (31)	mortgaged (228)	private tenant (139)	social tenant (114)	friends/family (51)	All (600)
Yes	29.03%	12.72%	20.14%	28.10%	13.73%	18.7%
No	67.74%	84.65%	78.42%	69.30%	78.43%	76.5%

Home owners were more likely to be in a relationship than any other tenure type.

Relationship status	unmortgaged (31)	mortgaged (228)	private tenant (139)	social tenant (114)	friends/family (51)	All (600)
Single	29.0%	18.4%	37.4%	39.5%	49.0%	29.8%
in a relationship	71.0%	79.0%	57.6%	59.7%	45.1%	64.8%
prefer not to say	0.0%	2.6%	5.0%	0.9%	5.9%	5.3%

Almost half of home owners with a mortgage and around two-fifths of tenants had dependent children.

Dependent children	unmortgaged (31)	mortgaged (228)	private tenant (139)	social tenant (114)	friends/family (51)	All (600)
Yes	16.1%	46.9%	41.7%	42.1%	33.3%	40.8%
No	83.9%	51.3%	56.1%	57.9%	60.8%	55.3%
prefer not to say	0.0%	1.8%	2.2%	0.0%	5.9%	3.8%

Whilst more than a quarter of social tenants had a current household income of less than £10kpa, in terms of being under the UK average of £21kpa, there were more home owners without a mortgage in this bracket. Home owners with a mortgage had the highest household incomes and a significant minority of private tenants had incomes in the £20-£40kpa range.

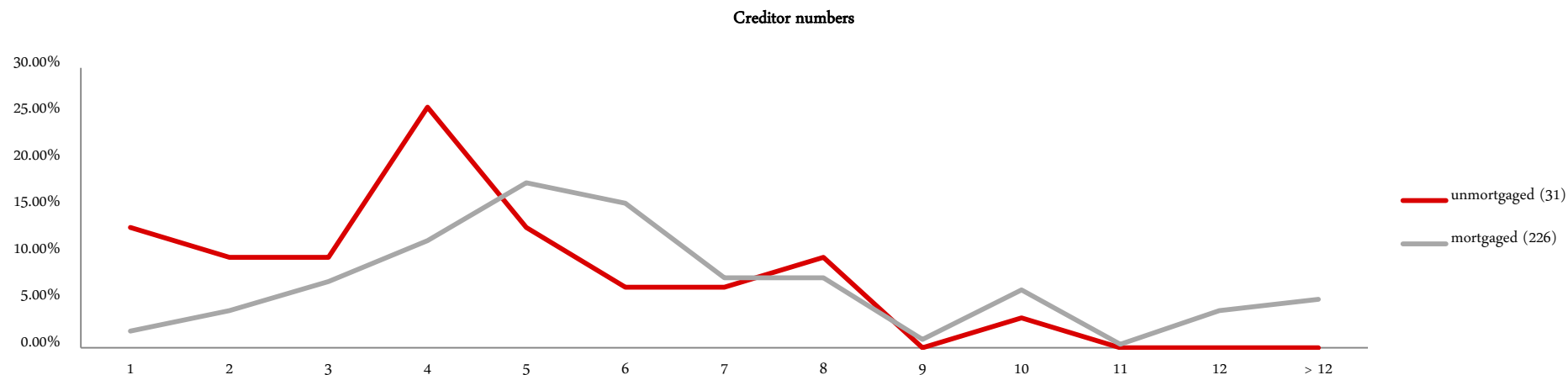
Current annual household income	unmortgaged	mortgaged	private tenant	social tenant	friends/family	
	(31)	(228)	(139)	(114)	(51)	All (600)
less than £20,000	67.70%	24.10%	48.20%	61.40%	39.20%	40.00%
twenty to less than £40,000	9.70%	43.00%	31.60%	15.80%	19.60%	29.40%
more than £40,000	3.20%	12.30%	3.60%	0.00%	7.80%	6.50%

b. Customer Circumstances

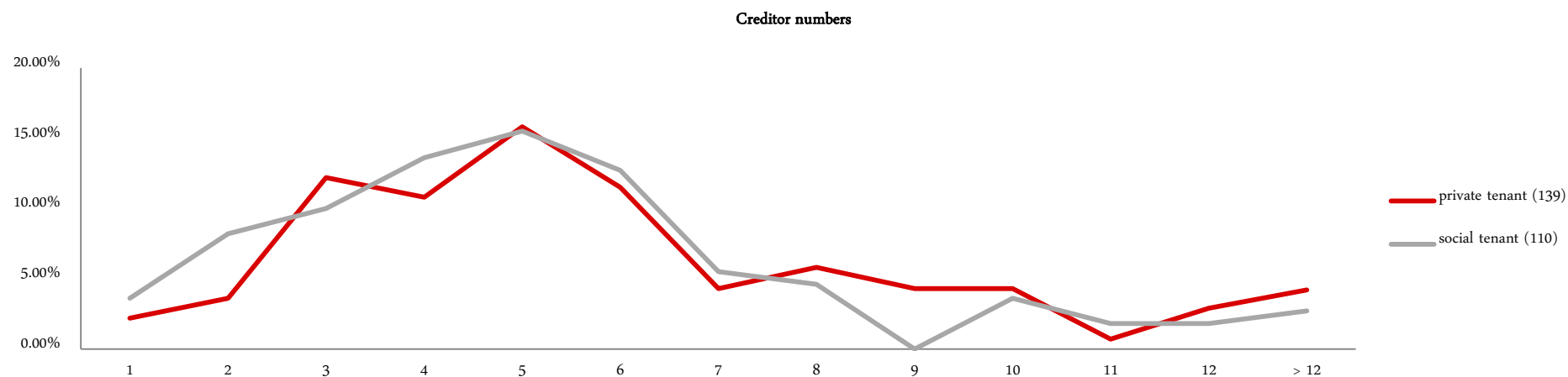
The average number of creditors ranged from 4.4 among home owners with a mortgage to 6.4 among home owners without. Social tenants had significantly fewer creditors than private tenants did.

Creditors	unmortgaged	mortgaged	private tenant	social tenant	friends/family	
	(31)	(226)	(139)	(110)	(49)	All (592)
Average	4.4	6.4	6.2	5.4	5.4	5.9

The distribution of responses within subsets by housing status revealed some variations that would tend to indicate a need for greater segmentation, using customer datasets. For instance, the distribution for home owners without a mortgage peaked at sharply at 4 creditors, after a third of this subset had recorded fewer creditors than this. More than half of home owners without a mortgage had four or fewer creditors.



The normal distribution of responses among social tenants contrasted with the more erratic peaks and troughs of private tenants' responses. Thus, with private tenancies on the rise in the wider housing market, it may be a premature to suggest that living in rented accommodation is a vulnerability indicator.



Net incomes on entering a debt solution ranged from £21,227, the average for home owners with a mortgage, to £12,359, which was the average for social tenants. The equated to an income gap of 41.8% between the highest and lowest average incomes at solution start by housing status.

Net income						
	unmortgaged	mortgaged	private tenant	social tenant	friends/family	
	(31)	(226)	(139)	(110)	(49)	All (592)
Average	£15,347	£21,227	£14,935	£12,359	£17,292	£16,968

Personal borrowing at the start of a debt solution ranged from £32,421, the average for home owners with a mortgage, to £15,621, which was the average for social tenants, a borrowing gap of 51.8%. It was interesting to contrast borrowing with the average unsecured debt of StepChange clients in 2013, which was £15,979, having contracted significantly since 2009.

Personal borrowing						
	unmortgaged	mortgaged	private tenant	social tenant	friends/family	
	(31)	(226)	(139)	(110)	(49)	All (592)
Average outstanding	£20,125	£32,421	£19,526	£15,621	£26,804	£24,639

StepChange clients					
	2009	2010	2011	2012	2013
Average unsecured debt	£24,274	£22,476	£20,023	£17,635	£15,979

Debt to income ratios ranged from 1.3 to 1.6, with the highest recorded by respondents living with friends or family. Since this subset has grown significantly since this research started in 2012, there is merit in differentiating adult children who have not yet left home from those returning to a family home.

Debt to income

	unmortgaged	mortgaged	private tenant	social tenant	friends/family	
	(31)	(226)	(139)	(110)	(49)	All (592)
ratio	1.3	1.5	1.3	1.3	1.6	1.5

This was particularly apparent in the higher outstanding mortgage balances on entering a debt solution recorded by respondents who were now living with friends or family. Similarly mortgage values at solution start, recorded by social tenants will often have related to properties that had been sold or repossessed. The impact of property sales on customers' longer term circumstances and the ongoing sustainability of the debt solutions they are using need to be monitored.

Mortgage balance

	unmortgaged	mortgaged	private tenant	social tenant	friends/family	
	(31)	(226)	(139)	(110)	(49)	All (592)
Average outstanding	£26,167	£99,738	£73,944	£86,250	£151,000	£95,945

c. Customer Journey

The highest incidence of recent advice seeking occurred among home owners without a mortgage and private tenants. There also seemed to be a contraction in home owners with a mortgage seeking advice in recent years.

First decision to seek help

	unmortgaged	mortgaged	private tenant	social tenant	friends/family	
	(31)	(228)	(139)	(114)	(51)	All (600)
within the last year	9.7%	7.0%	17.3%	12.3%	9.8%	10.7%
more than 1 but less than 2 years ago	25.8%	14.9%	16.6%	17.5%	19.6%	17.0%

more than 2 but less than 5 years ago	41.9%	58.3%	51.8%	50.9%	41.2%	52.5%
more than 5 years ago	22.6%	19.3%	14.4%	19.3%	27.5%	19.5%

Whilst a change in circumstances was the main reason for seeking help across all subsets by housing status, a drop in income was almost as significant among home owners with mortgages and those living with friends or family.

Main reason for seeking help	unmortgaged (31)	mortgaged (228)	private tenant (139)	social tenant (114)	friends/family (51)	All (600)
a change in circumstances	41.9%	29.4%	39.6%	36.8%	27.5%	34.3%
a drop in income	32.3%	28.1%	18.0%	24.6%	27.5%	25.0%
increased outgoings	9.7%	20.2%	20.1%	21.9%	13.7%	19.3%
overspending	9.7%	19.3%	18.7%	14.9%	13.7%	16.8%

Tenants were more likely to report experiences of creditor intervention than home owners were, and home owners with a mortgage significantly more likely to report this than those without a mortgage.

Creditor experiences before solution	unmortgaged (31)	mortgaged (228)	private tenant (139)	social tenant (114)	friends/family (51)	All (600)
calls or visits at unreasonable times	45.2%	43.4%	35.3%	37.7%	37.3%	39.2%
notices of legal action	41.9%	47.8%	46.8%	47.4%	54.9%	48.3%
confusing communications	32.3%	34.2%	33.1%	37.7%	29.4%	34.2%
token payments not accepted	16.1%	26.3%	25.9%	22.8%	13.7%	23.5%

money withdrawn from another account	6.5%	9.2%	7.9%	7.9%	5.9%	8.3%
same/increased interest, penalties and charges	35.5%	58.3%	56.8%	50.9%	45.1%	53.8%
none of these	32.3%	25.4%	20.9%	21.1%	29.4%	24.2%

Private tenants were the most active advice seekers by housing status, home owners without a mortgage the least active.

Sources of help	unmortgaged (31)	mortgaged (228)	private tenant (139)	social tenant (114)	friends/family (51)	All (600)
accountant / solicitor	3.2%	3.5%	2.2%	0.9%	0.0%	2.3%
another company	35.5%	26.3%	25.2%	27.2%	29.4%	27.5%
bank / creditors	16.1%	19.7%	15.8%	11.4%	11.8%	15.8%
charity, government or council	3.2%	11.4%	15.1%	15.8%	11.8%	12.3%
friends / family	12.9%	16.7%	19.4%	18.4%	21.6%	18.0%
internet search	16.1%	35.1%	41.0%	29.8%	33.3%	33.7%
internet forum	3.2%	7.9%	8.6%	0.9%	9.8%	6.5%
did not seek other help	22.6%	18.4%	13.0%	18.4%	17.7%	17.2%

Home owners were more likely to use Band 2 firms, tenants Band 3. A significant minority of home owners without a mortgage used Band 1 firms.

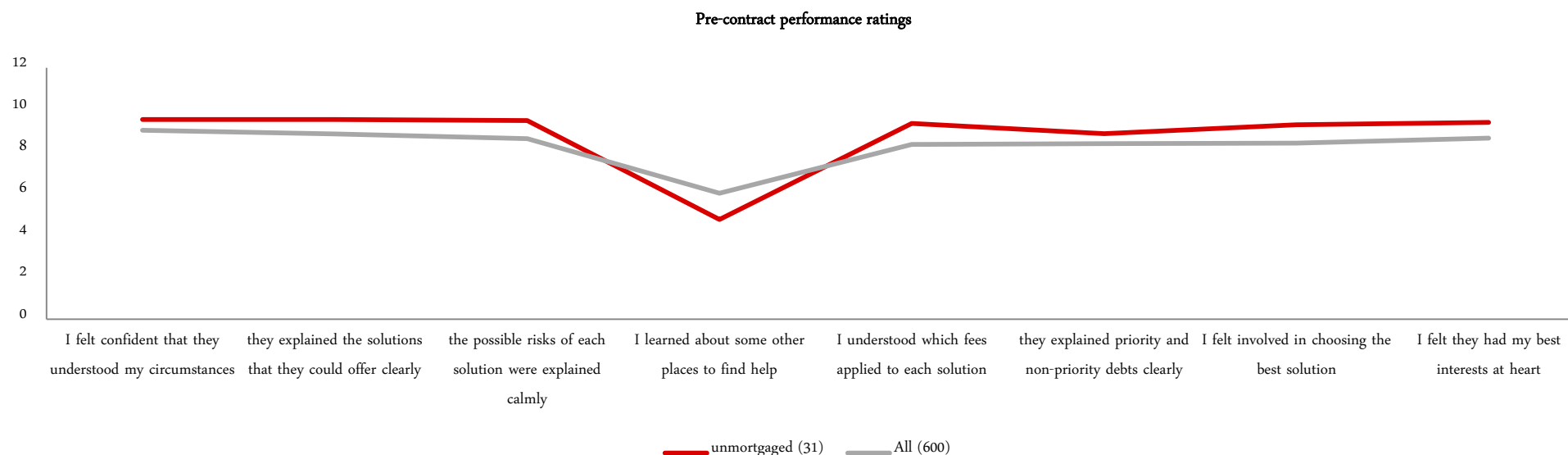
Company band	unmortgaged (31)	mortgaged (228)	private tenant (139)	social tenant (114)	friends/family (51)	All (600)
Band 1	22.6%	15.4%	10.1%	14.0%	9.8%	14.3%
Band 2	51.6%	56.1%	32.4%	41.2%	49.0%	46.2%
Band 3	25.8%	28.5%	57.6%	44.7%	41.2%	39.5%

Recommendations to use a DRF member were most often reported by home owners with a mortgage and private tenants. Contacted initiated by a DRF member was most often reported by home owners without a mortgage and social tenants.

DRF member initial observations	unmortgaged	mortgaged	private tenant	social tenant	friends/family	All (600)
	(31)	(228)	(139)	(114)	(51)	
top / close to top of an internet search	6.5%	21.1%	25.9%	11.4%	15.7%	19.0%
clear contact details	22.6%	15.4%	10.1%	7.0%	3.9%	11.5%
overview of debt solutions	12.9%	11.8%	3.6%	2.6%	3.9%	7.0%
they contacted me	32.3%	18.9%	30.2%	39.5%	23.5%	26.8%
none of these	6.5%	7.5%	7.9%	12.3%	23.5%	10.2%
advertisements	19.4%	8.3%	1.4%	5.3%	2.0%	6.0%
testimonials / referrals	25.8%	38.2%	36.0%	25.4%	33.3%	33.5%

d. Customer Experience

With the exception of *I learned about some other places to find help*, the mean ratings for pre-contract performance from home owners without a mortgage were consistently and significantly higher than those achieved across the sample as a whole. The highest mean scores for this attribute were recorded among home owners with a mortgage and private tenants. It is therefore relevant to recall that private tenants were the most likely to shop around for advice and home owners without a mortgage the least likely.

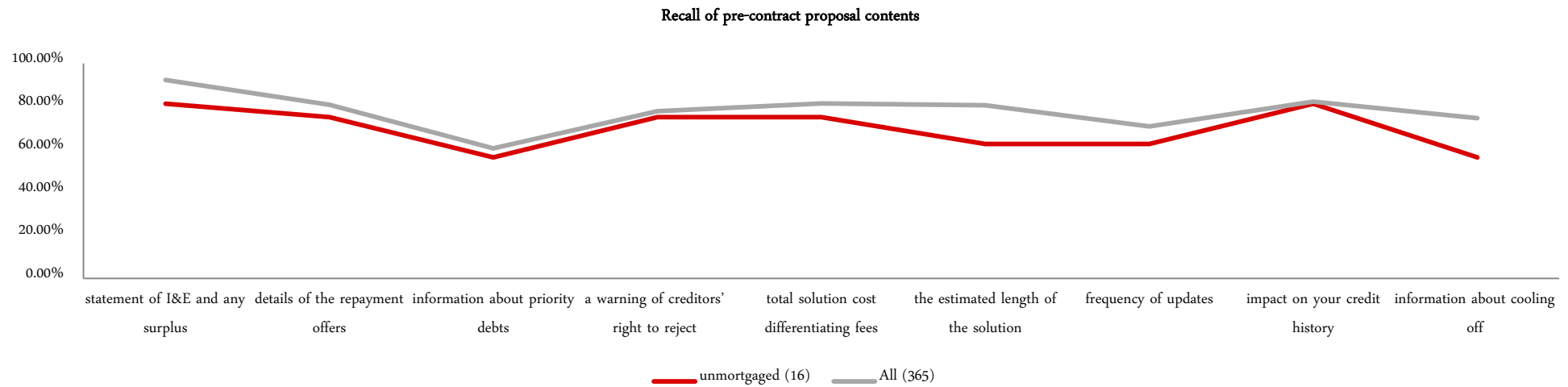


Most likely to recall receipt of a written proposal were respondents living with friends or family, least likely were home owners without a mortgage.

Receipt of pre-contract proposals

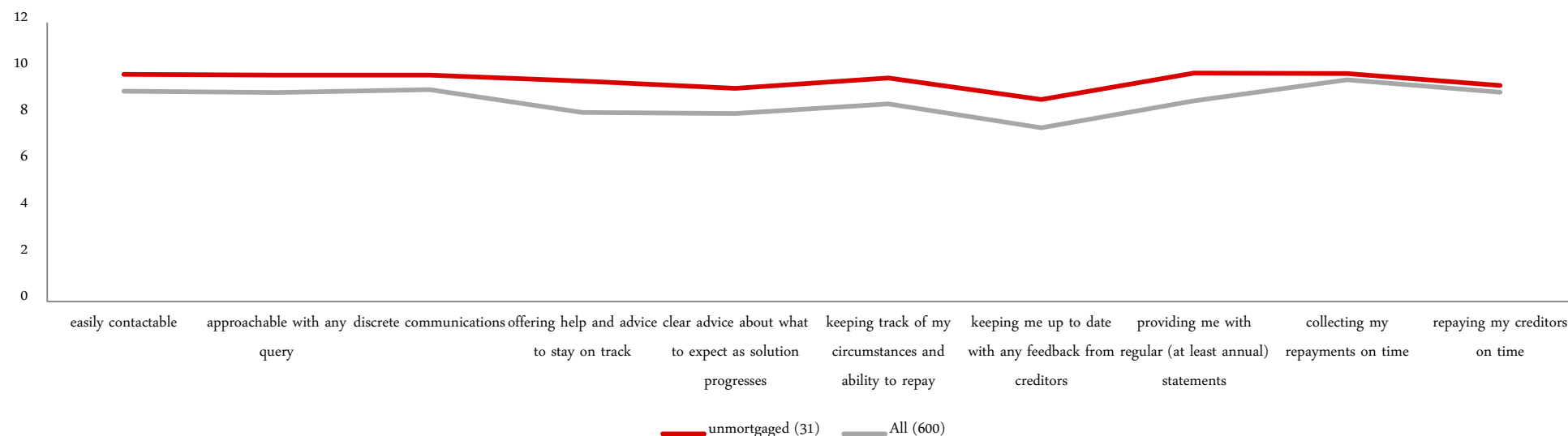
	unmortgaged (31)	mortgaged (228)	private tenant (139)	social tenant (114)	friends/family (51)	All (600)
yes	51.6%	62.3%	59.7%	59.7%	68.6%	60.8%
no	9.7%	12.7%	10.1%	15.8%	5.9%	12.3%
don't know	35.5%	21.9%	27.3%	21.9%	23.5%	24.0%
prefer not to say	3.2%	3.1%	2.9%	2.6%	2.0%	2.8%

Unmortgaged home owners' lack of recall was even more apparent in their recollections of the detailed content of proposals, which were consistently below those of the sample as a whole.



There were no significant differences in the post-contract performance means by tenure, except for home owners without a mortgage, whose scores were higher.

Post-contract performance ratings



e. Customer Outcomes

Across the sample as whole, almost 99% of respondents were using or had recently completed a debt solution with a DRF member.

Solution in progress or completed

	unmortgaged (31)	mortgaged (228)	private tenant (139)	social tenant (114)	friends/family (51)	All (600)
with DRF member	100.0%	99.1%	99.3%	97.4%	98.0%	98.8%

Most likely to enter a DMP were home owners without a mortgage. IVAs were most prevalent among private tenants.

Original solution chosen



	unmortgaged	mortgaged	private tenant	social tenant	friends/family	
	(31)	(228)	(139)	(114)	(51)	All (600)
Debt Management Plan	87.1%	63.6%	43.9%	63.2%	56.9%	59.3%
IVA	3.2%	33.3%	48.2%	32.5%	31.4%	34.7%

There were no significant changes to solution and / or provider by housing status.

Average solution lengths to date ranged from 2.7 years for private tenants and 3.5 years for those living with friends or family. More than third of private tenants had entered a debt solution within the last year.

Solution to date	unmortgaged	mortgaged	private tenant	social tenant	friends/family	
	(31)	(226)	(139)	(110)	(49)	All (592)
Average length	3.1	3.2	2.7	2.8	3.5	3.0

Most likely to have a joint debt solution were mortgaged home owners, most likely to have a solution in their name only were respondents living with friends of family.

Contract holder	unmortgaged (31)	mortgaged (226)	private tenant (139)	social tenant (110)	friends/family (49)	All (592)
in your name only	77.4%	52.2%	79.9%	73.6%	91.8%	67.7%
joint	19.4%	46.0%	18.7%	26.4%	6.1%	30.4%

It was interesting to note that home owners without a mortgage were least likely to report improvements to *managing your money* and *planning ahead*, yet most likely to report improvements to *choosing suitable financial products* and *finding financial advice and information* since using a debt solution.

Financial capability ratings	unmortgaged (31)	mortgaged (226)	private tenant (139)	social tenant (110)	friends/family (49)	All (592)
BETTER						
managing your money	48.4%	81.0%	77.0%	67.3%	75.5%	74.3%
planning ahead	58.1%	72.1%	70.5%	60.9%	75.5%	68.9%
choosing suitable financial products	74.2%	61.1%	59.0%	49.1%	59.2%	58.3%
finding financial advice and information	61.3%	57.1%	56.8%	47.3%	49.0%	54.2%

Tenants were more likely to report creditor intervention after a debt solution had started than home owners and those living with friends or family were.

Creditor experience after entering a solution	unmortgaged (31)	mortgaged (228)	private tenant (139)	social tenant (114)	friends/family (51)	All (600)
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calls or visits at unreasonable times	6.5%	13.6%	15.8%	14.0%	13.7%	13.7%
notices of legal action	22.6%	17.1%	24.5%	16.7%	9.8%	18.8%
confusing communications	16.1%	16.7%	25.9%	27.2%	17.7%	20.7%
none of these	67.7%	64.9%	58.3%	57.9%	70.6%	62.5%

Six out of ten home owners without a mortgage and five out of ten social tenants described their current household borrowing as none or manageable, compared to some four out of ten across the sample as a whole. There were no significant variations in this by other tenure types. Home owners were most likely to record a specific comment about a DRF member and those living with friends or family least likely.

To conclude, the analysis of this research by housing status presents some very real challenges for all professionals in the consumer credit market. For instance, the prominence of over 60s among home owners without a mortgage, coupled with tendencies towards limited advice seeking, contact initiated by firms and poor recall of advice in a durable medium could be taken as evidence of vulnerability. Yet incomes in this subset were not the lowest, satisfaction was undoubtedly the highest, and improvements in financial capability related to increased knowledge and understanding of new products, advice and information sources. Furthermore, current financial capability strategies do not prioritise over 60s for intervention, nor do they prioritise the core age range across all other tenure types of 40-59.

The second issue is that there was only a majority of female respondents among social tenants, when the MAS *Indebted Lives* data suggest that women account for 64% of the over-indebted population. Neither the Insolvency Service nor the free to client sector serves women to the extent MAS suggests they are present in the over-indebted population, which tends to indicate that persistent measures of household as opposed to individual debt may be masking access to, affordability and resolution of credit agreements by gender. In the context of such industry wide bias, the question is not whether DRF members are any worse at identifying and targeting a diverse customer base, it has to be how they address this.

By housing status, the broadest range of demographic diversity was apparent among tenants, at a time when the FCA has stated that living in rented accommodation is a vulnerability indicator. It is therefore a concern that this research recorded higher levels of creditor intervention pre

and post-contract among tenants than any other tenure. However, private tenants, in particular, exhibited the highest levels of active advice seeking and recollection of advice in a durable medium, so vulnerability is unlikely to be universal across this subset. There is also significant evidence to suggest from circumstances on entering a debt solution that further segmentation is essential to understanding private tenants and, in the context of a changing housing market, we strongly recommend this.

The range of creditor numbers reported by housing status is another important finding for consideration in relation to fee charging. Recent discussion of the pros and cons of charging a percentage of disposable income versus a pro rata fee per creditor need to reflect on the impact of implementing change. For instance, this research suggests that unmortgaged home owners would see a cost benefit, whereas private tenants would not. Similar pros and cons are apparent in the analysis of respondents' health, so members should model "winners" and "losers" to ensure their fees are treating customers fairly.

9. INCOME

a. Customer Profile

Averages ages within all current household income brackets were over forty, in both brackets under £20kpa they were over 50.

Age group						
	< £10kpa (86)	£10 to £20kpa (154)	£20 to <£30kpa (115)	£30 to <£40kpa (61)	£40 to <£50kpa (22)	> £50kpa (17)
average age	50.8	52.0	46.3	45.2	42.6	46.5

Less than £10kpa was the only household income bracket that was not dominated by respondents aged 40-59. The income bracket with the highest proportion of respondents aged 40-59 was more than £50kpa. The income bracket with the highest proportion of respondents aged 25-39 was more than £40-£50kpa. However, both upper income subsets were small.

Age group							All (600)
	< £10kpa (86)	£10 to £20kpa (154)	£20 to <£30kpa (115)	£30 to <£40kpa (61)	£40 to <£50kpa (22)	> £50kpa (17)	
18-24	2.3%	2.0%	0.9%	0.0%	0.0%	0.0%	1.2%
25-39	27.9%	20.1%	31.3%	29.5%	36.4%	23.5%	25.5%
40-59	32.6%	44.8%	53.9%	62.3%	59.1%	64.7%	47.8%
over 60	37.2%	33.1%	13.9%	8.2%	4.6%	11.8%	22.8%
prefer not to say	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%

Less than £10kpa was the only household income bracket in which women outnumbered men – here they were present in line with MAS's *Indebted Lives* datasets, at approaching two-thirds of the subset. At household incomes of £20-£50kpa, men tended to outnumber women two to one. Over £50kpa, this increased to around four to one.

Gender							All (600)
	< £10kpa (86)	£10 to £20kpa (154)	£20 to <£30kpa (115)	£30 to <£40kpa (61)	£40 to <£50kpa (22)	> £50kpa (17)	
Male	34.9%	56.5%	62.6%	62.3%	68.2%	82.4%	55.7%
Female	64.0%	42.9%	36.5%	37.7%	31.8%	17.7%	42.3%
prefer not to say	1.2%	0.7%	0.9%	0.0%	0.0%	0.0%	2.0%

Ethnic diversity was highest in the below £10kpa and above £50kpa income brackets.

Ethnicity							All (600)
	< £10kpa (86)	£10 to £20kpa (154)	£20 to <£30kpa (115)	£30 to <£40kpa (61)	£40 to <£50kpa (22)	> £50kpa (17)	
White / White British	87.2%	90.9%	91.3%	95.1%	90.9%	88.2%	88.8%
Mixed / multiple heritage (inc British)	0.0%	0.7%	0.9%	1.6%	4.6%	0.0%	0.8%
Asian / Asian British	3.5%	4.6%	0.9%	0.0%	0.0%	5.9%	2.7%
Black / African / Caribbean / Black British	5.8%	2.6%	2.6%	1.6%	4.6%	5.9%	3.0%

Health problems were most prevalent among those with current household incomes below £20kpa.

Health problem							All (600)
	< £10kpa (86)	£10 to £20kpa (154)	£20 to <£30kpa (115)	£30 to <£40kpa (61)	£40 to <£50kpa (22)	> £50kpa (17)	
yes	27.9%	26.6%	7.8%	13.1%	9.1%	5.9%	18.7%
no	67.4%	72.1%	91.3%	86.9%	90.9%	94.1%	76.5%

All household income brackets except those under £10kpa were dominated by respondents who were in a relationship.

Relationship status							All (600)
	< £10kpa (86)	£10 to £20kpa (154)	£20 to <£30kpa (115)	£30 to <£40kpa (61)	£40 to <£50kpa (22)	> £50kpa (17)	

single	59.3%	33.1%	20.0%	21.3%	4.6%	17.7%	29.8%
in a relationship	37.2%	64.3%	79.1%	78.7%	95.5%	82.4%	64.8%

Around a third of lower income households had children, whereas in households with current incomes above £30kpa, significantly more than half were parents. Just under half in the £20-£30kpa range were parents. Whilst this paints a somewhat different picture of over-indebted families to the recent Children's Society / StepChange publication, *The Debt Trap*, it is worth recalling that dependent children reduce the disposable income available to families. Respondents to this survey may not have been in poverty or receipt of benefits to the extent that many free sector clients are, but the extent of parents' advice seeking demonstrates that providing for dependents is a driver to seeking a solution.

Dependent children							
		£10 to	£20 to	£30 to	£40 to		
	< £10kpa (86)	£20kpa (154)	<£30kpa (115)	<£40kpa (61)	<£50kpa (22)	> £50kpa (17)	All (600)
Yes	32.6%	36.4%	47.0%	57.4%	54.6%	58.8%	40.8%
No	65.1%	63.6%	53.0%	42.6%	45.5%	41.2%	55.3%

Social tenants dominated the lower household income brackets and in the majority of households with incomes over £20kpa, respondents were mortgaged home owners. Significant minorities of respondents in households with current incomes of £20-£40kpa were private tenants.

Housing status							
		£10 to	£20 to	£30 to	£40 to		
	< £10kpa (86)	£20kpa (154)	<£30kpa (115)	<£40kpa (61)	<£50kpa (22)	> £50kpa (17)	All (600)
outright home owner	5.8%	10.4%	2.6%	0.0%	0.0%	5.9%	5.2%
mortgaged home owner	16.3%	26.6%	52.2%	62.3%	81.8%	58.8%	38.0%
private tenant	27.9%	27.9%	23.5%	27.9%	9.1%	17.7%	23.2%

social tenant	36.1%	25.3%	13.0%	4.9%	0.0%	0.0%	19.0%
living with friends / family	11.6%	6.5%	6.1%	4.9%	9.1%	11.8%	8.5%

b. Customer Circumstances

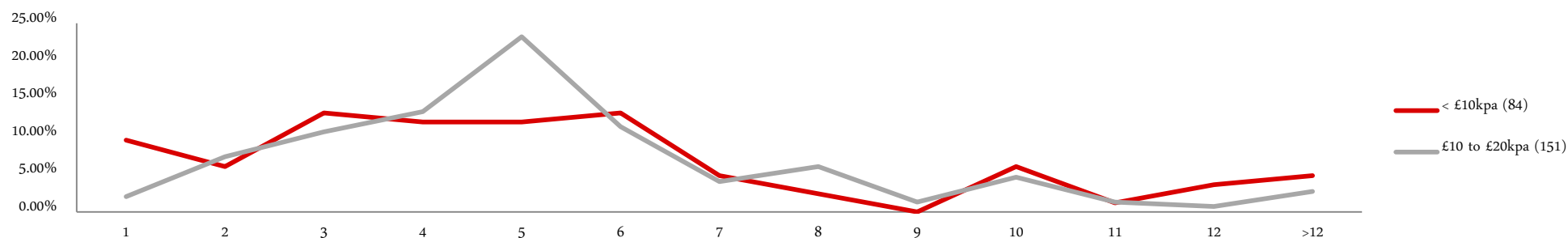
The average number of creditors ranged from 5.5 in the lowest income households to 8.6 in the highest.

Creditor numbers

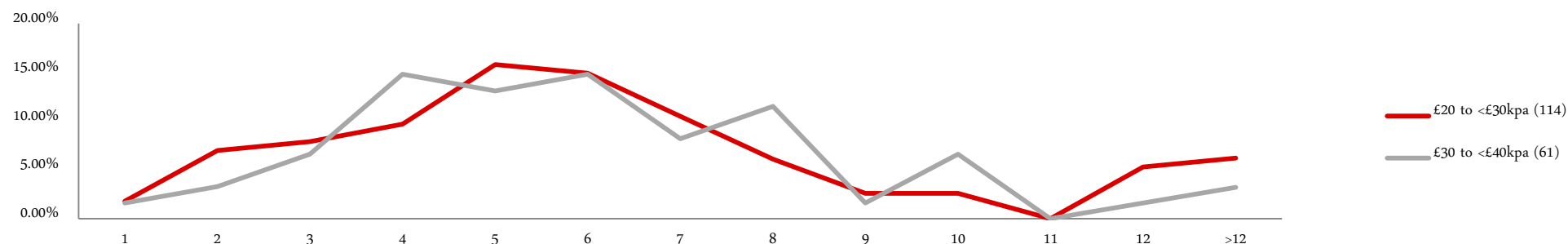
	< £10kpa (86)	£10 to £20kpa (154)	£20 to £30kpa (115)	£30 to £40kpa (61)	£40 to £50kpa (22)	> £50kpa (17)
Average	5.5	5.5	6.4	6.2	6.4	8.6

This distribution of creditor numbers was least erratic among respondents from middle income households.

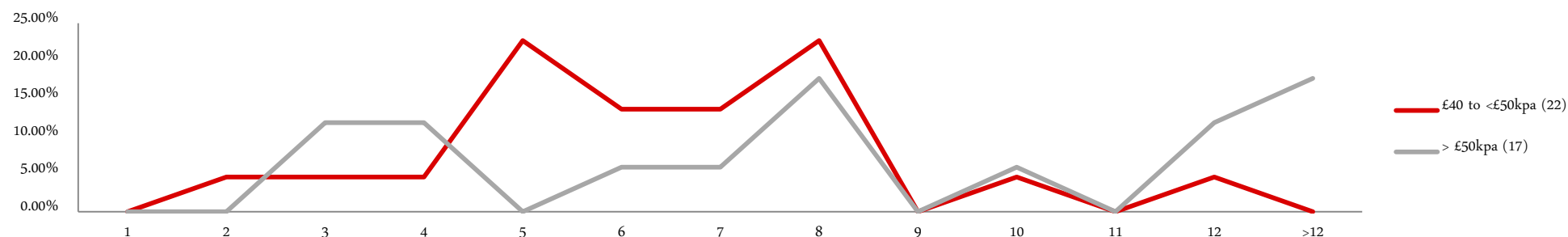
Creditor numbers - lower income



Creditor numbers - middle income



Creditor numbers - higher income



In every household income bracket, except those below £20kpa, the average net income on entering a debt solution was lower than the bottom of the range. This would tend to indicate that a significant number of respondents who entered a debt solution on below average incomes experienced further contraction in these. For this reason, DRF members need to be vigilant that solutions continue to be sustainable throughout their term. Further subset analysis by whether these solutions were sole or joint is not possible with this dataset. However, we recommend firms apply this to customer datasets.

Net income

		£10 to	£20 to	£30 to	£40 to	
	< £10kpa (86)	£20kpa (154)	<£30kpa (115)	<£40kpa (61)	<£50kpa (22)	> £50kpa (17)
Average	£10,037	£14,058	£18,908	£20,351	£22,534	£32,618

The average unsecured debt of a StepChange client in 2013 was £15,979. The average outstanding for personal borrowing was higher in all household income brackets, except below £10kpa.

Personal borrowing						
		£10 to	£20 to	£30 to	£40 to	
	< £10kpa (86)	£20kpa (154)	<£30kpa (115)	<£40kpa (61)	<£50kpa (22)	> £50kpa (17)
Average outstanding	£15,374	£22,076	£25,907	£28,096	£31,867	£53,643

Debt to income ratios were highest in the £10-20kpa and more than £50kpa household income brackets.

Debt to income						
		£10 to	£20 to	£30 to	£40 to	
	< £10kpa (86)	£20kpa (154)	<£30kpa (115)	<£40kpa (61)	<£50kpa (22)	> £50kpa (17)
Average ratio	1.5	1.6	1.4	1.4	1.4	1.6

Outstanding mortgage balances increased by household income bracket.

c. Customer Journey



The highest prevalence of recent advice seeking was in the lowest household income bracket of less than £10kpa. 34.8% of respondents in this household income bracket had first sought advice within the last two years, compared to 27.7% of the sample as a whole. Around two-thirds of respondents from higher income households had first sought advice more than two but less than five years ago and only a handful were recent advice seekers. Differences between average net incomes on entering a debt solution and current household incomes would tend to indicate some level of recovery from an income shock, particularly for higher income customers, though again, detailed analysis of whether solutions were sole or joint is needed.

First decision to seek help

		£10 to	£20 to	£30 to	£40 to		
	< £10kpa (86)	£20kpa (154)	<£30kpa (115)	<£40kpa (61)	<£50kpa (22)	> £50kpa (17)	All (600)
within the last year	17.4%	10.4%	13.9%	8.2%	0.0%	5.9%	10.7%
more than 1 but less than 2 years ago	17.4%	20.8%	15.7%	19.7%	4.6%	5.9%	17.0%
more than 2 but less than 5 years ago	51.2%	47.4%	48.7%	55.7%	68.2%	64.7%	52.5%
more than 5 years ago	12.8%	21.4%	21.7%	16.4%	27.3%	23.5%	19.5%

Within every household income bracket except £20-30kpa and more than £50kpa, *a change in circumstances* was the main reason for seeking help, and several findings challenged some of the prevailing vulnerability theories.

Regarding low income, for instance, more than two fifths of respondents in households with incomes below £10kpa gave *a change in circumstances* as their main reason for seeking help, as opposed to a drop in income (from a prompted list). Since respondents in this subset were often older, female, suffering a health problem and single, sudden income shocks may be connected to a change in household composition or contributions to household income rather than purely work related. Compounded in an income shock there may be lifestyle changes that affect the accessibility of known social networks. Some people will maintain lifestyle aspirations and retain social capital, others may be disorientated and

perceive these as lost. As stressed in the 2012 report of the Financial Services Consumer Panel, *Defining consumer vulnerability and disadvantage: It is also unrealistic and, arguably, patronising to assume that everyone in these categories will experience being a consumer in the same way.*

Thus, in the prevalence of *a change in circumstances* among respondents in the lowest income households there may be individuals who have confidence in their financial self-efficacy and a perception of indebtedness as a permeable state that *First steps out of debt: Attitudes and social identity as predictors of contact by debtors with creditors* (Mewse, A.J., Lea, S.E.G., Wrapson, W. (2010). Journal of Economic Psychology, 31(6), 1021-1034) describes as critical to engaging with a debt problem and ultimately, recovering from it. Ensuring that consumers' informed choice is at the heart of every decision to enter, maintain and, indeed, withdraw from a commercial debt solution is a prerequisite for treating customers fairly.

Regarding low levels of financial capability, the prevalence of *increased outgoings* as the main reason for seeking help among respondents in the £20-£30kpa household income bracket reflects much of the political discourse around a *squeezed middle*. Individuals, who perceive the rising costs of living as driving them into debt, are unlikely to welcome theories that over-indebtedness relates to a lack of self-control and poor financial literacy (*Self-Control, Financial Literacy and Consumer Over-Indebtedness*, Centre for Finance and Credit Markets, 2012), however well researched they may be. For the financial services sector to promote financial education to people who may regard it as the root cause of their problems can only result in escalated conflict. It also creates a risk that consumers are placed at a disadvantage by the actions of financial services professionals. Reflecting the finer detail of the FSA/PfRC's 2006 Financial Capability Baseline Survey and indeed MAS's follow-up research into the Financial Capability of the UK, it was pertinent that respondents in households with the highest incomes were most likely to cite *overspending* as the main reason for seeking help. It is worth recalling that on the point of keeping track of personal finances, the 2006 study stated: *there was only a very weak link with income and none at all with education*. Similarly, in MAS' subset analyses, respondents in households with incomes over £50kpa were more likely to match the price of an expensive present, go out anyway when unable to afford it, and not to worry about spending when buying Christmas presents (questions A17, A31 and A36 respectively).

Main reason for seeking help



		£10 to	£20 to	£30 to	£40 to		
	< £10kpa (86)	£20kpa (154)	<£30kpa (115)	<£40kpa (61)	<£50kpa (22)	> £50kpa (17)	All (600)
a change in circumstances	44.2%	37.0%	24.4%	32.8%	31.8%	29.4%	34.3%
a drop in income	17.4%	29.9%	24.4%	24.6%	18.2%	17.7%	25.0%
increased outgoings	12.8%	18.2%	27.0%	18.0%	18.2%	11.8%	19.3%
Overspending	22.1%	13.0%	20.0%	19.7%	27.3%	35.3%	16.8%

There was limited variation in experiences of creditor intervention before entering a debt solution by current household income. Higher income households were more likely to shop around for help than lower and middle income households were and least likely to consult a charity, government or council adviser. Advice seeking from friends or family was largely consistent across income groups

Sources of help		£10 to	£20 to	£30 to	£40 to		
	< £10kpa (86)	£20kpa (154)	<£30kpa (115)	<£40kpa (61)	<£50kpa (22)	> £50kpa (17)	All (600)
another company	24.4%	33.8%	23.5%	23.0%	36.4%	17.7%	27.5%
bank / creditors	12.8%	13.0%	19.1%	23.0%	0.0%	35.3%	15.8%
charity, government or council	16.3%	12.3%	13.9%	14.8%	9.1%	5.9%	12.3%
friends / family	15.1%	18.8%	15.7%	19.7%	13.6%	17.7%	18.0%
internet search	20.9%	34.4%	37.4%	41.0%	50.0%	35.3%	33.7%
internet forum	3.5%	4.6%	8.7%	9.8%	9.1%	17.7%	6.5%
did not seek other help	20.9%	16.9%	16.5%	19.7%	9.1%	11.8%	17.2%

Considerably more respondents from higher income households used medium sized Band 2 firms than those in other income brackets. There were more Band 1 users among respondents with household incomes under £10kpa. Whilst the journeys, experiences and outcomes of respondents in

this income bracket seemed for the most part informed and fair, more needs to be understood about any attraction to smaller commercial firms among lower income households. Far too little is known about firms that are not members of trade associations and there smaller firms have little representation as stakeholders in regulation

Company band							
			£20 to				
	< £10kpa (86)	£10 to £20kpa (154)	<£30kpa (115)	£30 to <£40kpa (61)	£40 to <£50kpa (22)	> £50kpa (17)	All (600)
Band 1	19.8%	16.2%	7.0%	13.1%	13.6%	17.7%	14.3%
Band 2	41.9%	44.8%	41.7%	47.5%	68.2%	70.6%	46.2%
Band 3	38.4%	39.0%	51.3%	39.3%	18.2%	11.8%	39.5%

Recommendations to use a DRF member were most common among the top three income brackets. In stark contrast, contact initiated by DRF members was most common in the bottom three income brackets. Since there were no significant variations in being transferred to a DRF member through a company takeover or similar, the most likely source of contact was lead generation. This is cause for concern, given the increase in recent advice seeking among lower income households and the fact that the 2014 survey recorded the first rise in contact initiated by firms since 2012.

As suggested in the 3 Year Trend analysis, there seems to be an emerging mismatch between some DRF members' recent customers and the more affluent and / or resilient segments identified by the MAS *Indebted Lives* research. Taking compliance as the minimum consumers expect of firms, DRF members need to reflect on the growing market for barriers to unsolicited communications and the tendency for affluence and social capital to drive this. Lead generation is not simply an area of interest to the FCA, it is contrary to consumer demand for tighter controls over advertising and marketing across a range of markets.

Reflecting on the relationship between financial capability and income, it was interesting to note that respondents in the lowest income households were least likely to notice something specific about a DRF member, whereas those in the highest were most likely to recall advertising.

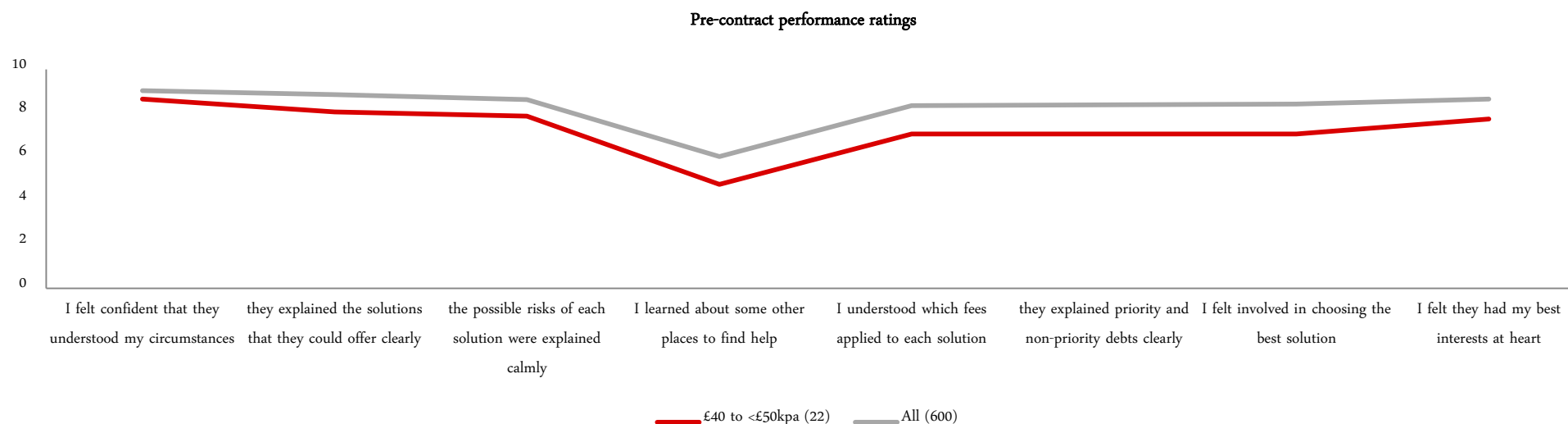
DRF member initial observations

		£10 to	£20 to	£30 to	£40 to		
	< £10kpa (86)	£20kpa (154)	<£30kpa (115)	<£40kpa (61)	<£50kpa (22)	> £50kpa (17)	All (600)
they contacted me	40.7%	29.9%	35.7%	11.5%	4.6%	11.8%	26.8%
none of these	15.1%	7.1%	7.8%	9.8%	9.1%	5.9%	10.2%
advertisements	5.8%	5.2%	3.5%	1.6%	9.1%	17.7%	6.0%
testimonials / referrals	29.1%	28.6%	31.3%	42.6%	36.4%	64.7%	33.5%
company takeover	5.8%	7.1%	5.2%	3.3%	4.6%	0.0%	5.8%

d. Customer Experience

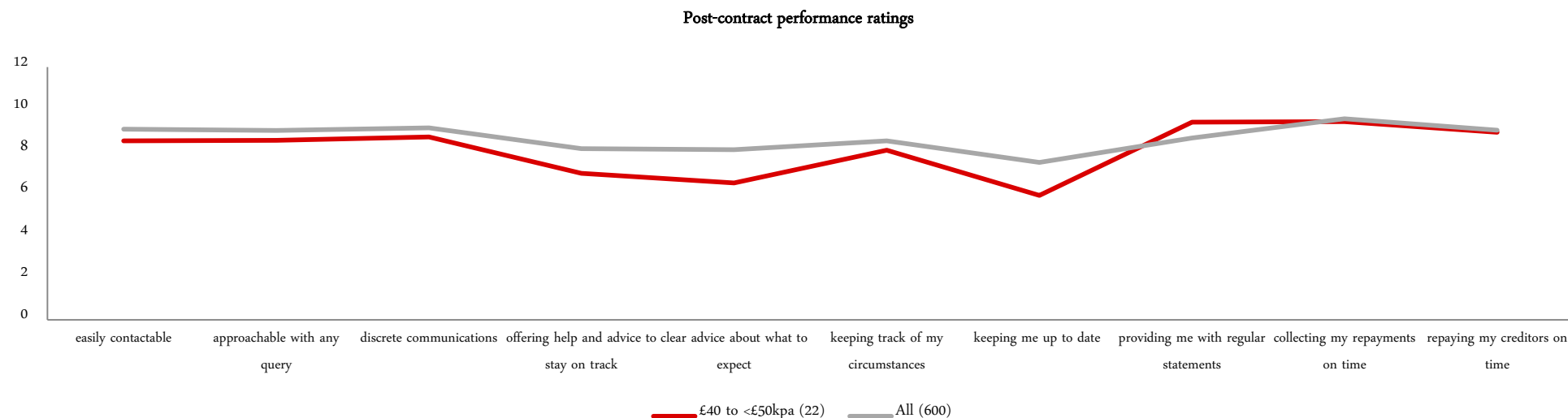
There was little variation in the mean scores for pre-contract performance, except from respondents in the £40-50kpa bracket. Means calculated from this subset were consistently lower than others'.





Least likely to recall receipt of a written proposal were respondents in the £10-£20kpa household income bracket, 53.9% compared to 60.8% for the sample as a whole. Subsets were too small to make reasonable inference about the types of information recalled as advice in a durable medium.

However, a similar pattern of lower satisfaction among respondents in households with incomes between £40 and £50kpa emerged in the mean scores for post-contract performance. Although the subset was small, this finding was relevant in relation to the higher incidence of advice seeking within this group compared to any other. Ideally, DRF members should aim to achieve optimum satisfaction among customers, who have considered and rejected alternatives because this will create the most secure basis for voluntary recommendations to use a DRF member.



e. Customer Outcomes

Although almost all respondents were currently using or had recently completed a debt solution with a DRF member, it was worth noting that the only household income brackets in which switches were made were below £30kpa (all fewer than 1.5%).

IVAs were most common among respondents in households with incomes over £20kpa, although there was a dip in their uptake in the £40-£50kpa subset.

Original solution chosen

	< £10kpa (86)	£10 to £20kpa (154)	£20 to <£30kpa (115)	£30 to <£40kpa (61)	£40 to <£50kpa (22)	> £50kpa (17)	All (600)
Debt Management Plan	59.3%	63.0%	53.9%	52.5%	54.6%	52.9%	59.3%



IVA	27.9%	31.8%	44.4%	45.9%	36.4%	47.1%	34.7%
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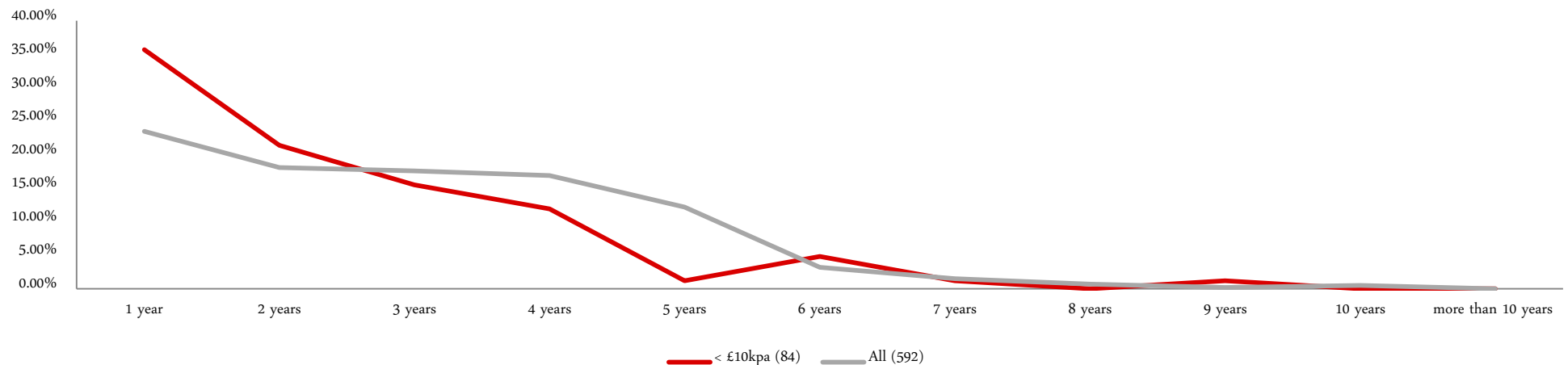
Subsets were too small to explore specific switches between solutions and / or providers.

As a rule, average solution lengths to date increased with income, which corroborates the finding of increased demand from lower income households in recent years

Solution Length to date

	< £10kpa (86)	£10 to £20kpa (154)	£20 to <£30kpa (115)	£30 to <£40kpa (61)	£40 to <£50kpa (22)	> £50kpa (17)
Average	2.4	3.0	2.8	3.0	3.5	3.9

Solution lengths to date



As household incomes increased, did the likelihood of having a joint debt solution often increased also, although this does relate to the higher numbers of single respondents in lower income households.

Contract holder

	< £10kpa (84)	£10 to £20kpa (151)	£20 to £30kpa (114)	£30 to £40kpa (61)	£40 to £50kpa (22)	> £50kpa (17)	All (592)
in your name only	81.0%	78.2%	59.7%	60.7%	50.0%	58.8%	67.7%
joint	19.1%	21.2%	39.5%	39.3%	50.0%	41.2%	30.4%

Respondents with the lowest household incomes were often least likely to report improved financial capability since entering a debt solution.

Financial capability ratings

	< £10kpa (84)	£10 to £20kpa (151)	£20 to £30kpa (114)	£30 to £40kpa (61)	£40 to £50kpa (22)	> £50kpa (17)	All (592)
BETTER							
managing your money	64.3%	74.8%	79.0%	85.3%	95.5%	70.6%	74.3%
planning ahead	64.3%	64.2%	72.8%	77.1%	86.4%	76.5%	68.9%
choosing suitable financial products	42.9%	62.9%	60.5%	63.9%	72.7%	58.8%	58.3%
finding financial advice and information	57.1%	55.0%	56.1%	52.5%	68.2%	58.8%	54.2%

There were no significant variations in experiences of creditor intervention after entering a debt solution.

Respondents in the lowest income brackets were most likely to describe current household borrowing as none or manageable.

Current annual household borrowing



	< £10kpa (86)	£10 to £20kpa (154)	£20 to <£30kpa (115)	£30 to <£40kpa (61)	£40 to <£50kpa (22)	> £50kpa (17)	All (600)
none or manageable	61.6%	47.4%	40.0%	34.4%	22.7%	35.3%	39.7%

They were also the least likely to leave a specific comment about a DRF member.

Comments about DRF member	< £10kpa (86)	£10 to £20kpa (154)	£20 to <£30kpa (115)	£30 to <£40kpa (61)	£40 to <£50kpa (22)	> £50kpa (17)	All (600)
made	58.1%	72.7%	72.2%	77.0%	68.2%	76.5%	68.8%

To conclude, respondents from the lowest income households were least likely to shop around for advice and / or recall the detail of advice in a durable medium. On this basis, their active engagement in informed choice may be called into question. For this reason, DRF members need to remain vigilant that there is evidence of customers' knowledge and understanding of the services for which they are paying.

Among respondents with higher incomes, active advice seeking and recollections of written proposals were higher. However, in some instances post-contract ratings, though never low, were not as high as the means recorded for other respondent groups. In short, the aim has to be improving the customer experience of advice seekers, who have shopped around, and retain knowledge and understanding of the services for which they are paying. These customers are the best ambassadors for DRF members and investment in their experience and outcomes should ensure that the considerable progress in attracting voluntary recommendations to use DRF members continues.



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