

DRF RESEARCH

2014 Client Survey  
KPIs

prepared by

Zero-credit

for

The Debt Resolution Forum

## 1. INTRODUCTION

This report focuses on the Key Performance Indicators that DRF Members aim to achieve. 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 firms' performance include solution type, Band (firm size), when advice was first sought and whether clients used any other advice sources before approaching a DRF member. Additional methodological detail can be found in the separate Technical Appendix.



## 2. CUSTOMER PROFILE

### a. Age (Q28)

In 2014, as previously, IVAs were used by more respondents from the middle age ranges of 25-39 and, in particular, 40-59 than those aged 18-25 or over 60. Later in this report, it will become apparent that income and debt level tended to be higher in the middle age ranges also.

Age group, by solution			
	DMP (356)	IVA (208)	All (600)
18-24	1.7%	0.0%	1.2%
25-39	24.2%	28.4%	25.5%
40-59	46.1%	53.9%	47.8%
over 60	26.4%	14.4%	22.8%

There was little variation in age ranges by band and since an older client base has become an established trend of this research, it is likely that the similarity between DRF firms demonstrates an older client base as characteristic of commercial debt sector supply. It was interesting to see that the age profile of recent advice seekers was more evenly distributed across the over 25 age ranges (NB respondents aged 18-24 have been fewer than 2% of the sample in all three years). As mentioned previously, respondents in the 40-59 age range tended to have the highest incomes and debt levels, these being factors which often qualify clients for an IVA. In line with a considerable body of research by R3, people entering insolvency procedures tend to have been seeking advice for some time.

Age group, by when help first sought					
	< 1 year (64)	1-2 years (102)	2-5 years (315)	> 5 years (117)	All (600)
18-24	6.3%	1.0%	0.6%	0.0%	1.2%



25-39	31.3%	18.6%	24.8%	29.9%	25.5%
40-59	32.8%	52.9%	49.8%	47.0%	47.8%
over 60	28.1%	21.6%	22.2%	22.2%	22.8%

Respondents in the over 60 age range were less likely to seek help from another source before approaching a DRF member than those in other age ranges. However, incidence of active advice seeking across the sample as a whole increased significantly again in 2014. Nevertheless, DRF members need to be aware that advice seekers in the over 60 age range may be less inclined to shop around, so care should be taken to inform them of other options.

#### Age group, by whether help sought

	sought (481)	not sought (103)	All (600)
18-24	1.3%	1.0%	1.2%
25-39	28.1%	14.6%	25.5%
40-59	48.7%	46.6%	47.8%
over 60	19.8%	33.0%	22.8%

#### b. Gender (Q35)

More than half of respondents were men, compared to two-thirds of the over-indebted population being women, according to MAS. Care should be taken with assuming an explicit gender bias because a significant proportion of respondents had a partner and joint debt solution accordingly. The distinction between individual and household indebtedness is not yet consistently applied in financial services despite its being an important equalities indicator, especially with regard to insolvency levels. Implementing this distinction should also raise the question as to whether women suffer low levels of product knowledge or confidence, when choosing debt solutions from commercial firms – a current hypothesis relating to low income consumer credit customers generally.



## Gender, by solution

	DMP (356)	IVA (208)	All (600)	BIS 2012 IVAs	BIS 2012 BRs	BIS 2012 DROs
Male	55.3%	59.6%	55.7%	52.5%	59.6%	37.4%
Female	43.0%	38.5%	42.3%	47.5%	40.4%	62.6%

By band, there were more female respondents using the smallest firms. However, a significant minority of respondents were over 60, and among this subset, women outnumbered men.



## Gender, by band

	Band 1 (86)	Band 2 (277)	Band 3 (237)	All (600)
Male	48.8%	57.4%	56.1%	55.7%
Female	47.7%	41.5%	41.4%	42.3%

In line with Insolvency Service statistics and free sector demand trends, the 2014 survey showed an increase in recent advice seeking among women.

## Gender, by when help first sought

		1-2 years	2-5 years	> 5 years	
	< 1 year (64)	(102)	(315)	(117)	All (600)
Male	50.0%	49.0%	57.5%	59.8%	55.7%
Female	48.4%	49.0%	40.0%	39.3%	42.3%

Despite this, the 2014 data showed men to be more active in approaching a range of advice sources than women were, though again this may be more age than gender related. Since DRF members are a minority among commercial firms, the prevalence of women's preference for smaller advice agencies needs to be understood. The Money Advice Service invests a great deal of money in channel strategy, yet has limited data from fee charging firms. Since commercial debt solutions account for in excess of two-thirds of supply, understanding the extent to which women may be using these is critical.

## Gender, by whether help sought

		not sought	
	sought (481)	(103)	All (600)
Male	57.8%	45.6%	55.7%
Female	40.8%	49.5%	42.3%

## c. Ethnicity (Q29)

In 2014, as in previous years, there were just over 50 Black, Asian and Minority Ethnic respondents. By solution, band, and recency of advice sought there were few differences between BAME and white respondents. However, for the third year running we have recorded higher incidence of active advice seeking among BAME respondents than their white counterparts.

#### Ethnicity, by whether help sought

	sought (481)	not sought (103)	All (600)
White / White British	88.4%	91.3%	88.8%
Mixed / multiple heritage (inc British)	1.0%	0.0%	0.8%
Asian / Asian British	2.9%	1.9%	2.7%
Black / African / Caribbean / Black British	3.5%	1.0%	3.0%
Other	2.1%	1.9%	2.3%

## d. Health (Q32)

Overall, just under a fifth of DRF members clients responding to the 2013 and 2014 surveys had a long term illness, physical or mental health problem and this is consistent with ODI statistics. Besides when and where advice was first sought, there was limited variation in this, though respondents with a health problem were more likely to be recent advice seekers and less likely to shop around than those who did not have a health problem.

#### Health problem, by when help first sought



		1-2 years	2-5 years	> 5 years	
	< 1 year (64)	(102)	(315)	(117)	All (600)
Yes	25.0%	20.6%	18.1%	15.4%	18.7%
No	70.3%	71.6%	77.8%	80.3%	76.5%

Health problem, by whether help sought			
	sought (481)	not sought (103)	All (600)
Yes	17.3%	22.3%	18.7%
No	78.6%	70.9%	76.5%

## e. Relationships (Q30)

Whether in an IVA, DMP, or using a Band1, 2 or 3 firm, approaching two-thirds of respondents were in a relationship. This is significantly higher than the 43.8% of StepChange clients who are couples. However, accounts of recent advice seeking gave a different picture: there were more single advice seekers in recent years. Despite this, there was little difference between couples and singles when it came to seeking a range of advice before approaching a DRF member.

Relationship status, by when help first sought					
		1-2 years	2-5 years	> 5 years	
	< 1 year (64)	(102)	(315)	(117)	All (600)
Single	48.4%	33.3%	25.4%	27.4%	29.8%
in a relationship	48.4%	59.8%	68.3%	70.1%	64.8%

## f. Dependents (Q31)





There was almost a 50:50 split between respondents in IVAs with and without dependent children, whereas almost six out ten DMP clients were childless.

Dependent children, by solution				
	DMP (356)	IVA (208)	All (600)	
Yes	37.9%	49.5%	40.8%	
No	58.7%	46.6%	55.3%	

Respondents using Band 3 firms were most likely to have children and those using Band 2 least likely.

Dependent children, by Band				
	Band 1 (86)	Band 2 (277)	Band 3 (237)	All (600)
Yes	39.5%	37.6%	45.2%	40.8%
No	53.5%	59.6%	51.1%	55.3%

There were more childless respondents among recent advice seekers.

## Dependent children, by when help first sought

		1-2 years	2-5 years	> 5 years	All (600)
	< 1 year (64)	(102)	(315)	(117)	
Yes	31.3%	39.2%	43.2%	41.9%	40.8%
No	64.1%	55.9%	53.7%	53.9%	55.3%

And more parents among active advice seekers.

## Dependent children, by whether help sought

		not sought	All (600)
	sought (481)	(103)	
Yes	42.8%	33.0%	40.8%
No	53.2%	63.1%	55.3%

## g. Tenure (Q26)

Incidence of home ownership remained high in 2014, though almost a third of respondents using IVAs were private tenants, compared to just over a third who were mortgaged homeowners. A similar trend was also apparent among Band 3 firms, although this may relate to the withdrawal of some larger DMP providers from the market and therefore DRF membership also.

## Housing status, by solution

	DMP (356)	IVA (208)	All (600)
outright home owner	7.6%	0.5%	5.2%
mortgaged home owner	40.7%	36.5%	38.0%
private tenant	17.1%	32.2%	23.2%



social tenant	20.2%	17.8%	19.0%
living with friends / family	8.2%	7.7%	8.5%

Private tenants were the largest subset of respondents to have sought help within the last year.

Housing status, by when help first sought					
		1-2 years	2-5 years	> 5 years	
	< 1 year (64)	(102)	(315)	(117)	All (600)
outright home owner	4.7%	7.8%	4.1%	6.0%	5.2%
mortgaged home owner	25.0%	33.3%	42.2%	37.6%	38.0%
private tenant	37.5%	22.6%	22.9%	17.1%	23.2%
social tenant	21.9%	19.6%	18.4%	18.8%	19.0%
living with friends / family	7.8%	9.8%	6.7%	12.0%	8.5%

However, mortgaged homeowners remained the dominant subset among respondents who sought a range of advice before approaching a DRF member.

Housing status, by whether help sought			
		not sought	
	sought (481)	(103)	All (600)
outright home owner	4.6%	6.8%	5.2%
mortgaged home owner	37.8%	40.8%	38.0%
private tenant	24.1%	17.5%	23.2%
social tenant	18.9%	20.4%	19.0%
living with friends / family	8.3%	8.7%	8.5%

## h. Current Household Income (Q33)

Whilst the Money Advice Service *Indebted Lives* research reported that half of over-indebted adults have a household income less than £20,000, this was only true of two-fifths of respondents to this survey, and respondents in IVAs were even more likely to report higher household incomes.



## Current annual household income, by solution

	DMP (356)	IVA (208)	All (600)
less than £10,000	14.3%	11.5%	14.3%
ten to less than £20,000	27.3%	23.6%	25.7%
twenty to less than £30,000	17.4%	24.5%	19.2%
thirty to less than £40,000	9.0%	13.5%	10.2%
forty to less than £50,000	3.4%	3.9%	3.7%
more than £50,000	2.5%	3.9%	2.8%

However, respondents using Band 1 firms more closely resembled the prevalence of lower income households reported by MAS.

## Current annual household income, by Band

	Band 1 (86)	Band 2 (277)	Band 3 (237)	All (600)
less than £10,000	19.8%	13.0%	13.9%	14.3%
ten to less than £20,000	29.1%	24.9%	25.3%	25.7%
twenty to less than £30,000	9.3%	17.3%	24.9%	19.2%
thirty to less than £40,000	9.3%	10.5%	10.1%	10.2%
forty to less than £50,000	3.5%	5.4%	1.7%	3.7%
more than £50,000	3.5%	4.3%	0.8%	2.8%

There was higher incidence of lower income households among respondents, who were recent advice seekers.

Current annual household income, by when help first sought					
		1-2 years	2-5 years	> 5 years	
	< 1 year (64)	(102)	(315)	(117)	All (600)
less than £10,000	23.4%	14.7%	14.0%	9.4%	14.3%
ten to less than £20,000	25.0%	31.4%	23.2%	28.2%	25.7%
twenty to less than £30,000	25.0%	17.7%	17.8%	21.4%	19.2%
thirty to less than £40,000	7.8%	11.8%	10.8%	8.6%	10.2%
forty to less than £50,000	0.0%	1.0%	4.8%	5.1%	3.7%
more than £50,000	1.6%	1.0%	3.5%	3.4%	2.8%

There was also higher incidence of lower income households among respondents, who did not seek other help before using a DRF member.

Current annual household income, by whether help sought			
		not sought	
	sought (481)	(103)	All (600)
less than £10,000	12.9%	17.5%	14.3%
ten to less than £20,000	26.0%	25.2%	25.7%
twenty to less than £30,000	19.3%	18.5%	19.2%
thirty to less than £40,000	10.2%	11.7%	10.2%
forty to less than £50,000	4.0%	1.9%	3.7%
more than £50,000	2.9%	1.9%	2.8%

### 3. CUSTOMER CIRCUMSTANCES

#### a. Creditor numbers (Q19)

With the exception of recent advice seekers and those who had not sought other help, there was little variation in the average number of creditors that respondents had when entering a debt solution.

Average number of creditors		Mean
by solution	DMP	5.6
	IVA	6.9
by band	Band 1	6.1
	Band 2	5.8
	Band 3	6.0
by when help first sought	< 1 year	4.6
	1-2 years	5.7
	2-5 years	6.1
	> 5 years	6.5
by whether help sought	sought	6.1
	not sought	5.5
TOTAL	All 600	5.9



## b. Monthly income (Q20)

Monthly incomes at the start of a solution were highest among respondents using IVAs and lowest among recent advice seekers and those who had not sought other help.

Monthly income		Mean
by solution	DMP	£1,281
	IVA	£1,638
by band	Band 1	£1,257
	Band 2	£1,491
	Band 3	£1,369
by when help first sought	< 1 year	£1,203
	1-2 years	£1,315
	2-5 years	£1,461
	> 5 years	£1,555
by whether help sought	Sought	£1,451
	not sought	£1,137
TOTAL	All 600	£1,414





## c. Personal borrowing (Q21)

Personal borrowing on entering a debt solution was highest among respondents using IVAs and lowest among recent advice seekers and those who had not sought other help.

Personal borrowing		Mean
by solution	DMP	£21,197
	IVA	£32,658
by band	Band 1	£24,886
	Band 2	£24,996
	Band 3	£24,104
by when help first sought	< 1 year	£12,018
	1-2 years	£19,993
	2-5 years	£26,485
	> 5 years	£31,056
by whether help sought	sought	£25,988
	not sought	£18,527
TOTAL	All 600	£24,639



## d. Debt to income ratio (Q20&amp;21 calc)

Debt to income ratios were highest among respondents using IVAs and Band 1 clients and lowest among recent advice seekers.

Debt to income ratio		mean
by solution	DMP	1.4
	IVA	1.7
by band	Band 1	1.7
	Band 2	1.4
	Band 3	1.5
by when help first sought	< 1 year	0.8
	1-2 years	1.3
	2-5 years	1.5
	> 5 years	1.7
by whether help sought	sought	1.5
	not sought	1.5
TOTAL	All 600	1.5

## e. Mortgage balance (Q22)

Outstanding mortgage balances showed a contraction by how recently advice had been sought that was in line with the year on year contraction reported in the 3 year trend report for the DRF Client Surveys 2012-2014.

Mortgage Balance		mean
by solution	DMP	£95,897
	IVA	£97,982
by band	Band 1	£102,960
	Band 2	£98,421
	Band 3	£89,561
by when help first sought	< 1 year	£75,333
	1-2 years	£84,750
	2-5 years	£99,303
	> 5 years	£104,314
by whether help sought	sought	£99,180
	not sought	£75,045
TOTAL	All 600	£95,945

#### 4. CUSTOMER JOURNEY

##### a. Advice seeking (Q4)

By solution, there was limited difference in when advice had first been sought. However, around a fifth of respondents using Band 1 firms had sought advice within the last year.

##### First decision to seek help, by Band

	Band 1 (86)	Band 2 (277)	Band 3 (237)	All (600)
within the last year	22.1%	3.6%	14.8%	10.7%
more than 1 but less than 2 years ago	16.3%	14.4%	20.3%	17.0%
more than 2 but less than 5 years ago	43.0%	60.3%	46.8%	52.5%
more than 5 years ago	18.6%	20.9%	18.1%	19.5%

Recent advice seeking was more prevalent among respondents who had not sought advice before using a DRF member.

##### First decision to seek help, by whether help sought

	sought (481)	not sought (103)	All (600)
within the last year	9.6%	14.6%	10.7%
more than 1 but less than 2 years ago	17.7%	13.6%	17.0%
more than 2 but less than 5 years ago	53.4%	49.5%	52.5%
more than 5 years ago	19.1%	21.4%	19.5%

## b. Reasons (Q5)

More than a third of respondents in 2014 cited a change in circumstances as their main reason for seeking help, and there was limited variation in this by solution. Respondents using Band 1 firms were more likely than Band 2 or 3 clients to have experienced a drop in income.

Main reason for seeking help, by Band	Band 1 (86)	Band 2 (277)	Band 3 (237)	All (600)
a change in circumstances	38.4%	32.1%	35.4%	34.3%
a drop in income	31.4%	23.5%	24.5%	25.0%
increased outgoings	17.4%	20.9%	18.1%	19.3%
Overspending	8.1%	19.1%	17.3%	16.8%

Among recent advice seekers, increased outgoings were a significant driver - almost a third of respondents seeking advice within the last year gave this as their main reason for seeking help. However, there was little difference in the main reasons given between active advice seekers and those who did not seek other help before using a DRF member.

Main reason for seeking help, by when help first sought	< 1 year (64)	1-2 years (102)	2-5 years (315)	> 5 years (117)	All (600)
a change in circumstances	26.6%	34.3%	34.0%	40.2%	34.3%
a drop in income	14.1%	29.4%	25.7%	23.9%	25.0%
increased outgoings	32.8%	18.6%	17.5%	18.0%	19.3%
overspending	23.4%	8.8%	19.1%	14.5%	16.8%

## c. Drivers (Q7)

2014 saw a contraction in respondents reporting creditor intervention to collect debts before entering a debt solution. Almost a quarter of respondents had no contact from creditors about defaults or arrears. Interestingly, respondents using DMPs were more likely to report notices of legal action than those using IVAs. Besides this, there were few differences by solution and limited variation in experiences by Band.

Creditor experiences before solution, by solution

	DMP (356)	IVA (208)	All (600)
calls or visits at unreasonable times	39.9%	39.9%	39.2%
notices of legal action	53.4%	43.8%	48.3%
confusing communications	35.7%	33.2%	34.2%
token payments not accepted	23.9%	21.6%	23.5%
money withdrawn from another account	8.7%	9.1%	8.3%
same/increased interest, penalties and charges	56.2%	52.4%	53.8%
none of these	23.0%	25.5%	24.2%

In line with our longitudinal analysis for the 3 Year Trend report, recent advice seekers had fewer experiences of debt collection attempts before entering a solution than respondents who had first sought advice some time ago. This evidence of greater creditor forbearance is significant because debt collection is a known driver for seeking help.

Creditor experiences before solution, by when help first sought

	< 1 year (64)	1-2 years (102)	2-5 years (315)	> 5 years (117)	All (600)
calls or visits at unreasonable times	28.1%	44.1%	38.7%	41.9%	39.2%



notices of legal action	37.5%	48.0%	46.7%	59.0%	48.3%
confusing communications	18.8%	37.3%	35.6%	35.9%	34.2%
token payments not accepted	25.0%	24.5%	24.1%	19.7%	23.5%
money withdrawn from another account	7.8%	13.7%	6.4%	8.6%	8.3%
same/increased interest, penalties and charges	53.1%	56.9%	51.8%	57.3%	53.8%
none of these	25.0%	22.6%	27.3%	16.2%	24.2%

With the increase in active advice seeking in mind, and the tendency for recent advice seekers not to seek other help, it was relevant to see how creditor intervention can drive active advice seeking.

Creditor experiences before solution, by whether help sought

	sought (481)	not sought (103)	All (600)
calls or visits at unreasonable times	40.3%	35.9%	39.2%
notices of legal action	50.7%	39.8%	48.3%
confusing communications	35.6%	31.1%	34.2%
token payments not accepted	24.7%	19.4%	23.5%
money withdrawn from another account	8.5%	8.7%	8.3%
same/increased interest, penalties and charges	54.9%	48.5%	53.8%
none of these	23.1%	26.2%	24.2%

## d. Sources (Q6)

Almost 95% of respondents using an IVA approached another advice source before using a DRF member, compared to just under 80% of DMP users. With this in mind it was pertinent that there were fewer IVA users seeking help from the bank or creditors than DMP users and many more using other professionals, charities, government and council advisers.

## Sources of help, by solution

	DMP (356)	IVA (208)	All (600)
accountant / solicitor	1.7%	3.4%	2.3%
another company	24.4%	31.7%	27.5%
bank / creditors	17.1%	14.9%	15.8%
charity, government or council	10.1%	17.8%	12.3%
friends / family	16.6%	18.8%	18.0%
internet search	32.3%	40.4%	33.7%
internet forum	4.5%	11.1%	6.5%
did not seek other help	22.5%	5.3%	17.2%





Active advice seeking was most prevalent in Band 3. However, the dominance of IVA providers in this band should be noted. Respondents using Band 1 firms were least likely to shop around and this is cause for concern in the context of wider consumer credit market trends. It was clear that respondents using Band 1 firms were least likely to report contact initiated by a DRF member, so the influence of informal support networks should be noted.

#### Sources of help, by Band

	Band 1 (86)	Band 2 (277)	Band 3 (237)	All (600)
accountant / solicitor	3.5%	1.8%	2.5%	2.3%
another company	15.1%	22.0%	38.4%	27.5%
bank / creditors	15.1%	17.0%	14.8%	15.8%
charity, government or council	7.0%	12.3%	14.4%	12.3%
friends / family	14.0%	19.9%	17.3%	18.0%
internet search	24.4%	31.8%	39.2%	33.7%
internet forum	4.7%	6.1%	7.6%	6.5%
did not seek other help	30.2%	22.0%	6.8%	17.2%

Within the last year there seems to have been a decline in active advice seeking.

Sources of help, by when help first sought

		1-2 years	2-5 years	> 5 years	
	< 1 year (64)	(102)	(315)	(117)	All (600)
accountant / solicitor	0.0%	2.0%	2.9%	2.6%	2.3%
another company	21.9%	28.4%	25.4%	35.9%	27.5%
bank / creditors	15.6%	17.7%	16.5%	12.8%	15.8%
charity, government or council	7.8%	14.7%	11.1%	16.2%	12.3%
friends / family	14.1%	19.6%	18.4%	18.0%	18.0%
internet search	32.8%	26.5%	37.5%	29.9%	33.7%
internet forum	6.3%	7.8%	6.4%	6.0%	6.5%
did not seek other help	23.4%	13.7%	16.2%	18.8%	17.2%

Among active advice seekers, more than two fifths used an internet search and over a third had been to another company before using a DRF member.

#### Sources of help, by whether help sought

	sought (481)	not sought (103)	All (600)
accountant / solicitor	2.9%	0.0%	2.3%
another company	34.3%	0.0%	27.5%
bank / creditors	19.8%	0.0%	15.8%
charity, government or council	15.4%	0.0%	12.3%
friends / family	22.5%	0.0%	18.0%
internet search	42.0%	0.0%	33.7%
internet forum	8.1%	0.0%	6.5%
did not seek other help	0.0%	100.0%	17.2%

#### e. Firm size (Q3)

Almost eight out of ten respondents in an IVA were using a Band 3 firm and six out of ten respondents in a DMP were using a Band 2 firm.

#### Company Band, by solution

	DMP (356)	IVA (208)	All (600)
Band 1	20.2%	2.4%	14.3%
Band 2	60.1%	19.7%	46.2%
Band 3	19.7%	77.9%	39.5%

Whilst some Band 1 firms have been established for some time, others are recent market entrants. On this basis, some of the increase in recent advice seeking in this subset may relate to the latter. However, more than half of respondents who had sought advice within the last year had used a Band 3 firm. Given that the largest respondent sample came from Band 2 firms, it was very noticeable that there had been a contracted in recent advice seekers.

#### Company Band, by when help first sought

		1-2 years	2-5 years	> 5 years	
	< 1 year (64)	(102)	(315)	(117)	All (600)
Band 1	29.7%	13.7%	11.8%	13.7%	14.3%
Band 2	15.6%	39.2%	53.0%	49.6%	46.2%
Band 3	54.7%	47.1%	35.2%	36.8%	39.5%

There were more Band 3 respondents among active advice seekers than those who had not sought advice, although dominance of IVA providers among Band 3 firms may account for this.

#### Company Band, by whether help sought

		not sought	
	sought (481)	(103)	All (600)
Band 1	12.3%	25.2%	14.3%
Band 2	43.2%	59.2%	46.2%
Band 3	44.5%	15.5%	39.5%

## f. First impressions (Q8)

Recommendations to use a DRF member were most common among respondents using IVAs. Contact initiated by DRF members was most common among respondents using DMPs. However, DMP clients were more observant of regulatory and professional standards than IVA clients were.

## DRF member initial observations, by solution

	DMP (356)	IVA (208)	All (600)
top / close to top of an internet search	18.3%	21.6%	19.0%
clear contact details	16.3%	4.8%	11.5%
consumer credit licence number	3.4%	2.4%	3.0%
DRF membership / professional standards	5.3%	4.3%	4.7%
overview of debt solutions	9.8%	2.9%	7.0%
some examples of likely fees	4.5%	2.4%	3.5%
they contacted me	29.8%	21.2%	26.8%
none of these	9.3%	11.1%	10.2%
advertisements*	6.7%	4.3%	6.0%
testimonials / referrals*	28.9%	41.4%	33.5%
company takeover*	7.0%	3.4%	5.8%

Recommendations to use a DRF member were highest among Band 2 firms. Contact initiated by a DRF member was most common among Band 3 firms. Observations of regulatory and professional standards were highest among Band 2 firms and lowest among Band 3 firms. Around one in five Band 1 respondents mentioned advertisements. Often the open ended comments relayed that these were in local papers or Yellow Pages.

DRF member initial observations, by Band				
	Band 1 (86)	Band 2 (277)	Band 3 (237)	All (600)
top / close to top of an internet search	18.6%	18.8%	19.4%	19.0%
clear contact details	18.6%	14.1%	5.9%	11.5%
consumer credit licence number	3.5%	4.0%	1.7%	3.0%
DRF membership / professional standards	3.5%	5.8%	3.8%	4.7%
overview of debt solutions	8.1%	9.4%	3.8%	7.0%
some examples of likely fees	2.3%	5.4%	1.7%	3.5%
they contacted me	19.8%	24.2%	32.5%	26.8%
none of these	12.8%	9.8%	9.7%	10.2%
advertisements*	19.8%	4.0%	3.4%	6.0%
testimonials / referrals*	24.4%	39.4%	30.0%	33.5%
company takeover*	2.3%	1.8%	11.8%	5.8%

There seemed to be clear indicated that contact initiated by DRF members had increased in recent years and as might be expected, active advice seekers were more likely to report recommendations to use a DRF members and those who had not sought other advice that a DRF member had contacted them.

DRF member initial observations, by when  
help first sought

		1-2 years	2-5 years	> 5 years	
	< 1 year (64)	(102)	(315)	(117)	All (600)
top / close to top of an internet search	15.6%	12.8%	20.6%	21.4%	19.0%
clear contact details	7.8%	9.8%	10.5%	18.0%	11.5%
consumer credit licence number	1.6%	3.9%	2.5%	4.3%	3.0%
DRF membership / professional standards	4.7%	4.9%	4.4%	5.1%	4.7%
overview of debt solutions	4.7%	7.8%	6.7%	8.6%	7.0%
some examples of likely fees	6.3%	3.9%	2.5%	4.3%	3.5%
they contacted me	48.4%	34.3%	21.0%	24.8%	26.8%
none of these	9.4%	7.8%	10.8%	10.3%	10.2%
advertisements*	4.7%	7.8%	7.3%	1.7%	6.0%
testimonials / referrals*	26.6%	35.3%	37.1%	26.5%	33.5%
company takeover*	4.7%	5.9%	4.4%	10.3%	5.8%

## 5. CUSTOMER EXPERIENCE

### a. Pre-contract KPIs (Q9)

As a rule, respondents using DMPs gave higher pre-contract performance ratings than IVA clients did. This is significant given the tendency of some commercial firms to emphasize “Government backed” debt write-off. In reality, one should expect advice seekers learning that they are in fact insolvent to be slightly less comfortable with this news than having the option of an informal repayment plan, as is reflected in DRF members’ survey results.

#### Pre-contract ratings, by solution

	DMP (356)	IVA (208)	All (600)
I felt confident that they understood my circumstances	9.03	8.93	9.02
they explained the solutions that they could offer clearly	8.86	8.73	8.84
the possible risks of each solution were explained calmly	8.59	8.63	8.62
I learned about some other places to find help	5.95	6.06	6.01
I understood which fees applied to each solution	8.51	7.98	8.34
they explained priority and non-priority debts clearly	8.42	8.26	8.38
I felt involved in choosing the best solution	8.43	8.32	8.41
I felt they had my best interests at heart	8.72	8.43	8.64



Despite the tendency of Band 1 respondents not to seek other advice, it was clear from their pre-contract ratings that they were highly satisfied with their initial contact with these DRF members. Particularly worth noticing was the higher score achieved for *I learned about some other places to find help*. As in all three years of conducting this research, smaller firms have tended to achieve higher scores than larger firms.

Pre-contract ratings, by Band

	Band 1 (86)	Band 2 (277)	Band 3 (237)	All (600)
I felt confident that they understood my circumstances	9.27	9.11	8.81	9.02
they explained the solutions that they could offer clearly	9.08	8.94	8.62	8.84
the possible risks of each solution were explained calmly	8.92	8.64	8.47	8.62
I learned about some other places to find help	6.24	6.22	5.69	6.01
I understood which fees applied to each solution	8.69	8.47	8.03	8.34
they explained priority and non-priority debts clearly	8.71	8.51	8.08	8.38
I felt involved in choosing the best solution	8.85	8.42	8.25	8.41
I felt they had my best interests at heart	9.04	8.73	8.38	8.64

The most significant variation (+/- 0.5) in pre-contract ratings by when help was first sought was *they explained priority and non-priority debts clearly* because this was apparent in the 3 Year Trend between 2012 and 2014 also. Qualitative feedback in the course of interviewing was that some respondents did know what a priority debt was and because they did not have council tax, utilities, mortgage or rent arrears at the time of advice seeking, they believed this explanation was less relevant to their circumstances than other information. This is certainly an issue that is relevant to distinguishing consumers in vulnerable circumstances from those whose principal difficulty is a consumer credit related problem.

Pre-contract ratings, by when help first sought

		1-2 years	2-5 years	> 5 years	
	< 1 year (64)	(102)	(315)	(117)	All (600)
I felt confident that they understood my circumstances	9.27	9.19	8.94	8.93	9.02
they explained the solutions that they could offer clearly	8.95	9.15	8.79	8.63	8.84
the possible risks of each solution were explained calmly	8.70	8.83	8.60	8.42	8.62
I learned about some other places to find help	5.74	6.19	6.14	5.64	6.01
I understood which fees applied to each solution	8.45	8.74	8.25	8.13	8.34
they explained priority and non-priority debts clearly	8.19	8.78	8.27	8.40	8.38
I felt involved in choosing the best solution	8.68	8.72	8.34	8.18	8.41
I felt they had my best interests at heart	8.80	8.80	8.62	8.45	8.64

There was no significant variation (+/- 0.5) in the pre-contract performance ratings given by active advice seekers and those who had not sought other advice. If the active advice seekers were significantly more discerning, one would expect their ratings to be consistently lower than those who had not sought other advice before using a DRF member. Thus, there is limited evidence of a “halo” effect. However, it would be good to see an increase in awareness of other places to find help among non-advice seekers in the future.

Pre-contract ratings, by whether help sought

	sought (481)	not sought (103)	All (600)
I felt confident that they understood my circumstances	9.00	9.15	9.02
they explained the solutions that they could offer clearly	8.83	8.90	8.84
the possible risks of each solution were explained calmly	8.59	8.64	8.62
I learned about some other places to find help	6.05	5.89	6.01
I understood which fees applied to each solution	8.31	8.40	8.34
they explained priority and non-priority debts clearly	8.37	8.32	8.38
I felt involved in choosing the best solution	8.41	8.41	8.41
I felt they had my best interests at heart	8.63	8.58	8.64

b. Durable medium (Q10)

IVA respondents were more likely to recall a written proposal because their solution is legally binding. However, the 3 Year Trend analysis shows a marked decline in recall, concluding that this is related to experience in other markets. DRF members may need to be increasingly vigilant in differentiating paperwork.

Receipt of pre-contract proposals, by solution



	DMP (356)	IVA (208)	All (600)
yes	55.6%	71.2%	60.8%
no	14.3%	9.6%	12.3%
don't know	28.4%	15.9%	24.0%

Respondents using Band 3 firms had higher recall of paperwork, but this is likely to relate to the prominence of IVA providers in Band 3

Receipt of pre-contract proposals, by Band				
	Band 1 (86)	Band 2 (277)	Band 3 (237)	All (600)
yes	58.1%	58.8%	64.1%	60.8%
no	14.0%	11.6%	12.7%	12.3%
don't know	27.9%	28.5%	17.3%	24.0%

By when advice was first sought, it is clear that respondents, who started this journey some time ago, were less likely to recall initial proposals.

Receipt of pre-contract proposals, by when help first sought					
		1-2 years	2-5 years	> 5 years	
	< 1 year (64)	(102)	(315)	(117)	All (600)
Yes	68.8%	69.6%	58.4%	55.6%	60.8%
No	14.1%	13.7%	11.1%	12.8%	12.3%
don't know	12.5%	14.7%	28.6%	26.5%	24.0%

Active advice seekers were more likely to recall paperwork than non-advice seekers.

Receipt of pre-contract proposals, by whether help sought

	sought (481)	not sought (103)	All (600)
yes	62.2%	56.3%	60.8%
no	12.1%	13.6%	12.3%
don't know	22.9%	27.2%	24.0%

## c. Proposals (Q11)

As might be expected the types of information recalled by respondents was very similar to whether they recalled receipt of a written proposal, by both solution and band. More interestingly, there were clear variations in information recall by when advice was first sought, with recent advice seekers generally less likely to remember the detail of a written proposal.

## Pre-contract proposal contents, by when help first sought

	< 1 year (44)	1-2 years (71)	2-5 years (184)	> 5 years (65)	All (365)
statement of income, expenditure and any surplus	79.6%	97.2%	92.4%	95.4%	92.3%
details of the repayment offer to each creditor	72.7%	74.7%	82.6%	87.7%	80.8%
information about priority / debts not included	54.6%	57.8%	61.4%	66.2%	60.5%
a warning of creditors' right to reject	77.3%	69.0%	79.4%	83.1%	77.8%
total solution cost differentiating repayments and fees	81.8%	90.1%	78.8%	80.0%	81.4%
the estimated length of the solution	70.5%	78.9%	82.1%	84.6%	80.5%
how often you and your creditors would be updated	56.8%	71.8%	73.9%	70.8%	70.7%
a warning about the impact on your credit history	75.0%	80.3%	83.7%	84.6%	82.2%

information about a cooling off and how to terminate	72.7%	77.5%	73.9%	75.4%	74.5%
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There were subtle difference between active and non-advice seekers' recollections of proposal contents and it is worth noting that active advice seekers were less inclined to recall cost. This would tend to indicate a prior acceptance of the costs involved in using a fee charging firm.

Pre-contract proposal contents, by whether help sought			
	sought (299)	not sought (58)	All (365)
statement of income, expenditure and any surplus	92.6%	91.4%	92.3%
details of the repayment offer to each creditor	79.6%	86.2%	80.8%
information about priority / debts not included	60.9%	60.3%	60.5%
a warning of creditors' right to reject	79.3%	70.7%	77.8%
total solution cost differentiating repayments and fees	80.6%	86.2%	81.4%
the estimated length of the solution	81.3%	77.6%	80.5%
how often you and your creditors would be updated	69.2%	77.6%	70.7%
a warning about the impact on your credit history	83.3%	75.9%	82.2%
information about a cooling off and how to terminate	73.6%	81.0%	74.5%

## d. Post-contract KPIs (Q24)

Respondents using DMPs gave consistently higher post-contract ratings than those using IVAs. Significant differences (+/- 0.5) related to: *offering help and advice to stay on track, keeping track of my circumstances and ability to repay, keeping me up to date with any feedback from creditors and repaying my creditors on time*. These are significant because in the verbatim comments, it was apparent that some respondents had higher expectations of contact with their caseworker and insolvency practitioner than subsequently transpired.

IVA customer care is an issue in relation to the viability of IVAs from the perspective of insolvency practitioner fees, because of course regular communications cost money. There is clear evidence of a gender bias in the uptake of insolvency procedures nationally in relation to the MAS *Indebted Lives* segmentation of the over-indebted population. MAS data also evidence that fewer than a fifth of over-indebted people are currently accessing advice. Thus, lower customer satisfaction ratings for attributes that are very much governed by the regulation of supply indicate a mismatch between industry standards and customer expectations. It does not help that even the Government's website is not clear about who the IVA client is – borrower or lender.

There was also evidence that negative media relating to commercial firms was creating a misconception that IVA fees are a decoy from free services provided by debt charities, when in fact IVA fees are similar cross sector. This is damaging to existing customer relationships and creates scope for unethical collectors and advisers to disrupt agreements.

## Post contract performance ratings, by solution

	DMP (356)	IVA (208)	All (600)
easily contactable	9.20	8.77	9.05
approachable with any query	9.15	8.72	8.99
discrete communications	9.21	8.91	9.11
offering help and advice to stay on track	8.48	7.43	8.13
clear advice about what to expect as solution progresses	8.15	7.96	8.08





keeping track of my circumstances and ability to repay	8.71	8.11	8.50
keeping me up to date with any feedback from creditors	7.83	6.71	7.47
providing me with regular (at least annual) statements	8.75	8.43	8.63
collecting my repayments on time	9.49	9.63	9.54
repaying my creditors on time	9.13	8.63	9.00



By Band, smaller firms consistently outperformed larger firms, with Band 2 firms enjoying the highest post-contract performance ratings.

Post contract performance ratings, by Band

	Band 1 (86)	Band 2 (277)	Band 3 (237)	All (600)
easily contactable	9.39	9.20	8.76	9.05
approachable with any query	9.27	9.20	8.64	8.99
discrete communications	9.33	9.33	8.76	9.11
offering help and advice to stay on track	8.79	8.58	7.37	8.13
clear advice about what to expect as solution progresses	8.34	8.30	7.73	8.08
keeping track of my circumstances and ability to repay	8.78	8.81	8.02	8.50
keeping me up to date with any feedback from creditors	7.91	8.06	6.57	7.47
providing me with regular (at least annual) statements	8.57	9.30	7.82	8.63
collecting my repayments on time	9.52	9.59	9.49	9.54
repaying my creditors on time	9.23	9.26	8.56	9.00

The most significant variation in post-contract ratings by when advice had first been sought related to offering help and advice to stay on track and this increased with recency of advice seeking. Respondents who had not sought advice also rated this attribute more highly than active advice seekers.

## 6. CUSTOMER OUTCOMES

### a. Client status (Q1)

Overall, 99% of respondents to all three surveys between 2012 and 2014 were either in or had recently completed a debt solution with a DRF member. By solution in 2014, 100% of IVA clients were in or had completed their solution with a DRF member, compared to 98.4% of DMP clients. Specifically, only five respondents had switched to another provider.

Solution still provided by DRF Member, by solution

	DMP (356)	IVA (208)	All (600)
yes	94.7%	98.1%	95.8%
no, it has come to an end	3.7%	1.9%	3.0%
no, I changed provider	1.1%	0.0%	0.8%

Band 2 firms enjoyed 100% customer retention in 2014 and, as might be expected, most switching was among those who had first sought advice within the last year. There was almost no difference between active and non-advice seekers.

### b. Solution type (Q12)

More than two-thirds of Band 3 respondents were in an IVA, more than three-quarters of Band 2 and more than four-fifths of Band 1 in a DMP.

Original solution chosen, by Band

	Band 1 (86)	Band 2 (277)	Band 3 (237)	All (600)
Debt Management Plan	83.7%	77.3%	29.5%	59.3%
IVA	5.8%	14.8%	68.4%	34.7%



Bankruptcy	0.0%	0.0%	0.0%	0.0%
Debt Arrangement Scheme	2.3%	1.4%	0.0%	1.0%

There was limited difference by when help was first sought, with the exception that more respondents who had sought advice within the last year preferred not to answer this question (15.6%) - in several instances they did not know which solution they had.

There were more active advice seekers in IVAs - 39.7% - whereas 77.7% of non-advice seekers were in DMPs. Non-advice seekers were also less inclined to name the original solution chosen from a DRF member (10.7%)

#### c. Solution change (Q15)

Twenty-two clients stated that they had changed solution of whom three had originally used IVAs. Two indicated that they had changed from an IVA to an IVA and one to a DMP. It's worth noting that interviewers record responses exactly, so what this does show is that three people, 0.5% of the sample may not fully understand their solution. Of the 16 respondents who had switched from an IVA all but two had started an IVA. One went from a debt management plan into another (again some confusion is likely) and the other went into bankruptcy. There were no significant findings by Band, recency of advice sought or whether advice had been sought.

#### d. Customer retention (Q13)

When explicitly asked about changes to both solution and provider, one IVA respondent indicated a change to both, resulting in 99% customer retention. Among DMP respondents, customer retention was just over 94%. There was no significant difference between Bands, though some churn among the most recent advice seekers (10.9% within the last year) and no significant difference between advice and non-advice seekers.

#### e. Customer loyalty (Q14)



Overall approaching three quarters of respondents who changed either solution or provider stuck with the original DRF member they had approached and there was no significant difference in this by solution, Band, or whether advice had been sought, though churn was apparent among recent advice seekers. Of the seven who switched either solution or provider, four stayed with the DRF member, one went to another provider and two opted to self-manage repayments.

f. Solution length (Q16)

Across the entire sample the average length of solutions in progress was 3 years, compared to 2.8 in both 2012 and 2014. DMPs were 3.3 years to 2.7 for IVAs. Since Band 3 was dominated by IVA providers, it is more sensible to compare only Bands 1 and 2 from the table below. There was no significant difference between active and non-advice seekers, indicating parity between the two.



Solution length		mean
by solution	DMP	3.3
	IVA	2.7
by band	Band 1	2.9
	Band 2	3.4
	Band 3	2.5
by when help first sought	< 1 year	1.1
	1-2 years	1.6
	2-5 years	3.2
	> 5 years	4.8
by whether help sought	sought	3.0
	not sought	3.1
TOTAL	All 600	3.0

## g. Contract type (Q17)

Irrespective of solution type, Band, or whether other advice had been sought, around two thirds of solutions were in the respondent's name only. However, among recent adviser seekers this rose to more than eight out of ten.

Contract holder, by when help first sought					
		1-2 years	2-5 years	> 5 years	
	< 1 year (62)	(101)	(311)	(116)	All (592)
in your name only	85.5%	72.3%	64.6%	62.1%	67.7%
Joint	12.9%	26.7%	32.5%	37.9%	30.4%



## h. Financial capability (Q18)

IVA respondents were more likely to relay improvements in *managing your money* and, in particular, *planning ahead* than DMP users were. However 43.5% of them felt they were about the same at *finding financial advice and information*.

Financial capability ratings, by solution			
	DMP (352)	IVA (207)	All (592)
BETTER			
managing your money	73.6%	76.8%	74.3%
planning ahead	65.9%	74.9%	68.9%
choosing suitable financial products	58.8%	58.5%	58.3%
finding financial advice and information	57.1%	49.8%	54.2%

Band 1 clients were often least likely to report improvements, with significant minorities saying these skills were about the same.

Financial capability ratings, by Band				
	Band 1 (84)	Band 2 (275)	Band 3 (233)	All (592)
BETTER				
managing your money	66.7%	77.5%	73.4%	74.3%
planning ahead	66.7%	69.8%	68.7%	68.9%
choosing suitable financial products	57.1%	61.1%	55.4%	58.3%
finding financial advice and information	65.5%	56.4%	47.6%	54.2%
ABOUT THE SAME				
managing your money	31.0%	19.6%	21.0%	21.8%
planning ahead	27.4%	25.8%	25.3%	25.8%
choosing suitable financial products	40.5%	30.9%	33.9%	33.5%



finding financial advice and information	32.1%	38.2%	43.8%	39.5%
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There were no consistently significant differences by when advice had first been sought and no significant differences by whether advice had been sought.

i. Creditor intervention (Q23)

As in 2013, a significant minority of respondents reported creditor intervention after entering a debt solution, and this included IVA users. Among this subset, confusing communications were the most prevalent, with almost one in five experiencing these. Verbatim comments at Question 25 and qualitative feedback in the course of interviewing tended to reveal that some respondents found creditor statements confusing, especially when they perceived themselves as DRF members' customers and not the creditor's.

Creditor experience after entering a solution,  
by solution

	DMP (356)	IVA (208)	All (600)
calls or visits at unreasonable times	14.3%	13.9%	13.7%
notices of legal action	22.2%	13.9%	18.8%
confusing communications	20.8%	19.7%	20.7%
token payments not accepted	5.3%	1.9%	3.8%
money withdrawn from another account	0.8%	0.5%	0.7%
same/increased interest, penalties and charges	17.7%	6.3%	13.2%
none of these	58.4%	68.8%	62.5%

There was little variation by firm size, or whether advice had been sought. However, by when help had first been sought, it was clear that recent advice seekers experienced more intervention from creditors.

Creditor experience after entering a solution,  
by when help first sought, by whether help  
sought

		1-2 years	2-5 years	> 5 years	
	< 1 year (64)	(102)	(315)	(117)	All (600)
calls or visits at unreasonable times	18.8%	14.7%	11.1%	17.1%	13.7%
notices of legal action	23.4%	16.7%	15.9%	25.6%	18.8%
confusing communications	32.8%	19.6%	17.8%	23.1%	20.7%
token payments not accepted	4.7%	4.9%	3.2%	4.3%	3.8%
money withdrawn from another account	1.6%	0.0%	0.3%	1.7%	0.7%
same/increased interest, penalties and charges	18.8%	8.8%	10.2%	21.4%	13.2%
prefer not to say	1.6%	0.0%	0.0%	0.0%	0.2%
none of these	51.6%	67.7%	66.7%	53.9%	62.5%
anything else?	0.0%	2.0%	1.0%	2.6%	1.3%

## j. Household borrowing (Q34)

Irrespective of debt solution, firm size or whether help had been sought, some two-fifths of respondents described their current household borrowing as none or manageable. However, this response increased with the length of time since first seeking advice, such that a third of recent advice seekers considered household borrowing to be none or manageable, compared to almost half of those who first sought advice more than five years ago.

Current annual household borrowing, by when help first sought

		1-2 years	2-5 years	> 5 years	
	< 1 year (64)	(102)	(315)	(117)	All (600)
none or manageable	32.8%	37.3%	38.7%	48.7%	39.7%
less than £20,000	40.6%	27.5%	28.3%	19.7%	28.0%
£20,000-£39,999	7.8%	7.8%	6.7%	6.0%	6.8%
£40,000-£59,999	0.0%	2.9%	0.3%	1.7%	1.0%
£60,000-£79,999	1.6%	1.0%	0.0%	0.0%	0.3%
£80,000-£99,999	0.0%	0.0%	0.3%	0.0%	0.2%
£100,000 or more	0.0%	0.0%	0.3%	0.0%	0.2%
prefer not to say	17.2%	23.5%	25.4%	23.9%	23.8%

## k. Customer feedback (Q25)

DMP users were more likely to leave a comment about a DRF member than IVA users (62.5%) were. So too were respondents using smaller firms and recent advice seekers. There was no significant difference between active and non-advice seekers.





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