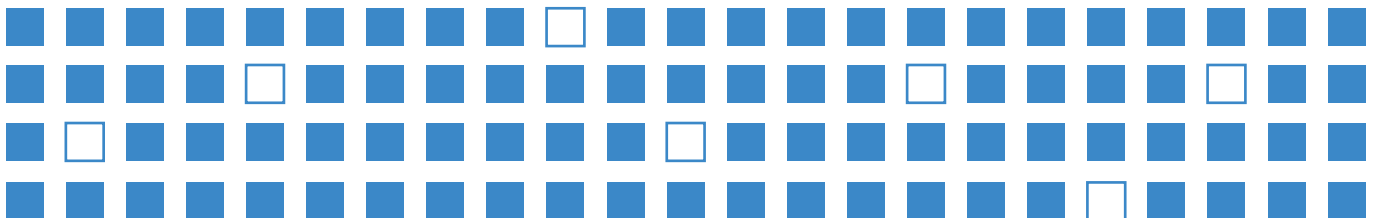




THE DEBT RESOLUTION FORUM
Promoting Professional Standards

Case Studies



DRF OUTCOMES RESEARCH: CASE STUDIES

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ABOUT THIS REPORT

In December 2011, the Debt Resolution Forum commissioned Zero-credit to complete three parallel research studies to explore the outcomes of fee charging debt solutions. These were an analysis of market size, a survey of members' clients and a series of case studies with members' clients. This report gives an account of the case studies, with research conducted and analysed by Emma Bryn-Jones.

Debt Resolution Forum

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

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

Zero-credit

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

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

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

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

INTRODUCTION

A total of twelve in depth face-to-face interviews were conducted with DRF Members' clients in their homes, throughout February and March 2012. Originally, we had planned to conduct case studies with a profile of client contacts as follows:

	AGE				GENDER		TENURE		CHILDREN		AREA		
	16-24	25-39	40-59	60+	MALE	FEMALE	OWNER	TENANT	YES	NO	NORTH	MID	SOUTH
MIN	2	2	2	2	5	5	4	4	4	4	3	3	3
IDEAL	3	3	3	3	6	6	6	6	6	6	4	4	4
MAX	4	4	4	4	7	7	8	8	8	8	5	5	5
TOTAL	12				12		12		12		12		

However, the consumer research revealed an extremely small number of clients in the 18-24 age group (ultimately 7 out of 601 telephone interviews, and from the Market Size, 4% of fee-charging DMPs and 1% of IVAs) so we amended the brief to focus on older participants from across the other age ranges. From a total of 48 contacts made, 12 were interviewed, 29 declined to take part and 7 did not match the criteria.

As was to be expected, several clients preferred to talk to us as a couple, whereas others, who were managing their debts independently of the household in which they lived, chose to be interviewed alone. Thus, the profile of participants achieved was as follows:

	INDIVIDUALS					HOUSEHOLDS							
	AGE			GENDER		TENURE			CHILDREN		AREA		
	25-39	40-59	60+	MALE	FEMALE	OWNER	TENANT	WITH FAMILY	YES	NO	NORTH	MID	SOUTH
TOTAL	16			16		12			12		12		
ACTUAL	6	6	4	8	8	4	7	1	5	7	3	5	4

Interviews lasted approximately one hour and fifteen minutes and covered a range of topics to explore how respondents were coping through difficult and changing economic circumstances, with a view to understanding the outcomes of using a fee-charging debt solution provider. The discussion guide is included in the Appendix to this report.

1 NO LOOKING BACK!

Four respondents reported extremely positive experiences of working with their debt solution provider and demonstrated a range of new found money management skills and confidence in seeking information that they attributed to their solution choice. Common sentiments were favouring a less credit-focused lifestyle and a sense of delight in the bargains to be found from cutting back.

Some were more critical of their creditors than others were. One in particular, felt badly let down by a creditor-funded debt charity. There was a tendency to view lenders as over-inclined to promote debt consolidation, when in fact advice on affordable repayments was what was needed. There was also a very strong desire to be treated and respected as an individual, and a continued inclination to feel inadequate compared to others when it came to money management, despite limited evidence of this being the case since having a debt solution.

All four of these respondents accepted responsibility for the debts they had incurred and disliked what to varying extents they perceived as an exploitation of their weaknesses by mainstream credit. They had found their debt solutions to be the catalyst to an important learning experience, from which they were embracing new potential.

1.1 I wasn't sinking

Location	North East		
Gender	Female	Male	Female
Solution	IVA	-	-
Age	39	65+	60+
Ethnicity	White British	White British	White British
Children	-	-	-
Relationship	Daughter	Father	Mother
Tenure	Joint		
Working	Yes	Retired	Retired
Income	£800pcm	State and work pensions	
Qualifications	NVQ level 1	n/a	n/a

The respondent had moved back to her parental home before seeking debt help after the breakdown of her marriage four years ago. She had been a postal counter worker for most of her adult life and enjoyed open and discursive relationships with her colleagues and immediate family. She had an adult daughter at university and was more than half way through her IVA with a Band 3 (>3000 clients) provider.

I got into a lot of debt when I wasn't living here and then my husband left me with a lot of debt and then it escalated because I was getting this to pay that. You know, it's my own fault for getting in that situation and then I had to give up my house, so I moved back home.

Interestingly, she had been approached by the IVA company, at a point when she did not recognise herself as being over-indebted and was grateful for the unsolicited call because it made her realise the extremity

of her situation. She, like several other respondents, had felt no escape from maintaining repayments and, even after writing off a proportion of her debt, much of her language was still very self-critical.

They just phoned, but I'd had not just them, I'd had other companies phone me and I went no, no, I'm fine, I'm fine because I was always paying my bills, I was never behind with any bills, but I just never had any spare money left after I'd paid them. I was never ever behind. That's why I thought oh I'm fine, I'm fine, I'm alright and just that call from [company] was... Do you know actually I think you've more or less talked me into it, so you know I'm, going to do it. Because I thought with my debt, I've got to pay it, which yes I do because I got myself into that situation, but obviously they're able to help me, you know, to get where I am I suppose.

There was a lot of reflection on the impact of credit and, at times, a sense that it was almost like an addiction with which she could not cope.

That's how it starts, I think, for me personally, because I thought, yes I'll manage, I'll manage, when actually I'd go if I can get a bigger loan and pay that off and that off, so then the bill was bigger. I wouldn't cut the credit card up, like, do you know what I mean? So for me it's a vicious circle, so for me personally, I'm not saying nobody else would, but for me personally, no. But obviously, when I come out this IVA, I've got £300 spare, so I could start saving, you know.

The lack of credit in an IVA had led to more shopping around for deals, and in many ways her IVA was the catalyst to acquiring more knowledge, better information and becoming more independent. There was a real sense of achievement in cutting costs and having aspirations for the future.

I think I've always checked up on things, maybe not as much as I have done probably in the last year, but I don't know whether that's because until - in 2010 I broke my shoulder and I was off work for five months. And I don't know whether I was bored and I was looking and checking, well how have we got that, where generally you pay it and go to work and you know. But looking into things, I thought, hang on that's gone up hasn't it? So I don't know whether it's then and I'm sat on the Internet and play about, but it's got - worse is probably not the right word. But you know I've probably looked into more of like well, why are we paying that much and then let me just check to see if we can get it anywhere else or whether it's cheaper.

Whereas some IVA clients who participated in these case studies felt a sense of resentment towards their solution, this respondent had re-evaluated her relationship with money and felt empowered that she now had control over it rather than the other way around.

I just think now as long as all the bills are paid I'm not bothered about money now. I'm just sick, sick to death of worrying about money. I mean we still do because we think, you know, where are we going to get this from or that from, but it's just a case of just get on with it.

The respondent felt a strong sense of relief that she repeated several times throughout the interview.

I just know there's an end to it, whereas obviously when I was paying the credit cards and everything, I was only paying the minimum amount, so there was no end, you know. I didn't have any phone calls, I didn't have any letters, I didn't have anybody hassling me because all the bills were getting paid. But I knew for a fact that I'd be paying them credit cards off for the rest of my life, whereas now at least I know there's an end to it and I can try and do something better after this finishes.

Store cards were a particularly sore point and seen as an entry route into the debt spiral.

I sort of keep saying to my daughter – I mean we had an argument a few years ago in New Look. My brother was saying to her "Do you want to get yourself a New Look card? You get 10% off". I went "No, she doesn't". And she was like old enough to know for herself, and she was like, "I might want to get one". And I was like, "You don't, you don't want to end up like me". And that's what I keep saying to her, trying to drum into her, because she's got herself a little savings account. She tried to put some money away, you know she's not shy of working, anything like that and I keep saying to her, "Do not end up like me. If you haven't got the money, you can't do it, you know otherwise you're going to end up like me, you'll be in so much debt". And she's like, "No, I won't." and I'm like "Good, you just keep thinking like that because I never thought I'd be in this situation".

Comments about not realising how indebted she had been were repeated several times.

Obviously it's like three and a half years since I started the plan, but I never thought I needed anything like that because I wasn't physically in debt, I was just getting a helping hand from them.

The respondent's relationship with her IVA provider was apparently relaxed and informal, although there had been a misunderstanding at the start of the solution with regard to overtime salary arrangements. Misunderstanding the terms and conditions of an IVA or feeling that an essential piece of information had not been explained was common to other less satisfied clients as well as cropping up on occasion in the consumer research.

[Name from company] just phones up to say how's everything going, you know, is there anything that you're worried about and I've phoned her sometimes. You know, when I first started paying a lot towards the mortgage, I was really struggling. And one of the things that I didn't understand at first - yes, it was in all the paperwork and everything but I'm not really good at reading what these things mean - and I didn't realise I had a 50% clause in the IVA. So the first 6 month review I'd done overtime at work and I got a bill from [company] saying you owe us £600 and I was like, What?! Why?! I'm paying you the money. So I phoned up and they was like yeah you've got this 50% clause. That was the only thing I was upset at the company with because they sort of didn't tell me in idiot terms, if you earn anything over what you tell us you earn, we're legally entitled to take 50% of it and that was the only thing that I was annoyed at them for. So like really, I daren't do a lot of overtime and when I get bonuses I get dead worried because they're going to want to either increase my payments or take some money off me, which if I get a bonus, that bonus has gone because summat, either a bill will be in or summat.

The respondent was quite clear that she was in a paid debt solution and felt that it was the right solution for her. She was also very keen to express her opinion that choice is important to people struggling with debt.

Everybody deals with things differently and I think you've got to do what's right for you at that time and if that means going on to an IVA plan you've got to do it. If it means you can change by other means, do it, but I think it's each to the individual. I don't think you can pile everybody into like one box and say right well, you all need to do it like this, this is how it's going to work, because it doesn't work for everybody I don't think.

Above all, this respondent felt that without an IVA she would not have been able to keep a roof over her own and her parent's heads.

I am still better off under the IVA because otherwise we wouldn't have been able to find the money to pay the mortgage because I was paying seven and eight hundred pound a month for the bills.

1.2 You always think that the bank is going to be right

Location	West Midlands	
Gender	R1: Male	R2: Male
Solution	IVA	
Age	25-39	25-39
Ethnicity	White British	White British
Children	0	0
Relationship	Couple	
Homeowner	Joint	
Working	FT	Unemployed
Income	£20kpa	JSA
Qualifications	NVQ Level 4	NVQ level 4

The respondents were a couple, coming into the third year of their IVA with a Band 3 (>3000 clients) provider. R1 was a relatively senior retail manager and R2, who had recently lost a catering job, was waiting to hear about a new retail appointment. R1 spoke considerably more than R2, who was quietly circumspect until the end of the interview, although ultimately, it was apparent that both were very satisfied with the new way of life that they had found. Confidence in their IVA provider was high and a real sense of achievement was apparent.

We've been with [company] now for about two years so that was the point where we got the problems with credit cards, things like that so we got in contact with [company]. And they basically had a look at all the finances and then we got an advisor in and they obviously looked at what was the best thing to do for us under the situation that we were in. So obviously, we went on their recommendation and they helped us then, start to put the you know recovery back into place to start clearing the debt and managing it and then you know, going forward from that.

Despite using quite a lot of financial and management terminology like “structuring” and “recovery”, R1 frequently referred to his solution as “consolidation”. This may have been because he perceived all the debts to be in one place, but often it just seemed a more palatable word to use.

Financially, there's... obviously everything went into, things like the credit cards, things went into the consolidation with the debts on there.

The process of exploring income and expenditure had clearly been beneficial to creating order in the household budget, allowing the respondents to take ideas from the initial analysis of their situation.

[Company] looked at ways where we could manage the money better, because you could see a structure of what you were using, which percentage of money was going for what in and out of the house, and what you use, whether it's grocery shopping, whether it was fuel, and the breakdown was helpful with that, yeah.

The response of banks and lenders to this couple's financial circumstances was seen as a let-down. Even among less satisfied case study participants, there was a strong sense that financial institutions had exploited debtors' circumstances.

When we had the certain amount of debt to start with we used to go obviously to the banks, thinking they were probably going to be there to advise us and help us, when looking back now, I think it's like with any bank. They're in it to make money or to sell products they've got. I think they weren't probably looking more as in our interests to sort the debt out as I think let's offer another loan to pay off another loan, and it was just like a continued kind of spiral if you like from that. So we didn't feel like as if, looking back now, the banks didn't seem to try to help us with the

situation. It was more of, looking back I think it's just how they, I think it was just a way of giving us another product to make more interest from us really and from the payments we were making, but that's just like my view on it, so, you know.

There was a definite sense that using a debt solution had created a greater awareness of other sources of advice and the need to shop around for a range of information before making a decision about money.

I think a lot of it is looking at the right places to go to, to seek the advice. I think everyone just thinks oh you know, go to one particular bank, they're obviously experts, that one thing should be right, but since we've obviously been in with the debt plan, I think there's other options you can go for and there's different places you can go other than the banks to get advice on the finances.

The revelation that there were other sources of debt advice opened up a whole new world of money management and cost cutting tips too.

I think it wasn't until I actually phoned up that we realised that there was other people that could help us and give us the advice. And I know that there's a lot more different avenues you can go down now to get the information from people and for like managing money and things like that. I know now there's different things online that you can use for managing your money.

It also led to the realisation that direct debits were a much more manageable way of keeping on top of bills.

We used to pay everything with – I used to like the paying in book sent through so it was recommended when we sorted everything out with the IVA to look at that. So that's where I had a look and changed everything to direct debits and I know – the water I think we saved on by paying a direct debit and the gas we saved quite a lot as well.

There was little doubt that for these respondents, their IVA provider had inspired an entirely different perspective on managing money, giving them increasing independence and confidence.

[Company] obviously made us aware of it, to have a look at other deals, so normally I'd just say oh yeah, just renew the car insurance when they'd phone up. But I thought yeah, you know, this time we'll have a look round and just by checking on there it's made a difference and at a difficult time, obviously, where we had less income coming in, that obviously helped us.

In almost every aspect of household spending, this couple had challenged their old ideas.

To be honest, we've found that you can actually buy really nice clothes in other places for a fraction of the price. We have up in Cannock, not far from here, there's a warehouse place isn't there and they're like ex-catalogues – it's all new clothing it's just you might have like a little tear on the bottom of a jean or something like that, if that, and you save an absolute fortune. You can buy a pair of jeans for like a fiver in there. A lot of friends that we know have recommended them and even they shop there because they get a lot of bargains from there. I'd say that's probably changed while we've been in the IVA, whereas I said like before, we'd probably just go into a Burton store and buy a pair of trousers or a new shirt for work or whatever it would be, now we'd just go somewhere like that and get a lot more better value for money as well.

1.3 At the end of the day, I'm crap with money

Location	South East	
Gender	Female	Male
Solution	DMP	-
Age	43	40-59
Ethnicity	White British	White British
Children	0	0
Relationship	Couple	
Tenure	Living with husband	Homeowner
Working	FT	FT
Income	£10kpa	-
Qualifications	NVQ level 2	-

The respondent had started a debt management plan with Hamilton Locke around ten years ago. Four years later, she switched to a DRF Member in Band 1 (<1000 clients). Her debt problem pre-dated her marriage and she had dealt with it alone and in secret for quite some time. Her DMP was in her name only and whilst her husband now knew and helped her out with occasional cash flow and big ticket household items, she remained very certain that debt repayments were her responsibility.

The respondent often described herself as lacking confidence and insecure, and chose to meet at her parents' home. She always referred to creditors as debtors and it was interesting that her opening comment to the interview questioned whether she was in the right solution.

I must admit when I speaking to [company] I think one day last week, I pay as you know the debtors (sic) a certain amount through the debt programme, but this month I've had car tax and I've had very, very expensive dental treatment. And on reflection I was actually speaking to them as I say, one day last week and to say in their opinion do they think that this is the best thing for me because it's going to take a long time to pay off. I don't miss a payment and I try to keep things in order as I can. And when I spoke to [company] they said to be very honest with you we can send you some documentation out on the alternatives i.e. bankruptcy or IVA, but they're not things we recommend and certainly not in the circumstances that you're in, where you're paying

on a regular basis and, you know, you haven't had any problems. So in actual fact, yes, I was sort of speaking to them the other day about it.

When talking about her banking arrangements, the respondent explained that she operated only a basic joint account for general household purposes, because like many case study participants she had encountered difficulties with owing money to her original bank.

No this was after, I was trying - you know what banks are like. I was trying to manage my bank account without going overdrawn, but you know with all the debt problems and everything else it was just inevitable that it happened and consequently you get into that horrible circle where they're charging you and charging you and charging you and you can't see an end to it. So, I spoke to the Citizens Advice about it and they said shut it down, speak to your debt management company and you know, they'll give you advice what the next step forward is to do.

It was significant that her account of speaking to Citizens Advice was at no point critical of her using a debt management company. Indeed, it seemed that Citizens Advice had encouraged her to look around.

The Citizens Advice recommend, they have like a portfolio where you can send standard letters out to your debtors (sic) but it doesn't cost you anything, but they did say alternatively you can have a look on the Internet or through friends and family and you can get telephone numbers. And I can't remember off the top of my head but I think somebody I worked with were using Hamilton Locke and they recommended them.

When asked why she had changed debt management provider she explained that a PPI enquiry had led her to the DRF member currently operating her DMP.

I'd been with Hamilton Locke for about four years and I was becoming, increasingly noticed that when my payments were being made, the debtors (sic) quite often would phone or send letters to say they hadn't had the payments. And more and more I was sort of getting disgruntled with them and I can't remember quite what happened but I went for this missold PPI insurance on one of the debts that I'd got.

I think I just really looked on the website. I can't remember how I came across [PPI company] to be honest with you, but even they were nice, you know, always sort of reassured you, put your mind at rest because I'm a very nervous person.

I just picked them off the internet - I think I had half a dozen - phoned them up and I think they were the first or second people that I phoned up and they were just - the man I spoke to on the phone a gentleman called [name] was just so lovely, even rang me straight back.

Using a smaller provider, it was interesting that the respondent gave great emphasis to personalised service attributes – for instance, she liked the fact that it was a family company. Indeed, her opening comments very much gave the impression that she needed the informality to just ring up and have a chat.

Honestly you cannot fault them, you cannot fault them. It's the personal things. When you're experiencing debt problems, you don't need to be a number or somebody at the end of a phone with somebody with a headset going like this. You need to talk to somebody in English terms, in polite terms, like you're talking to your mum or your sister, not necessarily that laid back, but you need to feel like you've accomplished something when you talk to somebody on the phone. And Hamilton Locke, you know every time you phoned, you spoke to about 10 different people, but when I speak to [company] my caseworker is [name] but she only works part-time and if I don't speak to [name] I speak to [name]. They - Oh Mrs [name] how are you? – you know. Nothing is too much problem for them but Hamilton Locke were very commercialised is the thing I would say, yeah.

In a similar vein to the first respondent in the “no looking back” group, this respondent felt that she had been drawn into credit because it was so much a part of everyday life.

I suppose you - it's like everybody - everybody says oh you've this credit card and that credit card and I suppose you just do what everybody else does basically.

Her first credit product had been a store card.

... more or less when I was about 18. My friend got one so I got one... I think I ended up with about three or four... It escalated and the end of that roll was the City Financial consolidation loan to pay everything else that you'd consolidated and consolidated...

Advertisements for debt help on television were seen as a welcome change to suffering in silence, making people more aware of how to deal with credit problems.

You look on the television there's adverts, you look online there's adverts, you know we can help you... now when you look more into things and things in the last couple of years have become more apparent that if you've got debt or you've got credit card problems etc. etc. you're not alone. You basically can speak to different people from different walks of the world, you know Citizens Advice or your debt management companies etc and you've always got help. It's not – years ago you know, it was oh I'm going to commit suicide kind of thing, but it's not like that nowadays.

However, a downside to commercialising debt help was recognised too, especially where incentives to switch provider were concerned.

One lady in particular I work with, though I think ulterior motives were – I think she’s got a debt management company she was with, quite a commercialised company I think, but you know if you recommended somebody you’d get gift vouchers or something like that.

Ten years down line, the respondent had only one creditor remaining and despite describing herself as “crap with money”, her solution had helped her gain a better sense of control.

It became a monthly thing as opposed to a willy-nilly thing because when you’re spending money that you haven’t got on cards and different things, you’ve got no, I don’t think you’ve got no aspect of what’s going on. But when the reality hits you that you’ve got to do this thing and plan every month when you get your wages because obviously you do the expenses and income of how much you’ve got and how much you haven’t got, the month becomes a reality when you know the beginning of the month you’ve got to do that.

1.4 My whole house would have gone

Location	North East	
Gender	Female	Female
Solution	DMP	-
Age	56	26
Ethnicity	White British	White British
Children	0	0
Relationship	Mother	Daughter
Tenure	Homeowner	
Working	SRN	FT hotel trade
Income	£1000pcm	n/a
Qualifications	NVQ Level 4	n/a

The respondent was living at home with her adult daughter and worked full time as a nurse in a busy out-patients clinic. She had first entered a DMP with CCCS in 2007 after “overspending” on a holiday.

I got into debt through my efforts to update the house and also I went on a trip to Canada for my fiftieth Birthday. I’d taken too much credit and got into a spiral. I might have been making minimum payments, but those payments were getting bigger and basically my accounts were in such disarray.

She switched to a DMP with a large DRF Member in 2010. Her main gripe with CCCS was that she was still getting threatening calls and letters from creditors and that their only reply was:

You are still responsible for the debt.

She described harassment at work as placing a great strain on her mental health and her ability to work effectively.

Constant phone calls, letters, threatening more, letters and not really getting support to say they can't do anything – constant harassment, mentally more than anything. Calls were mostly at home but I remember my bank called me work and I'd only given it to them for emergencies, it was only ever for, you know, on my part and I work in the health service so that meant I was taken out of my job. The call would last about 20 minutes and then I lost about an hour each time, after I'd composed myself, you know run away to the smallest room to howl...

It's nursing, it's clinic work. Clients are referred in from GPs to our clinics, so it's outpatients. People are counselled for surgery, ongoing cancer treatment things like that. It's stressful. CCCS just said that at the end of the day the responsibility was mine for the debt but that they would send a letter. But it was always what you might call snail mail. The resolution wasn't quick, it was still with the prospect of letters, more calls or the threat of a bailiff rattling at the door, whereas I just ring [company] now, and I have envelopes to put any letters in.

Creditor harassment had had a real impact on the respondent's health and at several times during the interview she broke down in tears. She was terribly upset that she could have faced the prospect of losing her home because a large part of the down payment had been gifted to her by her late father.

Even for a professional person, I got so low that I needed the doctor's help, counselling and anti-depressants... They'd have carried on calling me and my whole house would have gone. I'd have been homeless – either that or my health. Being in nursing my job is fairly secure, but it's pressured. I'm still monitored because I'm still in such a mess, I'm not going to counselling any more but I'm still taking pills and they're keeping an eye on me.

Dissatisfied with CCCS, she turned to Citizens Advice who recommended her current provider, whom she found far more reassuring.

At [company] I spoke to [adviser] and she put me at ease, saying you are not alone, that things could be sorted out. It was only small stuff she wanted from me in the way of background, so I felt at ease...

At [company] now, I'm repaying £310 a month whereas at CCCS I was repaying £500 a month, out of £1000 or so take home pay.

Self-esteem was a key aspect of how this respondent felt about her indebtedness. Some of the spending she mentioned, like hair care and holidays may seem frivolous to some, but it made her feel confident about herself.

I'm clothing myself better now, with things that are less dowdy and better fitted, replacing shoes that had worn out. I'm taking better care of myself, going to have my hair done. Before if there was a work do, I'd look for an excuse to get out of it, shy away from people and stay at home.

Self-confidence seemed to lead to better control over money and over the future too.

About a year ago I started a rainy day fund. It's not really got – there's only a very small amount gone away in a building society account and it's an ongoing plan. Most of it seems to go on the dogs but I add to it when I'm able. In a few months I'm hoping to set up a direct debit or standing order, at the start of the month, when my other bills have cleared. I'm happier now I have a rainy day fund, if I can get that on direct debit too, it makes life less difficult.

2 The Emotional Rollercoaster

Decisions to enter a debt solution may often be taken in difficult circumstances, whether through personal illness, relationship breakdown or caring for children who are disabled or sick. Sometimes clients do not share all of their information with a solution provider and this can lead to perceptions of an inappropriate or unacceptable level of service. This may be blamed on the creditor, the solution provider or a general lack of care by the government and regulators.

When even satisfied clients can feel prickly about understanding terms or conditions in an agreement, how much more so can someone who is experiencing emotional or physical trauma?

The following case studies focus on respondents, whose indebtedness was caused or has been contributed to by a change in circumstances and aims to consider how much can be done to ensure that solutions run smoothly and transparently throughout their term.

2.1 The debt company wants more money

Location	West Midlands					
Gender	R1: Male	R2: Female	Male	Male	Female	Female
Solution	IVA	DMP	-	-	-	-
Age	33	34	17	12	7	10m
Ethnicity	WB	WB	WB	WB	WB	WB
Children	4	4	-	-	-	-
Relationship	couple		son	Son	daughter	daughter
Tenure	Social Tenants					
Working	yes	no	NEET	-	-	-
Income	£1550 net	Carers	-	disability	disability	-
Qualifications	NVQ3	NVQ2	NVQ2	-	-	-

The respondent was in what was originally an individual IVA, set up by a large provider when he had previously lived alone. This was apparently now taking joint, and potentially household, income into account. He was unsure as to how many years he had been in an IVA, uncertain of his or his partner's income and with his partner in a debt management plan of her own, with a non-DRF Member, perceptions of mistreatment were running high. This was exasperated by the fact that two of the four children in the household were registered disabled and the IVA seemed to be using the benefits for these children to pay creditors.

We've told them and all they keep saying is all we need is your household income. We take everything in the household income.

From the outset it was apparent that neither the respondent nor his partner was entirely sure of their household spending. They frequently talked about living day to day and placing their children's immediate needs first at all times.

We're supposed to be able to have money to go and buy clothes for the children, but there's none there for me to be able to go and do that. She's getting bigger all the time and needing clothes all the time because again, it's her condition – it's not going to stop, it's not going to stop and she's getting bigger all the time. I mean she's in size 13-14 clothes and she's only 7 and there's nothing we can do about that. There's nothing and you know obviously the bigger they get, the more they cost and the bigger she's getting the more we have to buy her, so it's, yeah it's allowed, it's in there and it's allowed to be in there, but it's not enough.

The stigma felt by trying to explain to the Special Needs School that the daughter could not go on trips because the family could not afford them was very apparent.

You feel terrible when you're constantly saying no you can't have it, no you can't have it. And they've only allowed so much for trips as well in this money. And [child 3], because she's at special school, they go on trips all the time it's 5 pound here, 10 pound there, 6 pound there. You look at the letters and think, well you don't want to go down there and tell them you can't afford it because she's getting a load of money. So they're gonna be thinking, well, what are you doing with it all? You know and what we are doing with it all is giving it to the IVA, so you know, it's just...

There was a lot of uncertainty around income that the IVA was entitled to take, which led to a perception that the IVA provider was unethical.

Well the IVA must be having it. They must be having it because there's no way [partner] is in £28000 worth of debt, but if you work out how much they will be having over the years, that's how much they will actually have.

However, it was also clear that neither the respondent nor his partner understood how money was administered by the IVA. There was anger at creditors, anger at the IVA provider and ultimately, a refusal to make a PPI claim because it would contribute to the IVA.

And they also sent a letter off to one of these PPI companies to claim back the insurance. The company sent me the letter to release the insurance, but when I rang up my IVA, I said what happens to that money and they said the creditors get it, but I'm already paying them for the insurance. They're getting two lots of insurance, so I told them I ain't gonna sign it. Because on my IVA, it's agreed if I do any overtime, it'll be split in half – I get half, my creditors get half, so why can't they split that?

It was clear to the respondent and his partner that their incomes were separate, but apparently not to the IVA provider.

And that's another thing I don't get as well is, see I've got my own debts and my own problems, so I'm in a debt management of my own and [partner] has to pay his own. So that's what we didn't get about why they've took all my money into account and into [partner's] money because he don't get my money.

In the course of the interview, it transpired that neither the respondent nor his partner had mentioned the fact that there were two solutions running in the household to either of their providers and indeed that documentation the IVA provider had asked for had not been submitted.

That's one of the documents I haven't sent off to them isn't it - to say how much you pay out.

The outcome of this was the perception that:

All an IVA does and debt management companies do is make out that your best interests are at heart but all they want is the money from paying it.

2.2 The only people that are willing to lend

Location	South East		
Gender	R1: Male	R2: Female	Male
Solution	IVA		-
Age	63	60	40
Ethnicity	WB	WB	WB
Children	0	0	0
Relationship	Couple		Son
Homeowner	Private tenant		co-tenant
Working	Transport Admin	Care worker	FT
Income	£1874	£878	< £150 rent
Qualifications	NVQ Level 3	NVQ Level 4	NVQ level 3

Before [partner] was made redundant and I had my two operations we were financially quite well off. I mean my job has always been about the same. [Partner] was the main wage earner, so we never really had to worry about things and then we got into trouble and we just went as we say on the internet and found someone and we basically put it all in their hands. But, now we know more,

now perhaps I would go, well it ain't never going to happen again is it, getting in that sort of financial problems because you're not going to get credit or anything.

Following a combination of redundancy and illness, the respondent and his wife were in the last year of a joint IVA after previously spending a year on a debt management plan. They rented a house that they shared with their adult son. The couple were finding their IVA particularly challenging because after finding another job, the wife's earnings had recently dropped again.

This time last year I lost half my salary. I work for Age Concern and I did two sorts of parts to it carer's support and hospital discharge. Well the carer's support no longer got funded, so I lost half my, I lost 17½ hours of my 35 hour week, so that made a big impact. I managed to pick up a few hours from about Christmas really, still with Age Concern doing a bit of cleaning, doing a bit of anything really to build it up.

The interview quickly took quite a shocking turn when the respondents described which other financial products they used besides their basic bank account.

R1 Payday loans.

R2 We occasionally have them if we can't get through the month. It does help at the time, but...

Any particular organisation that you use?

R1 Quick Quid.

And how much do you borrow?

R1 Normally about £300 a month.

How long have you been doing that?

R1 Three months, four months.

R2 Since Christmas really.

R1 About three months, maybe four months.

R2 But it helps, you know we manage to...

How many times have you done that?

R1 Practically every month for the last four months.

And the same amount each time?

R1 *No, no, the last one was £500... We just have to do it now just to pay the rent, really, if we haven't got enough money to pay the rent. We've got to pay the rent otherwise we get evicted and I work hard and I'm not going to start living on the streets at my age.*

So you turned to payday loans, what started that?

R2 *Getting over from Christmas really*

R1 *And not only that, it's the only people that are willing to lend you anything. I mean we went into this IVA for the simple fact I didn't want to go bankrupt, we'd got into trouble, we knew we could get help. We went into an IVA because we thought that was the best way. We could pay some money back and still be, I suppose have our self-respect. But it hasn't worked out like that, has it? If I'd gone bankrupt, from what I can make out, if I'd gone bankrupt, it would have been over and done within three years and I'd have still been blacklisted, but I went into an IVA. I'm still paying what I think is quite a lot of money a month, but I'm still blacklisted. I can't get anything. So the only way I can get money, if I need any money, like to pay the rent is a payday loan and that's why we have to use them.*

R2 *I think it's probably built up since Christmas.*

R1 *But we didn't go mad at Christmas.*

R2 *We certainly didn't go mad, but you know it's more money than we'd normally pay out, than we'd normally spend each month and then that sort of snowballs doesn't it, you know?*

The charges are quite high on those – have you managed those?

R1 *You have to – I mean they're astronomical, like 1734% per annum like, but what else? We can't do nothing else like. It comes out of the wages every month and then a week, maybe two weeks if we're lucky into the next month we have to get, we have to have another one to pay the rent.*

The recognition of being in the wrong solution, now that bankruptcy was the preferred option, was very apparent in the description of how advice should have been sought and how it was sought.

We didn't know anything really... in hindsight we would have probably been better off going to you know the council, getting some advice or the Citizens Advice and getting some advice, but we didn't [partner] went online and got one of these online that say they'll help you and that's how it all started really. I mean as far as I know there was no problems, because they took all the credit card bills and everything, just took it away and did it – it was sort of an easy way out really.

It was clear that the respondents did not blame their IVA provider, but equally clear that although talking, they were not really communicating with them.

I mean they ring me up every three months and ask me how things are and to be fair if I can't afford the full month's payment I ring them up and say I'm going to pay you short and they say well no problems, like, you know.

2.3 Everything all in one go, really

Location	West Midlands	
Gender	Female	Male
Solution	DMP	
Age	51	61
Ethnicity	WB	WB
Children	0	0
Relationship	Couple	
Tenure	Joint Homeowner	
Working	Self employed	Self employed
Income	£2500pcm	
Qualifications	NVQ Level 2	NVQ level 2

The respondent and her husband took out a DMP with a Band 3 provider in 2010, and seemed to believe that they had about six more months to pay. Income and repayment details were vague because the couple ran their own cleaning business and due to the respondent's accident and subsequent illness, there had been significantly less work.

In the last year a lot, I'm going back to last December, not last year the December before, I dislocated my ankle, broke my ankle and broke my leg and that's when we just more or less changed over to this because we were struggling. I wasn't working, we were self-employed, we'd got no benefits or anything coming in so there was just partner [working] and we were paying someone to go out and do the work with him.

The debt had been incurred through making a loan to the couple's daughter, which was not repaid and the couple could no longer afford to manage this loss. They were clearly resentful of these circumstances.

We could have anything on credit we wanted.

Initially, the respondent was uncertain as to which debt solution she and her husband had and how long they had been paying it.

I can't think how long I've been actually paying them...

The respondent was appreciative of a reduction in repayments after her accident, but concerned that interest was still being charged on one of her accounts, despite a claim by the company that in 90% of cases they could get this frozen.

When I broke my ankle we had a review of it and they knocked it down to £220 a month.

Spending a lot of time at home, unable to work and between hospital appointments seemed to breed dissatisfaction with a range of issues, of which debt management was but one. This was in stark contrast to prior experience.

If I'd got the money then I'd go and get it.

There did not appear to be a lot of contact between the respondent and the debt management provider, so with a lack of clarity around income and expenditure and frustrations over benefit entitlements, questions about what the company was actually doing began to emerge. These seemed to be precisely the kinds of circumstances where dissatisfaction occurred in the consumer research.

2.4 I just took the first option

Location	South East
Gender	Male
Solution	IVA
Age	40-59
Ethnicity	White British
Children	2 (no longer dependent)
Relationship	0
Homeowner	social tenant
Working	FT test technician
Income	
Qualifications	NVQ level 3

The respondent was in the last year of his IVA after a difficult divorce. Since separating he had lived alone, having occasional contact and care of his recently adult children. His ex-wife knew nothing of his circumstances, although his children were aware, though sworn to secrecy. Difficult aspects of the IVA included its review timing, which preceded rent increases and possible changes to salary. Thus, issues like expecting an annual pay rise that did not materialise or encountering a rent increase that was higher than expected often ate into the contingency fund.

Being a council tenant, the financial year starts in April, whereas my review is in January/ February so it's trying to accommodate all of those, because April is the start of the financial review for our company when we get our pay review, so it makes it very difficult juggling and balancing.

The respondent was very aware of the restrictions of his IVA and made very deliberate spending decisions to stay within his means. However, these were devised by him and there seemed to be relatively little other than administrative contact with his IVA provider.

Planned items you can't really account for – it literally takes several months – it can take up to eighteen months of saving, for example digital switch over this year – I haven't got an HD TV. Luckily I've got my internet TV service which will get me through, but to save £250 or £280 to get an HD ready TV would take the best part of a year to save for. Like I said I have £50 a month contingency money for – out of that is to save what I can for things of major importance. But there are all the day to day things that sort of crop up that you don't accommodate for, so you budget in line with that.

There was a genuine pleasure in having found the support of friends to repair items and through this a realisation of self-worth.

Fortunately, I know, some of the friends that I know are very good on the technical front... I used to do a bit of that before, but now I'm more forth going in asking help from my friends... It's built up a relationship with what I considered very good friends before – they've been more understanding and appreciative - previously I felt at times that I was being taken advantage of but now I feel it's almost the other way round sort of thing and it has brought us closer together as friends as well.

Despite budgeting effectively and looking forward to completing his IVA, the respondent felt that this had not been the best solution for him. The stringency of the budget had been a real issue.

I didn't feel overly confident, but unusually for me I didn't really search enough into the options and possibilities I could have taken. I think it got to a crisis or panic point with me, and just sort of going the IVA route as such. In hindsight I might have chosen a different option, as in a debt management plan, where the finances wouldn't have been so strict.

I was looking at both options [IVA/DMP] but I just took the first option instead of going and seeking financial advice from somewhere that have an independent authority sort of thing. I think the first approach I would have gone to would have been Citizens Advice to see what they'd got to say or an independent financial adviser.

This was less about a failure on the part of the IVA provider than a sense that emotionally, the respondent was in such a bad place leading up to and at the start of the IVA that the most appropriate decisions were not made. His description of taking out a large consolidation loan shortly before the IVA was particularly interesting, given what more satisfied respondents had said about the eagerness of banks to lend inappropriately.

I was quite aware of the credit products I was taking out, but it was just where circumstances and situations cropped up, separation, divorce, getting housed, the credit options started to run a bit thin and unexpected bills and expenditure from the divorce also racked up quite a bit of expenses. So, at the time it was sort of driven to get things done and sorted, settled and in a property. So, I think my last bank loan that I took with Halifax was more desperation driven than thinking of the consequences. I had a fairly good credit rating before that and I went in to enquire about bank loans to consolidate some of the debts and they actually offered me a lot more than I requested. That was about a year or so before I entered the IVA, but there was a change in work, circumstances and situations that didn't help things, so...

2.5 My income was virtually paying the IVA

Location	West Midlands		
Gender	Female	Male	Male
Solution	Bankruptcy	-	-
Age	44	10	8
Ethnicity	White British	White British	White British
Children	2	-	-
Relationship	Divorced	-	-
Homeowner	Social tenant	-	-
Working	No	-	-
Income	Carer's allowance	DLA	DLA
Qualifications	NVQ level 4	n/a	n/a

The respondent had been trying to achieve a resolution to her indebtedness for ten years. Her ex-husband had apparently taken large amounts of credit in her name to feed a drug habit and she had attempted to contest her responsibility for the debts in court. Around two years ago she entered an IVA with Synergi, and was now in the midst of a bankruptcy with a DRF Member.

Completely and utterly I am so tired of it all. And I've always been brought up to do the right thing and pay what's due and even when probably 95% of the debt is unprovenly deceptive and not signed for by me and I have no idea where the money went, I can't afford to prove it in a civil court any more. I spent over £38,000 pursuing my ex-husband and it's got to stop. So, I just thought that's it - draw a line.

Originally, the IVA company she was using had been recommended to the respondent by her solicitor and Citizens Advice. It went into liquidation within months of her starting the solution.

Synergi and from that then I struggled and I mean I was paying the standing order, but I was starting to get letters from the creditors again, gave the creditors all the information and that was coming back to me. Eventually another company reared its head through a letter to my solicitor and said oh we've taken over this but we've had difficulty in tracking your client's files. Yes we can confirm we've received X amount of monies, but we understand that you're seeking this information because you're asking for a suspension, which we did and we got. But I just feel now in hindsight that the company we were originally with were just looking for monies to back up their company, which was essentially then bankrupted. And I don't know whether that money went into the fund or not, because obviously I haven't given it up, I've agreed to lose that money anyway. So for 16 months of thinking I was moving forward, I actually got nowhere, absolutely nowhere.

The respondent accepted the recommendation to pursue an IVA because previously she had worked in a profession, where she had been told by Citizens Advice that bankruptcy was not permitted. At the time, she had the intention to work and thought an IVA was the only option.

I tried an IVA but it was so expensive, but the monies that they said I had to spare was literally so extreme, £600 a month that I just couldn't in reality find it and that was actually making me more indebted. I mean I was actually living on food that my (adult) children were giving me to make that payment.

Understandably, she had considerable resentment of the bankrupted IVA company, after fighting so hard and for so long in court.

I actually felt that the IVA company that I was advised to go through, through my solicitor and the Citizens Advice Bureau led me down a terrible track. I think they should have advised me bankruptcy then, in hindsight. Genuinely I think they looked at what they were getting out of it.

I think the (Citizens Advice) pretty much just gave me a company, well I went with a company that my solicitor had suggested. My solicitor suggested several and they said well phone them up and the one I have to say was very helpful and very concerned at the beginning, set it all up and then went bankrupt.

By contrast she was happy with the DRF Member taking her through bankruptcy.

a company who deal particularly with people with failed IVAs, who I did look into and checked on the internet and had several conversations with, who are now dealing with it and that's [DRF member company]. But I'm having to deal with that in impoverishedness, where I'm trying to build up enough money to pay for the bankruptcy.

However, the sense of loss of her career, her dignity and self-respect was very apparent, when she described herself as a candidate for the Jeremy Kyle show, despite being:

...a fully qualified nurse, a trained chef, and I worked in the prison service for 18 years and I have a law degree that I've never used.

3 APPROPRIATE CLIENTS?

Three of the twelve case study respondents were on exceptionally low incomes, and were struggling to make ends meet. The first, reported here, was disorientated and vulnerable due to long term illness and did not appear to have been in this situation when his plan started. Currently, he was hiding the extremity of his poverty and questioning whether he should tell his provider. It would require a professional opinion to determine whether this respondent was a candidate for debt write off on mental health grounds. However, the issue for this research, was really how to encourage vulnerable clients to share information that may ease their situation.

The second two respondents had young families and were more resilient to living on low incomes, but seemed unaware of the existence of debt solutions without fees. Their responses about other aspects of spending tended to indicate that under the new Debt Management Guidance, their provider should be telling them this.

3.1 People like me are never going to get anywhere

Location	West Midlands	
Gender	Male	female
Solution	DMP	
Age	64	60+
Ethnicity	WB	WB
Children	0	0
Relationship	Couple	
Tenure	Social tenant	
Working	Disabled	Retired
Income	DLA & incapacity benefit	State pension
Qualifications	NVQ Level 1	NVQ Level 1

The respondent had become indebted due to missed payments after a road traffic accident and was suffering from other disabilities and illness and the time of the interview. He was in a debt management plan with a small Band 1 company that he had found through an advert in the local paper.

It's debt management because to have an IVA, [partner] has got to come in with me and she doesn't want to do that. She's always been an independent lady and the lad at [company] said well that ain't a problem, we'll just have debt management for you and pay what you can. But at the end of the day, if they get funny they ain't going to get much more out of me, you know what I mean. And God forbid if they ever sent the bailiffs in - they'd do it once but they wouldn't get nothing else. I'd die before I give them another penny then. I would, cos they can't touch my disability living allowance, they can't touch that by law and that's what I need to keep going.

He felt considerable anger towards the government and his creditors, particularly over the banking crisis.

Across the country there's a lot of people in a lot of trouble done through greedy bankers and nobody was ever held accountable. What they did was criminal and if there's a fair world they should have gone to prison, I honestly believe it. The same as the rich. My dad always said, the rich will get richer son, because they've got clever accountants. I always, my Dad always believed that all tax loopholes should be closed. The lot should be closed. You should pay what you pay on moral grounds, not on whether you like it or not. Wayne Rooney earns £180,000. Now if you take the tax out of an average man's tax, out of that £180,000 a week if he was paying what he should pay, he should be paying at least £70,000 a week tax and stamp, that's what he should be paying, but he don't. But that's how the world works innit?

He was a little disorientated and not always clear about his circumstances, living on an exceptionally low income and although very happy with his DMP provider, clearly far too dignified to share the true nature of his difficulties.

They took all my details and they explained to me what can you afford to pay and I gave them the figure because of what I was at the time and they said well, we'll get in touch, we've got a good relationship with TSB and everything. You know they didn't like it at first TSB, but now I don't even get any nasty letters any more. Maybe I will when I get in touch with them in the morning and I ask somebody to cut it by at least £100 a month, so instead of £242 it'll be £142 and it will have to be shared out amongst them, It's as simple as that - you can't pay what you ain't got.

Several times throughout the interview he asked whether he should tell his provider how much physical and mental trouble he was having.

The biggest worry at the moment is managing from week to week - this is why I'm going to phone [company] tomorrow. They're going to have to send the form out and renegotiate the costs, whether they want to or not, they can do what they like I just can't do it any more I've got to a point where enough is enough.

No, I ain't never told them how bad I am and everything, I don't know whether I should. I was going to say to [company] that I'm that ill that I've got to sort it out. Do you think I should tell them? I mean at the end of the day, these get nasty with me these creditors can.

Fear of creditors was a genuine concern for all the angry talk because the respondent was plagued by a wide range of health concerns.

Some days I'll be honest with you I don't want to wake up. I know it's a bad thing to say, but I don't. I just wish I could close my eyes and not wake up and that's how bad it is. My psoriasis is driving me mad, I'm worried about my back passage. I'm fed up of bleeding. I just and nothing seems to be going our way, you know what I mean and I'm that depressed as I said it's

unbelievable. It's just the way I am. I just sometimes close my eyes and think, don't wake up in the morning. And that's the way it is, that's the way I feel I'm being honest with you.

The respondent reported several cutbacks on basic essentials that quite literally brought tears to his eyes, particularly when they concerned his wife going without.

I am eating less and I know [partner] is eating less because we're both so drained all the while and all. We ain't eating the proper foods for a start – we're not eating – I mean last night watching telly we had egg on toast. I mean eggs were going cheap in Morrisons, a loaf of bread – a couple of pieces of bread with a couple of eggs on and that was my tea.

The desperation of his situation was tragic and despite encouraging him to contact his provider, it is uncertain that he has actually done this, with the full level of information shared in the interview.

Even if I only cut it down £50 a month, it's £50 I can put in my stomach, are you with me? That's the difference and paying towards the bills.

3.2 I put my twenties, I just put them to one side in a tin

Location	North East	
Gender	Female	Male
Solution	DMP	
Age	26	5
Ethnicity	WB	WB
Children	1	0
Relationship	Mother	Son
Tenure	Private tenant	
Working	In PT education	-
Income	Income support	
Qualifications	NVQ Level 1	-

The respondent lived alone with her five year old son and had approximately one year left to complete her DMP with a Band 1 (<1000 clients) provider. She was also repaying a loan outside the DMP, and received income support, whilst attending college part-time. In the longer term she was hoping to gain a paid apprenticeship as a hairdresser.

I'm still struggling a little to be honest with you. It has helped us with going on the debt plan.

...they stop the creditors hassling you all the time and getting on your case. That's what upset me the most I think, when they're having a go at you on the phone and you're trying to explain your situation and they just want a payment really and you just can't give them...

Whilst entering the DMP had created a distance from creditors that encouraged the respondent to take control again, she was uncertain about the fees she was paying.

The only thing about the debt plan is the admin charges. I think they're a bit high. It's £30 or something and I thought that £30 could be going more, more towards my bills, but I don't know.

Although uncertain about fees, the respondent had gained a lot of confidence since being in a DMP and described a range of systems that she had devised to budget and manage money.

When I've got the odd change, I just move it down to the savings account until like later on, just so I know I've got the right amount in and I'm not going to get charged for late payments. Because sometimes payments don't come out, so I just keep it there and then I know that it's got the right amount in.

The housing benefit gets paid into my bank account as well, which I think's silly, so I've opened another account just for that to go in there, so I can't. The rent just comes out of there, nothing else and then that's it, I don't spend the rent.

I've got a diary in there and I write down what, like when the TV licence is coming out when everything's coming out and then I check like a week, two weeks in advance and then I know this money will be coming out and then deduct the prices off and stuff and then I just carry on like that. It's probably just my age as well, like I've turned to a certain age and I think I need to start being responsible. Like I'm 26 now so I think that I should be sensible.

Growing confidence with budgeting meant that this respondent was beginning to question all sorts of household expenditure.

You've got to look around for these things because no one tells you nothing, like some of these energy companies – some will give you a discount because you're on benefits, but they'll not tell you that. Like EDF, I'd have never known they'd get you off meters for free if I didn't see that lady from the council. You'd think there'd be more people trying to help.

This in turn led to questioning her experiences with her debt solution provider, before checking paperwork to find a statement from October 2011.

I don't think I was very confident then, I just went on the computer and just typed something in and then all the stuff that came up saying that you can do this.

I only get in touch with them if one of my payments doesn't go through or I get a letter or something like that. I can't remember the last time I got something off them to be honest with you.

To be honest with you I'd like to see if they could get my statements off my creditors every month, then I could see how much has been paid off, because I cannot get anything. Because one of them is like a credit card and to phone them up you need your credit card number, the long number. I haven't got the credit card any more, it's cancelled and I cannot get a balance off that. Because I like to know, I like to see the benefits of paying off.

I haven't had none [statements]. I phone up once and they sent one through email or something, but I don't know how much has been paid off or whatever paid.

Ultimately, whilst it was clear that a debt management plan had created a positive outcome for this respondent, it was less clear that this could not have been achieved with a free to client solution.

I feel better now than what I did before this debt plan started, because I was just sick thinking what am I going to do. But I know they're getting paid every month and I'm not going to get any hassle or anything like that.

However, what was certain was that the blame was clearly placed at the creditors' door.

It's just terrible. Catalogues are horrible. Because they just let you take what you want and then it just goes up and up. You don't realise how much this monthly payment's going to build up to.

3.3 I can't see anything that will change

Location	South East				
Gender	Male	Female	Female	Male	Male
Solution	DMP	-	-	-	-
Age	40-59	25-39	13	11	10
Ethnicity	Other	other	Other	other	Other
Children	4		-	-	-
-Relationship	couple				
Homeowner	Social tenant		-	-	-
Working	PT cleaner	not working	-	-	-
Income	£1400pcm		-	-	-
Qualifications	NVQ Level 2	NVQ level 1	-	-	-

The respondent and his wife have been living in the UK for over 15 years and he had been on a DMP with a large Band 3 provider for three years. Despite previously being a busy restaurant manager, he was now working as a part-time cleaner earning £400pcm, with the remainder of his income accounted for by benefits. He felt very stressed by the lack of work and rising costs of living.

To be honest with you it's getting worse because everything is getting expensive but you've the same amount of money and your income is the same.

Providing for three children was a real concern and the respondent was bitterly disappointed that he had to put a stop to certain leisure activities that he felt were important to his children's development.

I try to cut in expenses as much as I can to get everything I can for the kids really. Say for example, sport, my daughter she does karate. I stopped that. She can't do it any more because of the financial... and the boys play their football and I have to go to other clubs to push them as voluntary. There's a lot of things we cannot have in the house like other people. Like for example, that is our TV. Show me one English house with this TV. Well that doesn't bother me, we've had it for seven years. But the thing is it's getting harder and harder. I apply for jobs and I can't get any.

The respondent was resentful that he had become indebted through buying cars on hire purchase, and had received no insurance payout when it was needed.

When I used [credit] I used it for the cars, which I'd bought previously and I had an accident with them and one of them, it was stolen complete and where it was parked it was not insured there, which I didn't find out till I parked there. Because when you park over the road at night, but I left in what you call it a rugby club, and went to London and when we came back it was gone and all that. The insurance wouldn't pay, so...

Besides this, he did not engage much with financial services and was very mistrustful of them.

Regarding what I said about the insurance, I would say the theft is my fault because I didn't read the policy properly, but that small print said it. Because that's where they trick you, on the small print. That's why on the phone, I would not discuss anything with anybody on the phone. If you want to see me, you come. You come, then I know what you are talking about, but on the phone, they can. I had insurance before, and they didn't cover me in another accident and I lost on it. I told them my car is a seven seater. They put it that, the salesman put it as a five seater. When I had an accident the car is not insured.

However, he was very aware of where his money went and how much he spent on different items, taking great pride in shopping around for the cheapest deal.

I would say taking the kids to school and the work I do it costs between £40 and £50 in fuel a week and that's a lot and one thing is, it wasn't before like that. It used to be £30 a week.

I would say shopping weekly, I would say, would be £100 at least, you know for five of us... I cut down – I used to get fish twice a week – now I can't and get it once a week or every two weeks.

Friends, family and community came first as far as trust was concerned.

Washing machine, I would look at EBay or something, for the cheapest one I could find and I would leave it and keep looking and looking. Like that one I got, it had a faulty bearing in it and I bought the bearing for £16. I opened it myself – complete – took the drum out but could not get the new bearing in so I took it to this mechanic friend and said could you do this for me and he put it back and it's working.

The respondent felt tricked by many service providers.

And to be honest with you, there's too many Mickey Mouse companies you know like TalkTalk and all that I've been with them, they're all thief. They give you one price on the phone and you find it's not so I said you know what I'll stick with BT.

A recent experience of being phoned by another debt management company claiming that his was practising illegally because it was not one of 17 authorised by the OFT also annoyed him.

With what I'm doing at the moment, I think I'm doing okay – I wouldn't say excellent, trying to keep up with the budget I got, you know giving £80 to the creditors for the debt management.

It was difficult to ascertain whether the respondent knew about free to client services or had made a conscious choice to work with his DMP provider, but what was clear was that once he had made a decision to trust a provider, he did not take kindly to being questioned about his choice. On this basis, it is important that clients of this mind are very clear who they are working with and why.

CONCLUSIONS

To understand fully whether a debt solution has achieved an appropriate outcome is necessarily subjective. From the creditor perspective, the measure is relatively straightforward and often focuses on repayment. From the debtor perspective, the validity of this outcome is less obvious and may be in flux throughout the repayment period. As broker between the two, debt solution providers manage a complex dynamic.

By far the greatest concerns in consumer credit regulation relate to fairness and transparency. Yet in more than half of these studies, the ease with which respondents had obtained credit agreements that were misunderstood or detrimental to their wellbeing was very apparent. The profit-motive of some creditors may well have been an issue and it is pertinent that only one respondent had challenged the repayment of debts.

For some respondents, failed credit agreements converted to feelings of anger or mistrust, for others a sense of their own failure and in almost all cases, varying degrees of confusion arising from a combination of the two. To discern whether an original agreement, current solution, or choice of provider was at fault is not easy. It also presumes that the debtor cannot do this alone, and this is detrimental to any capacity for financial capability and autonomy in the longer-term.

With so many willing to accept responsibility for their debts, it was all the more significant to hear widely held assumptions about advice and solutions challenged. Advertising may raise awareness that helps to reduce debt stigma. Direct marketing may trigger a recognition that results in earlier intervention. Impartial advice can be misinformed and charitable solutions, too creditor-centric. Any one of these could form the basis of a lobbying agenda, but this will not stop the anguish of those struggling to meet basic needs, nor will it prevent exploitation.

It is perhaps fitting that the accessibility of payday loans raises the very real question of where to apportion blame. The more incisive question, of course, is whether to apportion blame. For sustainable outcomes to prevail demands maturity and accountability: the urge to borrow at any cost cannot exist without a context. Irrespective of whether intrinsic or extrinsic factors contribute to vulnerability, the welfare costs of over-indebtedness demand that we regulate to safeguard against this.

It would be all too easy to suggest that only four of the twelve households participating in this research truly understood and valued the solution for which they were paying because so many others were questioning their solution choice under circumstances that had changed. Yet, who has the right to assert that a vulnerable client must find a free solution preferable to paying fees? Only the debtor can make this choice because only the debtor can sustain a motivation to repay. Even when clients seemed unaware of free solutions, relationships with current providers were good.

Nevertheless, there is a real dilemma for fee-chargers currently serving vulnerable clients and some will argue that these individuals should automatically transfer to a free to client provider. There is certainly an issue in counting disability related benefits as income, although in all cases where this emerged its cause was either a failure to inform the provider or the unethical practice of a non-DRF Member. Universal transparency around income that is exempt from repayments should help to address this.

To conclude, these case studies demonstrate that solutions are most effective when debtors make rational and informed decisions about the appropriate provider and solution to use. We may never eliminate the risk that individuals in extenuating personal circumstances may make choices that they later regret, but at least transparency can help to distinguish between misinformation and hindsight. There is a genuine need to signpost documentation, apparent in both the case studies and the consumer research and the DRF would do well to explore interventions for continued engagement throughout a solution.

APPENDIX – DISCUSSION GUIDE

Thank you for agreeing to speak to me. I am a researcher from Zero-credit, a consumer rights co-operative for borrowers. We have been asked to speak to people by the Debt Resolution Forum (DRF), a professional association that promotes high standards of customer care. The DRF would like to understand how people, who have completed a debt solution, are coping through changing economic circumstances. The interview should last no more than 1½ hours. We follow the Respect Code, which means that your answers are anonymous, and your identity confidential. Before we start, may I give you this information pack [*to keep, about ZC, the DRF & Respect Code*] and ask you to confirm receipt of the £50 in shopping vouchers, offered as a thank you for your time today [*respondent to sign*]. Thank you.

1) BACKGROUND FORM

To start off, may I ask you to check some information about your household that will help us to understand some of your answers [*support form completion from recruitment phase, as necessary*]?

respondent profile: age, gender, qualifications, ethnicity

household composition: ages, genders, qualifications, ethnicity

property profile, tenure type and length

economic activity within the household and current household income

2) THE BIGGER PICTURE

How far have your household's financial circumstances changed over the last year?

> *probe for income, then expenditure changes*

In your opinion, why is that?

> *probe for key influences*

Are there any changes that you have made over the last year, to cope with these circumstances?

> *probe for products, services, actions or plans to manage money*

What, if anything, are you considering or planning for the year ahead, to adapt to these circumstances?

> *probe for products, service, actions or plans to manage money*

3) FINANCIAL PRODUCTS AND SERVICES

a) Every day money

Thinking about every day money, which account(s) or product(s) does your household currently use for regular spending?

> *prompt i.e. within one calendar month, then probe for account features and uses*

Which of these did your household use before seeking help with debts?

And which did you start to use, while or since seeking help? And within the last 12 months?

Which, if any, particular benefits have you noticed since using these account(s) or product(s)?

b) Major Spending

Thinking about major spending, how does your household currently manage money for planned items or events? And for unplanned items or events?

> prompt i.e. over more than one calendar month, then probe for borrowing or saving, features

and uses

Which of these approaches or products did your household use before seeking help with debts?

And which have you used, while or since seeking help? And within the last 12 months?

Which, if any, particular benefits have you noticed since using these approaches or products?

c) Choosing Products and Services

How confident did you feel about choosing products and services to manage money, before seeking help with debts? While or since seeking help with debts? And within the last 12 months?

In your opinion, why is that?

> probe for key influences and significant attitude change

d) Finding Advice and Information

How confident did you feel about finding advice and information for managing money, before seeking help with debts? While or since seeking help with debts? And within the last 12 months?

In your opinion, why is that?

> probe for key influences and significant attitude change

4) From this point forward, select 2-3 sections to probe, appropriate to Section 2 responses re spending.**a) MANAGING PROPERTY COSTS**

Thinking about this property, what are the main expenses for running a household here?

> probe for rent / mortgage, insurance, repairs & maintenance and energy costs

Any others?

How do you pay for these expenses currently?

Have you changed any of these arrangements in the last year? If so, how, why?

What, if any, future-plans do you have for managing your property costs?

How different is any of this to how you coped before seeking help with debts?

b) MANAGING TRANSPORT COSTS

Thinking about your household's day to day travel to and from this property, what are your main transport costs?

> probe for travel to employment or education, health and welfare appointments, and regular travel for shopping and routine leisure

Any others?

How do you manage these expenses currently?

Have you changed any of these arrangements in the last year? If so, how, why?

What, if any, future-plans do you have for managing your household's transport costs?

How different is any of this to how you coped before seeking help with debts?

c) MANAGING DAY TO DAY HOUSEHOLD COSTS

Thinking about day to day household goods, what are your typical shopping costs?

Where do you mostly shop for household goods nowadays? Anywhere else?

And how often?

Have you changed any of these arrangements in the last year? If so, how, why?

What, if any, future-plans do you have for managing your household's typical shopping costs?

How different is any of this to how you coped before seeking help with debts?

d) MANAGING CLOTHING, TOILETRIES AND ACCESSORY COSTS

Thinking about clothing, toiletries and accessories, what are your typical shopping costs?

Where do you mostly shop for clothing, toiletries and accessories nowadays? Anywhere else?

And how often?

Have you changed any of these arrangements in the last year? If so, how, why?

What, if any, future-plans do you have for managing these costs for your household?

How different is any of this to how you coped before seeking help with debts?

e) MANAGING COMMUNICATIONS COSTS

Thinking about communications like, television, phone and internet access, for which of these services does your household currently pay?

Where do you mostly shop for services? Anywhere else?

Roughly how often do change or consider changing communications services?

Have you changed any of these services in the last year? If so, how, why?

What, if any, future-plans do you have for managing your household's communications costs?

How different is any of this to how you coped before seeking help with debts?

f) MANAGING LEISURE COSTS

Thinking about leisure, what are your household's typical costs for celebrations and special occasions? And for routine evenings and weekends? And for breaks or holidays?

Roughly how often do you spend on these items / events?

Where do you mostly look for leisure goods or services?

And how do you tend to pay?

Have you changed any of these arrangements in the last year? If so, how, why?

What, if any, future-plans do you have for managing your household's leisure costs?

How different is any of this to how you coped before seeking help with debts?

From this point forward, ask all again.

5) WELLBEING AND WELFARE

How are you personally coping with changing financial circumstances? And other household members?

> probe for physical and mental health, attendance and achievement in employment or education

How far has this changed since seeking help with debts? And within the last 12 months?

How confident did you feel about finding welfare and benefits support, before seeking help with debts? While or since seeking help with debts? And within the last 12 months?

In your opinion, why is that?

> probe for key influences and significant attitude change

Are there are other aspects of your household's wellbeing or welfare that have changed since seeking help with debts?

6) FEELINGS ABOUT THE FUTURE

To what extent do you think the financial circumstances of your household may change over the year ahead?

> probe for income, then expenditure changes

In your opinion, why is that?

> probe for key influences

Are there any other changes you have made recently, to help your household plan ahead?

> probe for products, services, actions or plans to manage money

Are there are other changes that you are about to make or are considering, to help your household plan ahead?

> probe for products, service, actions or plans to manage money

What have been the main factors influencing these decisions?

Is there anything else you would like to add about changing financial circumstances in your household? And across the country as a whole?

THANK AND CLOSE

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