

Debt Action NI

free debt help you can trust

DEBT

debt actionⁿⁱ
FREE debt help
you can TRUST

Are you struggling
with debt?

Get in touch

☎ Freephone **0800 917 4607***

☎ Text 'ACTION' to 81025*

🌐 www.debtaction-ni.net

*Local network charges may apply

Supported by:

adviceⁿⁱ
the independent
advice network
An Advice NI Project

payplan

Department of
Enterprise, Trade
and Investment
www.deti.gov.uk

Annual Report

2013/14

Access Points to Debt Action NI



Our website www.debtaction-ni.net – where clients can use our virtual adviser, a budgeting tool, a number of self-help resources and can complete an online appointment request.



Text service – clients can text “action” to **81025** and an adviser will call them back



Freephone helpline – clients can contact **0800 917 4607** where they will speak directly to an adviser between the hours of 8am to 9pm Monday to Friday and 9am to 3pm on a Saturday



Face to face advice – operates in **28 main offices** across Northern Ireland and includes outreach, drop in and home visits

Delivery Agents and Partners

Advice NI delivers the Debt Action NI service with support from our members and partners who help provide front line services.



Sponsored by

Housing Executive

Foreword



During 2013-2014 our money and debt advice service, Debt Action NI, has helped over 5,000 people deal with over £62 million in debt. During this period over half (55%) of our clients had no savings and one in ten (10%) presented with a deficit budget which meant their income was not lasting until their next payday. Many were then relying on further credit to pay for

essentials. Debt Action NI is an essential service providing life-changing support to those who are facing severe hardship or are otherwise struggling to make ends meet.

Recent evidence suggests that although the economy is starting to recover, the proposed introduction of welfare reform, stagnant wages, and the increasing cost of living will lead to a greater demand on the money and debt advice sector for the foreseeable future. In December 2013, we launched a social policy report "Turning the Tide: The Growth of Food Banks in Northern Ireland."¹ The report highlights evidence from England and Wales that the sharp rise in food banks is linked to the benefit changes and the abolition of the discretionary social fund. The percentage of people claiming unemployment and disability benefits in Northern Ireland is consistently higher than the rest of the UK. The report also found that Northern Ireland has already experienced a dramatic increase in the number of food banks even though the full effects of welfare cuts have not been fully implemented here.

Nearly two thirds² (62%) of people in Northern Ireland are home owners and we are deeply concerned that a future increase in interest rates is likely to have a detrimental effect on those who are currently just able to maintain their

mortgage payments. The Repossessions Taskforce³ also highlighted that 41% of home owners in Northern Ireland are in low or negative equity. This is reflective of the workload of Debt Action NI as the majority of our clients are homeowners in negative equity. Many are on interest only mortgages with no repayment vehicle in place which dramatically reduces their options if they are unable to maintain their mortgage payments. Advice NI welcomes the work being done by the Financial Conduct Authority on how to deal fairly with customers on interest only mortgages who are at risk of not being able to repay their loan.

I am proud of the positive difference which Debt Action NI has made to people's lives as evidenced by the feedback, case studies, and statistics contained within the report. Nearly 100% of our clients would recommend the service to others which speaks volumes as to the quality of the service they have received.

I would like to personally thank everyone involved in the project, especially our advisers who really do make a difference in helping people to recover their dignity and in many cases their personal health. We extend our thanks to our members who are involved in the project and to Payplan, for their continued hard work and dedication in providing what is an essential service. Last, but not least, none of this could happen without the financial support from the Department for Enterprise, Trade and Investment (DETI). We are grateful to DETI for their continued help and support.

Bob Stronge
Chief Executive

Payplan Foreword



Payplan are proud to be working in partnership with Advice NI in supporting the Debt Action NI project.

At Payplan we understand the impact that debt can have on family life but, unlike other debt solution providers, we believe that you can, and should, live a happy life whilst repaying the debt.

We have been helping people find solutions to their debt problems for over 20 years, and during that time we have developed a wide range of practical, long-term solutions that can not only help to manage the debt, but also enable the client to live their life.

We support the Debt Action NI project by providing a direct referral method for clients wishing to explore the possibility of a Debt Management Plan (DMP) or an Individual Voluntary Arrangement (IVA) as a solution to solving their debt problems.

We work closely with the project supporting the Money and Debt Advisers with consultancy and we have provided a dedicated IVA adviser line. We attend the adviser forums and keep the project up to date with any developments at Payplan.

Helen Clarke

1 Advice NI (2013); "Turning the Tide: The Growth of Food Banks in Northern Ireland"

2 Housing Executive (2014); "Northern Ireland Housing Market: Review and Perspectives 2014-2017"

3 Repossessions Taskforce; "Initial Evidence Paper: Negative Equity, Arrears and Possessions in Northern Ireland"

Introduction

1st April 2013 to 31st March 2014

Debt Action NI, the first integrated debt advice service in Northern Ireland, has been in operation since August 2012. Advice NI delivers the project in partnership with our members and Payplan.

For the reporting period, 1st April 2013 to 31st March 2014 Debt Action NI

Advised and supported over

5,200
clients

Dealt with nearly

£62.3 million
of debt

Covering nearly

12,800
debts

Dealt with over

5,700
cases

Had

19,000
visits to the website

1,070
people accessed our online
budgeting tool

The integrated service has a number of different access points to ensure that it is able to meet the needs and capabilities of all sections of society. We have responded to the increasing use of the internet and social media through our interactive website which includes a live chat facility and an online budgeting tool. We also regularly post relevant updates via our Facebook and Twitter profiles. Regardless of how a client enters the service, they will go through a triage process to identify whether there are any emergencies such as a court order or home repossession threat and we also identify the most suitable channel of advice tailored to their need, be that face to face, internet or helpline.

Debt Action NI is available to anyone living in Northern Ireland and we aim to provide help and support to the most financially vulnerable including those on a low income, those with a disability and those at risk of losing their home. The percentage of clients with either a physical disability or mental illness has generally increased quarter on quarter during the reporting period. We have employed a peripatetic adviser who promotes the service to vulnerable groups and also carries out home visits for clients who are unable to travel.

There are many causes of debt and we have found that the majority are outside the control of the client. The main cause of debt recorded for Debt Action NI is low/reduced income (31%) followed by over commitment (23%). Many of our clients were able to service their debts when they took them out but an unexpected change in circumstances, such as redundancy or relationship breakdown which both affect income, have caused them to fall into debt.

Access Points

72%
Telephone



22%
Face to Face
(inc drop in and outreach)



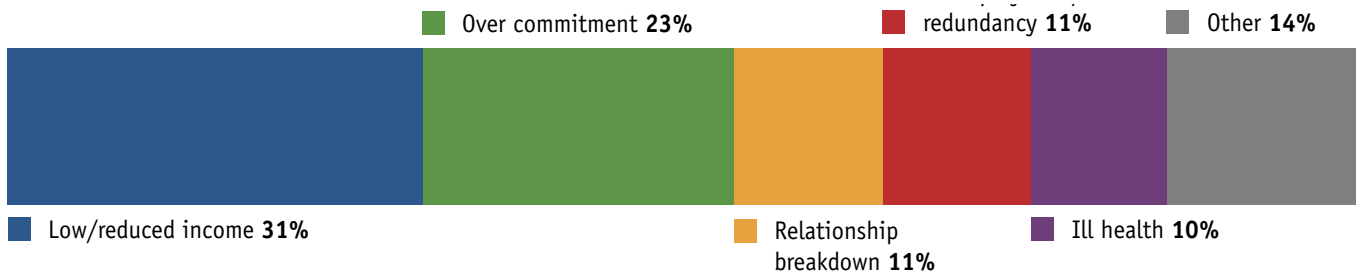
4%
Internet
(inc website, email and virtual chat)



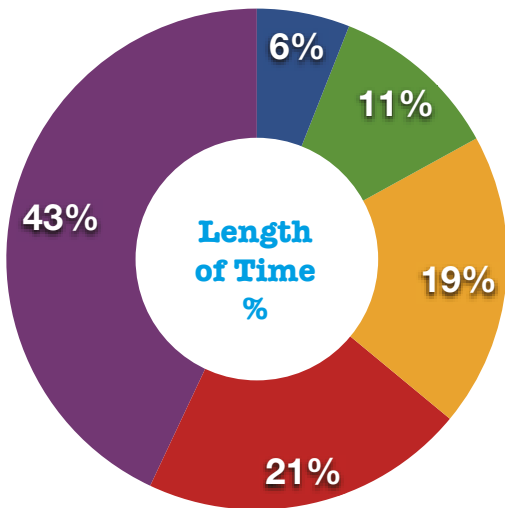
2%
Other
(inc post and text)



Reasons for Debt



How long clients were experiencing financial difficulty before they approached the service



- Less than 3 months
- 3 - 6 months
- 6 - 12 months
- 1 - 2 years
- 2 years +

The majority of our clients (43%) had been experiencing long term financial difficulty for over 2 years.

Top 10 financial exclusion indicators

Financial Exclusion Indicator	% of clients *
No savings	55
Individual income < £14,500	22
Priority debts owed	21
No home contents insurance	18
Household income < £15,600	16
User of high interest credit	12
Disposable income < 0	12
No life insurance	11
Clients income does not meet priority debts	8
No buildings insurance	6

*Please note that a client can have multiple financial exclusion indicators selected.

One of the main aims of the service is to help the financially excluded in Northern Ireland as these clients are the most vulnerable. Over 55% of our clients have no savings, 22% have an individual income of less than £14,500 per annum and over 21% have priority debts including mortgage arrears, rates and rent arrears. A total of 12% of our clients during the reporting period accessed high interest credit including doorstep lenders and payday loans.



**Top ten debts
by amount and
by agreement**

	DEBT TYPE	Total Debt
1	Mortgage	£14,172,309
2	Mortgage Shortfall	£13,420,328
3	Credit Card	£12,040,413
4	Personal Loan	£4,837,398
5	Bank Loan	£3,271,514
6	Secured loan	£2,003,044
7	Business Debt	£1,493,553
8	Tax	£1,445,921
9	Overdraft	£1,393,549
10	Benefit Overpayment	£1,376,522

DEBT TYPE	Number of Agreements
Credit Card	3,950
Personal loan	955
Overdraft	925
Catalogue	922
Payday loans	807
Bank loan	525
Store Card	492
Mortgage	489
Doorstep lender	463
Credit Union	339

Mortgage debt is consistently the highest debt in terms of amount. Nearly 40% of our clients are homeowners. During the year, Debt Action NI advisers dealt with over £14 million of mortgage debt. This illustrates the ongoing issues which homeowners face.

The service has also seen a steady increase in the level of mortgage shortfall debt which is now the second highest debt amount. The average amount per debt is almost £75,000. Many of our clients decide to hand back the keys of their property or to allow repossession to proceed as they are unable to make an offer of repayment to their mortgage or secured loan lender. Once the property has been repossessed, the majority of these clients have no other option but to petition for bankruptcy. This further prolongs the issue as

many will wait for their home to be sold and the shortfall established before going bankrupt.

Credit Card debt remains the top debt in terms of the number of agreements and is the 3rd highest debt amount. Our advisers have reported that some clients have had to use their credit card to buy essential items such as food and have also used their card to make mortgage payments.

Payday loans have remained steady during the reporting period and we expect to see a decline in these over the coming year due to tighter regulation by the Financial Conduct Authority and a limit to the number of times that a loan can be rolled over. Doorstep lending has also been steady with an average amount per debt of £1,017.

Average debt per Council/ Service Area

Council Area	Total Debt (£)	Average debt per client
Antrim	£1,883,142	£25,448
Ards	£1,141,398	£13,120
Armagh	£2,306,140	£16,472
Ballymena	£2,005,716	£15,429
Belfast	£14,696,705	£15,702
Coleraine	£1,673,858	£13,609
Cookstown	£1,120,923	£12,884
Craigavon	£2,724,132	£13,419
Down	£593,500	£13,189
Dungannon	£213,089	£2,841
Fermanagh	£3,760,538	£18,434
Limavady	£2,855,795	£22,487
Lisburn	£4,085,539	£14,965
L/Derry	£4,449,212	£15,890
Magherafelt	£1,247,201	£6,174
Newry	£7,981,636	£27,334
Newtownabbey	£1,157,306	£21,836
Omagh	£1,337,791	£6,463
Strabane	£3,055,833	£17,462

Service	Total Debt (£)	Average debt per client
HRS*	£359,280	£2,077
Helpline	£4,098,335	£3,184
Peripatetic	£541,694	£14,255

*Housing Rights Service

Seven of the top 10 council areas with regards to total debt are within the top 10 most deprived areas as highlighted in the Northern Ireland Multiple Deprivation Measures report of 2010 . Belfast ranks number 1 as the most deprived area and it is also the area with the highest amount of total debt dealt with during the reporting period.

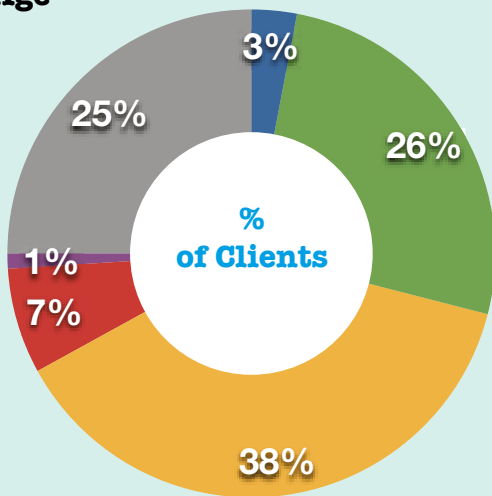
“Belfast ranks number 1 as the area with the highest amount of total debt.”



Client Profile

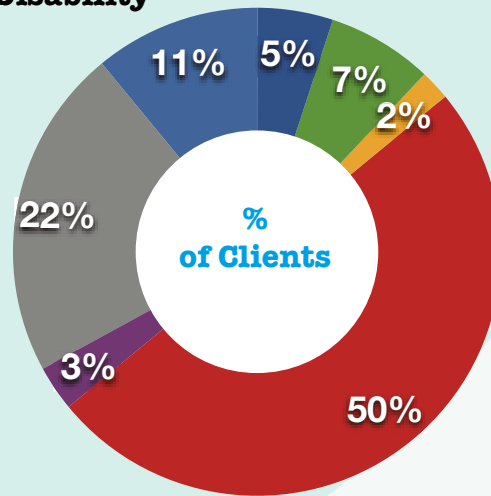
The following information shows the demographics of clients who used the Debt Action NI service during the reporting period.

Age



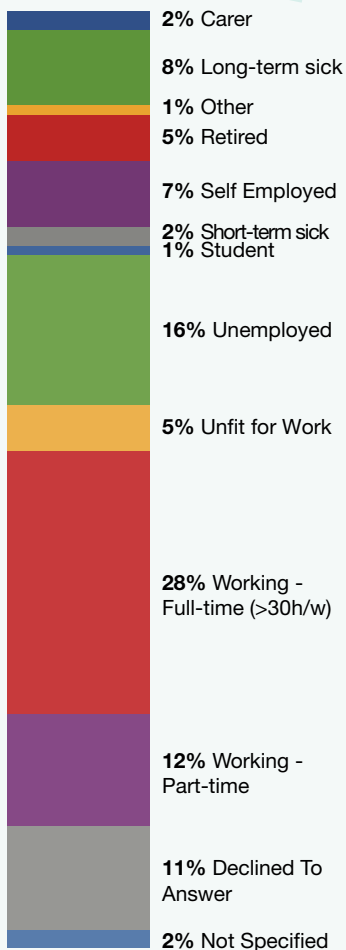
- 16-24
- 25-39
- 40-59
- 60-74
- 75+
- Not Specified

Disability

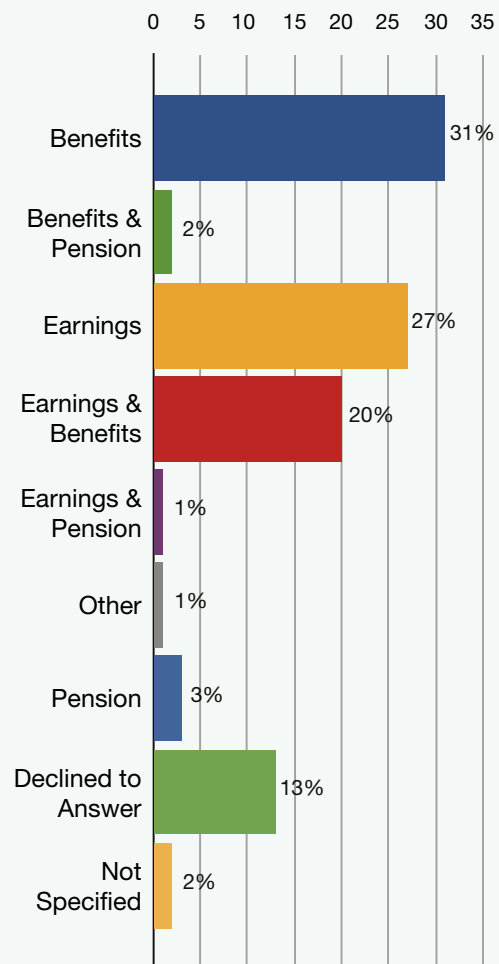


- 5% Health Problem (no disability)
- 7% Mental Health Difficulties
- 2% Multiple Disabilities
- 50% None
- 3% Physical Disabilities
- 22% Declined to Answer
- 11% Not Specified

Employment Status



Income Source



Resolution for Clients

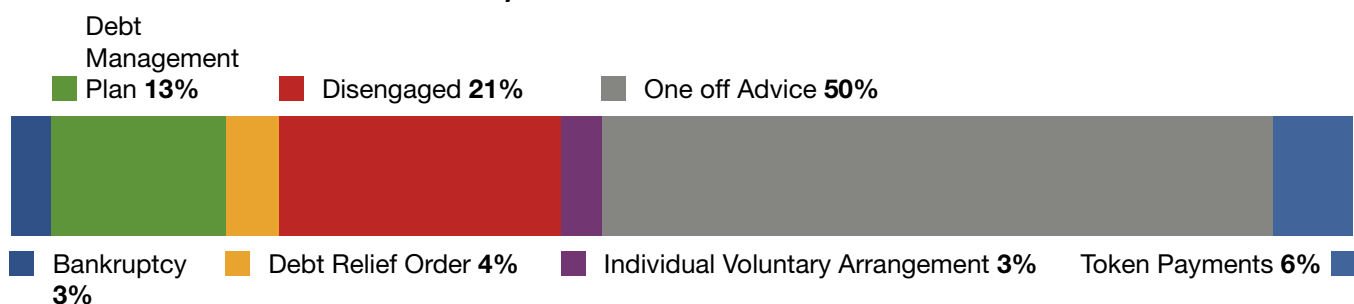
During 2013-14 Debt Action NI recorded outcomes in 5,659 cases.

Our advisers support clients by assessing their financial situation. The adviser will discuss maximising income and better budgeting where appropriate. Once a financial statement has been drawn up, the adviser will discuss relevant options with the client including Bankruptcy, Debt Management Plan (DMP), Debt Relief Order (DRO) and Individual Voluntary Arrangements (IVAs) to ensure that the client has all of the information to enable them to make an informed decision. The advisers will offer support throughout the process including negotiating with creditors and court representation.

One off advice is the most frequent outcome. This is due to the nature of the integrated service and the volume of clients dealt with through the Freephone helpline and also because a range of other outcomes such as full and final settlements, saving for bankruptcy, debt write offs and voluntary repossessions are recorded under this main outcome. During this year we had 175 clients who decided to go down the route of bankruptcy but who could not afford the fee. Our advisers try and source charitable assistance for clients unable to pay the fee but this is not always possible.

Debt Action NI works in partnership with Payplan, the UK's largest provider of DMPs and IVAs. The service can offer a seamless transfer to Payplan where appropriate who will then work with the client to come to a suitable payment arrangement.

Debt Action NI Outcomes 2013/2014



Case Studies

One Off Advice – Write Off

James* is 72 and is retired and has been diagnosed with cancer. He had been through major surgery and was about to start another round of chemotherapy when he contacted the service. James had two credit cards and he owed over £10,000 and was not able to maintain the payments. The pressure of the debt was adversely affecting his health. The adviser gathered all the relevant medical evidence and successfully negotiated a full write off of his debts on the grounds of his poor health. This was a massive relief to James and he is delighted with the service he received from Debt Action NI, "Without the Debt Action NI service I don't know where I would be. It helped my situation a lot. It is a really excellent service and I can't find any areas where it can be improved."

Case study – Insolvency

Kirsty* is married with one child and is pregnant. Both Kirsty and her husband worked full time but Kirsty was about to have a drop in income due to maternity leave. Her husband had bought a house at the height of the market which was in significant negative equity. In total the couple had debts of over £65,000. Kirsty's husband decided to hand back the keys to his property and with the adviser's support he became bankrupt. The adviser also identified that Kirsty would then be liable for any joint debt and due to her reduced income she would not be able to maintain repayments. The adviser completed a Debt Relief Order application for Kirsty which was approved. Both Kirsty and her husband were extremely happy at the service they received from Debt Action NI as it enabled them to make a fresh start, "Thank goodness for Debt Action NI. I was never as worried and depressed in all my life. My husband and I are very happy and relieved. Thank you very much."

Case Study – Helpline – Individual Voluntary Arrangement (IVA)

Mary* called the Debt Action NI helpline as she was dissatisfied with the progress of a DMP which she had entered into with a fee paying Debt Management Company. Mary is single with a young child, works part time and she owed over £15,000 to unsecured creditors. She felt as if she had been forced into a plan that would take her over 30 years to repay and she was also paying the company a monthly fee. The helpline adviser identified that Mary would be eligible for an IVA referral to Payplan. Within a few months of accessing the service, Mary's IVA was accepted and if all goes to plan, she will be debt free in 5 years. Mary is extremely satisfied at the service she received at Debt Action NI, "I am very appreciative of this service. I was provided with excellent help and advice from a very friendly and knowledgeable adviser. I would highly recommend it and it is so good to know that the service is available"

*All personally identifiable information in the case studies has been changed

Home Protection

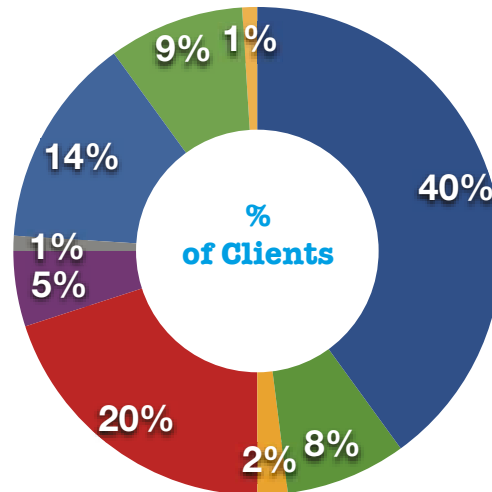
Debt Action NI aims to protect client's homes regardless of whether the client is a homeowner or a private or social tenant.

In partnership with the Housing Rights Service we will provide representation for clients who are facing repossession. During this year, our specialist housing advisers have represented 129 clients at both the County Court and the High Court. Advisers have also been able to negotiate an agreement with either the mortgage lender or landlord before the matter goes to Court. Debt Action NI advisers have prevented possession in 113 cases.

The Court Service statistics show that the number of repossession cases received from April 2013 to March 2014 has remained steady when compared to the same period in the previous year with only a slight increase of 1.5%. However, any rise in interest rates will put many more at risk of repossession and therefore in greater need of support from the Debt Action NI service.

The service has also seen a steady increase in the number of Housing Executive tenants. This is due to a new partnership with the Housing Executive which will refer tenants in rent arrears to the service.

Housing Status and percentage of clients



- Home Owner
- Living with Family (Paying Rent)
- Other
- Private Tenant
- Social Tenant
- Support/Shelter Housing
- Tenant (NIHE)
- Declined to Answer
- Not Specified



Case study

Mark* is a Housing Executive tenant who had fallen behind with his rent payments as he had lost his job. Mark had accrued over £10,000 of rent arrears and he also had non-priority debt of over £2,000. NIHE had obtained a possession order and eviction was due to take place within a matter of weeks. Mark's wife was due to give birth 2 weeks before the scheduled eviction and they were extremely distressed that they were going to lose their home. Mark was referred to the Debt Action NI specialist housing adviser in Housing Rights and was advised to apply for Housing Benefit and to request that payments were backdated. He was also advised that he could apply for Disability Living Allowance (DLA) for one of his children. The adviser was able to negotiate a payment arrangement with NIHE which stopped the eviction from going ahead and Mark is now in receipt of full housing benefit and DLA. The adviser also negotiated reduced payments with the non-priority creditors to enable Mark to make increased payments towards the rent arrears. Mark was extremely grateful and said "I was due to be evicted from my home and I needed something done about it straight away, Housing Rights Service was able to do that. My wife was pregnant and we were due to be evicted within weeks. This was an extremely stressful period in our life. Debt Action NI and Housing Rights set me on the right path and got me sorted. The eviction was stopped and I kept my home. The help has had such a positive impact on my family."

*All personally identifiable information in this case study has been changed

Quality of Service

Feedback from our Clients

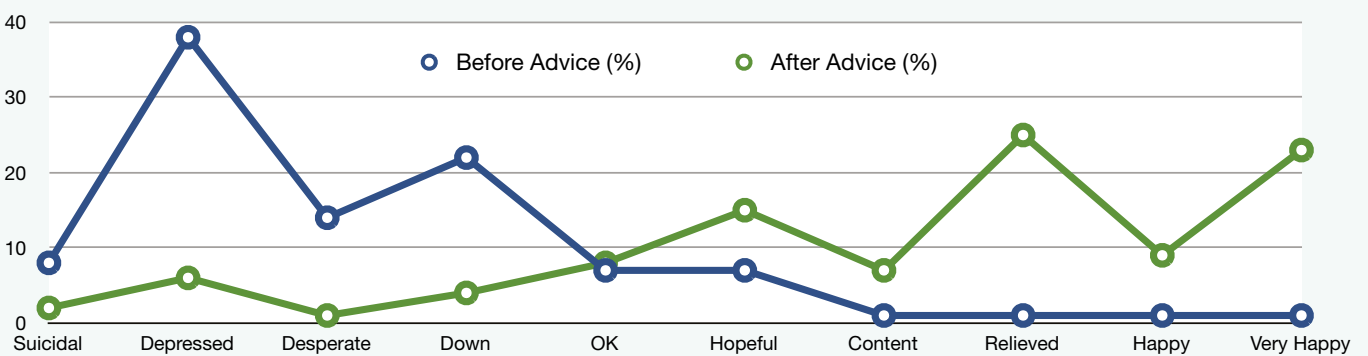
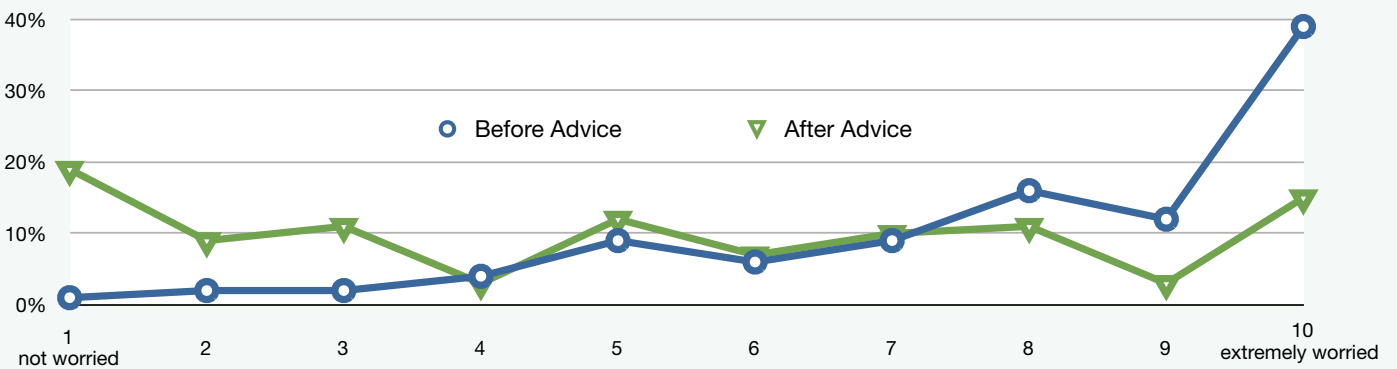
Advice NI collects client feedback to assess the impact of the service and whether there are any areas which could be improved.

99.7% of our clients surveyed said that they would recommend the service to others.

Before and After Advice

When initially seeking debt advice 75% of clients said that their debt situation made them feel so stressed that they felt that there was no light at the end of the tunnel and it was a real effort for them to keep going. The majority of clients (85%) felt nervous or sick when they received letters or calls from their creditors.

The chart below summarises how clients felt before and after advice



Level of Client Happiness with the Service (% of clients):

	Excellent/Very Happy	Very Good/Fairly Happy	Fair/Unhappy	Poor/Very Unhappy
Location	72	23	4	1
Waiting time	90	9	1	0
Quality of Advice	94	5	1	0
Effect on situation	92	7	1	0
Importance of Service	97	2	1	0
Overall Experience	95	4	1	0

Clients' Comments on their Experience of the Debt Action NI Service

"I was feeling suicidal about my debt. I tried so hard for 12 years after my husband died I developed serious physical and mental disabilities from having 2 salaries to none. The adviser was outstanding. Without her I know I would be dead. She was so patient, understanding and totally competent in her job. My sincerest thanks to her."

"Before seeking advice I couldn't visualise away out of my situation. I felt I had no-one to turn to until a friend advised me to speak to a Debt Action adviser who give me advice and explained different options for my situation. The adviser then helped me to fill out the appropriate forms, and has supported me through this ordeal. I can't praise the adviser enough for the support leading up to the court appearance and after the court appearance."

"Overall the service I received was brilliant. I was treated with respect and dignity and was made to feel comfortable even at my lowest times of despair. The adviser is one in a million. Words could not express my gratitude to all concerned in the service."

An Advice NI Project



Debt Action NI
Freephone: 0800 917 4607
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Email: debt@adviceni.net
Website: www.debtaction-ni.net

Supported by:

