Advice NI's response to the Money and Pensions Services' Call for evidence on access to debt advice during the Covid-19 pandemic.

Deadline: 29th October 2021

Advice NI welcomes the opportunity to respond to the Money and Pensions Services' Call for evidence on access to debt advice during the Covid-19 pandemic. Advice NI is a membership organisation that exists to provide leadership, representation and support for independent advice organisations to facilitate the delivery of high quality, sustainable advice services. Advice NI exists to provide its members with the capacity and tools to ensure the effective delivery of advice services. This includes: advice and information management systems, funding and planning, quality assurance support, NVQs in advice and guidance, social policy co-ordination and ICT development.

Membership of Advice NI is normally for organisations that provide significant advice and information services to the public. Advice NI has approx. 70 member organisations operating throughout Northern Ireland and providing information and advocacy services to over 110,000 people each year dealing with over 540,000 enquiries on an extensive range of matters including: social security, housing, debt, consumer and employment issues. For further information, please visit www.adviceni.net.

Reponses to the consultation questions.

1. **What are your reflections on the impact of the closure of face-to-face debt advice services, particularly for those customers more likely to have been struggling financially prior to the pandemic?**

Advice NI manages the NI Debt Services contract. We work in partnership with our members to deliver local face-to-face (f2f) debt advice services across NI. We experienced a significant decrease in new client's accessing the debt services during 2020-2021 compared to the previous year. We believe the closure of f2f advice has negatively impacted the service and has contributed to the lower numbers being able to access our service.

It is important to note that Advice NI embarked on a dedicated promotional campaign during the pandemic, to ensure people knew where to turn to for help during the pandemic. We focused on promoting the free helpline and website, yet we did not increase demand as we had expected. Therefore, we can only conclude that the mitigating policies that protected people during the pandemic and the closure of f2f services reduced the need for debt advice. The government and Financial Conduct Authority (FCA) implemented a raft of new support measures that seen personal and business debt incomes subsidised or replaced. Also, creditors ceased chasing clients for their debt as they adapted to a new way of working whilst embedding the new FCA guidance. Renters were protected from eviction and the courts service closed down. Also, many could not access advice services during this time because of the local centres having to close. All of this meant that the demand for advice decreased during the pandemic. However, the debt has not gone away.

Our service is different to other providers as we can provide the full range of debt advice, outcomes and can manage caseloads via our helpline. However, we know that this level of advice is only for those who are capable of using telephony and digital services. We are aware that there is a cohort of people who are struggling and not able to access advice services because of the closure of f2f advice. There are many reasons for this including, literacy issues, covid fears, capability, no or poor broadband, increased vulnerabilities and support needs, no access to phone or data, fear of sharing information online in case of fraud or doing something wrong and language barriers. Their debt is still accruing.

Advisers have reported that it is more difficult to gather information and develop relationships over the phone due to the lack of personal contact. This is more prevalent were there are sensitivities, i.e. illegal lending and mental health issues. Clients are not as forthcoming with information as the levels of rapport and trust are lower than meeting with someone f2f. Also, negotiations with creditors became more difficult and time consuming as access to post as well as scanning and printing documents was limited.

The closure of f2f service also impacted our business debt service (BDS). The two services work interdependently and often the BDS advisers refer to f2f for support in gathering data, verifying information and to deal with personal debts.

Many of our f2f advisers kept a list of clients to contact when they were able to make appointments in between lockdowns. These appointments were kept for the more immediate cases and for people who were identified as needing extra support. Currently, most of our members are back taking appointments for f2f but these remain limited.

Whilst telephony and digital channels help reach the masses, it can be a hindrance for others. F2f services are extremely important part of our overall debt advice package. We offer an integrated service with omni-channels with all advisers linked on the same case recording system. Where someone is identified as needing f2f we can seamlessly transfer the client to that local service. The f2f adviser has local knowledge of other services the client can access. F2f advice helps build trust and reputation in the local area so those who are not digitally savvy can contact the local centre for advice. F2f advice services also means that we can access the harder to reach. Often a client will come to a member centre for another reason and be referred directly to the f2f debt service.

We also believe that there will be an increase of vulnerabilities as people come to terms with the strain covid has had on them mentally, emotionally, physically and economically. The pandemic has already increased the level of complexity in cases. Many will face issues with illness, mental health, redundancy, death, abuse and addictions and due to the nature of these cases we believe that demand for f2f debt advice will increase in the future.

People's debt has not gone away and incomes are being squeezed. Many predict the coming years will be hard financially as we are already experiencing an increase in the cost of living, energy prices and face further potential increases in tax, national insurance payments and interest rates. We are also concerned about the access to credit and how this could affect clients and businesses going forward. Also, we are unsure how Brexit will impact our economy in the short- and long- term.

Upon reflection, for those who did use the service some were struggling beforehand and covid was the final push for them to do something about their financial situation. The majority however, because of the high amount of uncertainty surrounding their finances, were unsure how to proceed as they contacted to investigate what potential options were available to them. We believe many will be back once all support stops and creditors begin to chase for the debt. For a period we were not able to provide the full range of outcomes due to other agencies being closed but creditors and court action ceased therefore the urgency to get an outcome diminished.

We are aware of the campaign highlighting that the MaPS commissioning tenders in England will decrease f2f debt services in some areas by up to 50%. We do not support a cut to f2f services especially in the current circumstances. Cutting f2f service will only disadvantage those who are already vulnerable. We advocate better joined up systems and collaboration. Telephony and digital services are only for those who have the capability to fully understand the debt advice process. It is not a one size fits all service as many will never be able to use these services. As case complexity grows the demand for f2f will also grow.

2. **What changes, if any, did you see in the socio-economic and/or demographic profile (e.g. age, gender, ethnicity, disability status) of your client base during the pandemic?**

Advice NI and our members have experienced a 35% decrease in new clients accessing our debt services compared to the previous year. The levels of personal debt also decreased from nearly £52m in 2019-20 to £16.6m in 2020-21. However, our business debt slightly increased from £8.2 in 2019-20 to £8.5m in 2020-21, and the average debt increased from £42k to £65k.

There was,

- An increase in younger people accessing our service with 5% in the groups 16-40 year olds and a 6% decrease in 40-59 age group. This group may have been more accepting of telephony and digital or were more affected by the pandemic.
- An increase in men approaching the service by 4%.
- An increase of 4% unemployed contacting for advice.

There was no other significant changes recorded across the other groups. We believe the decreased was attributed to the closure of f2f advice service, the policy support measures that were implemented and the lack of debt collection during the pandemic. However, we predict that the demand for debt advice is going to increase significantly in 2022 as people's debt has not disappeared and creditors begin the collection process again.

3. **Reflecting on any changes you made to your service delivery model during the pandemic, what impact did these have on the type of the cases you were seeing during that time, either in terms of complexity or urgency/priority?**

Since March 2020, all of our f2f advisers were redeployed to providing advice via telephony and digital channels. This included covering both the local advice centre number and the regional helpline. It is important to note that during this period creditors, landlords and court action ceased therefore negating a lot of the demand for most emergency advice. Advisers had to move quickly to ensure they were abreast of all the changes that happened in quick succession.

Our client outcomes were affected:

- Increased business closing i.e. Hairdressers/Beauticians/Pubs/Aviation industry.
- DROs and Bankruptcy outcomes halved due to the NI Insolvency Service closing for a significant period during 2020. This meant we were unable to process DROs and Bankruptcies during this time. Also, we are also at a disadvantage in NI as our DRO criteria has not aligned with the new measures that were implemented in England and Wales on 29th June 2021.
- IVA's, DMPs and Token Payment combined reduced by 43%. This was caused by the disruptions to external referral providers closing for a short period after the first lockdown.
- Disengaged clients reduced by 2%, which could be the nature of clients being more proactive in receiving telephony and digital advice, and
- One Off Advice and Support and Advocacy increased by 30%.
- Advisers reported an increase in clients approaching with mental health, relationship breakdown, gambling and addictions.

We had an increase in our one off advice and support and advocacy cases as many reached out to gather information of what they could do in the future but because of the uncertainty they felt they could not proceed with a way forward. Many of these clients remained optimistic that their income would return to normal once they got back to work. Whilst others did not want to consider formal debt solutions as they wanted to protect their credit scores in order to access credit in the future. We believe that many of these clients will return for advice in the future.

We were limited in the advice we could provide as other agencies closed for a period to readjust to the new way of working, this included the Insolvency Service, Courts, Insolvency Practitioner and Debt Solution Providers. Negotiations with creditors became more difficult as we experienced delays with sending and receiving post, gathering information from the client and creditor, getting signed documents, accepting forms of authority and getting through to the correct creditor contact. Also, Financial Ombudsman Service complaints have taken considerable longer before a case work is assigned, pre-pandemic this was 2/3 months now advisers are reporting this can be as long as 6 months.

Since the pandemic, the advisers kept waiting lists. When they could proceed with the case they re-engaged and offered the client the full range of outcomes. Many f2f advisers arranged appointments when they could for those cases that were more complex or those more vulnerable. The cases are taking longer to gather information, negotiate with creditors and find an available solution.

Also the case complexity in terms of changing policies have also been difficult for adviser to navigate and advise on. For example, the introduction of Bounce Back Loans in May 2020 to help businesses through the pandemic for the "economic benefit to the business" was a welcome relief to some however now some businesses are unable to repay, it would also appear that some creditors have no apparent policy/process in place when default occurs. There is uncertainty around how creditors will collect the debt, especially landlords including social landlords, HMRC and Land and Property Services and once this begins it will increase demand on debt advice services.

Advisers have told us that in certain instances it was harder to pick up on more sensitive issues including illegal lending, gambling or abuse as telephony and digital advice don't allow for the building of trust that is needed for these types of cases.

4. How has the pandemic affected the way you deliver debt advice?

In the short-term it has meant that advisers were redeployed to telephony and digital advice provision. Some centres did open in-between the lockdowns to offer f2f to those who most needed it. Now, most of our member centres have re-opened and are able to offer appointments to clients again. The longer term approach to debt provision is uncertain. We believe as demand increases there will be an increase in the need for f2f services again. In the interim, f2f advisers are providing hybrid model of telephony and f2f advice. We will continue to monitor demand to adapt and respond to client need. This could differ from area to area and we will work with our member to ensure that we are meeting demand. All advisers have an Advice NI networked phone so they are able to access our helpline system when needed.

We had access to three way telephony conversations that have helped when needing to speak to a third party including interpreters. We also providing all debt advisers with an online zoom account. However, this was not taken up by clients as much as we anticipated, feedback from clients is that they didn't feel comfortable using online videoing, they didn't understand how to use or they didn't have the data or equipment to facilitate it.

We have had to adapt through technology by ensuring digital signatures were in place so we could continue to negotiate with creditor. Some centres were able to offer drop boxes for information to be collected to help online and digital negotiations. There continues to be an issue with creditors corresponding via email as post was disrupted significantly during the pandemic. This is something we will continue to raise through MALG.

We are currently accessing credit scores via Experian Passport, but this has proved difficult as some clients do not complete the consent requests. We have struggled with creditors providing electronic methods of corresponding and getting them to accept forms of authority. This has slowed down our negotiation.

It is important to note that all of these adaptions came at a cost to the service. These current and any new development need to be allocated a fully costed budget. There needs to be budgetary flexibility to allow organisations to adapt and grow services.

5. **How did the closure of in-person services affect how you engage with your community networks as sources of client referrals for debt advice, and how did you adapt your approach?**

During 2020, we employed a Business Relationship Manager to create awareness of all our services to key organisations and build relationships. To assist with this we developed a referral portal via Advice Pro so that these organisations can securely transfer client data. We have developed a short video to promote our week and have been able to provided presentations and panel discussions with potential partners via online zoom videoing facilitates.

6. **What were the challenges and opportunities, and how can MaPS capitalise on these opportunities in the design and delivery of future debt advice services?**

The pandemic has allowed us an opportunity for f2f advisers to provide advice through digital and telephony channels. Through our current systems we were able to adapt and response instantly to client need. It has solidified that the systems we use work and work well. We will continue to review and liaise with our providers to ensure these remain innovative and effective. We have been able to provide three way telephone conversations, online digital zoom appointments, referral portal, digital signatures and access to online credit reports.

We continue to struggle with creditors accepting forms of authority and using electronic means to correspond. This is an area that MaPS should support, having one unified form of authority that is recognised and accepted across all creditors including government creditors. Also supporting MALG to get creditors to provide a point of contact for advice agencies, we have adapted now so should the creditors, including utility companies.

MaPS and the devolved nations could consider investing in white labelling an online debt remedy tool and app that could be used by debt advice providers across the UK but that it is localised for the region. These require long term investment and small independent advice providers do not have the resources for these innovative products.

We are mindful that the impact of covid and the change in the way of working has had on advisers. We need to ensure they are supported going forward as we move in the covid recovery phase.

Advice NI fully advocates for the need for f2f as an integral part of an omni-channel approach to providing advice services.

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