



# DEBT TO GOVERNMENT, DEDUCTIONS AND DESTITUTION

QUALITATIVE RESEARCH REPORT  
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# SUMMARY

The [State of Hunger project](#) (2018-2021) showed how debt to central and local government plays a significant role in pushing people into destitution and towards food banks. In mid-2020, nearly half of people referred to food banks in the Trussell Trust network were in debt to the DWP alone, a significant rise on previous years.<sup>1</sup>

Examples of these debts include Advance Payments taken to cover the five-week wait for Universal Credit, the repayment of tax credit overpayments, and council tax arrears. Many of these debts are deducted automatically from people's Universal Credit payments, often leaving them with incomes far below what is needed to afford the essentials.

People with experience of these debts have worked closely with the Trussell Trust and Humankind Research to identify how to improve collection and stem the growing tide of problem debt to government. The research was participatory and deliberative, working with individuals to bring to life the pathways into government debt, the experience of its impact, and ways forward towards a fairer and safer approach.

## KEY FINDINGS

### 1. The design of the social security system sets people up to fail

The five-week wait for Universal Credit means many people have no choice but to take an Advance Payment to manage essential bills like rent and utilities. That leaves people often starting out with deductions from payments, trapping them in impossible situations.

Similarly, when the benefit system makes overpayments in error - most commonly with tax credits - people found they are powerless as to when or how the money is clawed back. Participants found it particularly crushing to have their income slashed when they had so little choice in taking on these debts.

*“You provide all the correct information. They make the decisions. They make the cock-up. Then you're penalised for it” - Alicia*

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<sup>1</sup> The Trussell Trust, 2021. State of Hunger: Year Two Main Report <https://www.trusselltrust.org/wp-content/uploads/sites/2/2021/05/State-of-Hunger-2021-Report-Final.pdf>

## 2. Government debt can cause destitution

High rates of debt to government among people referred to food banks in the Trussell Trust network, particularly the DWP, is no coincidence. Participants explained how too often government debt pushes them over the edge into not being able to afford essentials, with no route out. This was particularly damaging for people also dealing with underlying challenges such as mental health conditions, precarious work, and social isolation.

*“It was feed the kids or pay the council tax, I obviously chose the kids.” - Lorraine, 38*

## 3. The mental health impact of government debt cannot be underestimated

Financial and emotional impact go hand in hand. Debt can trigger a downward spiral that becomes all-consuming and unmanageable. This was often made worse by the fact that it is the government - which many hope would be a trusted source of support - that is failing people so severely.

*“[E]very day I feel like my mental health is being stripped a little bit more” - Samira, 28*

## 4. The government is often seen to be a less responsible lender than the private sector

Many found they had better experiences with private lenders because they made it clearer how much was owed, and were flexible in considering how much people could afford to pay. In contrast, the rigidity in government debt collection and lack of information about ways in which to push for more affordable options, were a key source of stress, crisis and destitution.

*“With other debts you would have all of this [information] but with government debts you don't get any of that. It has an impact not just financially but also on your mental health.” - David, 43*

## 5. A broken debt management system costs government as well as people

Beyond the stark impact on individuals, unmanageable government debt has far-reaching impact for central and local government. It affects mental health services, risk of homelessness, and informal social care, each with potential consequences for statutory services. The financial fragility of people's situations meant they were reluctant to do anything - including moving into work or higher paid work - which would upset this delicate balance of attempting to manage

repayments. A punitive approach to collection undermines the DWP's ability to recoup payments and to move people into work.

## RECOMMENDATIONS

To effectively address issues highlighted in this research, solutions were co-produced with people with direct experience of the system. These recommendations cover targeted action to prevent and mitigate the devastating impact of government debt to households on very low incomes. They also address the wider system problems which have underpinned the growing tide of problem debt to government.

### Concerted action on debt

- **Prevention: End designed-in debt**

People should not bear the brunt of flaws in government systems. The DWP must tackle the drivers of government debt in the social security system, such as the five week-wait for Universal Credit, which leaves people with no choice but to take an Advance Payment. Historic debts due to government error, as seen with HM Treasury and tax credit overpayments, should not be clawed back automatically under Universal Credit.

- **Harm reduction: Embed principles of clarity, flexibility, and respect in how debt is managed and collected**

Cross-government action is needed to ensure a joined-up approach to debt management, particularly for people facing overlapping debts, such as council tax, Advance Payments, and overpayments. People need better information on the options and consequences of government debt, and no one should be pushed into destitution due to repayments. The DWP can build on positive steps during Covid, when deductions were suspended in recognition of the fragility of people's finances. This more flexible approach to government debt, and some assessment of the affordability of repayments alongside essential bills, must be built into the benefits system.

### Wider action to help tackle destitution

- **Resilience: Strengthen the social security system**

The inadequacy of social security, and the current historic low benefit rates, leaves people far more at risk of falling into problem debt. If we are to stem the tide of rising government debt, social security must ensure people can afford the essentials and keep pace with the real cost of living.

- **Participation: Policymaking with and alongside people with lived experience is vital**

People with experience of destitution and the social security system bring expertise and insight that others do not have. They experience the full system in action, seeing both its flaws and

support: their voices must be heard if we are to transform our social security system to one which - at the very least - protects people from destitution.

# INTRODUCTION

## BACKGROUND

The Trussell Trust has a vision to end the need for food banks, and to do this, they focus on ensuring everyone has sufficient income to afford the essentials. The majority of people referred to food banks in the Trussell Trust are destitute, meaning they do not have sufficient income to afford the essentials like heating or lighting their home, clothing, or food. Destitution has been found to be closely tied to government debt - that is, money owed to central or local government. Research by the Trussell Trust in the summer of 2020 found that 47% of people referred to a food bank in the Trussell Trust network were in debt to the DWP, the most common creditor of people referred to a food bank, even ahead of money owed to family and friends. Furthermore, this problem appears to be worsening, with the proportion of people in debt to the DWP rising from 28% of people referred to food banks in 2018 (The Trussell Trust, 2021).

Survey data also indicated that deductions to repay government debt correlate with people's ability to afford essentials. Among people receiving UC, those who had deductions from their benefits to repay a government debt were substantially more likely to have reported going without all essentials in the last month, because they could not afford them. In particular, people with deductions were around twice as likely to have gone without food, toiletries and utilities.<sup>2</sup> This is likely to be because the level of working age benefits is set so low that any deductions are likely to cause hardship: for example, without the £20 uplift, a single out-of-work person receiving UC has only a third of the income necessary for a minimum socially acceptable standard of living (technically known as the 'Minimum Income Standard') (The Trussell Trust, 2021). It is also well established that there is a negative association between debt and mental wellbeing, posing a significant threat to public health (Newcastle and Teeside University, 2018).

The lack of affordability assessment when government debt is taken out or repayments amounts set increases the chance of people falling into hardship as a result, and falls short of the standards set by the more regulated private debt sector. Further, the design of Universal Credit (UC) has been criticised for creating debt through the five-week-wait for a first payment (a known "stressor", leading to an increase in psychological harm (Liverpool University Study, 2020) alongside the financial impact). The UC system also makes it easier for the government to make deductions and recover historic debt, for example recovering tax credit overpayments, which can

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<sup>2</sup> YouGov survey of 2008 people receiving Universal Credit, fieldwork August 2021. (Unpublished)

come as a surprise and increase the likelihood of further debt. Overall, the way in which government debt is embedded and treated within the social security system fails to consistently provide adequate support to ensure that people do not fall into destitution. The government has recognised issues with the system and made some recent positive changes, such as reducing the maximum rate of deductions from 40% to 25% across the last two years; alongside other measures such as extending the repayment period for advance payments from 12 to 24 months.

However, people's experience of government debt and how it impacts their lives remains a significant and pernicious issue, for which further policy change is needed. These impacts have also been exacerbated by other recent events, including the UC uplift coming to an end, as well as sharp rises in gas prices and essentials, leading to a mounting cost of living crisis and further hardship. Taking on further debt is often the only option government offers to people who face this financial hardship, even though repayments create further budget pressures in future.

The Trussell Trust commissioned qualitative research through the second half of 2021 to understand more about the link between destitution and government debt by working alongside people with lived experience. This report will be used to identify relevant policy interventions that would deliver a fairer and safer approach to government debt and its management.

## RESEARCH OBJECTIVES

The Trussell Trust was keen to explore policy solutions with and alongside people who have lived experience of poverty and the systems that can contribute to needing to use a food bank. For this, they wanted to go beyond just hearing 'from' people and instead work with them to push for the change that will end the need for food banks.

Research was therefore not just about further understanding the problem, but about providing evidence to help build positive, fair, and safe solutions. At its heart was the need to put the views and experiences of those living with government debt at the forefront of the development process - working together to understand what a safer and fairer repayment system might look like, as well as understanding opportunities for debt prevention.

To that end, this is a people-centred rather than policy-led report. Policy can change quickly, but the solutions developed through this research are grounded in peoples' experience and have longevity that can be applied beyond specific policies that exist today.

Another key objective of this research was to gather learnings on how to conduct participatory policy research for others to be able to use this approach in the future. Insights and recommendations based on our experience of conducting this research in a participatory way are available in an accompanying document.

### **Specific research questions:**

- What are the experiences of people taking on debt to the government? How do they understand the debt at that point, and how do they feel about it?

- What are the longer-term experiences of people with debt to the government, including of debt deductions from UC? What have the consequences been for them, including for their mental health and their ability to afford essentials?
- How do people perceive the government debt they have, and what would they define as ‘debt to the government’?
- How would people with lived experience of government debt define a fair system for managing and repaying government debt? Is this different for repaying private debt, and would different approaches be appropriate for people in different circumstances?
- Are there additional lessons we can learn about the support people need to help prevent the accumulation of government debt?

## APPROACH

The project takes a participatory approach, as well as using deliberative research techniques, to focus on the lived experience of people with government debt and to co-design policy solutions. During the initial stages of the project, the Trussell Trust worked with Poverty2Solutions to ensure that people with lived experience of poverty informed the project design, set up and commissioning process. Poverty2Solutions were then also involved in the design of the recruitment materials. During the research, we worked with a group of 48 individuals with personal experience of government debt, spanning a wide range of demographics and situations. This approach meant involving participants in the design of the research from the outset and in an ongoing way, asking for feedback and suggestions at regular intervals to shape subsequent stages. There were also monthly Advisory Board meetings with a group of third sector actors working in relevant areas, to share and feedback on the process and learnings, and discuss adaptations to the approach and research materials.

This way of working in a participatory manner meant being open to changes and additional elements as the research progressed, such as closure calls and handover workshops once it was clear that there was an appetite amongst participants to stay involved in an advocacy capacity. This approach also enabled us to accommodate participants’ life events more effectively over the months when research activities were live, aiming to support participants to stay involved as much as possible.

Safeguarding and support has also been central to the approach. It was made clear throughout the research process that taking part would not have an impact on the person’s debt or serve as any form of financial advice.

**The approach followed three key stages, taking place between August 2021 to January 2022:**

- **Exploratory Phase**
  1. Planning sessions with the advisory board to bring in their experience and learnings
  2. 10-minute introductory telephone calls to bring participants on board with the process, set up expectations and consent



3. 38 semi-structured one-hour ‘conversations’ using a narrative-led approach to hear their stories
- **Co-creation Phase**
    4. A multi-step process brought the same people together into an online community (or phone/post) over a 6-week period
    5. Through a combination of individual and group discussions, people were able to feedback on stimulus (which was built from what the wider group had already said)
  - **Validation Phase**
    6. The original participants fed back on how to refine recommendations and solutions
    7. 10 ‘new recruits’ brought a fresh perspective on the proposed solutions in one-hour ‘conversations’
    8. 10-minute closure phone calls with the original cohort
    9. Handover workshops for those who wished to continue participation and work with the Trussell Trust to advocate on this issue in the future

## SAMPLE

A total of 48 people participated in the research, 38 being the original cohort who were engaged from the Exploratory Phase, and 10 new recruits for the Validation Phase. All participants were initially engaged either through food bank leafletting across the Trussell Trust network, or through our field recruitment partners. Of the original 38 people, 30 completed the full research process, whilst some were not able to due to life events, including Covid, bereavement, relationship break down, and health issues.

The sample was designed to cover a range of demographic characteristics and debt types and situations. All participants had personal experience of repaying government debt, primarily because of benefit overpayments or an Advance Payment of UC. So that we were learning from those most affected by government debt, half of the sample were to have recent experience of destitution, which we defined as having used a food bank at least once within the last two years.

We took a purposive approach to sampling to include the different sub-groups as well as allow for intersecting characteristics. This meant not creating a prescriptive sample framework, but instead closely monitoring recruitment and setting minimum quotas on key aspects. These included financial criteria around debt type, debt stage, and experience of destitution, as well as other factors which we hypothesised may increase the impact of debt and/or impact people’s experience of debt, such as household type, mental health, disability, digital access, and literacy. Including this wide range of attributes and experiences meant that we could better understand and compare feelings and behaviours of people experiencing government debt, with a particular focus on people facing additional barriers.

The recruitment screening process itself revealed some interesting indicators in terms of who we were looking for versus who we found. We knew it was important to make sure that we captured people at different points in time of their experience of government debt to understand the full debt journey. Whilst we had planned to adhere to quotas around this, we found that often people were at multiple points in the journey at once, for example taking on or starting repayments for one government debt while another is ending, reflecting the multi-layered nature of repayments in practice. A number of additional debts also surfaced through the interview process, as participants recalled other forms of debt they owed, particularly to local government, that they had not remembered or thought of as ‘government debt’ during recruitment.

Perhaps most significant, though, was the fact that participants vastly over-indexed on having a diagnosed mental health condition and/or were struggling emotionally or psychologically (an indicator for undiagnosed mental health conditions). Whilst this should not be used as quantitative data, it does support existing research on the negative link between debt and mental health.

We also had assumed that we would struggle to find people experiencing destitution in the Validation phase, as we were not working with food banks in the Trussell Trust network on recruitment at this point in the research due to capacity constraints over the winter period. However, through free-found recruitment of a small sample size (n=10), a majority of those recruited (n=7) had recently used food banks, again supporting existing data on the correlation between debt and destitution.

## PATHWAYS TO GOVERNMENT DEBT

*“I don’t think one actively chooses to get involved in a life of benefits, yet people are stigmatised for it.” - Tim, 34, exploratory phase*

### BACKGROUND FACTORS

Before dissecting people’s experiences of government debt, it is important to note the various backgrounds and contexts we heard about from our participants. This allows us to understand potential drivers of debt and the full spectrum of their experience of debt, starting with their life before government debt.

There are many common **background factors** (i.e. the circumstances related to individuals before they experienced government debt) that appear to make people **at greater risk** of getting into debt. These same factors can also make people's experience of repaying government debt and navigating related systems even more difficult. The more of these background factors individuals possessed, the more challenging their experience.

These background factors include:

- **Precarious working situations:** This includes ad hoc work, being in-between jobs, and variable hours with no guarantee of consistent or regular income. We heard from people in a diverse range of occupations experiencing unstable employment, including a delivery driver, working in a fish market, painter / decorator, plumber, and mechanic. These individuals were also left even more vulnerable to the impact of Covid, with a lower chance of receiving support through the furlough scheme and lockdowns affecting potential work opportunities, therefore leaving them worse off.
- **Existing mental and / or physical health conditions:** We heard from people with a range of diagnosed conditions, and often more than one. These included many cases of anxiety and depression, but also multiple-personality disorder, post-traumatic stress disorder, chronic obstructive pulmonary disease, Crohn's disease, and various heart conditions. Health conditions make it difficult to operate day-to-day in a multitude of ways. For many, their condition acted as a major barrier to finding or sustaining employment, with mental health breakdowns and worsening physical health conditions a common reason for stopping work. These individuals also tended to feel less equipped to cope with the debt, and the debt itself exacerbated and intensified their condition.

Johnny used to work as a scaffolder but suffered a very serious leg injury while at work. Doctors told him that his injury meant he would not be able to work in this area anymore. This led to him becoming unemployed and needing to take out a budgeting loan to get by and be able to give some money to his children. Prior to his injury, he had also been diagnosed with anxiety and depression:

*"I used to be a working lad and now my life is so different, I have to rely on the government for the rest of my life" - Johnny, 35, offline participant, co-creation phase*

*"I'm 47 and people say I am young, but my brain is devastated. I've had a bad life from my childhood, I don't want to talk about it, but it has an impact on my life now. People don't understand." - Karl, 47, exploratory phase (speaks English as an additional language)*

- **Social isolation:** A lack of familial support, friendship or supportive community means people do not have anyone they can turn to when times get tough. There is no safety net

or source that they can borrow money from, making them reliant on government and private loans if they are short. And when they enter into this debt, they also do not have anyone close to them who can advise, guide or help them navigate the system.

*“I had been brought up, if you can't afford it, you can't have it. For me to end up in a situation where I had to take a loan, I wasn't comfortable with that because that's not how I live my life. I didn't have friends or family that I could have borrowed that money from so the better option was to do it with income support but of course I would rather not have had to do it at all. I found it upsetting and felt like I'd let myself down a bit” - Aaliyah, 54, exploratory phase*

- **Digital exclusion and low literacy:** Having no / limited access to the internet or low digital skills, as well as having low literacy or English as an additional language, can make it difficult for people to understand official documents and navigate repayment systems, for example notifying DWP of a change in hours or paying an overdue bill or fine. This became even more of an issue during the pandemic, with most services moving online, whereas previously people may have been able to communicate better face-to-face. Once in debt, these factors continue to impact people's experience, as they are unable to contact government agencies easily or reach out to support services in the way that works best for them.
- **Having dependants:** There is a significant cost in both time and money that comes with looking after children, particularly for single parent families, as well as for carers looking after family members. Not only does this act as a barrier to employment, but also tends to add substantially to living expenses and people's mental load, leaving them with less bandwidth to cope with changes to their finances. Having dependants often also makes finances notably more complicated to manage, for example having issues with getting child maintenance, or facing overpayments due to different benefits interacting e.g. carer's allowance and income support.

Lorraine is a single mum to five children. Due to her low digital and literacy skills, along with being time poor, as all her time revolves around looking after the kids, she ended up missing out on two years of child benefit payments as she only recently got round to completing the necessary forms:

*“I have a bit of a phobia of paperwork and things like that. It takes me a long time to get round to stuff, for example, my two younger children, one is two and one is one. It took me until about two months ago to even claim child benefit money for them because I had to fill in the forms and I would just have a meltdown with the forms. I've lost so much money because they only*

*backdate you 12 weeks. So, I lost two years money for [child one] and then almost a year for [child two].” - Lorraine, 38, exploratory phase*

- **Unaffordable and/or unsuitable housing:** Living in unaffordable housing in the private sector can leave people surviving on the bare minimum once rent is paid. Furthermore, for some the quality of their housing can cause financial and mental strain as they live in unsuitable conditions (e.g. one participant did not have gas or electricity for over three months), or pay for essential repairs out of pocket.
- **Other forms of debt:** Already having other forms of private sector debt such as utilities, credit card, catalogue debt, or payday loans can easily lead to people’s finances spiralling out of control, with each debt often leading to the need to borrow more money.

Whilst these factors exist individually and in isolation, the issues can also compound and exacerbate each other, which helps to explain why usually people who exhibited multiple background factors were more severely affected by government debt.

## TRIGGER EVENTS

People often spoke about how they were working hard to balance things ‘before debt’ and were **just about managing to make things work**. There is a sense that many are on a shaky foundation or knife edge pre-debt, where a **trigger event can very quickly tip them over the edge**.

Aaliyah is a carer for her mum and a single parent to five kids, she describes how they got by on income support and carer’s allowance before she faced a child benefit overpayment:

*“We were ok, we weren't well off, but we made ends meet” - Aaliyah, 54, exploratory phase*

These trigger events can be **life events that start a downward spiral**, such as declining health, changing job or being made redundant, a change in hours, birth of a child, or a relationship breakdown. These changes of circumstance can have major, and often unexpected, repercussions on people’s finances. **Relationship breakdowns stood out as a particular flashpoint of risk**, and often the start of a negative chain of events as people adjusted to changes in their income, issues arose with childcare arrangements and work hours, they were lumbered with high costs associated with moving house, and in some cases even inherited debt from their ex-partner.

*“It was like I was being penalised for my husband leaving me.” - Kara, 50, exploratory phase*

Other times, the triggers are (seemingly) much smaller and happen even more suddenly, leading to **direct expenses that upset the delicate survival balance people are managing**. These are unavoidable (usually one-off) upfront costs, for things like a car repair, an event like a funeral, a large utility bill, or even the cost of giving children a ‘nice Christmas’ or birthday. Broken appliances - cookers, fridges, washing machines - were referenced most frequently as being the ‘straw that broke the camel’s back’, leading to people needing a lump sum they simply did not have.

*“Something always crops up, whether it’s a tyre change or the washing machine breaks” -  
Jemima, 38, fresh recruit*

*“When I took out advances, I’ve maybe not understood what situation I might be in 2 months’ time, but I always tried to calculate how much I’d be left with. But at the time you’re thinking about fixing your appliance or whatever you need in that moment” - Richard, 22, exploratory phase*

These trigger events are not always negative events in themselves, just changes, and not always enough to trigger crisis alone. However, in many cases, it is the **combination of a background factor(s) plus a trigger event** that marks **the start of a cycle of debt**. This combination is enough to **destabilise their situation** from ‘just managing’ to ‘out of control’. And for many, **the more things change, the more precarious everything becomes**. Very few people we spoke to were actively choosing to take on debt but found themselves with no other option.

*“It’s something I had to do, I had to get a budgeting loan to get that lump sum of money, I rely on it” - Johnny, 35, offline participant, co-creation phase*

## COPING MECHANISMS:

There are **mitigating factors** that help people manage trigger events and steer away from a pathway to debt:

- A **savings cushion** acts as a protective asset that can help people absorb unexpected expenses and interrupt the pipeline that leads others straight into debt

*After Jack's marriage breakdown, he was able to live off some savings he had accumulated from his previous job. This meant he was able to move out, pay rent upfront for 6 months and spend some time assessing his next steps before Covid hit*

- This is often connected to having a **strong support network** around to help with financial, practical, and emotional needs

*Sandra is very close to her family; they support her with childcare so she can go to work and also when she needs a hand with money:*

*"We're a very tight unit and all live within a two-mile radius so it's good in that sense. I couldn't do it without them. Life would be lonely. I'm very open with my family, my mum has helped me financially in the past and she paid off a few debts for me" - Sandra, 30, exploratory phase*

- Having **external advocates** who are trusted to guide and advise on how to navigate trigger events to lessen their impact, whether that is a social worker, mental health worker or a charity advocate

*"Because I was in care, I have a throughcare worker since I was 18 - so I would speak to her about things, like if they took off something I wasn't expecting from payments, she can sometimes help me financially like shopping-wise and things, so I keep her up to date on things. She's my go to if anything happens, she gives me support and that" - Richard, 22, exploratory phase*

It is also worth noting that **benefit overpayments themselves were a common trigger event leading directly to a debt spiral**, often caused by a change in circumstances. We heard about overpayments linked to:

- Permanent or temporary changes to working hours; either the system not updating itself accordingly after being notified of this or people not declaring this properly
- Relationship breakdown often means changes to what individuals are eligible for
- Child(ren) no longer living with them
- Child turning 16 / leaving full time education and therefore no longer eligible for child benefits
- A change triggering a shift to UC; a transition that often resulted in overpayments

Donna is paying back a council tax overpayment as they thought her 27-year-old son still lived with her. He had not lived with her since he was 18 years old, which she informed them of:

*“They’d been putting me down for council tax as though he was living here, and he wasn’t. So, when I challenged them about it, they sorted all that out, but there was still an overpayment that I had to pay” - Donna, 49, exploratory phase*

- Erin was made homeless early last year and managed to get temporary accommodation with the council. When she turned up to collect her keys, she was told she would be moving from tax credits to UC. Her first UC payment was an overpayment as they had not deducted her husband’s wages from the amount, and on top of this she received a letter informing her that she owed money for a historic tax credits overpayment too.

The factors outlined above illustrate how insecure many people’s starting points are pre-debt and how valuable protective assets can be in enabling people to maintain their survival balance. It is also clear how easily unforeseen changes in people’s lives can trigger a cycle of debt. The severe financial consequences of any changes - big or small - can also lead people into a sense of paralysis, where they are **fearful of making changes in their lives, in case of making their situation worse.**



# ENTERING GOVERNMENT DEBT

As people entered into government debt, they often did not think of it as such. “Debt” is not the natural language participants used to describe their situation, and when referred to in this way, it could feel frustrating or inappropriate.

**Debt** is most associated with private loans, not the government. It is evocative, emotional language and a loaded term that carries stigma and blame (e.g. financial mismanagement). It also conjures a notion of active choice and intentionality, that someone has *chosen* to take on this debt by borrowing money. This idea of choice does not accurately reflect the reality of people’s situation or how they perceive their situation:

Charlotte worked full time in the past but came onto UC when she had her daughter. She was unable to wait five weeks for her first payment as she had to pay her rent immediately:

*“A small amount comes out each month, but you have no choice but to take that advance payment” - Charlotte, 49, exploratory phase*

The term **repayment** better describes the situation of paying back something you owe, with the same transactional nature as debt and more of the active conscious decision-making (to borrow money in a time of need - which is ‘what the government is there for’), but without the implicit notion of choice or the surrounding stigma.

*“That’s just the way they work, you know what I mean, that’s just the way they work. They send you the letter. The agreements are all there, ‘do you want this £349? If you do, this is the money that’s coming out of your payments to repay the loan back’. It’s either if you don’t want to send it back, you don’t get it, but at the time, I needed it because I needed footwear and I needed clothes and I needed underwear and I needed stuff like that, and it was just one of them.” - Johnny, 35, exploratory phase*

The term **deduction** is often used in a different context, when money is taken away from an amount you are due to receive, often due to a bureaucratic error or unintentional overpayment - there isn’t the same transactional nature in that you’re usually not paying back something you have borrowed, so it feels even more involuntary.

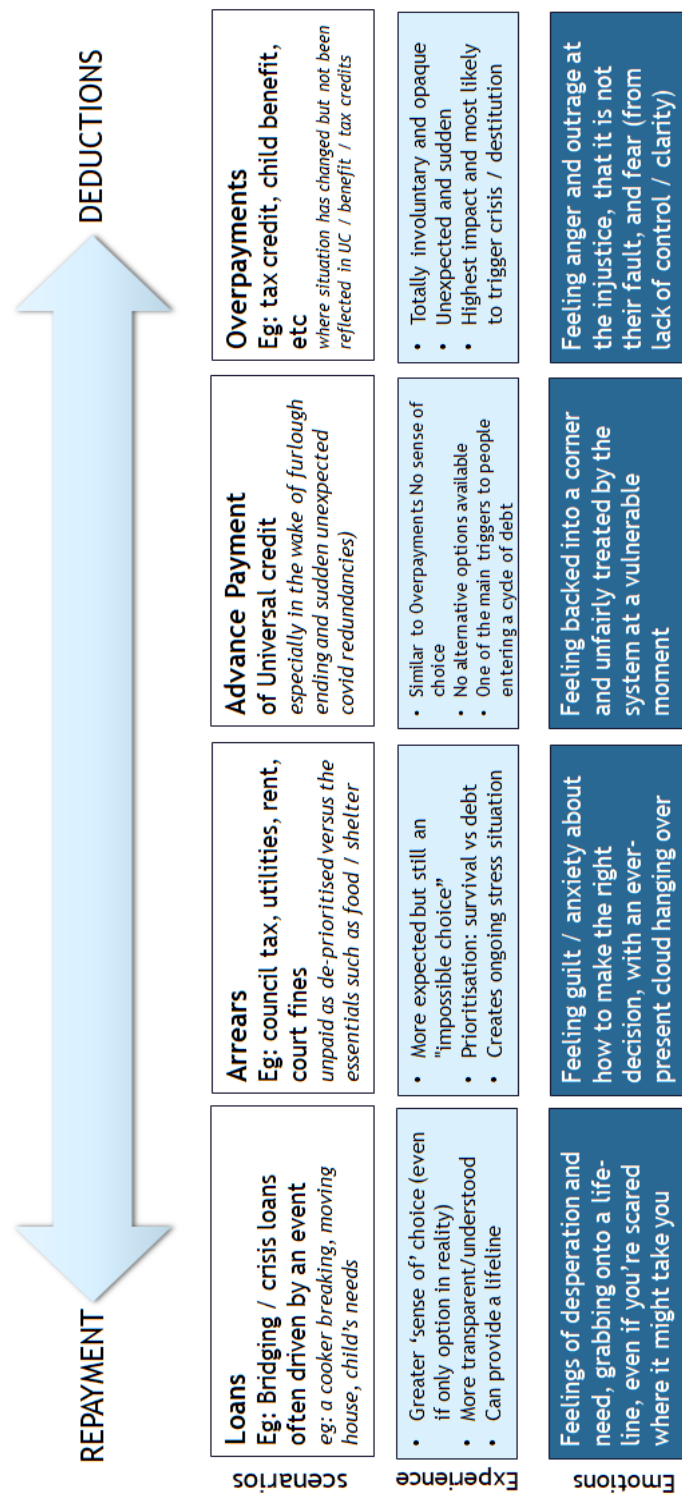
*“It’s really bad. You provide all the correct information. They make the decisions. They make the cock-up. Then you’re penalised for it.” - Molly, 47, exploratory phase*

As a result, the intuitive language people used to describe their situation tended to be 'repayment' and 'deduction' as opposed to 'debt'.

### **The different debt types**

Throughout the research, we explored people's experiences of a wide range of debt types. How people perceived each of these debts can be mapped along a scale of how much choice they felt they had in the matter, which correlates with perceptions of 'fairness'. The further to the right of the scale, where people are seeing deductions due to overpayments, the more likely they are to feel a sense of injustice. People on the left who are more proactively asking for some sort of loan arrangement, regardless of the difficulties it leave them with, are less likely to feel that injustice has been done.

Figure 1. Mapping people’s experience of different types of government ‘debt’



Again, the perception of choice and the sense of control it gives is important here. For those experiencing overpayments there is no element of choice at play - often this is something that feels like it comes up suddenly and out of the blue. This is made to feel even more frustrating and unjust when people have taken active steps to keep government up to date, but mistakes are still made through no fault of their own.

Sandra has a £2,500 overpayment from working tax and child tax credits. She filled out a form that detailed how much she earned, and HMRC did the calculations to work out how much tax credits she was entitled to. About a year ago it came to light that she had been overpaid and £100 per month was deducted from her UC payments:

*“I really don't understand it if I'm honest, you fill out a form, put your salary in and they work out what your Working Tax Credit and Child Tax Credit is. Turned out that I earned over the amount they estimated which seems like their problem not my fault.” - Sandra, 30, exploratory phase*

But even for those taking on budgeting / crisis loans and advance payments, without protective factors like savings or a strong support network of family and friends, this can feel like their **only option**. This is particularly the case when people are in an emergency situation due to immediate need, so despite a perception of active choice, the choice is still a very limited one.

Most people showed a real aversion to private loans and saw **government loans as the better option**. This is largely because they are interest free, as well as being a response to the negative experiences they had heard others have with private loan companies around extortionate interest rates and severe escalation for missed payments. Government loans can also be seen as a better alternative to borrowing money from family or friends due to feelings of embarrassment, not wanting to be a burden, and also not wanting to negatively impact those relationships.

*“I could never go cap in hand to a friend or family and ask for money” - Carly, 52, Validation phase (fresh recruit)*

However, this perception of government loans as the better option doesn't always match people's reality. This leaves them taken aback by the struggles they face repaying government, whether that is repayments being higher than expected (particularly for those new to the system who know less of what to expect) or deductions starting abruptly. It is important to recognise this initial positive **perception of government as a trusted actor, who is there to offer a safety net in times of need** - a perception which is often then tarnished by negative experiences of the system.

*“I was expecting my repayments to be about £6 or £7 per month but mine ended up being £27 per month!” - Johnny, 35, offline participant, co-creation phase*

Theo signed up to UC after losing his job, and felt forced to take an advance payment as he could not afford essentials during the 5-week wait:

*“They give it to you with one hand and take it away from you with the other [...] They use the word help, but it’s not really help in the long run, it’s a trick” - Theo, 41, exploratory phase*

## THE 8 ARCHETYPAL EXPERIENCES

In order to provide a snapshot of the many stories we encountered and bring them to life, we developed a set of eight vignettes that amalgamate multiple experiences to create a set of archetypal government debt journeys.

These vignettes were also used as stimulus at the start of the co-creation phase of the research process and shared with participants to give them sight of other experiences, gather insight on what aspects they related to or didn’t, as well as acting as a tool to help them think about solutions that would be applicable across different experiences.

### ALICIA: THE UNANTICIPATED OVERPAYMENT

*“You provide all the correct information. They make the decisions. They make the cock-up. Then you’re penalised for it”*

**WHO IS ALICIA?** - Alicia is an unemployed single parent. She has four children ranging in age from 8 to 21, and is kept very busy preparing meals, looking after the house, and taking them to various activities. School holidays can be a challenge simply to try and keep the children occupied and keeping on top of how much they need to eat. She currently receives disability allowance, housing benefits and child tax credits.

She generally tries to manage her budget well and doesn’t like borrowing money. A few years ago, there was a problem with her electricity company where she thought she’d switched

supplier but hadn't, and so the payments weren't being made. After a year, she got a statement from them outlining a substantial amount that she owed, and therefore she had to make an agreement with them about repayments. It's not been easy making the repayments, but she did feel she had options around how much to repay based on her disposable income, and although it's taken time, she has agreed payments that are manageable for her.

**WHAT BROUGHT ALICIA INTO GOVERNMENT DEBT?** - It was a problem with child tax credit. When her son started university, she filled in all the forms and updated the information on record about what was going on. As she describes it, they made a "mess up" of the calculation and she ended up receiving overpayments. She was horrified when she got a letter informing her that she now owed money and had to pay it back.

**HOW IS THE SITUATION AFFECTING HER?** - There were no real options available to her. Alicia believes that if the overpayment wasn't your fault, you should be compensated. She can't make any sense of the documents sent to her outlining the calculations - there seem to be a series of different totals, and she doesn't really understand what they relate to. But at the end of the day, the payments are being deducted and that's that. There hasn't been any choice.

The deductions are putting pressure on day-to-day finances. Their financial situation is manageable, but she has to pay a lot more attention when shopping for food. She uses the discount aisles rather than shopping normally. It takes up a lot of mental space and has affected her mental wellbeing as it's very stressful knowing that you owe that money. It's made worse by a sense of anger and injustice because she is facing this debt through no fault of her own.

## LIAM: PROACTIVE BUT CAUGHT IN A TRAP

*"I went above and beyond to stop this from happening, but it still did. Every time I try and do better, it feels like they are there to knock me straight back down. What's the point in me even trying to earn a living?"*

**WHO IS LIAM?** - Liam has two kids who live with his ex-wife. He lives with his partner and has shared custody of the kids, seeing them 3 times a week. He does irregular part time work where his hours change often as he fills in where he is needed. On the notes page of his phone, he tracks all his working hours, incomings and outgoings very closely. Some days he doesn't want to get out of bed and face life's many problems, but the kids are his motivation and keep him going.

**WHAT BROUGHT LIAM INTO GOVERNMENT DEBT?** - Liam had heard some horror stories in the past about overpayments and deductions, so he always made sure he updated the government regularly when his hours and earnings changed. He had just notified them of extra hours that he picked up. He keeps a close eye on things and one month noticed that he had been significantly

overpaid for his working tax credit. He notified them and was reassured that this would be adjusted for the next month. A few months later he found that it had not readjusted itself as he had been told. He received a letter saying that he owed £3,000 in working tax and child tax credit. There was a deadline on the letter for when they needed the payment by, which was impossible. On top of this, two of his children had their birthdays coming up, so he had taken out a budgeting loan to make sure he could afford everything. The deductions for that were set to start the following month when his work hours dropped back down.

**HOW IS THE SITUATION AFFECTING HIM?** - It feels like everything has come at him all at once and feels totally out of control. He has sleepless nights wondering what else could pop up that he owes. He has been prescribed sleeping tablets to help with this, but it is currently putting a strain on his relationship with his partner as he's always stressed and not the easiest person to be around at the moment.

He has not been able to get his children the birthday presents he wanted to and had already got them excited for, which makes him feel terrible. He carries the worry too of them not having what other kids at school have and feeling different. He thinks the government don't understand the many knock-on effects their incompetence has, or don't care. Everyone he has spoken to so far about this sounds like a robot over the phone. He has lost motivation to get out there and continue working as it seems to have caused more trouble than good. He feels trapped in a vicious cycle of a system that is supposed to be helping him but is doing the direct opposite

## MICK: NEW TO THE SYSTEM

*“You don't properly think about the future deductions when you take the advance payment, you just think about the fact that you're in need now and it feels like your only option.*

*It is your only option”*

**WHO IS MICK?** - Mick has had a job since he was 15 years old. He's always managed to pick something up, whether it was plumbing or something else. He pretty much lived pay cheque to pay cheque but got by without much trouble. At least he was earning his way. His parents had always told him the importance of working hard, earning your own money and no matter what, having enough to cover your rent and bills. He prides himself on that.

**WHAT BROUGHT MICK INTO GOVERNMENT DEBT?** - Mick lost his job during lockdown and was not eligible for furlough, so he found himself having to sign up to UC for the first time. He wasn't very familiar with how the system worked, but he was told there would be a 5 week wait before he got his first payment. The woman at the job centre told him about the advance

payment option. It didn't feel like much of a choice as he needed something immediately for his rent, bills, and food.

He was able to choose his payment term - how long he wanted to pay it back over. He decided not to go with the longest term which would mean the smallest deductions as he didn't want it hanging over him for that long.

**HOW IS THE SITUATION AFFECTING HIM?** - The deduction amount sounded minimal at the time, but Mick has found the amount he is now getting from UC difficult to live on. It covers his rent but then he is not left with much at all for the rest of the month. He doesn't go to the food bank because "there must be people who need it more" than him and deep down he worries about feeling ashamed. It's a lot for him to adjust to, having all this free time now that he is not working, yet not having the freedom or means to go to see family and friends. He feels isolated and restricted in his life. Money is constantly at the forefront of his mind, which is draining and depressing. He would much rather be out working than relying on this.

Reducing the deductions would give him some breathing space, but Mick doesn't think this is an option so doesn't ask.

## BECKS: THE FAMILY SAFETY NET

*"I know how lucky I am to have parents who support me so much. I am grateful, but I know that's not everyone's story. The benefits system needs to change, there's too many struggling"*

**WHO IS BECKS?** - Becks previously worked as a receptionist. She was earning a good wage and had no dependants to take care of, so enjoyed a lot of disposable income and a great social life. She ate out frequently and they often enjoyed days out and holidays. She now has a son who is almost 3 years old. She left her son's father quite soon after he was born due to domestic violence. The cost of childcare is too expensive for her so she is currently not working so she can look after her son. She hopes to be able to go back to work once he starts school. Her parents live nearby, and they help babysit from time to time and generally are a big support for her.

Even though she feels she has it pretty good, she is passionate about seeing the benefits system get better for others who are worse off. She knows a lot of people will struggle once the increase to UC during Covid is stopped. She feels lucky that she had a job where she was used to filing, reading long documents and navigating jargon so feels well equipped to navigate the system.

**WHAT BROUGHT BECKS INTO GOVERNMENT DEBT?** - Once she stopped working to look after her son, she took out an advance payment on her UC as she needed the money right away to put a deposit on her new flat. She borrowed the maximum amount as the flat needed doing up too. Without notice she received an automatic deduction of £50 per month, which she knew



she could not afford. She appealed the decision and was able to reduce the deduction to £20 per month, which felt a lot more manageable.

**HOW IS THE SITUATION AFFECTING HER?** - Becks is not massively affected by the deductions as it is now a smaller, more manageable amount. On the months where she is tighter than usual, her parents are able to lend her some money to tide her over. She doesn't know how she would get by without their support. She has had to adjust to a very contrasting lifestyle to the one she was living previously. Now she can't splash out, doesn't really have much extra to do fun things like before, and feels less confident than she used to be. But she is hopeful and looking forward to starting work again soon. It helps that she can see a way out; she knows it won't be like this forever.

## KIRSTY: LONG TERM LENDING

*“I'd always rather get a loan with the dole as there's no added interest. You do get into a bit of a cycle with it, but I need it. It means I can buy what my son needs and have some left in case of emergency.”*

**WHO IS KIRSTY?** - Kirsty has a son with a learning disability. She is unemployed and is a full-time carer for him. Most things she does revolve around him, she is willing to go without, but her son should not have to miss out. It's always been pretty tight, and she doesn't have any savings. The benefits she gets just about covers the essentials, but she would never dream of taking out a private loan.

**WHAT BROUGHT KIRSTY INTO GOVERNMENT DEBT?** - Her son broke his bed and needed a new one, but she did not have that kind of cash lying around. She first found out about the budgeting loan through a friend. It was surprisingly quick and easy to do online, she got the money almost instantly. They sent her a letter outlining how much would be deducted from her benefits per week and when she would finish paying it off. She marks the end date in her calendar as she knows she won't get any further updates from them again and also so she knows when she can take the next budgeting loan out.

**HOW IS THE SITUATION AFFECTING HER?** - She's been taking budgeting loans out for about 10 years now, so she feels like she is used to the deductions and has learned to live with them. Her priority is paying it off fairly quickly so she can take out another - at least there's no interest on what she's paying back. It makes her feel more able to cover the essentials in her life, she is able to provide when her son needs new clothes or shoes and feels some peace of mind knowing if there are any breakages or she needs a new washing machine that she has some extra to cover that. She wishes she could afford to take him away every now and again, but the essentials come first.

It feels like it has got progressively easier to take out these loans as the years have gone by. It's become part of her financial routine, although she doesn't just take it out for the sake of it, she needs it. She does feel like she's in a bit of a cycle with this and can't see how things could be different.

## SAFIA: OVERLAPPING DEBTS

*"It's just one thing after another - a really vicious cycle where it's so easy to drown in it all. To stay afloat you've got to prioritise and put some things on the back burner for the time being."*

**WHO IS SAFIA?** - Safia has 3 kids all under the age of 5. She is unemployed and struggles with high blood pressure and bouts of anxiety, which both make it difficult to keep up with the kids on her own. She dreams of one day starting her own childcare business. She took out a budgeting loan 2 years ago so the kids could have a proper Christmas. She was relieved to have paid that off within a year without issue and was looking forward to having more breathing space without deductions.

**WHAT BROUGHT SAFIA INTO GOVERNMENT DEBT?** - Safia got transferred from Working Tax Credit to UC during lockdown; she's heard that they're trying to switch everyone over. Out of the blue, she received a letter saying that she owed £1,300 due to a tax credit overpayment. There was no explanation of why, how much would be taken out and over how long. Safia noticed different amounts would get deducted each month which made budgeting and planning ahead so much harder. She has called them up several times to get answers, but just feels like she gets bounced from one person to another, so she has given up trying and has accepted it.

**HOW IS THE SITUATION AFFECTING HER?** - The deductions leave her with not enough to live on. She also knows she is in council tax arrears but has had to pause payments since she became aware of the deductions. She has also accrued credit card debt which is just another thing to worry about. She pays the minimum back on the credit card to avoid the fees. She is also behind on her water bill payments but can't face that either. It's a constant juggling act to decide what to and not to pay.

This situation has worsened her anxiety massively. She knows what letters to ignore and barely ever answers her phone just in case. She constantly feels like she is ducking and diving, but knows she'll have to face up to it one day. She can't remember the last time she bought herself new clothes or a treat for her kids. She wants to be a role model to them but feels like she is letting them down even though she is trying her best. The food bank has been a saving grace for them, especially over the summer holidays. It's nice talking to people there who actually listen and care, but she feels she shouldn't have to rely so heavily on

them. She's really not sure how much longer she can go on like this for and the idea of the UC uplift during Covid stopping soon is terrifying to think about.

## PHIL: MULTIPLE SUPPORT NEEDS

*"It's such a brutal system, make sure you get help. It's just not humanly possible to do it on your own"*

**WHO IS PHIL?** - Phil lives alone with no kids or dependants. He has family but they are not the most closely knit and are dealing with their own issues, so on the whole he largely keeps himself to himself. He is battling with numerous mental health conditions and is in the process of being assessed for chronic back pain. He likes to do gardening when he feels strong enough to, it's something that calms him and takes his mind off things. He used to have stable employment in the transport industry but could not maintain his job as his mental and physical health conditions worsened so he very recently signed up to UC.

**WHAT BROUGHT PHIL INTO GOVERNMENT DEBT?** - He lost his job quite abruptly and had no other savings or sources of income so had to take out an advance payment to get him through the next couple of weeks. A historic HMRC debt was uncovered that he knew nothing about but must have built up while he was working. He was told he owed £400 and so £100 got deducted immediately from his first UC payment which left him with practically nothing for the rest of the month. This led to him having to take out a government loan (he cannot recall exactly what it was called / who it was from) to make sure he had enough to live on for the period where the hefty deductions were coming out. The advance payment deductions have also started to come out.

**HOW IS THE SITUATION AFFECTING HIM?** - He closely rations his food, often forced to reluctantly live on mainly tinned food he gets from the food bank and rotate that with some fresh food when he can afford to. Meal times are not enjoyable - on a good week, he can afford to do a basic batch cook for the week ahead or on a bad week he day by day tries to figure out what he can pull together out of what's left in his largely bare fridge and cupboards. There is no room for a snack when he is hungry or extra portions, he feels he has to be very disciplined in this area to survive. On top of this, his mental health makes it difficult for him to retain information surrounding his debts and keep track of paperwork, repayment dates etc. He feels like his life is out of control and he sees no way out of his current situation. Although his main priority is getting better mentally, the financial constraints he lives under makes that hard to achieve as things quickly get bleak and life doesn't always feel worth living.

# CARLOS: WHEN REPAYMENTS ARE NOT THE BIGGEST ISSUE

*“Nobody should have to live like this. I’d like to see them try and survive on £100 per month in London. It’s impossible.”*

**WHO IS CARLOS?** - Carlos lives in London alone in privately rented accommodation, it’s nowhere near good enough but is all he can afford at the moment. He has lots of interests from baking to visiting museums. He used to have a stable job in Admin but suffered a breakdown which meant he had to go off sick from work; his job eventually let him go. His mental health is something he has struggled with all his life, although he has better points and extremely low points. He now claims UC.

**WHAT BROUGHT CARLOS INTO GOVERNMENT DEBT?** - Carlos needed to pay for rent immediately so he asked for an advance payment on his UC. The £30 per month deductions from this turned out to be the least of his worries, as although he was assessed as having limited capability to work, he was informed that he would face a benefit cap. The total money he receives from UC each month is only just about enough to cover his rent and then leaves him with £100 to live on for the rest of the month for bills and food, which is never enough.

**HOW IS THE SITUATION AFFECTING HIM?** - Carlos feels that his situation is quite unique and feels neglected by the system. Nobody thinks about the impact a benefit cap can have on someone who does not live in social housing. He has tried to enquire to see if he is eligible for extenuating circumstances but still does not have clarity on this which is the most frustrating thing. Nobody seems to want to listen or understand where he is coming from, and it makes him feel helpless. His monthly £100 is finished within the first week of payment, and he spends the next 3 weeks wondering how he is going to get by. The food bank is a lifeline for him, but he doesn’t want to live like this forever.

## EXPERIENCE OF ‘THE SYSTEM’

*“We’re not people to them, we’re claimants” - Jake, 55, co-creation phase*

There is a **huge degree of variability** in people’s experience of the repayments system, both **between different debt types** but even amongst those with the same types of debt - whether some people being able to choose repayment terms or amounts and others not having that choice,

or some people having better responsiveness via the UC journal and others experiencing severe delays. There does not seem to be a consistent approach that determines outcomes, leaving people feeling frustrated and confused when trying to navigate repayments and find ways to lessen their impact.

For example:

### Scenario 1

Chantelle is a single mum who lost her job during Covid. The house she received from the council needed flooring and appliances, so she got two advance payments from UC totalling £1,200 to do up the house. She gets £100 per month deducted and had no say in this repayment amount

### Scenario 2

Richard has been on and off UC for the last 4 years whilst being in and out of work. For his current advance payment, he was able to choose the longest repayment term of 12 months as the lower amounts would be more manageable for him given that he is also paying back a budgeting loan and a court fine

### Scenario 3

Diane received an automatic deduction of £40 per month to cover a historic HMRC debt and an advance payment. Knowing this was more than she could afford, she called DWP and her monthly deductions were halved to £20 per month

Despite these variabilities, we did hear common themes and feelings emerge around their **interactions and communications** with government, which often left people **feeling like the system is not there to help or support them**.

## GOVERNMENT LED INTERACTIONS

### Lack of Information

The information gap people face within the system is threefold:

- 1. Lack of information upfront:** Not receiving key information such as total amount owing, monthly repayment amounts, when payments will end, who to contact if they need to discuss further and, particularly for those with overpayments, where this overpayment has come from and why. It is this lack of information upfront that often causes negative effects down the line as people have few concrete details to work with as they look for resolution.
- 2. Information not easily accessible:** Not being able to easily access or keep track of simple pieces of information, e.g. how much has been paid and how much is left to pay. For many, the only way to do this is to commit to repeatedly calling up and relentlessly following up off

their own accord. As a result of this, it can be difficult to know where they stand with payments, which contributes to not feeling in control of their situation, but feeling at the mercy of government.

- 3. Lack of proactive support information:** It can feel as though the government is not proactive and forthcoming with providing information that could help, e.g. options to lower repayments or letting people know what other benefits they are entitled to. People therefore tend to accept situations that put them in further hardship, unless they find out about support options by chance through other organisations or friends and family. If you don't know what to ask for, it can be hard to access available support.

*“Partly ignorance on my part, even being a carer - lots of things I wasn't told I was entitled to, a lot of it is left for you to find out yourself, but if you don't realise there's anything out there for you, you don't look.” - Aaliyah, 54, exploratory phase*

*“They don't even tell you what you're entitled to, I had to tell my grandma what she was entitled to.” - Stacey, 26, validation phase (fresh recruit)*

*“They don't advertise that we can help you, that you've got to find out yourself.” - Donna, 49, exploratory phase*

*“I didn't even know about this [council tax] discretionary payment. I think that's been available for a long time and they've only just made me aware of that and I've been doing my council tax for years, and if they had helped me in the beginning then it wouldn't have snowballed and it wouldn't have kept going back to court. But it's kind of like they wait for you to be at rock bottom and then say, 'Oh, actually we can do this.’” - Lorraine, 38, exploratory phase*

Carly was unaware that she was eligible for council tax reprieve as a carer, but when she received it, it made a big difference to her situation and meant she could focus on her rent and utilities arrears:

*“I had £130 council tax reprieve - it took 6 weeks so I got that cash through. They told me if I'm a carer I don't need to pay council tax.” - Carly, 52, validation phase (fresh recruit)*

## COPING MECHANISMS:

For those who had taken out **budgeting loans**, there tended to be **more upfront communication**. They received a letter at the start of the loan term detailing how much they would be paying back, over how long. However, there is still no easy way to independently track where you are with these payments over time other than phoning up to check.

*“I do get a letter telling me how much I owe and when. I don’t get updated unless I phone up halfway through to see how much I still owe. If I need an update, I can call them and they tell me but I would rather they updated me, so I don’t have to chase” - Suzy, 39, exploratory phase*

This lack of information leads to huge additional strain (both time and emotional) to try and keep on top of their situation. This strain is particularly marked for those with mental health conditions or low literacy / digital skills, or those who are simply time poor due to caring duties, childcare or work.

*“If I don’t write down everything I’ve got to pay out and I miss something, I’m in trouble. I have an A4 book and every day I cross off the bills that have been paid or work out how much I’ve got left to go shopping with to see if anything’s left.” - Alison, 56, exploratory phase*

### Lack of Explanation

On top of this lack of information, a lack of explanation was another issue highlighted by participants who navigated the system **without feeling like they ever had a proper conversation with anyone**. There are advantages to how quickly and easily one can apply for a budgeting loan online and an advance payment of UC, but without being fully informed of the process / repayments, it can set people up to struggle further as they don’t always know what they are getting themselves into. Informed conversations would help people evaluate what is best for them in their own context.

*“Don’t just present us with opportunity for money, tell us exactly what it is, the full story. For example, you can borrow this amount and if you do get accepted you will have to pay it back on an agreement of what we say. You might think I can pay back £5 per month but that’s not an option. I don’t think they should be dishing these out without explanation as some people won’t be able to afford it. If you put the deduction amount upfront, people may think twice or at least have the chance to think.” - Johnny, 35, offline participant, co-creation phase*

*“I messaged the job centre about paying extra bills and they told me they would give me x amount of money and then sent another message saying how I would be paying that back without any sort of conversation or confirmation from me that this was ok. It wasn’t clear about repayments, no one spoke to me, it was just a message on the online journal coming from head office. No one phoned me or explained what I was going into, or got my agreement on it.” - Jack, 39, validation phase*

*“They’re so quick to offer you money, I took it without fully understanding that every month I would have a big chunk taken out of my benefits. It was all a bit confusing.” - Chantelle, 33, co-creation phase*

## Lack of Notice

Another factor that feels central to people’s experience of the system is not being notified before deductions begin. This is particularly evident when it comes to overpayments; these are often an unexpected and out of the blue occurrence, and a number of people experienced money being deducted with **no prior warning or conversation**. This can easily lead to a spiral of hardship as it sets the foundation for a situation that feels out of their control, and a perception of government as hostile and unsupportive.

*“I think lots of improvements need to be made in the way they deal with overpayments and debts, firstly they need to give people warning before deducting money as quite often they start deducting the money before they even tell you about the debt.” - Erin, 33, co-creation phase*

*“I have no control, no control. You know, they decide how much they take, and they take it. They don’t come and say to you, ‘Can you afford this?’ It’s, ‘This is what we are taking.’” - David, 43, exploratory*

*“They hadn’t even written to me or told me about the debt and went ahead and deducted £168 out of my benefit in one month, this was completely unexpected leaving us in severe hardship.” - Erin, 33, co-creation phase*



*“I don't really remember much. Just that they took money from my account and I almost lost my house, my flat.” - Amanda, 39, exploratory phase (offline participant)*

*“I don't know. I didn't have any power or any control over that situation at the time. I just didn't know how to survive, when they did that. I had no one to help me or whatever, you know.” - Amanda, 39, exploratory phase (offline participant)*

*“Years ago, I had a tax credit overpayment and I was about to have my last baby at the time, rather than taking monthly payments they stopped my payments completely for 4 months until the debt was paid. This was very unfair especially when we were already paying off other overpayments leaving us incurring more debts as we had no money from them for so long.” - Erin, 33, co-creation phase*

The combination of a lack of information, explanation and notice leaves people feeling out of control, and ultimately does not empower people to fully understand their situation and the options available to them. Despite best efforts to better their situation it can feel like people are met with a brick wall instead of a supportive system that works *with* them.

*“You have absolutely no control over it, you can't negotiate with them, so you feel backed into a corner and have to make decisions about what you are and are not going to have.” - Theo, 41, exploratory phase*

## COMMUNICATING WITH GOVERNMENT

*“It's depressing when you have to phone the dole” - Ruby, 58, co-creation phase*

*“It's like getting passed around like a yoyo from pillar to post” - Tim, 34, exploratory phase*

### Getting in touch is tricky

On a practical level, getting in touch with government can be **time consuming**, with long wait times and getting passed around to different departments **with little resolution**. For those who are working, these long wait times combined with inflexible opening hours can be an added barrier to getting in touch. Those with young children, particularly single parents, also struggle to find the time needed to navigate this.

*“If you're asking for information, you usually have to wait on the phone for about an hour to get one answer and you get passed on to department after department and you have to explain all over again, you end up losing half a day! - Jane, 34, co-creation phase*

*“At the moment I don't have time to sit on the phone and question them, majority of the time I'm at work, I only have a 30-minute lunch and by the time I'm home they're shut. I just can't be bothered, I'm sick of talking about it” - Sandra, 30, exploratory phase*

## Feeling judged and disrespected

When they are able to get through, we heard many examples of people feeling **talked down to, judged and disrespected** by staff, whether face to face or over the phone.

*“I also think HMRC need to train the staff better on manners and customer service, when talking to different departments over the years advisors sometimes seem to belittle you, talk down to you and show no understanding of your personal situation” - Erin, 33, co-creation phase*

There were a few instances where people noted a slight respite from these negative interactions earlier in the pandemic, where it felt like there was more understanding and visibility of people's hardships and as a result felt they were treated better during this period.

But on the whole, people feel a **lack of humanity** when they interact with government representatives, as if they are talking to a machine or someone reading from a script, rather than someone who is there to listen and subsequently help. This lack of willingness to listen and understand their personal situation leaves them feeling unable to advocate for themselves, particularly when it comes to mental health conditions. The right environment (e.g. safe, caring) is not fostered for people to feel like they can share this, and they often don't believe it would be relevant or make a difference to outcomes.

*“The benefits system is quite judgemental...they see us as on benefits and think we want to stay on it” - Stacey, 26, validation phase (fresh recruit)*

*“Just maybe stop seeing people as numbers and try and bear in mind people's lives” - Kim, 38, exploratory phase*

Many spoke about feeling **automatically tarred with the same brush as everyone else**, e.g. being viewed as 'just another single mum on benefits' or someone trying to cheat the system. They did not feel they were being seen as an individual in a difficult situation, resulting in them being treated like a criminal or less valued than others. This is further illustrated by **how quickly certain situations are escalated**, causing people to feel like they have intentionally done something wrong - the injustice of which feels even more evident for those who experienced overpayments through no fault of their own.

*"I can imagine a lot of places hear different stories from a lot of people, some are genuine and some aren't. The person you're talking to can judge you as they feel appropriate. Some people would think scrounger". - Marcus, 59, Validation phase (fresh recruit)*

*Aaliyah was informed via letter that she had been overpaid £200 of child benefit. She managed to get through on the phone and was told she should have informed them that her daughter had finished further education. Aaliyah had already declared that her daughter would be studying for 2 years so had assumed the system would adjust itself when the time came:*

*"They said it was their fault, but they seemed to be blaming me that I should have picked up on it so they wanted it paid back in full. I suggested £5 per week but they said no, I had a time limit to pay it back in full before they took further action and that's quite scary, especially because I didn't feel like I did anything wrong but started to be made to feel like I was a criminal trying to cheat them out of money." - Aaliyah, 54, exploratory phase*

Both these **practical and emotional barriers** work together to deter people from reaching out to government and can contribute to a **culture of avoidance**. Contacting government becomes a chore and a source of anxiety rather than a problem solver.

*"It can be emotional when you're being spoken down to. I've had a few phone calls where I've just hung up and tried again and hope I get through to someone better." - Erin, 33, co-creation phase*

*"They feel a bit police-y when you're talking to them [housing benefit officer]. It's not a phone call that you want to make. You dread it really." - Kim, 38, exploratory phase*

*"It would be a lot easier if you felt more comfortable talking to people about how to get out of that situation. Feeling like they are actually there to help rather than just recoup money." - Kim, 38, exploratory phase*

## NAVIGATING THROUGH THE SYSTEM

*“It’s like, remember as a child being on a trampoline and one of the kids falls down - but the other kids won’t let you get back up - they’re all bouncing and you keep getting bounced around, knocked, you can see where the floor is but it keeps on moving, whatever you do you can’t get back up - everyone constantly pushing you down.” - Nathan, 41, exploratory phase*

*“I am not a person that just goes to get a loan because they’re going to give me a loan. That is not the type of person I am. I work hard. I try and save, but I find that Universal Credit is just, I get 10 steps forward and Universal Credit is putting me 20 steps back. It makes it difficult. It’s like you’re stuck between a rock and a hard place.” - Samira, 28, exploratory phase*

*“You feel like you’re in a hole that you’re never going to get out of.” - Chantelle, 33, co-creation phase*

*“I feel like I’m robbing Peter to pay Paul.” - Molly, 47, exploratory phase*

*“It’s swings and roundabouts, they give you with one hand and take away with the other.” - Rachel, 56, exploratory phase*

*“I feel it is too easy to get into debt, but a lot harder to get out of it.” - Alison, 56, co-creation phase*

Navigating the government debt system can leave people **feeling trapped** and like no matter how hard they try, there is **no sense of progress or a way out**.

### The difficulties of adjusting repayment terms

Even when people engage with the system to try and better their situation, the measures in place can feel **laborious, arbitrary, and frustratingly still not get them closer to a viable solution or more manageable repayment terms**.

- *The appeals process can feel confusing, exposing, lengthy and not worth the effort in the end:*

David is facing £35 deductions per week from his budgeting loan which he calls scandalous. He remembers when he could go into the job centre and fill out a form when he couldn’t afford deductions. However, with the job centre branches closed because of Covid, he can now only do

this via the government website which he finds too confusing and overwhelming - he doesn't know if he's filling it out correctly, he doesn't know what happens next and generally he and his partner are tired of constantly trying to get in touch with the government. They also don't have faith that it will make a difference in the end, so they'd rather put up with the deductions and struggle than go through this process:

*“Yes, they will say, 'If you disagree, you can appeal,' but then you go to appeal, you have to write a story on why you're appealing this, why you think you can't afford this. A list of your complete business of everything you're paying, stuff that they don't even need to know about, you know, really, it's none of their business but basically, they know everything about your life. They know where every penny in your house goes but it's none of their business really, but you have to do that to appeal and then they decide if they're going to reduce or not and, you know what? Nine out of ten times, they're not going to.” - David, 43, exploratory phase*

Applying for extenuating circumstances can also feel exposing in this way, making people feel that their privacy and dignity is compromised. But additionally, people are not clear what criteria is used to determine this.

*“You ring up, you ask about exceptional circumstances and they ask who you are, how old you are, who you live with, you go through all that which feels embarrassing telling them your struggles and they don't tell you what exceptional circumstances are.” - Jack, 39, exploratory phase*

The obstacles of engaging with these support measures in the system are layered. Knowing that they are even available is one issue, and accessing them successfully is another. There is a **lack of consistency and transparency** which makes it feel ad hoc in terms of who is successful in getting support and who is not. More often than not, it can feel like people are jumping through hoops and not getting anywhere, which **over time affects people's motivation and resilience** to want to engage with the system or even have hope that this will make any difference to their situation.

## COPING MECHANISMS:

There was one instance where someone had taken out a budgeting loan and was able to appeal successfully, taking her weekly deductions down from £12 to £6. She was able to do this in writing, which goes to show how those with low literacy or tech skills can struggle to engage effectively with this process.

*“One of my friends, they were taking almost £15 a week from her, she could afford it. They started taking £12 a week off me but I couldn’t afford, so they said can you afford £6 a week and I said yes...[on another occasion] I appealed once for them to take it down to £7, I put it in writing, they can’t take money off you if you can’t afford to live...They are willing to do it unlike the doorstep loans, they’d want all their money” - Alison, 56, exploratory phase*

- *Affordability assessments are not holistic enough and can feel dehumanising:*

For those who had experienced this assessment they saw it as **oversimplified and the ‘bare minimum’**, accounting for their bills but not much else. This then does not leave them with any breathing space for other expenses or emergencies. People feel the focus should be on *true affordability*, accounting for people’s personal situations and ultimately **leaving people with enough to live on** after deductions and other outgoings, not a blanket, rigid lens of looking at bills alone as that does not give the full picture.

*“I have filled out many of these before, but they do not take into account emergency expenses, day to day life living, one off costs, higher childcare costs, e.g. summer holidays. They only ask what you pay out for bills. Every month is different for me therefore I cannot give an accurate expenditure or income which then means I get into more debt... It’s a vicious circle and I feel like currently there is no way out and not enough help.” - Sandra, 30, co-creation phase*

*“They often only include the main bills and the amount they take could mean you can’t buy clothes, shoes and uniform that you and your children need as essential items, they should take people’s situation in as a whole.” - Erin, 33, co-creation phase*

*“The key word here is affordability. After deductions there has to be cost of food taken into account and not just shopping at the cheapest places and a longer term for repayments. Benefits generally leave no disposable income left.” - Ruby, 58, co-creation phase*

Some participants also had objections to the **granular level of detail** that needs to be disclosed for these assessments which can feel like **an intrusion of their privacy**. They were also worried that this would leave them open to further judgement and scrutiny from government.

*“I don't like that, too much in your business. I've got nothing to hide, I'm just private. I've only been on benefits for a year so I'm not used to this. Feels like Big Brother is watching you.” - Ruby, 58, co-creation phase*

*“The vast majority would still consider this an assault on their privacy and dignity.” - Tim, 34, co-creation phase*

*“You feel like you'd be criticised, like oh you've spent £10 on a takeaway” - Dora, 32, co-creation phase*

To have disclosed all this personal information and still be no closer to a solution can have a huge impact on how they perceive the system, namely as **cumbersome and ultimately not designed to help people find a way out of it**.

## The difficulties of getting back into work

Perhaps the most insidious way that this feeling of being trapped in vicious cycle of debt manifests is in the difficulties people face trying to get back into employment:

### Scenario 1

Jay had been on benefits for many years. With the support of a scheme associated with his jobcentre, Jay entered into training and subsequently employment. He thought he had done everything needed to register his return to work, but this wasn't the case. He ended up with escalating debt due to benefit overpayments and it caused him financial and mental health issues. As a result of this, he now has no aspiration to ever return to work again. The experience has put him off work for life.

### Scenario 2

Lorraine is a single mother to 5 kids, 4 of which are dependants. The family used to live on both her and her partner's income, but since she split with her partner they have struggled to manage and have built up some council tax arrears. Lorraine picked up some bank shifts in community care to get by with the kids and pay off some of her council tax arrears. She thought she was allowed to work 25 hours a week and that anything over that her housing benefit would be adjusted accordingly, however she was told she owed them £1,400 as she had worked too many hours.

### Scenario 3

Jemima's kids were getting older, so she was now able to increase her hours at work. She informed DWP of this change in her hours but continued to receive the same amount of housing benefits. Her housing benefits stopped abruptly - she got a letter that she had been overpaid and that £95 would be deducted from her salary, which was a lot for her as she only worked 12 hours a week.



*“It was like catch-22, because I was trying to work, I did some bank work to try and get myself out of the mess of council tax and things, and then I'd worked over what I should have worked and then I ended up worse off.” - Lorraine, 38, exploratory phase*

*“I've stopped doing overtime now because the more overtime I do, the more they take. It's silly.” - Jemima, 38, Validation phase (fresh recruit)*

These examples highlight that there is **no shortage of desire to get back into employment**. It is **counterintuitive that working is making people's situations more difficult** instead of better. These experiences can make people feel disillusioned with the world of work and make it impossible for them to see a way out of their current situation and the cycle of debt.

### **The case of Personal Independence Payments (PIP)**

A number of people we spoke to were suffering from mental and physical health conditions that directly affected their ability to work. This was often coupled with not receiving enough benefits to live on - with PIP being a critical benefit they were struggling to get approved. This is a contributing factor to their financial hardship and plays a role in the need to rely on budgeting loans, advance payments of UC and even private loans to get by.

*“Within a week of getting paid my money's finished - I buy food and then have to wait 3 weeks until I get paid again. You think you've got £600 and it will last you but everything comes along and you've got nothing left, no matter how much you plan, it still happens exactly the same.” - Marcus, 59, Validation phase (fresh recruit) [waiting to hear back on his PIP assessment]*

It was often through third parties such as doctors, housing officers, mental health workers, and Citizen's Advice, that people found out about PIP and received support in applying for it. But even then, most were still waiting to hear back due to the lengthy process and others were unsuccessful.

Rachel's doctor recommended she apply for PIP 2 years ago, but she was unsuccessful:

*“I've got fibromyalgia as well, so there are times where I can't actually cook because of my hands and things. They said because I can use my phone, to order a takeaway online, I could do that, that I don't really qualify for it.” - Rachel, 56, exploratory phase*

*“I applied for PIP. I'm still waiting to hear from it.” - Amanda, 39, exploratory phase (offline participant)*



*“I had a long telephone interview and they awarded me no points, that’s a department in the DSS, but my medical with the DSS I got classed as having limited ability to work. This PIP thing lots of people have to appeal it, 80% of the appeals are successful as it goes to a doctor rather than a nurse. I told Grampian Opportunities and they then contacted Aberdeen council welfare rights team and it got appealed. Said it would take about 8 weeks to get back to me, so I think the whole thing is going to take a long time” - Diane, 59, exploratory phase*

## In conclusion

These struggles navigating the system, often without any positive outcomes, leave **people feeling unable to work effectively and collaboratively with government** to better their situation. This establishes a power imbalance where people feel **at the mercy of the government**, like the government is **working against them rather than *with* them**.

# EXPERIENCES OUTSIDE OF ‘THE SYSTEM’

Often those who had had slightly better experiences were those who had external organisations advocating for them in different ways:

1. Informing them of their rights / other benefits they are entitled to
2. Contacting the government on their behalf (and often being more successful in getting an answer)
3. Helping fill out forms, e.g. PIP claims, Warm Home Discount
4. Helping source information, e.g. addresses, contact details
5. Helping plan, prioritise and manage multiple debts
6. Effective signposting to other support services

## Advice services and charities - a supportive approach plugging the gaps in government information and support

There were many examples of Citizens Advice (previously known as Citizens Advice Bureau or CAB) supporting people in the ways outlined above. For many, it felt like an **informative and supportive service** that was hands on in the help it offered and played a key role in progressing people’s situation, **adding clarity and reducing stress**. It was often the first actor people thought of contacting when they had questions about their debt.

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*“Citizens Advice and my mental health worker told me about it [eligibility for PIP]. My health worker and CAB sorted out the PIP so I'm waiting to hear back from them now.” - Marcus, 59, Validation phase (fresh recruit)*

*“Citizens Advice have been brilliant, telling me what I'm entitled to.” - Stacey, 26, Validation phase (fresh recruit)*

*“Citizens Advice were really helpful. They helped me find an address for a letter and helped me prepare the letter. That took stress and worry away for me.” - Suzy, 39, exploratory phase*

*“Citizens Advice have been helping me with my benefits. They filled in personal PIP claims.”- Tim, 34, exploratory phase [also gets support from Aberdeen Foyer who manage contact with Citizens Advice, PIP and UC as he is not always in the state of mind to think clearly]*

*“I've spoken to them quite a few times, when I finished with my partner [due to emotional abuse] they were giving me advice of things I can do. I've noticed I only get through on the phone to [a local] branch. They've given me lots of information to help me, got a solicitor to call me back, especially when you can't afford solicitors and things like that. I recommended a friend to them and they helped her a lot too.” - Amy, 45, exploratory phase*

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Despite this, there were a few who faced issues with what support was available. For people in debt, it can feel like potluck depending on the availability in your region, the individual you deal with, or the availability of alternative solutions as to whether you see progress through local charitable services.

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*“It's sometimes good, sometimes awkward. I remember one experience where they seemed under pressure to not give me a food bank voucher, as apparently you're only entitled to 3 a year. They are difficult to access sometimes, there's too much demand for them so lengthy waits” - Jake, 55, exploratory phase*

*Diane's gas provider had been taking £41 per month for years until one day they took £88. She found out that this was down to them using inaccurate estimates in the past. She went to an energy advisor at Citizens Advice who could not find an alternative solution:*

*“I was already on the cheapest tariff, felt like I was going round in circles.” - Diane, 59, exploratory phase*

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A key aspect highlighted when people interacted with external organisations that deal with debt, e.g. StepChange, Talking Money, Reach and Grampian Opportunities to name a few, was how understanding they were. As well as providing personalised emotional support, their advice and hands-on approach proved invaluable in helping to **untangle complex situations and take appropriate actions, making 'getting out of' debt feel achievable**. These were often organisations **operating specifically in their region** (with extensive knowledge of other local actors and available support), rather than being country wide.

*"I came across them [Grampian Opportunities in Aberdeen] in my local supermarket, I saw they had started a community larder, went to their office and found a bit about them. I was having a really bad day, they asked if I wanted to speak to anyone and I literally poured out all my problems and they helped me deal with them one by one. They help with anything and everything. If they can't help you, they'll know someone who can." - Diane, 59, exploratory phase*

*"Reach have contacted many other companies on my behalf and helped, they applied for discretionary housing benefit and filled in paperwork for me. Reach is the middleman - the bridge. It's hard to speak to a random person, you want one account manager who knows you. At Reach I had Sarah as my account manager and she knows me. I can pick up the phone and not have to repeat my story. She knows my story from one conversation a year ago, don't need to keep re-explaining." - Jack, 39, exploratory phase*

In particular, the understanding nature was referenced in relation to affordability assessments, where participants experienced a more holistic approach (not just looking at bills as outgoings, as mentioned earlier) and felt they were left with more to live on, not just the bare minimum to survive on. Staff from these organisations showed an awareness of what real people actually need, and care and commitment to ensuring they have this.

*"StepChange are a million times better - understanding, helpful, always there for advice, can see online breakdowns of what you owe, what's been paid where, balances. But with DWP debt management you don't get any comms or info to say what's changing. StepChange take into account personal circumstances, go through your finances, working out your affordability, add in things like shoes and clothing for us and the kids whereas debt management all they [DWP] want to know is rent, water bill, energy bill, council tax and compare what you have left over - they don't take into account cost of children's school stuff, clothing, they call it unnecessaries - but you need those things. When I was going through my budget with StepChange they said you haven't got anything for medical - like prescriptions and things, whereas DWP think they can just take what's left after council tax." - Erin, 33, exploratory phase*

*“I am on a debt management plan with StepChange - my ex-boyfriend forced me to get all these private loans out, about £15,000 worth of debt - a car on finance and a few payday loans type things. StepChange are amazing, I can't fault them, they are helpful and understand and make me feel like it's ok not to be ok. They're really reasonable and make sure I'm paying the amount I can afford. They must have some sort of standard budget for 1 or 2 person households to make sure they're not leaving you with no money. StepChange are non-judgmental, you can talk to them like they're your friend so I felt like I could be open and honest, didn't have any anxiety talking to them.” - Sandra, 30, exploratory phase*

## **Food banks and community support - A human, non-judgmental approach**

Participants were quick to contrast their interactions with government staff with that of food banks and community support. Although there was resistance to use food banks due to stigma from some participants, for those who had, these forms of ‘on-the-ground’ support are valued for being **non-judgemental**, as well as being **somewhere to turn to when all else fails**. Although these actors didn't help with the debt specifically, they were able to offer a compassionate ear and help to alleviate some of the financial burden of their situation by providing essentials.

*“I got food bank vouchers from the job centre - staff at the food bank are much more sympathetic and understanding. Always as helpful as they can be, the antithesis of what you get when dealing with the statutory bodies, a more human approach... Government bodies have limited remits, very matter of fact. They're cold and lack understanding of the physical, mental and emotional impacts.” - Jake, 55, exploratory phase*

*“My daughter had nothing in the fridge while the kids were off school and the food bank were giving out packed lunches. We got 3 bags of shopping, it was fantastic, they gave me a jar of lovely coffee!” - Alison, 56, exploratory phase*

*“I've spoken to staff at the food bank - they're absolutely brilliant, they shouldn't have to exist. I think they work closely with CAB as they advised me to contact them. Because food banks exist, government and organisations are relying on them too much, they pass the buck to volunteers.” - Tim, 34, exploratory phase*

## COPING MECHANISMS:

Beyond organisations, we heard particularly positive instances of support people had from **specific individuals like housing support officers and care workers**. These individuals quickly become their go-to person and were felt to go above and beyond by doing things like helping fill out application forms and generally giving **more personalised support**.

*“My care worker I go to for any problems, like when I was denied an advance. She is an official person - so I ask if it would help if she put in an application, or if I need to go down the Scottish Welfare route then she would help me with that” - Richard, 22, exploratory phase*

### Barriers to accessing support

There are various barriers that prevent people from accessing external support:

**Not understanding how they can help** - People in especially difficult circumstances can struggle to see how anything (other than more money) could better their situation and therefore lack the motivation to reach out.

*“I am waiting on a call back from someone from Citizen’s Advice Bureau, but I don’t really see how they are going to help. Heard about them through UC. It all comes back to what you have to pay the government every month.” - Tim, 34, exploratory phase*

**Mistrust of these organisations** - Wondering if they are really there to help them or have ulterior motives. Whilst being unattached to government is positive in many ways, some still doubt whether this is the case, whilst others worry about scams and private companies looking to take more money from them.

*“I’ve had companies contact me to help but I don’t trust them, I just think they want me to start paying money to them.” - Chantelle, 33, exploratory phase*

*“I read reviews about them but it was bizarre, they sounded like they were working for the finance companies, not for you, like trying to find ways to pay the money back rather than get you out of debt.” - Nathan, 41, exploratory phase*

**An initial negative experience can put people off for good** - Therefore it doesn't feel worthwhile to persist. People have no reason to believe future experiences will be any different from their initial ones

*“I called a debt advice line years ago but haven't reached out since. I called for help, but it was stressful and I hung up, I was on hold for a long time and got no clear answers.” - Lilian, 41, exploratory phase*

**Concern over consequences** - For example, that reaching out to debt services could affect their credit score, or that seeking help could lead to yet another organisation contacting them or further debt coming to light. This can quickly feel overwhelming, particularly for those already avoiding letters and other communications.

*“I can't remember the name, but my bank advised me to speak to them... but if I went to them my credit rating would be very bad and I was trying to get my credit score up so I could afford somewhere a bit more decent.” - Amy, 45, exploratory phase*

**Covid and the virtual world** - For those who would rather speak to someone face-to-face instead of over the phone / online due to personal preference or factors like low tech ability, mental health conditions or having English as an additional language, not being able to do so due to Covid restrictions has made reaching out for this support even more daunting.

*“Before the pandemic I had support, but now everything is by phone. Face to face is much better.” - Karl, 47, exploratory phase (EAL)*

And finally, some simply do not know where to start or are not aware that there are other options of support outside of DWP, the job centre and HMRC.

*“I feel that I've dealt with the situation on my own. I don't feel that there was extra support, I just dealt with it on my own. Maybe I didn't know where to look, or where to find the help, but I feel that I did it on my own. I just made the decision, thought it was normal, and you just have to deal with it on your own.” - Sabinah, 40, exploratory phase*

Ultimately, these external organisations play a pivotal role in helping people improve their situations and navigate the system. People are able to draw clear contrasts between the informative, proactive and human support they receive versus their interactions with government agencies. However, there is a **major gap in awareness of non-governmental support that is available, how it can help, and how to access it.**

## EXPERIENCES OF OTHER DEBT TYPES

On top of the money owed to government, some people also had other debts with credit card companies, utility companies, payday loans and catalogues. Although these situations were not always positive, there were clear instances where their experience with these non-government debts were better than their experience dealing with government debt.

The journey from **problem to solution** feels easier due to these companies being **flexible** - e.g. open to negotiating repayment amounts, offering options up front, and pausing payments. There is a sense that they are working *with* the individual, **taking into account their personal circumstances**, and therefore being **reasonable in their asks**. It's notable that debt held by the private sector is typically subject to greater regulation than debt owed to government - for example, consumer credit firms and debt collectors must conduct income assessments and set repayment levels such that people are not pushed into hardship.

### Affordability conversations

*“[My credit card provider] were good when I told them my circumstances, that I had been ill, and they were really nice. At one point they gave me 3 months off paying and then I phoned them to let them know I couldn't pay the full amount, they asked me what I could afford to pay, and we agreed on £50 per month.” - Ruby, 58, exploratory phase*

### Pausing payments

*“With [a major retailer], during the pandemic they gave me 3 months' leeway as I stated I was on low income. [Clothes retailer] did as well, I only had to pay them a pound for 3 months and interest paused.” - Amy, 45, exploratory phase*

*“When I had [my energy provider] chasing me and bills going up in winter... I picked up the phone and spoke to them. They put a pause on my account during Covid. Then they stopped chasing me for repayment too to give me some breathing space.” - Jack, 39, exploratory phase*



## Flexing around circumstances

*“I rang them and spoke to them, and they were so lovely, and they asked me what I could afford to pay. It was realistic. I paid them £50 straight away, and then I was, like ‘my car payment finishes, it’s the last one next month, so, once that’s finished, I can pay you £50 a month again,’ because I think the next water bill is due out in April. So, they let me have a month where I don’t have to pay anything, and then I’ll be paying the rest £50 a month, and it will be clear before the next bill comes out.” - Kim, 38, exploratory phase*

## Innovative and incentivising solutions

*“I told them I couldn’t afford to pay £3,000 and they put me on a low-income scheme, £12 per month if you pay for 6 months without failure, £1500 would be taken off my debt. If you do it for another 6 months, they would clear the remaining £1500. My water went from £12 to £14 to £18 so it is creeping back up, but I pay it every month now.” - Alison, 56, exploratory phase*

This flexibility empowers people to engage with their situation effectively and enables them to balance this with their other debts / life circumstances. The result is resolution instead of further hardship and ultimately, they are left with one less thing to worry about.

# IMPACTS OF GOVERNMENT DEBT

*“It’s like living under a big cloud” - Kim, 38, exploratory phase*

Before looking at specific impacts of government debt, the general sentiment is that **people are in survival mode**. Instead of living thriving, unrestricted lives, their debts are impacting their approach to life in major ways that leave deep scars.

## Limited luxuries

It was striking to hear how people were struggling to afford basic needs like food, clothes, deodorant, or bus fares, with no capacity to see friends or family or continue hobbies, and with



their bar for what counts as a luxury or treat being forcibly lowered. For many this leads to social isolation and a mundane empty existence, which further impacts mental health.

*“My friends are like, ‘Oh, we’re going out.’ I couldn’t tell you the last time I had a night out. Actually, I think the last time I had a night out it was my sister’s wedding and she’s been married 13 years. I don’t drink, don’t smoke because I couldn’t afford to do either. **Probably a luxury to me is going to the shop and spending £3 or £4 on munchies.** That would be, ‘Oh.’ That’ll be like a night out.” - Jane, 34, exploratory phase*

*[In her 12 week wait for carers allowance to come through] “I didn’t buy any clothes, I didn’t go out or do my nails or go to Bingo. Other people have their treat at the end of the week but I batch cooked. I went without and did everything to be frugal. **My idea of a luxury was going to Poundland.**” - Carly, 52, Validation phase (fresh recruit)*

*“I’m never out, nothing worse than walking down the road thinking I wouldn’t mind a tin of juice or bag of crisps, but then knowing if I buy that then I won’t be able to buy milk for tomorrow. **And hardly able to see my brother because I can’t afford the bus.**” - Paul, 38, exploratory phase*

## Trade-offs

Life can quickly become consumed with the juggling act of deciding what to prioritise and pay, trying to balance things so you keep your head above water and not get into a worse situation. Some are forced to make painful decisions between things like feeding their children and keeping the heating on. Not only does this come with the mental labour of working out what you can afford and when, it also comes with the looming fear of repercussions, e.g. loss of service, bailiffs. With this is also a sense of letting people down and having to ask friends or family for support. This can lead to feelings of failure and shame, which can result in further withdrawal, impacting relationships and support networks.

*“**Every month, I have to pick one bill that can’t be paid, just to be able to live through the month until my next pay day.**” - Samira, 28, exploratory phase*

*“**It was feed the kids or pay the council tax, I obviously chose the kids.**” - Lorraine, 38, exploratory phase*

*“Anything where I’m going to incur fees, charges, things like that, I feel needs to be kept on top of. Then things where I feel like I’ve got a bit more leeway are the things where things would*

*have to be really, really severely out of control for it to have any serious impact on me.” - Kim, 38, exploratory phase*

## Day by day

It can also feel impossible to think ahead beyond the immediate when your focus is on daily survival.

*“When you work you look to the future - pension, mortgage but when you’re living hand to mouth you focus on the here and now.” - Carly, 52, Validation phase (fresh recruit)*

Living in these restricted ways can make life feel mundane. There are also concerns about the long-term impact of negative credit ratings, meaning they know they won’t be able to get a mortgage / credit card / overdraft in the future, and start to feel hopeless, like there is no way out.

For those who less readily express the negative impact government debt has had on their life, it can be hard to deduce whether this is as a result of **resilience or apathy**. They tend to take the perspective of ‘you get used to it’ or ‘you just have to get on with it’.

*“We’ve just gotten used to it not being there.” - Kyle, validation phase (fresh recruit) [needed a new bed so took out a social fund loan, paying £20 gets deducted each month]*

*“You get used to an amount so when they claw it back you feel it, but you just have to get used to it.” - Carly, 52, validation phase (fresh recruit)*

*“I just take every day as it comes, pay the bills I got to pay, keep the gas and electricity on so I can live in my house and that’s it really.” - Marcus, 59, Validation phase (fresh recruit)*

## COPING MECHANISMS:

- Those with **familial support** were less impacted as they were able to borrow money and have help with things like buying essentials and childcare, as well as treats that serve as some respite. This can, however, feel like yet another person they are indebted to and some carry guilt in having to constantly ask for this support.

*“I’ve always kind of gotten by enough. To be honest by borrowing a lot of money off my mum and sister here and there, particularly since my son was born. So it’s not been an ideal situation, but that’s what it leads you to do - you have to end up going and getting in debt somewhere else so it’s not good. Without my mum and sister, I would have been screwed.” - Richard, 22, exploratory phase*

- **Savvy shopping habits** were also being used to circumvent further hardship:
  - Food waste app Olio for low priced meals
  - Facebook groups for bargain hunters
  - The Company Shop - sells cheap food supermarkets no longer need
  - Using built up Nectar points

*“Yes, shopping habits have had to change. A lot of hand-me-downs from the older boys, filtering down to the youngest one. Or getting stuff from close friends or family handed down. I’ve recently been introduced to a site called OLIO...been on that site for about three months...I’ve saved £606” - Molly, 47, exploratory phase*

*“I’m quite good with the buy 1 get 1 free’s, I’m on a Facebook group with ‘extreme bargain hunters’. It’s swings and roundabouts.” - Carly, 52, validation phase (fresh recruit)*

### Common impacts

The specific impacts we heard about can broadly be split into the financial and emotional, and whilst the lists below are not exhaustive, everyone experienced multiple impacts in both categories:

## FINANCIAL:

- Not being left with enough to live on à not being able to afford essentials like nutritional food à relying on food banks or rationing / batch cooking
- Falling behind on other payments, e.g. utilities, rent arrears
- Taking on further debt to pay current debt - a vicious cycle
- Unable to get employment

## EMOTIONAL:

- Constant worry about whether they're going to be able to make ends meet
- Trigger / worsen mental and physical health conditions
- Affects the way people see themselves, e.g. feeling like a failure / a bad parent
- Feeling isolated as can't afford to see friends and family, or trapped in relationships for fear of financial repercussions

### Financial impacts

*"I'm really rationing what I eat. Sometimes I live off canned food, and alternate between that and fresh food." - Tim, 34, exploratory phase*

*"Sometimes we don't have anything left after we go shopping and we have to wait for our next payment which is a week or a fortnight away." - Kyle, 57, validation phase (fresh recruit)*

*"I have arrears with everything - rent, council tax, gas, electric. You try and put payment plans in place and something else will pop up and you can't afford that payment and then you're back to square one. It's a vicious cycle." - Jemima, 38, validation phase (fresh recruit)*

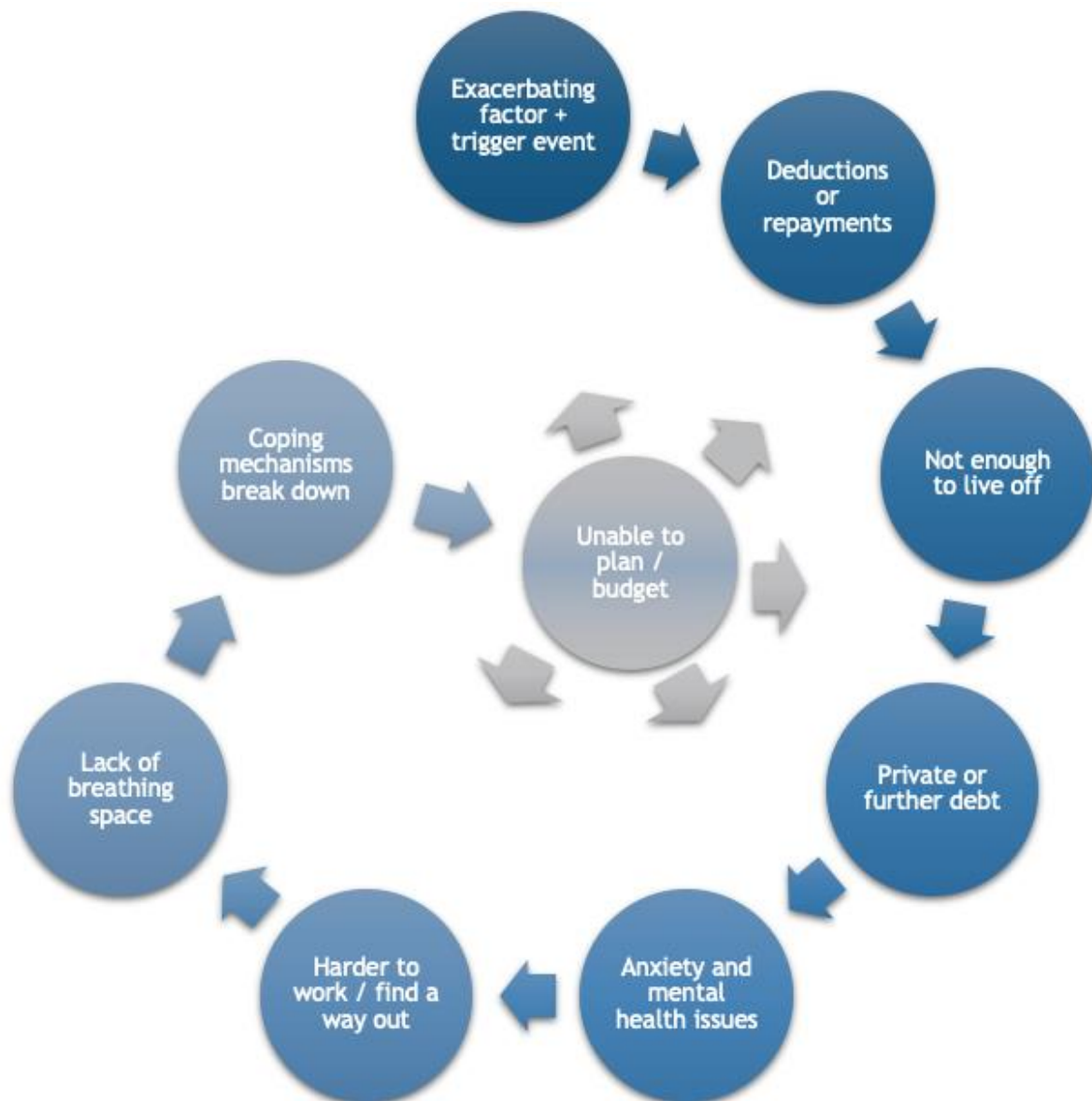
*"£38 each month is a lot... Now I have 11p in my bank and I only got paid 10 days ago so have 3 weeks now with no money at all. The job centre will phone me tomorrow to see how many job interviews I've had but I don't have any because can't afford to get to job interviews. When you have 11p in the bank, hard to explain to job centre you haven't had interviews because can't afford bus fare, it's a chicken and egg situation." - Jack, 39, exploratory phase*

## Emotional impacts

*“I’m a positive person, but I have found that this whole situation is just **draining me**. I found I’ve had to start doing meditation because it’s just **so stressful**. When you feel like you have no control over it, or you can’t even speak to someone, it just frustrates you so much more. If Universal Credit could actually work with you, make you feel like they’re actually trying to resolve the situation, I think my mental health would be a little bit better. Because I feel like they’re just going against me all the time, **every day I feel like my mental health is being stripped a little bit more.**” - Samira, 28, exploratory phase*

*“I **struggle daily**. **Mentally, most times I’m depressed**. You look and think ‘What am I going to do today?’ It’s just constantly, ‘What am I going to do?’ Because I’ve got this, I’ve got that, and then when you don’t have it you just have to work out another way. It’s not unusual to run out of milk, and things like that.” - Rachel, 56, exploratory phase*

*“It has worsened my physical and mental health and has made me feel **disenfranchised and disempowered and excluded from everyday society**. Feels like the minimum we can pay you the better, feels like you’re dealing with this massive machine. It’s not assistance or help, it’s the contrary. Like many others, I’ve had a very bad time dealing with local and central government. It’s a very prescriptive system, so it’s just a ‘this is how it is.’” - Jake, 55, exploratory phase*



The financial and emotional impacts people suffer are intertwined, as the debt **triggers a downward spiral** that often becomes all-consuming and unmanageable.

But what do some of these spirals look like in practice?

- *A pre-existing mental health condition → deductions for an overpayment → not left with enough money to live on → relies on food banks → unable to do the small things that make them feel good, e.g. buying a new pair of trainers without holes in or even buying a packet of crisps when they pass the shops → impacts self-esteem → worsens mental health*
- *Loses job and goes onto UC → 5WW forces to take out an advance payment → high monthly deductions → cannot afford to travel to interviews → job centre will call to see how many interviews they've had → feels hopeless*
- *Living away from children → change to benefits leads to an overpayment → deductions mean can't afford to take them anywhere → feels increasingly isolated and trapped, like a bad parent*

- Rent arrears get deducted from UC → has to decide between feeding children and paying rent in full → more rent arrears
- UC deductions to pay back a budgeting loan → forced to get credit union loans to survive → more debt → child benefits go towards paying off debts

These negative ripple effects on other aspects of life add to the feeling of a lack of control, and often a cycle of debt.

## The impact on children

It is one thing acknowledging and dealing with the impact debt has on the individual, but the impact the debt has on children can be a **particular source of emotional tension**. There is often an overwhelming feeling of guilt that their child is having to 'live without', as parents are not able to afford uniform, clubs / activities, holidays or even veer slightly off the restricted shopping list. This guilt can easily turn into a feeling of failure and of being a 'bad parent'.

On top of the constant worry of trying to make ends meet, a lot of additional goes into trying to protect children from this. This also comes with added pressure to spend money they do not have, thereby making the financial situation worse.

*"...Once I had [my daughter], it was like she needs this, or she needs that. It's Christmas, I need to do this, I need to get this, and this and this. Then I think you borrow it to just try to... live with the Jones's, but you're not the Jones's." - Jane, 34, exploratory phase*

*"...but even things like I said, my kids enjoyed eating desserts. I'm saying no to them now, and they're look at me like, 'Why?'" - Sabinah, 40, exploratory phase*

*"Yes, they're good children, but they will have a lot of questions, and it's difficult to answer and explain...Well, for example, when I say I can't afford it, they say, 'Yes, well we could do it before.' They don't realise what's changed. I've never gone down that road where I have to explain, 'Oh, I have to pay tax.' They won't understand anything. So I'm not even going to bother going down that road. I just say, 'Look, I just can't afford it. Let me start looking for work. Let me find a job, and we'll have the extra things again.' Leave it at that. I didn't want it to sound too complicated, to go into it. I don't want them looking at me, saying, 'Oh, she's stressed,' and stress them out as well. They're still children, they don't need to know. Well that's my opinion anyway. They don't need to know that end yet, they just need to enjoy what they can." - Sabinah, 40, exploratory phase*

## The impact on society

We heard direct stories of how debt had far-reaching impacts beyond individual families:

- **On mental health services:** The anxiety caused by these debts was ubiquitous. Whilst many did enter the system with pre-existing mental health issues, there is no doubt debt worsened these significantly, and correlated with new mental health struggles for others, causing further strain on mental health services.

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*“Before UC, I was never a down-in-the-dumps person. Like everybody, I'd have my bad days and my good days, but I would always try and find the good situation out of the bad situation. I'd always try and see the good but, since UC, I'm struggling to see good in anything. It's really messed me up. It has just messed up my mental health.” - Samira, 28, exploratory phase*

*“There have been times due to UC or money circumstances that I've been stressed, maybe a little bit depressed. I had depression in the past... I never put it down to my money situation, but it definitely didn't help. Sometimes I have felt with my mental health issues, if my money situation had been better, it wouldn't have been so bad.” - Richard, 22, exploratory phase*

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- **On the housing system:** For many, the ultimate end to the spiral of debt is the inability to pay rent, especially in the private rental sector, leading to a much higher risk of homelessness and a need for emergency housing. For those living in unsuitable housing, the debt also exacerbates the situation as they are unable to pay for improvements or afford to move into more suitable housing.
- **On the care system:** The precarious nature of carers' allowance and how easily it results in benefit overpayments makes carers feel inadequately supported to carry out their care. Carers acknowledge that it benefits the care system to have them caring for family members instead of putting them into the care system.

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*“I know the government much preferred for me as a family member to care for her than putting her in a home. They're on a winner when family do it.” - Aaliyah, 54, exploratory phase*

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- **On DWP:** People fear changing their situation by returning to work for risk of triggering higher repayments which could leave them worse off. However, this means that it takes far longer for DWP to reclaim the money as people become stuck in a cycle of debt.



Many of these things have the wider impact of **preventing people from being able to or feeling empowered to take the step of going back to work**. And thus, it continues that people feel **trapped in a cycle of debt** that they struggle to pay back in the long-term and **remain reliant on the system, when they do not want to be**.

## SOLUTIONS

One of the key principles underpinning this project has been that participants have been actively involved in the development of solutions and recommendations. These have come in two ways:

- Directly from their own ideas and suggestions of what would have improved their own experiences
- Through collaborative idea development worked through over several stages with the research team and fellow participants

The resulting recommendations are therefore fully owned by our participants with lived experiences, rather than being externally developed solutions proposed by those who have not personally been in the situation of owing money to government.

The solutions proposed cover three key areas:

1. **Prevention:** specific interventions that could prevent debt from spiralling into crisis
2. **Harm reduction:** the core focus of the work, looking at how to improve experiences and safeguard those people who find themselves in debt to government
3. **Getting out of debt:** concrete steps to enable people to get out of the debt spiral

## PREVENTION

- **Ending 'built in debt':** The most obvious intervention to help people avoid entering into the cycle of debt is to address systems which have debt built into them. This includes the 5-week wait time for UC, when those without adequate support or any savings, have no choice other than to take on an Advance Payment in order to be able to survive until UC begins. For many, the Advance Payments are what triggers their spiral of debt, and puts them on the back foot from the very beginning.
- **Ensuring sufficient income:** The next clear step would be to ensure people have enough to get by, so they don't need to move into debt in the first place. As we learned from our participants, they don't want to be in debt, but not having enough to pay bills or provide for their families has often left them with little choice. At present, any government assessments of income and expenditure often feel arbitrary and insufficient. Some

participants talked of the much more detailed and helpful assessments that took place when they were getting help from third sector organisations, and that this enabled them to better manage budgets and would help them get a fairer living income in the first place.

- **Preventing overpayments:** For those who have experienced overpayments, this is a particular pain point. It usually comes as a surprise to those who have to repay them, who often feel they have provided all the necessary information as required. Frequently people are then be informed, much later down the line, that they have received significant overpayments which now need to be repaid. The circumstances, time lags and amounts involved therefore feel particularly disadvantageous and unjust. There are also situations where the overpayments are entirely due to a bureaucratic error, and therefore much greater flexibility and care should be provided both in communications and when managing any repayments.
- **Supporting mental health:** Mental wellbeing can have an enormous impact on financial wellbeing and people's ability to manage their finances. There is a real need to acknowledge and account for the fact that mental health has a significant role in financial exclusion - it can both contribute to difficult situations leading to people finding themselves in debt, but also leaves them less able to cope once they are in debt. There is therefore a need to assess what support is required for those with particular mental wellbeing needs, as well as consider mental health through all processes in order to support people who may not have felt able or comfortable to disclose their condition.
- **Supporting unpaid carers:** Unpaid care provides specific challenges which need further exploration and recognition in terms of the multiple ways government debt can impact carers financially and their benefits entitlements. Not only is carers' allowance very low value at £67.60 a week, but it also stipulates a minimum of 35 hours of care per week. This equates to less than £2 an hour, which is almost impossible to supplement with any paid work given the burden of care. Many feel penalised due to not being able to take on paid work, and claiming Carer's Allowance also has an impact on their other benefits, leaving some households with even less income and no means of changing this situation.
- **Expanding childcare provision:** One of the biggest trigger moments that causes people to enter into debt is when someone becomes a single parent and is no longer able to afford to work due to the costs of childcare. The new and sudden imbalance in income (often then coupled with advance payments of benefits) leaves them in an unavoidable situation of taking on debt.
- **Signposting to services and advise:** Many people get trapped in negative and harmful situations because they are scared of the financial implications of any change. They need clear and simple human advice on how making changes to their life (such as leaving an abusive partner) might impact their finances. This would help them understand what steps to take in order to avoid a sudden overpayment and help keep themselves out of debt

## HARM REDUCTION

The majority of our discussions with participants - both about their current experiences and also for developing improvements - were focused on the time when they were within the system of government debt: from the triggers that led them to enter into debt through to moving on from debt repayments (although very few people had fully left the system).

When considering the most important areas to prioritise for developing solutions, we started by identifying what the key areas of need were for people living with government debt. Based on all the experiences they had shared, it was apparent that there were a number of key themes that underpinned both the challenges and issues they faced as well as their own initial ideas on how to improve the systems and processes. This report has detailed the stories and experiences that we have heard within these themes, but in summary:

1. Lack of information and explanation
2. Lack of control
3. Difficulties contacting government
4. Feeling judged and disrespected
5. Difficulties trying to get back on track or back into work
6. Better support being provided from outside the system

These key themes were used as a basis for the solutions areas we developed with participants. As we worked collaboratively with them, the areas of focus were ultimately refined to focus on three key principles for a better and fairer system for those making debt repayments to government:

1. **Clarity**
2. **Flexibility**
3. **Respect**

Each of these three principles was developed collaboratively, based on the experiences people had lived through, and the impact these experiences had on their lives. Listening to their stories and understanding the most important changes they felt were needed, across the various need states identified, led us to these three clear areas.

## CLARITY

**Providing all the relevant information and options in a timely, clear and understandable way.**

So many people who have experienced government debt repayments were not supported to understand the situation they were in. They didn't know why the money was owed, they didn't know how much they needed to repay, and they didn't know how long the repayments were going to last. Of particular concern was that they also didn't know what - if any - options or choices were available to them. Having clear line of sight and transparency would transform the

experiences for many. Both practically, in terms of understanding the impact on their ongoing budgets, but also removing the huge stress that comes with the unknown and that exacerbates and brings on poor mental health .

There were some specific interventions and system improvements that underpin this principle, although this list is by no means exhaustive - it should act as inspiration and guidance for the types of changes that would bring greater clarity.

1. Providing a clear initial letter providing specific detail on the amount owed, reason for debt, repayment amounts, loan duration
2. Providing regular statements (e.g. monthly/quarterly) confirming the amount currently outstanding, the ongoing payments/deductions and projected end date
3. Making people aware of the options that are available regarding repayments, and providing written confirmation of any changes that are agreed
4. Giving people details of relevant support organisations who could help them with their finances and find solutions for making repayments easier

#### How would this help?

Not having the stress of the unknown and feeling able to make informed choices based on the fact

### How participants felt about the impact of clarity:

*“It would take away so much pressure and confusion.” - Sandra, 30, co-creation phase*

*“At least I'd know 1) if I can afford that, 2) how to budget, and then if I can't to speak to someone to come up with some repayment plan because you're on Universal [Credit] for a reason.” - Samira, 28, co-creation phase*

*“It's the basic things people need to have and know. With other debts you would have all of this but with government debts you don't get any of that. It has an impact not just financially but also on your mental health. Being prepared for it and having all your information would make a big difference.” - David, 43, co-creation phase*

# FLEXIBILITY

**Giving people options that work with their individual needs, and not being rigid in the approach taken or decisions made.**

Every single person we spoke to had a different story, a different set of experiences and context that led them to being in the situation they were in. However, most of them felt that the individual nature of their circumstances was ignored when it came to their debt repayments. This lack of flexibility often was the key factor that led to them having problems with their payments, or was the major contributing factor to additional stress and worry. A number of people talked about experiences with private sector companies, such as utilities, where consideration was given to individual circumstances and they felt that their situation was taken on board when agreeing a repayment plan. There are also examples of where payment holidays can be taken, as well as having the option to either increase or decrease payments if financial circumstances change.

A number of different, more flexible approaches emerged from the discussions with our participants and, as above, are not intended as an exhaustive list but specific examples of how a more flexible approach would significantly enhance the experiences, as well as encourage people to engage with a repayment plan.

- Conducting affordability assessments, joined-up across different parts of government, to ensure repayments take into account all of people's outgoings and ensure they have enough money left to live on
- Having more options up front for the amount people need to pay per month (e.g. smaller amounts over a longer time period, or paying more each month to finish the repayments more quickly)
- At any point during repayments, giving people the ability to change repayment terms (amounts or time period), or have a short payment holiday, if money is tight or circumstances change
- Contacting people at regular intervals over the repayment period to check that the amount is still manageable

## **How would this help?**

People are not forced to repay debts they simply cannot afford, giving people greater control so they don't need to worry about the implication of changes in situation, and feeling they have ownership of the repayments they are making

**How participants felt about the impact of flexibility:**

*“You just don’t know what’s going to happen one day to the next, what letter is going to come in the post. if you could have the flexibility, it would keep you at ease, not get so stressed, could manage better, manage finances better, it takes away a lot of the pressure.” - Amy, 45, co-creation phase*

*“What stands out for me is joined up across different parts of government - there is that lack of communication and I think they need to all be under the same umbrella when it comes to loans or payments or over payments.” - Molly, 47, co-creation phase*

*“They’ve been the cause of a lot of anxiety and depression by their actions. You’re already in a bad situation and you want to feel like they are understanding and going to do the right thing, not being too harsh with things, being human.” - Kieran, 35, co-creation phase*

*“Having the option of how long it continues - smaller amount over longer period or bigger amount in shorter time. Straight away that’s on the table, but extending the time period is not an option now. It’s what they want you to do - it’s like being punished.” - Theo, 41, co-creation phase*

## RESPECT

### **Treating people with debt in a non-judgmental way, showing understanding and empathy**

An added layer that not only has an impact in terms of emotional strain, but also in causing people to avoid interactions with the system, is the feeling that they are often looked down on and judged. This stems largely from previous encounters they have had with staff in job centres or on telephone helplines, and many feel indignant that they are all tarred with the same brush, as if they are out to deliberately cheat the system. Whilst acknowledging that there may be people who are deliberately avoiding paying money they owe, our participants felt strongly that this should not be a starting point for how to treat everyone who has fallen behind with payments or ended up in debt to government. It builds on the earlier point about treating everyone as an individual, and not making assumptions about who they are or what their situation is, and points to a real desire to be treated with dignity, in a respectful and human way.

Some key ways to introduce greater respect could include the following:

- Remembering that no-one wants to be in this situation, no-one wanted to be in debt, as everyone recognises the significant harm and stress it causes
- All conversations to be conducted in a respectful manner: with willingness to listen and understand people’s individual situation without judgement

- In written communication about money owed and debt, use language that is not designed to scare people but show them they do actually have choices available
- Seeking agreement before anything is imposed and giving people an opportunity to ask questions and help design their own repayment schedule (using a participatory solution)
- Giving people ways to contact government departments that work for them e.g. a call-back option so they are not left on hold for ages (show you respect their time)

#### How would this help?

It would leave people feeling safe and able to interact with government if they know people are prepared to listen to them without judgement

#### How participants felt about the impact of respect:

*“I’d be less scared to pick up the phone and sort my situation out, one of my biggest things, I just keep putting it off.”- Dora, 32, co-creation phase*

*“That’s exactly how they made me feel, I would love to see that change. I don’t even go near them anymore because of being talked down to.” - Rachel, 56, co-creation phase*

*“We’d also respect them a bit more, things would proceed quicker and easier.” - Aaliyah, 54, co-creation phase*

## GETTING OUT OF DEBT

Implementing some of the proposed solutions across the three principles for Harm Reduction, would go a long way towards helping people get out of the cycle of constant debt. However, there are also some specific recommendations focused on this which build on our participants’ experiences and what is currently holding them back:

- **Pathway to work:** To go from being fully supported on benefits to taking the step to work either part-time or full-time is a big step and feels high risk. There is too much fear and uncertainty on the impact of a change in status which can itself be a key blocker to finding work. Providing support and guidance as people embark on this pathway, focused on the potential impact on income and debts, would be an important enabler.

- **Safe return:** Related to the above, people would benefit from specific reassurance that returning to work won't leave them worse off and with sudden additional repayments, particularly if the work is precarious, zero hours or temporary. Having a transition period of at least six months before any repayments would provide the stability and certainty to make a return to work feel within their control.
- **Periodic reviews:** People could be helped by the opportunity to have regular reviews of the amounts they owe and to develop ongoing payment plans, particularly if there is a change in their personal circumstances.
- **Advocates:** Noticeably the people who had the 'best' experience and were able to get out of the spiral the most smoothly had an external advocate (StepChange and local debt advice charities in particular), with a particular need for specialist advocates and support (e.g. for people with mental health issues).
- **Peer counselling:** Providing support from peers, people who have already been in government debt, and who would therefore understand the situation and be able to provide empathetic advice would be valuable both in terms of emotional wellbeing support as well as to offer practical solutions.

## PARTICIPATORY SOLUTIONS

One of the most important things highlighted by this research is the power of developing participatory solutions. Although the people involved in this work were in a range of different situations, often dealing with multiple debts and some who had lived much of their lives on benefits, they were all interested in finding solutions. They wanted to develop ways to help themselves and help other people avoid the situations they had found themselves in.

Being open to involving people in developing solutions to their own debt is a much more empowering and supportive approach - whether that is working collaboratively on a repayment plan or helping people implement communication protocols that are most likely to help them engage with and understand information being shared with them.

Our participants felt positive about the potential for change, and that it was possible for both policy and on-the-ground change to be driven by people with lived experience. Being inclusive and involving people who are in debt to government, is likely to be an important factor in changing the situation and enabling people to repay their debt and regain control over their lives.



# APPENDIX

A total of 48 people participated in the research, 38 being the original cohort who were engaged from the Exploratory Phase, and 10 new recruits for the Validation Phase. The sample was designed to cover a range of demographic characteristics and debt types and situations. All participants had personal experience of repaying government debt.

## **Sample breakdown, with detail on the original quotas:**

### *Types of debt experienced*

- 19 had taken on Advance Payments of Universal Credit (target quota 10+)
- 13 had debt to local government, especially council tax (quota 5+)
- 27 had experience of destitution within the last two years (quota 22+)<sup>3</sup>
- Other debt types included: budgeting loans, crisis loans, overpayments on working / child tax credit, housing benefit, advance credit union loan
- Our sample included people at all stages of debt (often overlapping)

### *Core demographics*

- 23 (quota 10+) had a diagnosed mental health condition (in addition 85% of them said they were struggling emotionally - commonly citing anxiety or depression)
- 17 (quota 7+) were physically disabled, most of whom were not working due to their condition
- 17 (quota 4+) were informal carers for a person with a physical or mental health condition in their household
- 14 (quota 4+) had 'low or 'very low' self-reported digital skills and/or access, including 2 with no online access at all
- 16 (quota 4+) with English as an additional language or with low literacy

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<sup>3</sup> Defined as having used a food bank once or more

### ***Secondary demographics***

- Mix of genders
- Mix of ages (all over 18 years old)
- 14 (quota 8+) from outside England: Scotland (8), Wales (4), NI (2)
- Mix of locations across UK (over-index London, NE and NW)
- 13 people identifying as African, Caribbean, S Asian (Indian, Pakistani) or mixed heritage

