

Debt and Mental Health

Final Demand

What people want health and social care workers to know and do...



One in four people will experience a mental health problem

46% of people in problem debt also live with a mental health problem.¹

Over 1.5 million people experience both debt and mental health problems.¹

6 in 10 people living with a mental health problem found it harder to make financial decisions.¹

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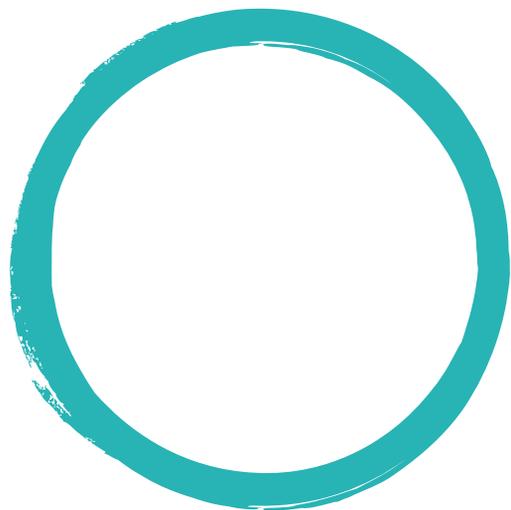
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In partnership with...

Foreword: Living with debt & mental health



My name is Gita.

Behind every debt is a story. This is mine.

I've lived with depression since I was 19, and have experienced periods in hospital. Despite this, I had been doing well. But once again, I was caught by depression when my family got into serious financial difficulty.

How it started

Three years ago my husband and I started a business. We borrowed £35,000, originally to extend our house. I started noticing things were going wrong when my husband asked to divert money into the business. We had problems in repaying an £18,000 credit card debt. Then my husband told me about a £25,000 bank loan, giving our house as a personal guarantee. For me it was a massive shock.

Total loss

However, we tried to ignore the financial problems, creditor phone calls, and bank letters. Our business went into liquidation, and the debt caused family friction. Eventually, I had a breakdown. I felt depressed in a way I hadn't been for 17 years and was put back on medication.

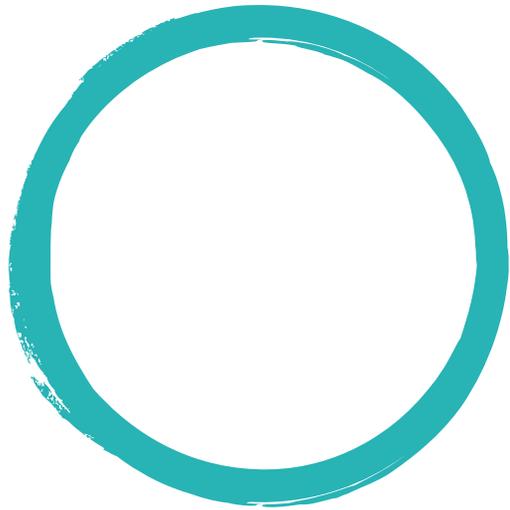
How a key worker helped

In the middle of this, I mentioned my problems to a key worker. She was not a 'debt expert', but encouraged me to get debt counselling. It was the first time I received that kind of advice and it was a major turning point. It got me to actively seek help, to openly discuss debt with my family, and to stop ignoring the situation.

Regaining the strength

It hasn't been at all easy, but little by little we are climbing our way out of debt. There are still amounts to be paid back or negotiated with the creditors, but I now feel I have the strength to fight for a solution.

Working with debt & mental health



My name is **Dr Sian Williams** and I am a general practitioner.

'Debt' is now part of my routine practice in providing good **C.A.R.E.**

"Why get involved? I'm not a trained money adviser" used to be my reaction to the debt issue. With only ten minutes for each patient, I felt my time was better spent on medical matters, rather than asking about money worries and risk opening up a can of worms.

However, asking people about their financial situation has now become a part of my routine practice. This is because it has allowed me to identify and tackle the root causes of some patients' poor health.

Critically, I have not had to become a debt expert. Instead, following four simple steps, I know:



Consider debt as an underlying cause in stress-related illness, both mental and physical;



Ask simple questions about debt;



Refer to an appropriate debt agency (telephone, on-line or face-to-face).



Engage with (and also support) the adviser, as well as following up the patient to see how they are coping.

This booklet is based on a programme of research and intervention that was led by Dr Christopher Fitch, the Royal College of Psychiatrists, and Rethink Mental Illness.



Respond to a crisis

A client is having a debt crisis - they've missed repayments, and ignored bills. What should you do?

1

Don't let your client ignore the problem. It won't go away and could get a lot worse.

Reassure the client. If the problem is dealt with as soon as possible, the consequences are far more likely to be manageable.

Identify any priority debts. These are debts leading to:

- loss of a home (e.g. rent or mortgage arrears);
- disconnection of gas/electricity;
- or even imprisonment (e.g. non-payment of Council Tax in England, or court fines).

These creditors should be contacted immediately by the client, or a money advisor, or - if feasible - a health or social care worker. (SEE PAGES 14 & 21)

2

Set your boundaries. Workers can make big differences simply by knowing and doing small things about client debt. However, complex situations do require specialist money advisers.

Get help. There is a range of free and confidential money advise services available. (SEE PAGE 14)

3

Consider the catalysts. What is at the root of the debt? What other sources of support need to be sign-posted or referred to?

Support the client and money adviser. There are numerous ways you can do this. (SEE PAGES 15 & 17)

1. Establish your role

You have enough to do already, without also becoming a debt expert. Instead, continue what you do best: providing good **C.A.R.E.**



Consider debt

Always consider debt as a possible underlying determinant of poor mental or physical health.



Ask about debt

- People may be too embarrassed to discuss their financial difficulties. Ask questions about money worries as part of your routine practice and care planning;
- emphasise the value of money advice - early intervention can prevent a crisis.



Refer consenting clients to an expert money adviser

- Know which free and independent advice services are available ([SEE PAGE 13](#));
- sign-post or refer clients to these services as appropriate;
- consider your role in brokering the client's relationship with the adviser.



Engage with advisers

Referring a client to a money adviser is the first step. Working with individual advisers can further improve a client's financial and mental wellbeing ([SEE PAGE 15](#)). You can help by:

- providing clear and relevant information about clients (with their consent - [SEE PAGE 17](#));
- reassuring the client about the advice process, and help build trust with the adviser;
- seeing the client for review to check how they are feeling and coping with the process.



46% of people in problem debt also live with a mental health problem.¹

Across England more than **1.5 million** people experience both problem debt and mental health problems.¹

Almost **one in five (18%)** of people with mental health problems experience problem debt.¹

72% of respondents to a Money and Mental Health survey said that their mental health problems had made their financial situation worse.¹

2. Look for signs

A combination of factors may trigger new debts, or worsen existing ones. Looking out for these debt signs can help prevent a crisis.

Major life changes.

These include job loss, relationship breakdown, bereavement, or any 'big' disruption in circumstances where individuals borrow money, or stop paying bills, to cope with their new demands.

'Low-income grind'

Living on a low-income for long periods, debts can accrue. Eventually, the overall burden of debt becomes too great.

Income disruption

Benefit disruption is a common form of this, as well as not claiming all the benefits a client is entitled to.

Onset of illness

Mental and physical illness can trigger debt, both for people living with mental health problems and carers. Incomes may drop (e.g. resultant job loss) and expenditure can also rise (e.g. prescription charges, or travel costs to health services).

Spending and new purchases

Spending can be exacerbated by mental health problems (e.g. mania and spending sprees). Lots of new purchases may provide a clue.

Ignored paperwork

Debts can be ignored or pile-up if individuals withdraw or find communication difficult.

Creditor behaviour

Creditor practice in relation to indebted people disclosing a mental health problem has improved over the years. However, these improvements are not universal, and some people do still report poor practice including harrassment, lack of understanding, and not taking a person's mental health problem into account. ²



Descent into debt

1. **Missed payments** - often the first sign that something is wrong.
2. **Penalties** - heavy penalty charges can follow late or non-payment.
3. **Juggling finances** - unable to make all repayments, individuals often prioritise one debt over another, or go without basic living items.
4. **Pressure from creditors** - unpaid creditors make contact at this stage, with varying levels of understanding.
5. **Breakdown** - people can become overwhelmed by the pressure of debt and try to ignore what is happening. The debt gets worse.
6. **Unrealistic arrangements** - when creditors make contact, repayments may be set too high, which leads to the borrower being unable to maintain the arrangement.
7. **Legal proceedings** - leading to creditors asking the courts to issue enforcement orders, bankruptcy and eviction.
8. **Total loss** - individuals can incur large financial and personal loss.

The figure above illustrates just one pathway into debt - others also exist.

3. Talk about debt

You may not be aware of a client's debt until a crisis unfolds. Talking about debt with clients can help prevent this.

How to get talking:

Regular discussion point

Building questions about money/debt into ongoing assessments can get clients used to these discussions.

Talking whilst doing

Doing something practical and money-related, such as reviewing weekly spending with clients, can lead to discussions about income, expenditure, and debt.

Looking out for any 'debt signs'

These can signal that debt might be causing a problem for a client ([SEE PAGE 7](#)).

What to look and listen for:

Letters about court summons or bailiffs

These debts need immediate action.

Other indicators include:

When a client is paying minimum repayments (or less) on credit cards; struggling or failing to pay bills on time; paying penalty fees; being contacted by debt collection agencies about unpaid bills; or using credit to live on.

When discussing debt:

Write down any agreed tasks and actions

Help clients to voice any fears they have

Concerns about imprisonment or bailiffs will stop a client from fully concentrating, unless you deal with these issues first.

Be aware that clients in debt often have feelings of hopelessness

Workers need to avoid raising expectations, but still provide hope.

What could I ask?

Openers:

What money worries do you have?

What are you living on/what income do you have?

With other clients, we've found they sometimes find it difficult paying all their bills. How are you finding it?

You said you have been feeling very low lately, do you have any money worries?

Are you aware of anything that might be causing this anxiety? Any family problems? Money worries?

Going deeper:

So you're finding it difficult. Many people do. Will you let me see if I can do anything to help?

You're finding it hard to make ends meet. I'm not surprised. Could you tell me a bit more?

Do you have enough to buy food each week? How about your electric and gas bills - have you been able to pay them? Do you pay council tax?

You're not opening the letters in case they are bills. That must be worrying. Would you like me to help you go through them and see if we can make sense of it all?

Getting specific:

Have you received a court summons about a debt?

Have you received a letter about bailiffs visiting your home?

Are you paying the minimum or less on any of your credit cards each month?

Have you received letters about disconnection?

Do you struggle to find the money to pay your bills on time?

Has a debt collection agency contacted you about your bills?

Are you paying penalty fees?

Are you using credit to live on?

4. Know the options

Your client has told you there's a problem. Now, **what are the options?**

Money advice

A money adviser is trained in providing money advice and support. They can:

- help clients manage their debt;
- negotiate with creditors to establish an acceptable repayment schedule;
- advise clients on other sources of help or options.

Money advice should be free, confidential and independent
(SEE PAGE 14).

More information

Some clients will always want more information - either because they feel they might tackle the issue themselves, or as a delaying tactic. Try to have information to hand, or in a waiting room.

The client doesn't want help

Some clients will want to resolve their own problems, However, they should still contact a money advice service. Some services specialise in guiding clients to work through their own debt problems. Furthermore, some creditors will only work with clients who have a money adviser.

The client wants your help

Clients will sometimes only want you to deal with their debt. Most workers, however, will not have the resources to do this. Instead, making a commitment to working with the person alongside a money adviser may reassure the client, as well as being beneficial for the adviser.



Money Advisers:

- will **interview** clients to find out what the problems are and help to prioritise them
- will help clients draw up a **budget** including advising them on ways to increase income and reduce expenditure
- will **advise** clients on the best ways of dealing with debt, including bankruptcy, Debt Relief Order (DRO) and negotiating with creditors
- may help clients to **negotiate** with creditors
- may help with **form filling** (e.g. claiming social security benefit)
- may **represent** clients at court hearings for debt

Resources

National:

National Debtline

For free specialist advice

0808 808 4000

www.nationaldebtline.org

Business Debtline

Free specialist advice for businesses

0800 197 6026

Payplan

Free debt management service

0800 280 2816

www.payplan.com

Money Helper

Free, impartial advice, backed by government

0800 011 3797

www.moneyhelper.org.uk

Mental Health & Money Advice

A wealth of information relating to mental health and money

www.mhma.org.uk

StepChange Debt Charity

Free, impartial debt advice and solutions, online or by phone

0808 138 1111

www.stepchange.org

Rethink Advice and Information Service

Practical help and advice service

0808 801 0525

www.rethink.org/advice

Local:

Citizens Advice

Numbers for your local service will be listed in the phone book

England: www.citizensadvice.org.uk

Scotland: www.cas.org.uk

N.Ire: www.citizensadvice.co.uk

Civil Legal Advice

Free legal help and information in certain circumstances for clients eligible for legal aid

0845 345 4345

www.gov.uk/civil-legal-advice

Self-help:

National Debtline's extensive and detailed guidelines

www.nationaldebtline.org

Online Citizens Advice

Providing independent advice on debt and other rights issues

www.adviceguide.org.uk

Mind money pages

Web resources written for people with experience of mental distress and debt

www.mind.org.uk/money

5. Find a money adviser

Money advisers are the debt experts. Make sure your client contacts an adviser who is free and independent.

Before finding an adviser

Consider whether a client needs:

- **Advice only** - some services will not take action for a client, but instead will assess a client's situation and guide them through how to resolve this.
- **Advice and representation** - other services will work on a client's behalf, including negotiation with any creditors.
- **Face-to-face advice** - some people prefer talking in person. However, such services are popular. Appointments can be difficult to obtain, or are allocated on a first-come-first-served basis.
- **Telephone advice** - an alternative, often preferred by those with people who can't easily get out of the house, caring responsibilities, or in rural areas. Some advice centres have 'telephone times', others specialise in telephone advice.
- **Digital tools** - some services offer interactive and tailored online advice.

Finding a money adviser

Sources of free and independent advice are listed opposite. You can also search for local services on some organisations' websites, or phone their general enquiries line.

Making contact

Some advice services are very busy. Getting through by phone may take a number of attempts. If a client visits a face-to-face service without an appointment, 'first-come-first-served' basis. Not all services offer such drop-in sessions every day - try to check in advance.

6. Work with advisers

**Referring someone for money advice is the first step.
The next step is giving advisers **your support and input.****

Money advisers' skills

Just as you are not a debt expert, money advisers are not mental health specialists.

However, many agencies will have provided training to some or all of their advisers about mental health problems. They may have a specialist team or adviser for people with mental illnesses.

Before advice sessions

Health and social care workers can help clients by:

- assisting them to gather all relevant paperwork or bills;
- preparing information on how a client's mental health affects their ability to manage money or repay debt ([SEE PAGE 17](#))

Confidentiality

The client will need to decide what they want (and do not want) to tell the money adviser about their mental health problem.

During advice sessions

The worker can help by building trust between the adviser and the client, and offering reassurance.

Working together

Where feasible, there may be situations where you (or someone in your service) could accompany or sit-in on the first advice session with the client. In some cases, clients may need support throughout the advice process from you, or another worker.

After advice sessions

Workers can help by supplying requested paperwork to advisers, as well as checking how clients are coping with undertaking any tasks.

Advice Sessions

Before advice sessions

In emergencies, health and social care workers might act on a client's behalf whilst they are waiting to be assigned a money adviser.

(e.g. in emergency situations like fuel disconnection or imminent eviction, or even contacting creditors to let them know the situation is now being dealt with)

The worker can help establish a basic picture of the debt problem and collect all the relevant correspondence.

(e.g. root causes of debt low income/ budgeting/loans/overdrafts/linked to mental health problems)

The health or social care worker can also consider what might be included in the clients care-plan or strategy to help.

During advice sessions

Help the adviser establish a trusting relationship with the client.

(e.g. the user has the familiar, reassuring presence of their worker and the expert input of the adviser)

After advice sessions

Provide supportive letters or evidence about the client's health.

(e.g. to support creditor negotiations, or arrangements with DWP/local authority for the direct payment of fuel/rent)

Provide budgeting advice to client.

(nb: this may extend into suggestions about diet or other aspects of daily living)

When the adviser establishes acceptable arrangements with creditors, the health or social care worker should probably check how well the client feels they are sticking to repayments.

Throughout the process, the worker should inform the adviser of any changes in circumstances.

(e.g. hospital admission or discharge can affect benefit entitlement/repayments)

7. Provide information: a tool

Money advisers may ask for information about a client's mental health. There is a tool to help you do this quickly and simply: the Debt and Mental Health Evidence Form.

The problem

When taking debt recovery action:

- creditors may not take a client's known mental health problems into account;
- many clients want their mental health to be taken into account, and give their consent for this;
- when negotiating with creditors, advisers do not know what evidence to ask health and social care professionals for.

Consequently, this can result in:

- health and social care professionals being put-off from providing information;
- inappropriate and distressing action being taken by creditors.

A solution

The Debt and Mental Health Evidence Form provides a simple method for health and social care professionals to provide clear and relevant evidence.³

You should be aware that some creditors will accept other forms of evidence as well as the DMHEF (and it is worth money advisers checking this, as it may be easier and quicker to use these instead). These can include copies of prescriptions or medication box labels, fit notes, benefit award letters, routine letters, and discharge plans.

Recognised tool

The DMHEF has been recognised by major UK creditor and advice membership organisations.

It also has been approved by the Information Commissioner's Office as complying with UK data protection law on processing special category data.

Download the DMHEF

www.moneyadvicetrust.org/advice-services/DMHEF

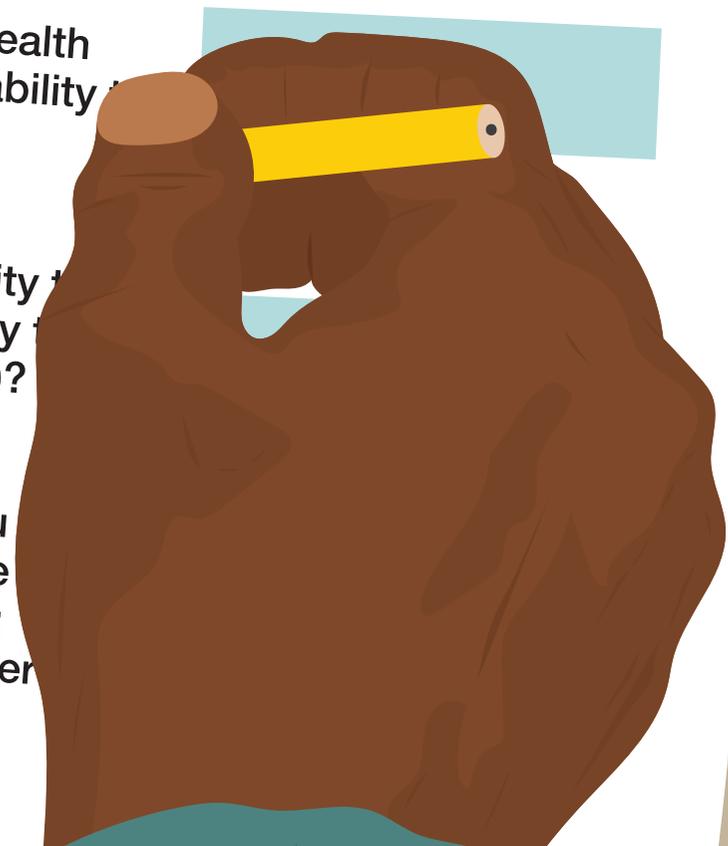
Debt and mental health evidence form

Debt and Mental Health Evidence Form

How does the mental health problem(s) affect their ability to manage money?

How is the person's ability to communicate affected by their mental health problem(s)?

Is there anything else you tell us that would help the person (severity/duration; relevant treatment; whether in crisis)?





8. Know the next steps

The adviser has now assessed the client's situation. This section explains some of the options the client now has.

Repay the debt

Clients with available income can make a repayment offer (which they can realistically meet). Creditors should be asked to freeze any interest.

Write-off the debt

Creditors have written-off debts where clients have mental health problems, but this is not standard practice.

'Full and final' repayments

Creditors may accept lump sum offers smaller than the original debt.

Debt management plan

Where a single monthly payment is made to a debt management agency which administers payments to multiple creditors. Firms that charge a fee for this service should be avoided as it is available for free.

Debt relief orders (DRO's)

A form of insolvency for people with very low incomes/very few assets. Only some accredited money advisers can apply for a DRO.

Breathing space

People receiving treatment for a mental health crisis may be eligible for a mental health crisis breathing space. This means that all creditor action, interest and charges are stopped during the person's treatment. More information about eligibility and how to apply can be found on the Mental Health and Money Advice website:

www.mentalhealthandmoneyadvice.org/mentalhealth-breathingspace/

www.mentalhealthandmoneyadvice.org/breathingspace/

'Park the debt'

Clients with very little available income or deficit budgets can make a nominal/token repayment (e.g. £1), or request payment suspension.

Bankruptcy

An option if a large amount is owed and the client doesn't own any assets. Bankruptcy lasts for up to 1 year (with restricted access to financial services). After this, debts are usually written off. However, the bankruptcy is registered with credit agencies for 6 years, and can hinder the future use of financial services.

IVA's

'Individual Voluntary Arrangements' involve clients paying agreed amounts over short periods (typically 5 years, but can be extended). The remaining debts are written off. An option if sizeable payments can be made and typically where an asset exists.

Further information

This final section is for those who like a little more detail. Remember that money advisers are the experts - no one should expect you to give debt advice.

Priority debts

Clients need to deal with 'priority debts' first.⁴ These include:

Fuel arrears. Can result in fuel supply disconnection.

Council tax arrears. Bailiffs can take goods, and if you have arrears after this, you can be sent to prison (in England).

Benefit overpayments. The benefit agency can deduct money from ongoing benefits to claw back overpayments.

Income tax or VAT arrears. You can be sent to prison for non-payment of income tax or VAT.

Arrears of maintenance payable to ex-partners or children (including Child Support Agency arrears). If you don't pay these, bailiffs can take your goods. If, after this, you still have arrears, you can be sent to prison.

Court fines. If you don't pay magistrates' court fines (e.g. for traffic offences), bailiffs can take goods, and you can be sent to prison.

Local authority parking penalties.

These are known as penalty charge notices (PCNs), local authorities can use bailiffs to seize items you own if PCNs are not paid on time.

Mortgage or rent arrears. Can lead to loss of a home.

TV licence arrears. It's a criminal offence to use a television without a licence.

Loans are priority debts if secured against your home or other assets.

Further Information

Non-priority debts

You can't go to prison for not paying non-priority debts. However, creditors may take you to court. If you fail to follow a court's order to pay, bailiffs can seize property.

Credit debts - overdrafts, loans, hire purchase, credit card accounts and catalogues.

Student loans (though repayment for student loans are usually paid back through wages of people who are employed).

Money borrowed from friends or family.

Further resources

www.mind.org.uk/money

Mind's money resources for people with experience of mental distress and debt.

www.moneyadvicetrust.org

Debt and mental health resources, including best practice guidelines for creditors and money advisers on working with people with debt and mental health problems.

www.moneysavingexpert.com

Resources including peer forums on mental health/debt.

www.mhma.org.uk

MHMA provides information for people who experience mental health and money problems.

www.moneyandmentalhealth.org

Research and best practice guides on the link between mental health and money problems.

Booklet references

1. Money and Mental Health Policy Institute (2022). Money and Mental Health: The Facts factsheet. Available at: <https://www.moneyandmentalhealth.org/money-and-mental-health-facts/>
2. Money and Mental Health Policy Institute (2016) Money on your mind. Available at: <http://www.moneyandmentalhealth.org/wp-content/uploads/2016/06/Money-on-your-mind-full-report.pdf>
3. Department for Trade and Industry (2005). Tackling over-indebtedness. Annual Report. DWP: London.
4. Citizens Advice (2018) Citizens Advice online advice guide. Available at: <https://www.citizensadvice.org.uk/>

In partnership with...



This booklet reflects the experience of hundreds of people with mental health problems, carers, health and social care professionals, money advisers and creditors. It was originally published in 2006, with significant contributions from Andrew Howard, Drew Cormack, Colin Trend, 'Tim', and the First Step Trust team, and since 2006 has been distributed to over 200,000 health and social care professionals.

This booklet provides basic advice for health and social care workers. It describes how they can practically help people with debt and mental health problems.

The booklet doesn't expect workers to become debt experts, but describes the big differences they can make by knowing and doing small things.

The booklet is a collaboration between people with direct experiences of mental health problems, researchers from the Royal College of Psychiatrists and Rethink Mental Illness, and collaborating money advice, health and social care organisations.

For further information, visit:
www.mentalhealthandmoneyadvice.org