Money Advice Service: Final Report

The effectiveness of debt advice in the UK

the Money Advice Service™

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Glossary and Definitions

Channel
Channel used to seek debt advice:
- Telephone
- Face to face
- Website
- Email
- Post
- Printed material
- Instant messaging

Creditors
A broad generic term - any entity that you owe money to, such as a bank, utility company, payday lenders, DWP, HMRC, Local Authorities, etc.

Financially distressed
A person is categorised as 'financially distressed' if they have answered yes to one of the following statements:
- Kept up with all bills and commitments, but it was a constant struggle; or
- Fell behind with some bills or credit commitments; or
- Had real financial problems and fell behind with many bills or credit commitments

Free sector
An organisation, which does not charge a fee for debt advice or implementation of a debt management plan, examples include:
- Citizen's Advice Bureau (CAB)
- Consumer Credit Counselling Service (CCCS)
- National Debtline
- Money Advice Service
- PayPlan

Long term unmanageable debt
Debt has remained unmanageable since first fell into unmanageable debt

Long term manageable debt
Debt has consistently been manageable

Manageable debt
Debt is self-defined as being 'manageable'

Non priority debt
- Store card
- Credit card
- Unsecured personal loan
- Authorised overdraft
- Student loan
- HP agreement
- Car finance loan
- Credit union loan

- Loan from friends and family
- Mail order catalogue
- Home collected credit loan
- Loan from pawnbroker/cash converter
- Payday loan
- Insurance payment plan/instalments
- Water bills

Paid for sector
An organisation, which charges a fee for debt advice and/or implementation of a debt management plan:
- Professional insolvency practitioner
- Insolvency service
- Creditor

Priority debt
- Mortgages
- Gas and electric bills
- TV licence bills, rent payment
- Council tax payment
- Income tax
- National insurance
- VAT
- Magistrate’s court fine
- Child support/maintenance
- DSS/social fund loan
- Secured personal loan
- Welfare/benefit repayments

Scale of debt
Level of debt as a proportion of annual household income

Severe debt
Debtor is categorised as ‘financially distressed’ and scale of debt is high (i.e. over 100%)

Unmanageable debt
Debt is self-defined as being ‘unmanageable’

Executive Summary

Headline findings

1. **This research demonstrates that debt advice has a positive effect on a person's debt situation when other characteristics of debt are controlled for.**
   a) **Individuals in unmanageable debt who have sought debt advice are almost twice as likely to move into manageable debt within 12 months compared to those who have not sought debt advice.**
   b) **Advice seekers are also more likely to remain in manageable debt than non-advice seekers suggesting that debt advice helps not only to manage debt but to sustain a manageable level of debt.**
2. **The channels used to seek debt advice are equally as likely to affect moving out of unmanageable debt within 12 months – no channel is any more effective than any other channel.**
   a) **Channels tend to be used in conjunction with other channels and so different outcomes may be reached by different people dependent on how channels are used.**
   b) **Different types of people will use different channels and so the same outcome may not be attainable if they were to use a different channel.**
3. **The most popular forms of communication among advice seekers in unmanageable debt are telephone and face to face channels.**
   a) **Telephone is also considered to be the most helpful channel among those in unmanageable debt.**
4. **Whether advice is free or paid for[1] has no significant impact on the outcome of moving out of unmanageable debt – both are equally as effective.**
5. **The majority of debt advice organisations are perceived as 'helpful' with the exception of creditors (which encompass a broad spectrum of advisers[2]) who are thought to offer the least helpful advice.**
6. **There is a correlation between seeking advice and experiencing creditor pressure while in unmanageable debt (i.e. 'received creditor letters or phone calls'), which suggests that creditor pressure may encourage people to seek advice about their debt situation.**
7. **Advice seekers are significantly more likely to report a reduction in debt than non-advice seekers - reinforcing the positive effect of debt advice.**
   a) **On the other hand, those who do not seek advice are significantly more likely to report that their debt has increased compared to those who do seek advice.**
8. **Living in Scotland gives you a greater likelihood of moving from 'unmanageable debt' to manageable debt within a 12 month period compared to living in other parts of the UK.**
   a) **Unlike in the rest of the UK, debt advice is not a significant predictor of achieving manageability in Scotland - this requires further exploration but one explanation is that there is an increased awareness of debt solutions in Scotland than in other parts of the UK and substantive differences in legislation.**

[1] Free or paid for advice is categorised by the type of organisation (fee charging or free)
[2] Creditors can include any entity to which money is owed including banks, utility company, payday lenders, DWP, HMRC, Local Authorities, etc.

Additional findings

1. **More than half of the sample (56%) claim to have experienced unmanageable debt and nearly 2 out of 5 (41%) claim to have experienced consistently manageable debt.**
2. **More than half of those who have experienced unmanageable debt claim that factors outside of their control such as 'increased cost of living' or 'loss of income' contributed to their debt becoming unmanageable.**
3. **Advice seekers with unmanageable debt tend to have a more 'severe'[3] level of debt than non-advice seekers in terms of scale of debt and upkeep of bills suggesting that severity of debt encourages people to seek advice.**
4. **Individuals with unmanageable debt tend be more anxious about their finances, feel less in control and have a higher scale of debt than those with manageable debt.**
5. **The majority of advice seekers with manageable debt report that they have sought debt advice as a 'preventative' measure.**

[3] Severity of debt is defined as being 'financially distressed' and with a scale of debt above 100% of annual income

Project Objectives & Background

In March 2012, The Money Advice Service commissioned YouGov to evaluate the effectiveness of debt advice in the UK. The project was funded by the Department for Business, Innovation and Skills.

The Money Advice Service wished to evaluate the effectiveness of debt advice at an overall level (i.e. the extent to which debt advice has an impact on a range of outcomes), the effectiveness of channels used to provide advice (e.g. telephone, face-to-face, online, post and printed material) and the effectiveness of free versus paid for advice.

The objectives are outlined below:

1. **Overall** - evaluating the effectiveness of taking advice over not taking advice.
2. **At channel level** - evaluating the relative effectiveness of channels used to receive advice.
3. **Free vs. paid**[4]– evaluating the effectiveness of free versus fee charging organisations.

YouGov interviewed 4,020 respondents between 16th and 22nd March 2012 from the YouGov plc. panel who had previously reported themselves as being ‘in debt’ since 2006.

Respondents were asked at which points their debt had been ‘manageable’ or ‘unmanageable’ between 2006 and today, if they had sought debt advice and their experiences of being in debt.

Following this initial survey, an additional sub group was identified who had maintained ‘manageable debt’ throughout the period and had also sought debt advice. We conducted a follow up survey between the 3rd and the 10th April 2012 among 1,247 of the original respondents in this sub-group to ascertain their experiences, motivating factors to seek advice and the outcomes they achieved.

The research was designed to employ logistic regression analysis (please see the research approach section [p44] for details of the regression model) in order to measure the effectiveness of debt advice. In this case, ‘effectiveness’ is measured by the time it takes for debt to move from unmanageable to manageable debt.

[4] Free or paid for advice is categorised by the type of organisation (fee charging or free)

Which types of people are in debt?

Identifying the sub groups

The overall sample is made up of 4,020 respondents who had previously reported themselves as being 'in debt' since 2006.

Among which, 2,235 respondents self-define themselves as having "unmanageable" debt and 1,645 self-define themselves as having "long term manageable" debt between 2006 and the time of the interview.

Out of the total sample, 1,551 respondents claim to have sought debt advice between 2006 and today.

The diagram below details the different sub groups made reference to in this report:

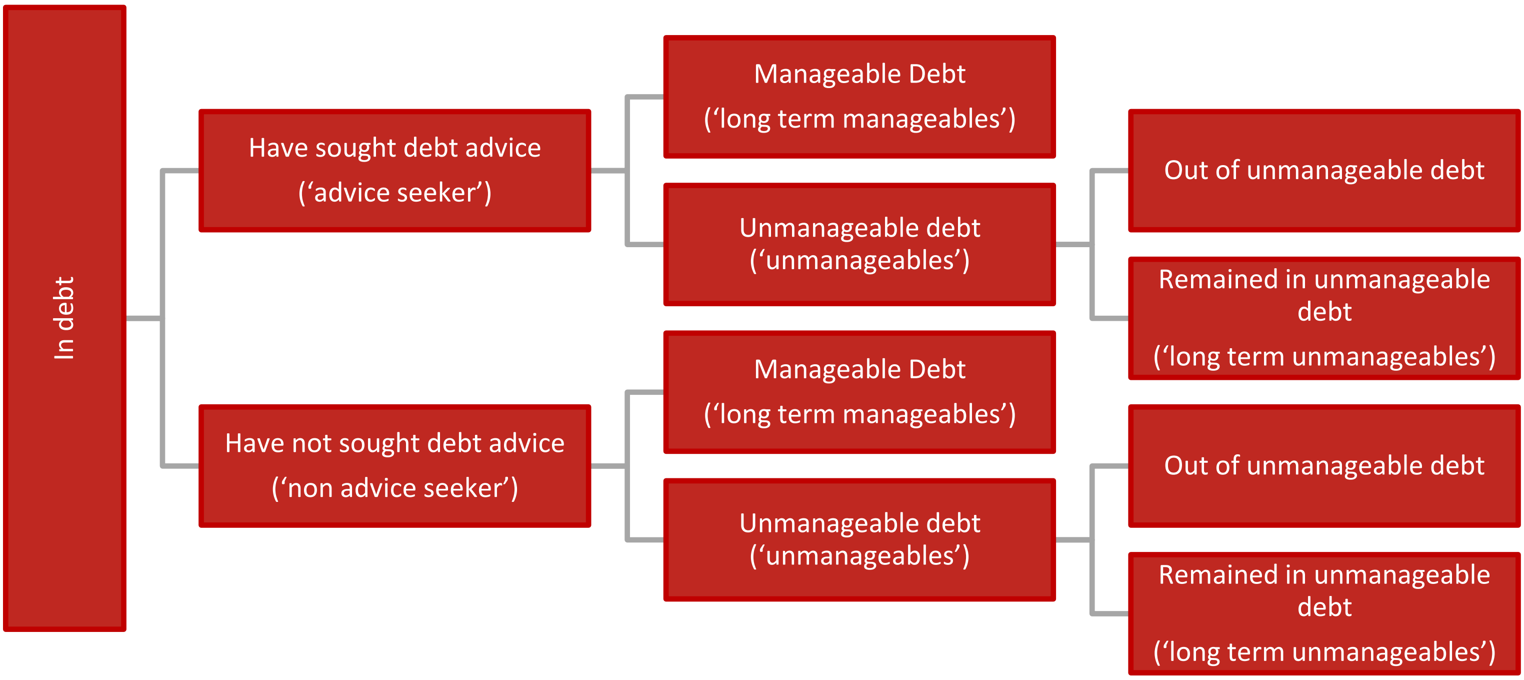

Fig. 1 Base: All 4020

More than half of the total sample (56%) claim to have experienced unmanageable debt at some point. 42% of the total sample successfully moved into manageable debt between the period of 2006 and the point at which the survey was taken.

Profiling the sub groups

Unmanageable versus manageable debts

There are significant differences between those who define themselves as having manageable debt and those who define themselves as having experienced unmanageable debt between 2006 and the time the survey was taken (fig. 2).

Demographics		Those with unmanageable debt*	Those in long term manageable debt
Total		42% (n=1631)	42% (n=1645)
Social Grade	ABC1	52%	59%
	C2DE	48%	41%
Age	18-24	2%	6%
	25-34	16%	17%
	35-44	23%	15%
	45-54	27%	18%
	55+	30%	44%
Money Advice Service's Segments	Help	40%	16%
	If you could read my mind	32%	30%
	Always on my mind	17%	24%
	Young hearts, run free	2%	3%
	Perfect Day	7%	23%
	Walking on sunshine	2%	4%
Average household income (median)		£22,500	£27,500
'Financially distressed'		73%	25%
Scale of debt		102%	47%
Type of debt	Priority debt	80%	71%
	Non priority debt	97%	83%
Debt advice	Sought advice	61%	19%
	Did not seek advice	37%	78%
Channels Used*	Telephone	66%	43%
	Face to face	38%	42%
	Online via email	9%	8%
	Online via instant messaging	2%	2%
	Online via website	22%	13%
	Post	7%	2%
	Printed material	5%	2%
	Other	1%	1%

Fig 2: Base: 1645 who had self-reported manageable *1631 had self-reported unmanageable debt and moved into manageable debt between 2006 and time of interview

Those with unmanageable debt typically have lower household incomes than long term manageables and a higher scale of debt. The average (median) annual household income for those with unmanageable debt is £22,500 compared to £27,500 for those with long term manageable debt.

Furthermore, those with unmanageable debt tend to have a higher scale of debt than those with long term manageable debt, which can also make it more challenging to move out of debt. The average scale of debt among those with unmanageable debt is 102% as a proportion of household income compared to 47% with long term manageable debt. In other words, those with unmanageable debt have around the same level of debt as their annual household income provides at the point of their debt becoming unmanageable whereas those with manageable debt have debts worth only 47% of their annual household income.

In addition to this, those with unmanageable debt are also more likely to be categorised as 'financially distressed'[5] that is, struggling to keep up with their bills than those with long term manageable debt. 73% of those with unmanageable debt are 'financially distressed' compared to 25% of those with long term manageable debt.

In contrast, those with long term manageable debt are likely to be much more confident about dealing with their financial situation than those with unmanageable debt (fig. 3). 50% of those with long term manageable debt agree that they 'know who to trust to help me with my finances' compared to only 42% of those with unmanageable debt whereas 70% of those who have had unmanageable debt agree that they are 'someone who worries about the future' compared to 55% of those with long term manageable debt.

Those with long term manageable debt also find it easier to discuss their financial woes with family and friends. 39% of those with long term manageable debt agree that they 'find it easy to talk to my family and friends about my finances' compared to only 26% of those who have experienced unmanageable debt.

Attitudinal Differences (% strongly agree/somewhat agree)	Unmanageable debt	Long term manageable debt
Total	42% (n=1631)	42% (n=1645)
I know who to trust to help me with my finances	42%	50%
I am someone who worries about the future	70%	55%
I find it easy to talk to my family and friends about my finances	26%	39%

Fig 3: Base: 1645 who had self-reported manageable 1631 had self-reported unmanageable debt and moved into manageable debt between 2006 and time of interview

From profiling these groups, we can determine that those with long term manageable debt tend to be in a better position to manage their debts. They are less anxious about their finances, feel more in control and tend to have higher incomes and a lower scale of debt than those with unmanageable debt.

Advice seekers versus non-advice seekers

Among people with unmanageable debt between 2006 and the time the survey was taken, around 6 out of 10 (58%) sought debt advice on account of their financial situation and around 4 out of 10 (39%) did not.

[5] Respondents are defined as "financially distressed" if they reported their debts as "it was a struggle from time to time", "it was a constant struggle" or "fell behind with some bills or credit commitments".

Advice seekers with unmanageable debt tend to have a more 'severe' level of debt than non-advice seekers in terms of scale of debt and upkeep of bills, which may explain why advice seekers decide to seek advice.

Those with unmanageable debt who have sought debt advice typically have a higher proportion of debt than those who have not sought advice (fig. 4). Advice seekers, on average, have a level of debt worth 121% of their annual household income at the point of their debt becoming unmanageable. In other words, they have 21% more debts than their annual household income provides. However, for non-advice seekers, scale of debt is significantly lower at the point of their debt becoming unmanageable, on average, only 75% of their annual household income.

Demographics		Advice Seekers	Non-Advice Seekers
Total		58% (n=953)	39% (n=631)
Social Grade	ABC1	52%	52%
	C2DE	48%	48%
Age	18-24	1%	3%
	25-34	14%	20%
	35-44	23%	24%
	45-54	28%	27%
	55+	34%	26%
Money Advice Service's Segments	Help	40%	40%
	If you could read my mind	28%	39%
	Always on my mind	20%	13%
	Young hearts, run free	2%	2%
	Perfect Day	8%	5%
	Walking on sunshine	2%	2%
Average household income (median)		£22,500	£22,500
Working Status	Employed	68%	71%
	Unemployed/Student	17%	19%
	Retired	12%	8%
'Financially distressed'		77%	67%
Scale of debt		121%	75%
Type of debt	Priority debt	80%	81%
	Non priority debt	98%	97%
Debt experiences	Not paying bills occasionally	42%	48%
	Not paying bills regularly	31%	29%
	Receiving creditor letters or phone calls	66%	48%
	Receiving a court summons from a creditor	14%	11%
	Being approached by bailiffs	6%	7%
	Being threatened with eviction	5%	5%
	Being threatened with termination of electricity, gas, or water supply	6%	6%

Fig 4: Base: 1631 moved from unmanageable to manageable debt between 2006 and today 953 advice seekers 631 non-advice seekers

Advice seekers are also more likely to be ‘financially distressed’ than non-advice seekers. Around three quarters (77%) of those with unmanageable debt who have sought debt advice can be categorised as ‘financially distressed’ compared to around two-thirds (67%) who have not sought advice.

Additionally, there is a correlation between creditor pressure and choosing to seek debt advice. Those with unmanageable debt who have sought advice are more likely to have been contacted by creditors (most likely on account of the severity of their debts). 66% of those who sought debt advice have received letters or calls from creditors compared to just 48% of those who have not sought debt advice.

In summary, the key distinction identified between advice seekers and non-advice seekers is the severity of debt, indicating that this plays a large part in deciding whether to seek debt advice or not.

Long term manageable debt

There are a small proportion of individuals with long term manageable debt who have also sought debt advice (12%) suggesting that debt advice also accommodates less serious debt situations.

We identified marked differences in characteristics of debt between these advice seekers with long term manageable debt and the advice seekers with unmanageable debt. Those with long term manageable debt who have sought debt advice tend to have less ‘severe’ debts in terms of scale of debt and keeping up with bills than those with unmanageable debt who have sought debt advice.

Only 39% of advice seekers with long term manageable debt are considered “financially distressed” compared to 77% of advice seekers with unmanageable debt. Scale of debt is also lower; the average level of debt as a proportion of household income for those with long term manageable debt who sought advice is 66% compared to 121% for those with unmanageable debt who sought debt advice.

So, if debt is less ‘severe’ for those in long term manageable debt, why do some choose to seek debt advice?

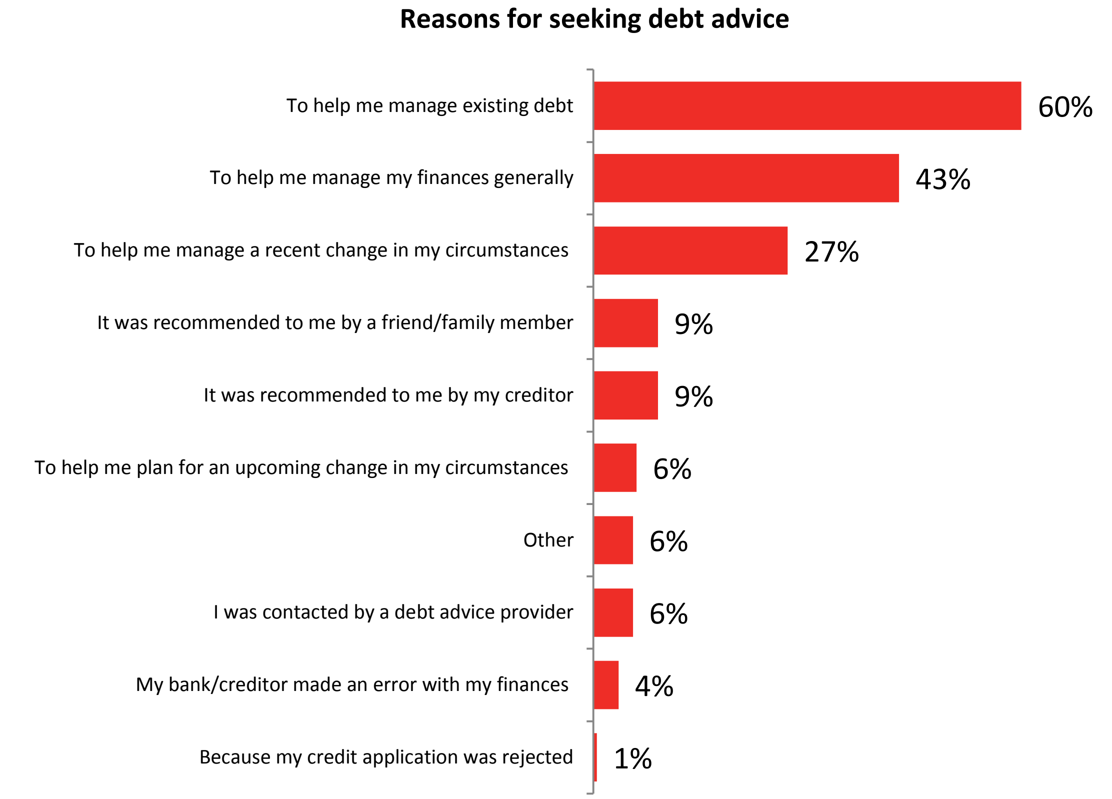

Fig 5: Base: 197 long term manageable debt who sought advice
Q: For which of the following reasons, if any, did you seek debt advice?

For those with long term manageable debt, debt advice acts as a 'preventative' measure (fig.5). 60% of those with long term manageable debt have sought debt advice in order to help manage existing debt and 43% of those with long term manageable debt have sought debt advice in order to help manage finances generally. Only 27% of those with long term manageable debt have sought debt advice due to a recent change in circumstances.

We can therefore conclude that advice seekers who report long term manageable debt typically have a smaller scale of debt and are less likely to be struggling with the upkeep of their bills than the advice seekers with unmanageable debt.

Furthermore, there is an indication that debt advice has a role in helping those with both low and high levels of debt to prevent debt problems escalating as well as to solve existing debt problems.

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To what extent is debt advice effective[6]?

A regression model was used to isolate the relationship between debt advice and moving out of unmanageable debt while controlling for other characteristics of debt.

Effectiveness of debt advice

Those who have unmanageable debt and sought debt advice are 93% more likely to be out of unmanageable debt within a 12 month time-frame than those who have not sought debt advice taking into account other variables such as the scale of debt, type of debt and the reasons for being in unmanageable debt[7].

The graph below illustrates that by seeking debt advice, advice seekers are likely to be out of unmanageable debt in a shorter period of time (fig. 6). For non-advice seekers, it takes an average of 3 months longer to move out of unmanageable debt compared to advice seekers (18 months vs. 15 months for advice seekers).

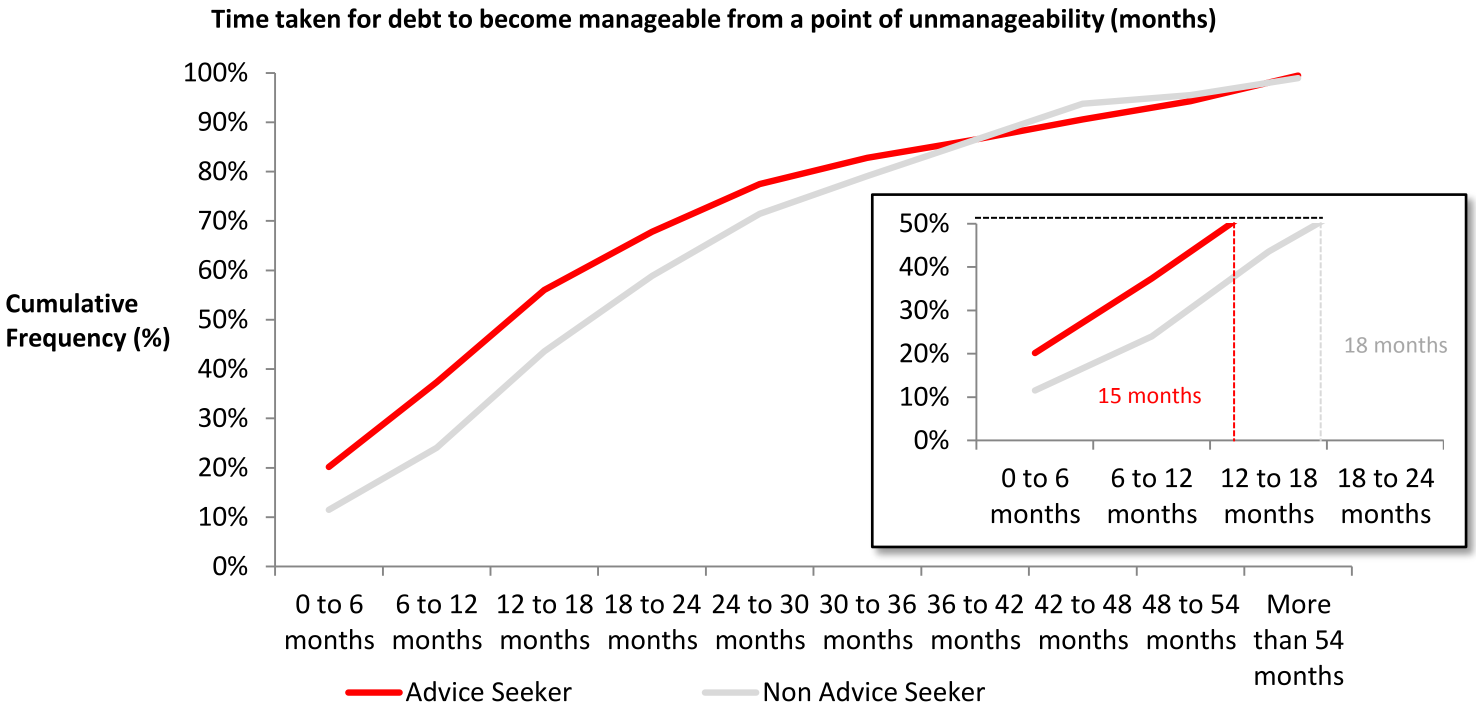

Fig 6: Base: Advice Seeker 541 Non-advice seeker 287
Cumulative proportion moving into manageable debt

Since debt does not always follow a linear pattern but is often cyclical in nature, we also asked individuals who successfully moved into manageable debt if their debt had remained manageable.

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[6] Unless otherwise stated, the measure of effectiveness of debt advice is the change in the manageability of debt 12 months after it first became unmanageable. Please see the research approach section towards the end of this report for a detailed description of this measure.

[7] Controlling for additional variables avoids the possibility that the variable has an effect on the outcome. For example, to determine the effect of debt advice on manageability of debt, the proportion of debt needs to be controlled for as the outcome may also depend on proportion of debt. (Please see section on research approach for full list of control variables)

An overwhelming proportion reported that they have remained in manageable debt, which is significantly higher among advice seekers (fig. 7). 83% of advice seekers claim that their ‘debt has remained manageable’ compared to 72% of non-advice seekers. However, around 1 in 5 (19%) of those who didn’t seek advice fell into unmanageable debt again.

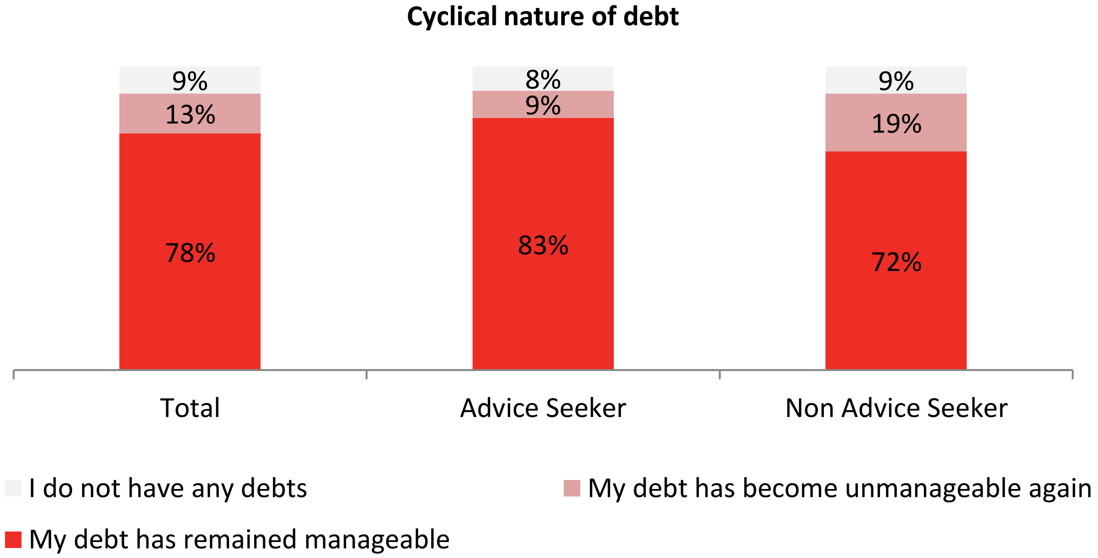

Fig 7: Base: 3880 who had moved from unmanageable to manageable debt between 2006 and point at which survey was taken

Effectiveness of channels

Among those with unmanageable debt and who sought debt advice, the channels used[8] - either in isolation (mutually exclusive) or in combination (multi-channel) - do not reveal any statistically significant differences in effectiveness of moving out of unmanageable debt within 12 months when controlling for additional variables[9]. In other words, no channel is any more effective than any other channel.

Effectiveness of free versus paid for advice

There are also no significant differences in the effectiveness of free and paid for advice[10] when controlling for other variables. In other words, free and paid for advice are equally as effective at moving debts from being unmanageable to manageable.

[8] The channels evaluated within the regression model are ‘telephone’, ‘online’, ‘face to face’ and ‘other’ (including post and printed material, instant messaging and email).
[9] It is also evident from the model that there are no significant differences between channels for achieving manageability within 6 months, 18 months or 24 months.
[10] ‘Paid for advice’ is defined as fee charging organisations (i.e. insolvency, practitioner, insolvency service, creditor, fee charging debt management company). ‘Free advice’ is defined as non-fee charging organisations (e.g. CAB, CCCS, National Debtline, Payplan)

Other findings revealed in the model for manageability of debt[11]

Positive predictors of manageable debt

The regression model reveals that scale of debt (i.e. debt as a proportion of household income) has a significant and positive impact on the likelihood of debt becoming manageable within 12 months.

The table below (fig. 8) shows that a respondent is 29% more likely to be out of unmanageable debt within 12 months if they have a higher level of debt than someone with a lower level of debt as a proportion of their household income. This means the greater your level of debt the more likely you are to report moving from unmanageable to manageable debt within 12 months.

This seems somewhat contradictory but further investigation finds that there is a relationship between the type of debt and the scale of debt and the interaction between both variables seem to be responsible for scale of debt being a significant and positive predictor of moving out of unmanageable debt. This highlights that a person with a greater amount of debt would be expected to take some form of action in order to resolve their debt situation.

Independent Variable	Odds of being out of unmanageable debt within 12 months
Debt as proportion of household income	29%
Scotland resident*	73%
Education level: 20+ years old	59%

Fig. 8: Base: 1099
Logistic regression model 1within 12 month period
Independent variables positive and significant at 95% level
*Significant at the 94% level

Living in Scotland is also a significant predictor of moving out of unmanageable debt. A Scottish resident is 73% more likely to be out of unmanageable debt within 12 months than someone living in another part of the UK.

Negative predictors of manageable debt

The model also reveals that certain types of debt and reasons for falling into unmanageable debt have a significant and negative impact on the likelihood of debt becoming manageable within 12 months. Credit cards, student loans and loans from friends and family (non-priority debts) significantly impact the likelihood of moving out of unmanageable debt within 12 months.

[11] Please note that the model was designed so that the independent variables 'controlled for' the effect of debt advice. For this reason, some of the variables which do not appear as significant may be because they are highly correlated with the significant variable and figures 8 and 9 should be interpreted accordingly. For example, the age variable (age when fell into debt) is negatively correlated with 'education level' and so age does not appear as significant in the model, however, if we remove the education level variable, age becomes significant.

The table below (fig. 9) demonstrates that if an individual has a credit card commitment, they are 53% less likely to move out of unmanageable debt within 12 months than if they did not have a credit card commitment. If they have a loan from friends or family, they are 56% less likely to move out of unmanageable debt within 12 months. And, if they have a student loan, they are 51% less likely to move out of unmanageable debt within 12 months.

One explanation is that non priority debts inhibit moving out of unmanageable debt because these debts don't need to be paid off within a set time period (i.e. 12 months) so respondents with these debts are less likely to be out of unmanageable debt within 12 months. This implies that moving out of unmanageable debt is more likely to be feasible if the debts require a solution such as a debt management plan or a time frame in which to be resolved.

Furthermore, if someone falls into unmanageable debt due to a family breakdown such as separation or loss of a partner, they are 44% less likely to move out of unmanageable debt within 12 months.

Independent Variable	Odds of NOT being out of unmanageable debt within 12 months
Loan from friends and family	56%
Credit Card	53%
Student loan	51%
Fell into debt due to family breakdown	44%

Fig. 9 Base: 1099
Logistic regression model 1within 12 month period
Independent variables negative and significant at 95% level

Regional differences

There are distinct differences in the effectiveness of debt advice in Scotland and England (on account of small sample sizes we were unable to explore regional differences in Wales and Northern Ireland). Those living in Scotland are more likely to be out of unmanageable debt within 12 months compared to those living in England. 30% of Scottish residents report that they have moved out of unmanageable debt in 12 months compared to 20% of those living in England (fig. 10).

Proportion out of unmanageable debt within 12 months

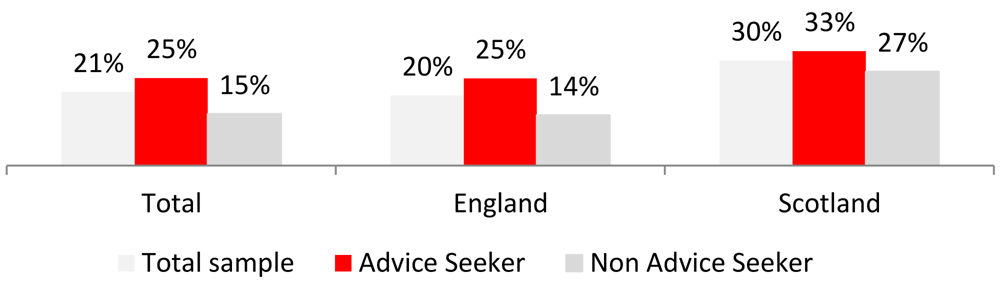

Fig.10 Base: 1261 Total, 93 Scotland 1069 England who moved from unmanageable debt to manageable debt within a 12 month period

Debt advice does not appear to be a driver of manageability of debt in Scotland as there is no significant difference in the proportion of advice seekers and non-advice seekers that have moved out of unmanageable debt within 12 months. 33% of advice seekers in Scotland have moved out of unmanageable debt within 12 months and 27% of non-advice seekers in Scotland have moved out of unmanageable debt within 12 months.

There are also no significant differences in the debt characteristics or demographic profile of English and Scottish residents with unmanageable debt (fig. 11); for instance, 73% of those in England who have unmanageable debt can be categorised as ‘financially distressed’ and 69% of those in Scotland who have unmanageable can be categorised as ‘financially distressed’. Scale of debt is also similar for those in England and Scotland (103% vs. 95%) and average household income is the same (£22,500 per annum).

Demographics		England	Scotland
Total		85% (n=1383)	7% (n=121)
Social Grade	ABC1	52%	50%
	C2DE	48%	50%
Age	18-24	2%	2%
	25-34	17%	18%
	35-44	24%	19%
	45-54	27%	29%
	55+	30%	32%

Money Advice Service's Segments	Help	40%	40%
	If you could read my mind	32%	31%
	Always on my mind	16%	18%
	Young hearts, run free	2%	2%
	Perfect Day	7%	6%
	Walking on sunshine	2%	3%
Average household income (median)		£22,500	£22,500
Working Status	Employed	69%	66%
	Unemployed/Student	8%	12%
	Retired	10%	11%
'Financially distressed'		73%	69%
Scale of debt		103%	95%
Type of debt	Priority debt	78%	80%
	Non priority debt	98%	97%
Debt experiences	Not paying bills occasionally	57%	43%
	Not paying bills regularly	26%	30%
	Receiving creditor letters or phone calls	55%	58%
	Receiving a court summons from a creditor	10%	13%
	Being approached by bailiffs	5%	7%
	Being threatened with eviction	2%	5%
	Being threatened with termination of electricity, gas, or water supply	2%	6%

Fig 11: Base: 1631 moved from unmanageable to manageable debt between 2006 and 121 in Scotland 1383 I England

Regional differences in legislation and fees for debt solutions may contribute to the variation in the impact of debt advice on manageability of debt. Scottish residents may also be less likely to require debt advice due to a pre-existing awareness of debt solutions. However, further exploration is required to understand why Scottish residents are more likely to move out of unmanageable debt within 12 months than residents in other parts of the UK.

Which factors contribute to changes in an individual's debt situation?

How does debt become unmanageable?

More than half of respondents with unmanageable debt claim that their debts first became unmanageable on account of events outside of their control. 54% experienced a loss or reduction of income and 52% were affected by the increased cost of living (fig. 12).

Reasons for debt becoming unmanageable

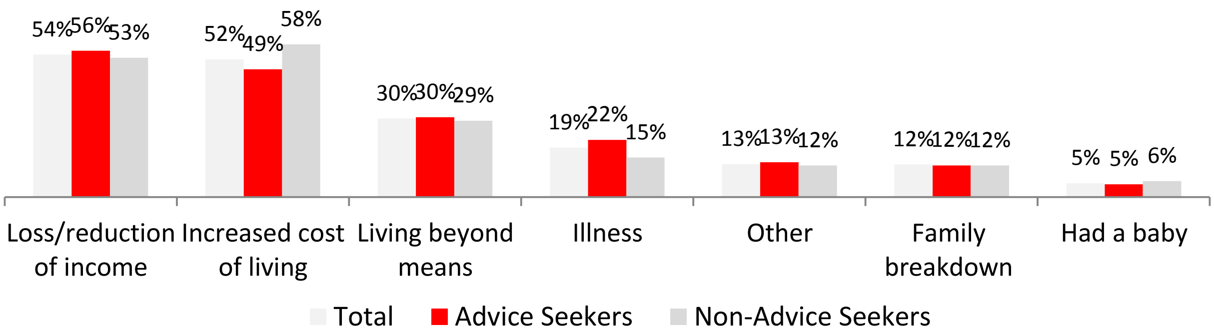

Fig. 12 Base: 1631 respondents who had unmanageable debt between 2006 and today
Q: Thinking about the first time your debt became unmanageable, what factors contributed to your debt becoming unmanageable?

Around 1 in 5 (22%) who sought advice claim to have fallen into unmanageable debt on account of an illness compared to 15% of those who have not sought debt advice[12].

However, fewer of those who sought debt advice say they were affected by the increased cost of living compared to those who have not sought debt advice. Less than half of those who sought debt advice were affected by the increased cost of living (49%) compared to more than half (58%) who had not sought advice.

Why might debt remain unmanageable?

There is a significant group who have struggled to move into manageable debt and have remained with unmanageable debt (19% of total sample). These people with long term *un*manageable debts claim that their debt has remained unmanageable on account of factors outside of their control; 45% state a "further change in situation" as the most common reason for remaining in unmanageable debt (fig. 13).

Those with long term *un*manageable debt also seem to be willing to take risks by taking on additional debt. 22% of those with 'long term unmanageable debt' took out more credit or loans. And, 21% claim that they were unaware of what options were available to help them resolve their debt situation.

[12] 'Other' category includes 'university fees', 'retirement', 'death of partner', 'increased interest rates' and 'moved house'.

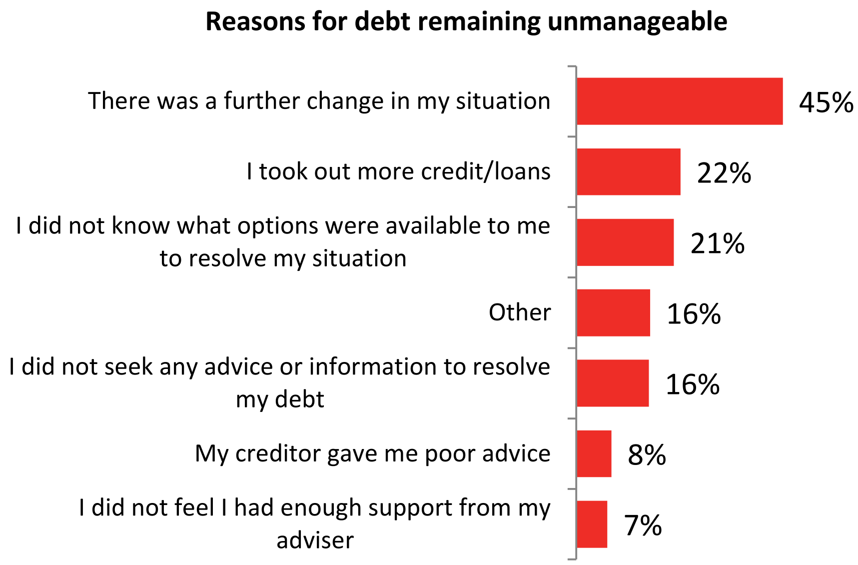

Fig. 13 Base: 778 respondents whose debt has remained unmanageable
Q: Please could you tell us for what reason(s) you think that your debt has remained unmanageable?

Those with long term *un*manageable debt also recognise that debt advice is helpful in moving out of unmanageable debt. 16% of those with long term unmanageable debt claim that not seeking debt advice was a factor in their debt remaining unmanageable.

Among those with long term *un*manageable debt, a significantly lower proportion chose to seek debt advice compared to those who were able to move into manageable debt. This suggests that debt advice could have been effective in lifting those with long term *un*manageable debt out of unmanageable debt. Around half (53%) of those who have remained in unmanageable debt had sought debt advice; this is 10 percentage points less than those who were able to move into manageable debt (63%).

What role do creditors play when debt becomes unmanageable?

There is an indication that creditors[13] may play a part in debt becoming unmanageable and make the debt situation more difficult to resolve.

"All the bank wanted to do was get more money out of you. I found XXX to be the most helpful and am now getting out of debt. If I had gone back to the bank they would have only got me into more debt." [Female, 45]

"Creditor calls were relentless. Even after IVA was set up, one particular credit card still sent bills and phoned daily. It took months for this to stop. They loan money irresponsibly then put people through huge amounts of stress when people struggle". [Female, 28]

There is also a correlation between advice seekers and contact with creditors. Those who have sought debt advice are more likely to report having been contacted by their creditors when their debt first became unmanageable (fig.14). Among advice seekers, two thirds (66%) had 'received creditor letters or phone calls' compared to less than half (48%) of non-advice seekers.

[13] Creditors are categorised as "an entity, such as a bank, that you owed money to"

Experiences while in unmanageable debt

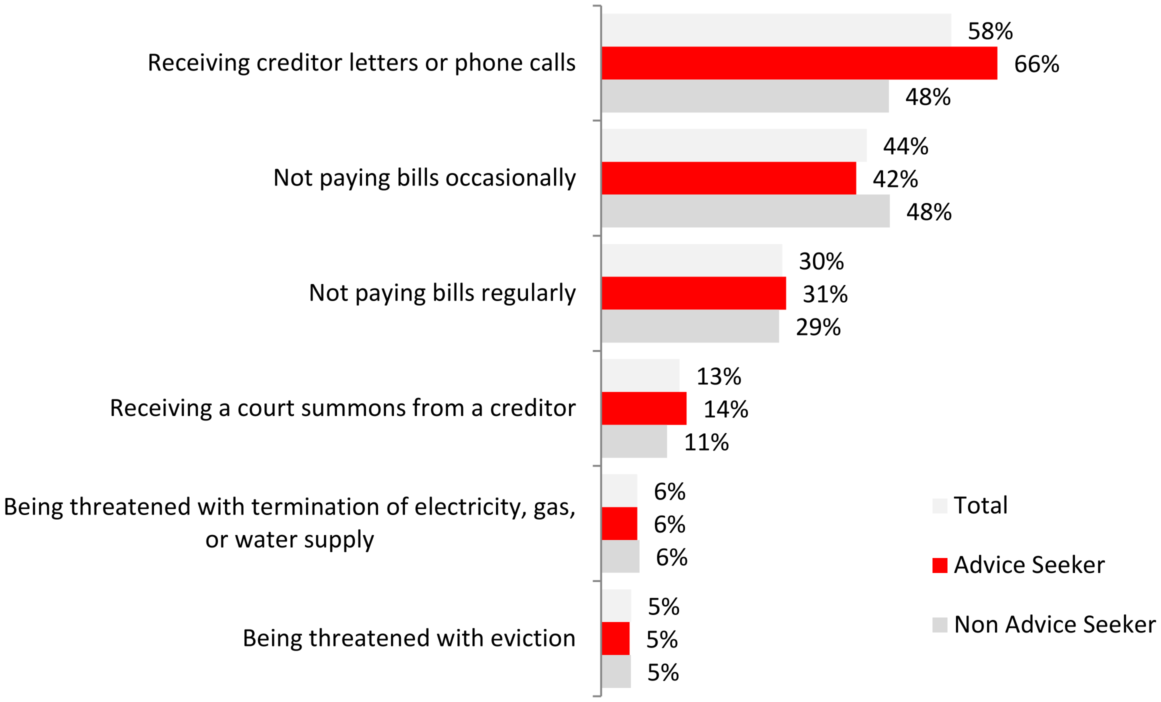

Fig. 14 Base: 953 sought advice between 2006 and today 631 did not seek advice between 2006 and today
Q: And, when your debt first became unmanageable, which of the following, if any, did you experience?

How does debt become manageable?

Nearly three quarters (73%) of those who claim to have experienced unmanageable debt moved into manageable debt between 2006 and the time the survey was taken.

Debt advice is significantly more likely to help people move out of unmanageable debt than if debt advice is not taken. 25% of advice seekers moved from unmanageable debt to manageable debt within 12 months compared to just 15% of non-advice seekers (fig. 15).

Proportion out of unmanageable debt within 12 months

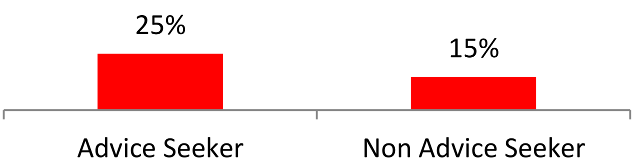

Fig. 15 Base: respondents who experienced unmanageable debt between 2006 and today (excludes those who fell into debt in last 12 months)
Advice seekers 874 non advice seekers 225

Furthermore, debt advice is reported to be a key factor in debt becoming more manageable (fig. 16). Over half (58%) of those who have moved into manageable debt claim that seeking professional advice was a contributing factor. The next most common reasons cited for getting out of unmanageable debt include 'change in employment' (21%) or 'receiving help from family and friends' (21%)[14].

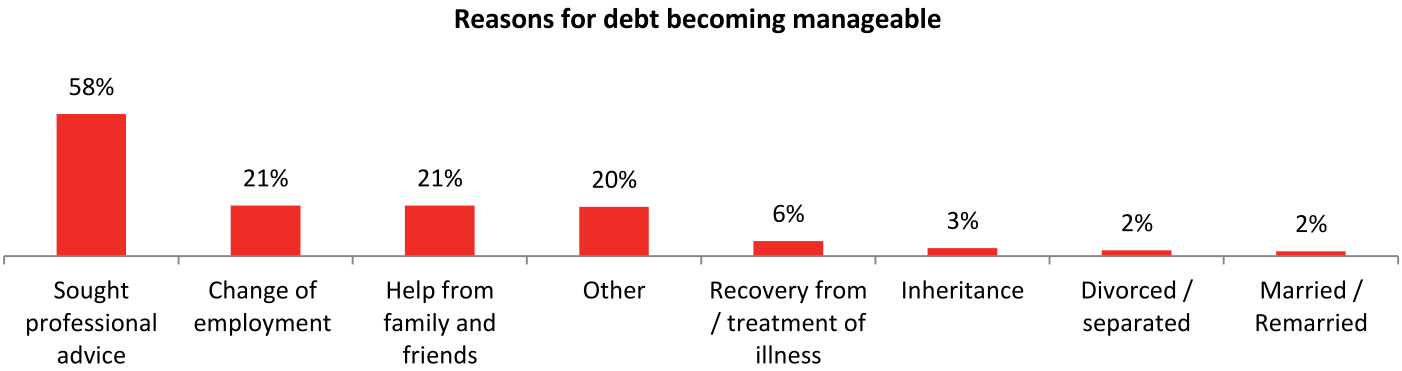

Fig. 16 Base: 853 respondents who had manageable debt
Q: And, in your view, what were the contributing factors to your debt first becoming manageable?

When comparing advice seekers and non-advice seekers who moved into manageable debt, we find that non-advice seekers tend to rely on help from family and friends a great deal more; 28% of this group moved out of unmanageable debt on account of help from family and friends compared to 17% who sought debt advice. And, almost three quarters (72%) of those who sought debt advice state that the advice was a contributing factor to their debts becoming manageable (consistent with the findings from the regression model).

[14] The 'other' category includes 'sold house', 'redundancy money' and 'debt solutions' (e.g. IVA)

What is the customer journey like for advice seekers?

Which channels are used by those in unmanageable debt?

Individuals tend to use channels in combination rather than just one channel (fig. 17) demonstrating that multi-channel use of debt advice is a much more realistic reflection of customers' behaviour when seeking advice. For this reason, we used a multi channels approach and looked at channels in combination (i.e. not mutually exclusive).

Telephone is the most likely to be used in combination with another channel. Among those who use telephone communication, around a quarter (24%) also contacted someone face to face and around 1 in 5 (19%) used a website. And, of those who used face to face contact, four out of ten (40%) also contacted an organisation via telephone.

	Channels Used							
	Telephone	**Face to face**	**Email**	**Website**	**Post**	**Printed material**	***Instant messaging****	***Other****
Telephone	100%	40%	64%	56%	88%	81%	*59%*	*47%*
Face to face	24%	100%	29%	22%	39%	38%	*41%*	*53%*
Email	8%	6%	100%	14%	30%	27%	*34%*	*47%*
Website	19%	12%	36%	100%	38%	49%	*48%*	*53%*
Post	9%	7%	24%	12%	100%	43%	*34%*	*47%*
Printed material	76%	5%	16%	11%	31%	100%	*41%*	*40%*
Instant messaging	3%	3%	9%	5%	11%	19%	*100%*	*53%*
Other	1%	2%	7%	3%	3%	10%	*28%*	*100%*

Fig. 17 Base: 1245 used channel
Q: How did you seek debt advice? Please select all that apply. *Low base

We found that the most popular forms of communication for those in unmanageable debt are telephone, face to face and website. 66% of those who sought debt advice used telephone communication while 38% saw someone face to face and 22% used a website (fig. 18).

However, face to face is a more popular channel among the long term manageables; half of long term manageables have used face to face channels compared to 38% of those with unmanageable debt.

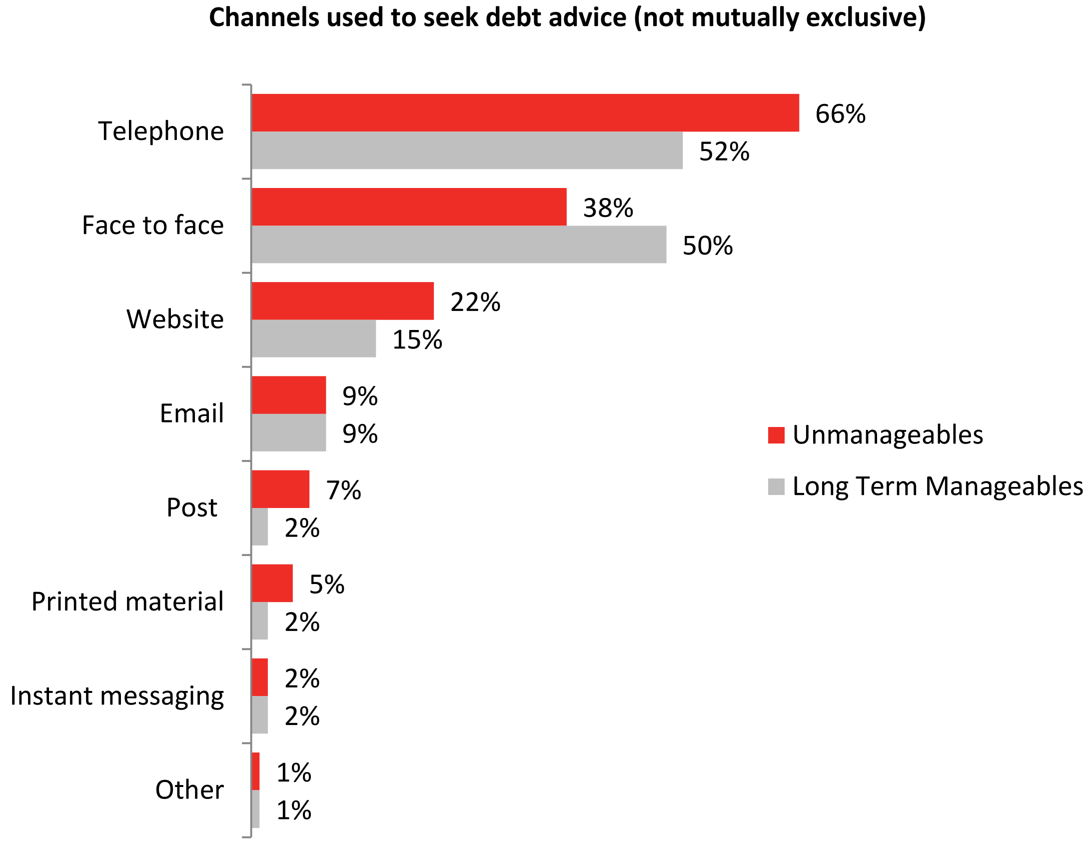

Fig.18: Base: 1245 with unmanageable debt who contacted an organisation 163 manageables who contacted an organisation
Q: How did you seek debt advice?

When explored separately, 36% of those with unmanageable debts had only used telephone communication and 20% had only used face to face while just 7% had only used a website. This reinforces the finding that telephone is a more popular channel to seek debt advice used in isolation and in combination with other channels.

We also see some significant differences between the types of people who use each channel (fig. 19). Website users tend to be younger compared with those who use telephone and face to face communication; 31% of website users are aged 35-44 compared to 25% of telephone users and 25% of face to face users. 34% of telephone users are over 55 compared to just 25% of website users.

Website users are also likely to have the highest income (£27,500). This may be a reflection of the type of advice available via website. Paid for advice services such as insolvency practitioners are more likely to offer website and telephone communication than face to face services.

		Channels Used		
		Telephone	Face to face	Website
Age	18-24	1%	2%	1%
	25-34	14%	12%	17%
	35-44	25%	25%	31%
	45-54	26%	28%	26%
	55+	34%	34%	25%
Average Household Income (median)		£25,000	£17,500	£27,500

Fig. 19 Base: 1245 used channel with unmanageable debt
Q: How did you seek debt advice?

Those with long term manageable debt are also likely to use face to face channels and telephone channels in combination. 29% of those who use telephone communication also use face to face communication and 30% of those who use face to face also use telephone (fig 20).

	Telephone	Face to face
Telephone	100%	30%
Face to face	29%	100%
Online via email	9%	7%
Online via instant messaging	2%	1%
Online via website	12%	9%
Post	4%	2%
Printed material	2%	1%

Fig. 20: Base: 163 with manageable debt who sought advice
Q: How did you seek debt advice?

Which channels are perceived as helpful?

Among those with unmanageable debt, forms of communication such as telephone and online, are also perceived as the most 'helpful' forms of communication by the majority[15] (fig. 21).

When asked how helpful respondents found the advice they were given, telephone (58%) emerges as the most helpful form of communication followed by websites (56%) and printed material (51%). Face to face is rated as helpful by 48% who sought debt advice; though still a popular channel this is a lower proportion than telephone or website, most likely due to the lack of anonymity.

Printed material also appears to be more helpful than face to face contact but we can determine that only a small proportion (5%) of advice seekers claim to have used printed material and it is often used in conjunction with other channels so is not likely to be helpful as a channel on its own.

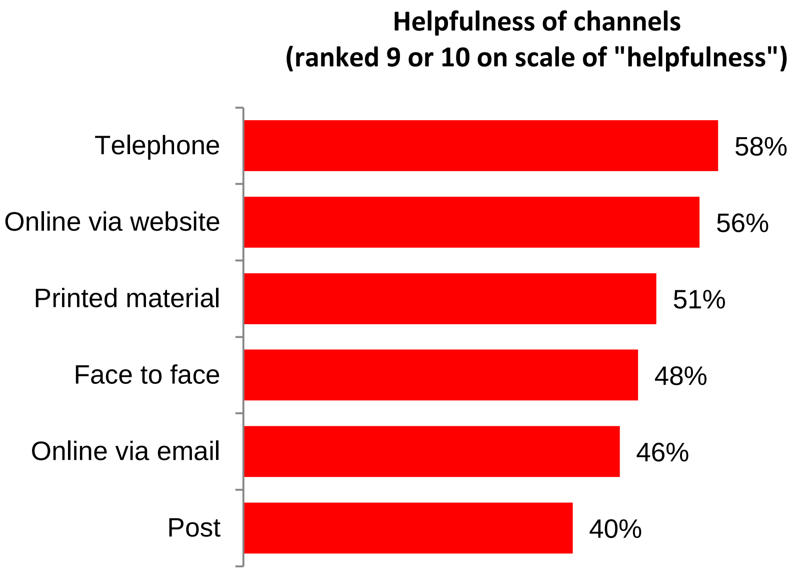

Fig. 21: Base: 1354 with unmanageable debt who contacted organisation
Q: To what extent did you find the advice helpful? Please indicate on a scale from 0 to 10 where 0 is not at all helpful And 10 is very helpful.

When looked at separately, among those who had only used telephone communication, 63% claim that it was helpful compared to 52% who had only spoken with someone face to face.

In addition, among the group with long term manageable debt who sought advice, telephone contact (49%) is, in fact, considered less helpful than face to face contact (63%). In contrast, only 48% who had unmanageable debt felt that face to face was helpful.

15 It must be noted that the sample was from an online panel and therefore potentially subject to online bias.

Which organisations are used by those in unmanageable debt?

When looking at organisations, we also chose to look at organisations in combination, as we would expect customers to go to more than one channel for advice. Among those with unmanageable debts who sought debt advice, there is an overwhelming popularity for free advice services, in the first instance; when they first sought advice 33% of those with unmanageable debt contacted Citizens Advice Bureau and 32% contacted Consumer Credit Counselling Service (fig. 22).

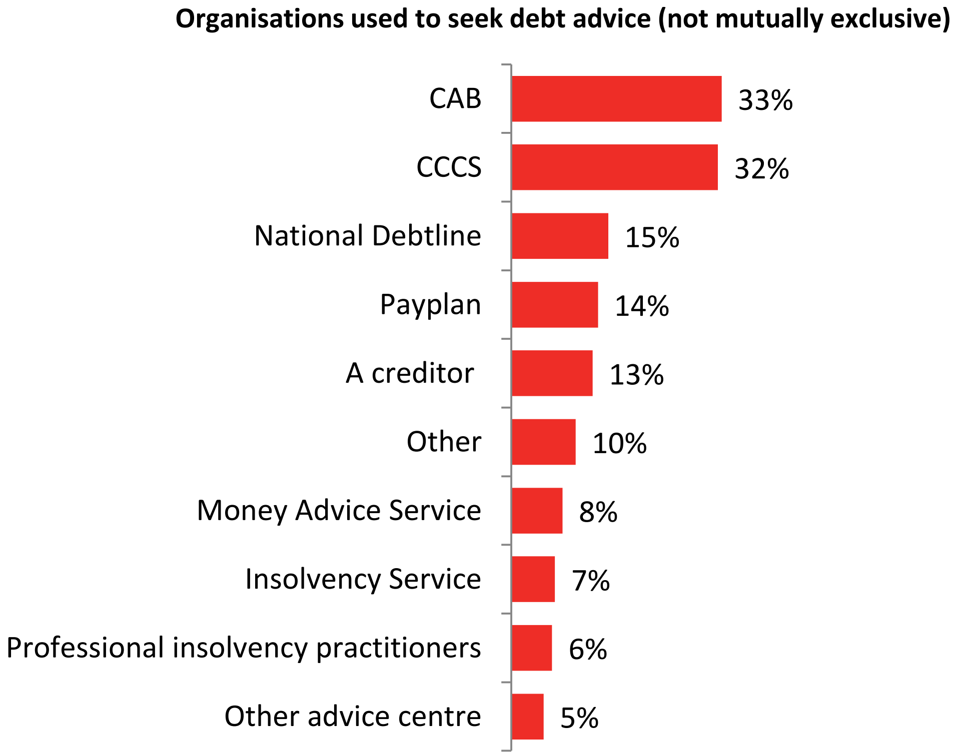

Fig. 22 Base: 1354 with unmanageable debt who sought professional advice Q: When you first sought advice, which of the following organisations, if any, did you contact for advice about your debts?

CAB is the most popular organisation among those with low incomes and categorised as 'financially distressed' (fig. 23). Those who use CAB tend to have lower incomes than almost all other organisations.[16]

[16] The 'other' category consists of Christians Against Poverty, IVA companies, banks, trade unions, financial advisers and debt management companies such as Gregory Pennington.

	Money Advice Service	National Debtline	Professional insolvency practitioners	CAB	Insolvency Service	Consumer Credit Counselling Service (CCCS)	Payplan	Creditor	Other advice centre	Other organisation
Average Household Income (median)	£22,500	£22,500	£32,500	£17,500	£22,500	£27,500	£27,500	£22,500	£22,500	£22,500
'Financially distressed'	87%	77%	79%	74%	82%	79%	83%	74%	78%	73%

Fig. 23 Base: 1354 sought advice
Q: When you first sought advice, which of the following organisations, if any, did you contact for advice about your debts?

The most popular channel used to contact these organisations is telephone with the exception of those who used the Citizens Advice Bureau (fig. 24). 80% of those who contacted Citizens Advice Bureau contacted the organisation via face to face communication compared to just 22% via telephone.

This reflects the nature of the organisations; Citizens Advice Bureau is predominantly a face to face organisation whereas Consumer Credit Counselling Service mainly offers telephone based advice.

	Money Advice Service	National Debtline	Professional insolvency practitioners	Citizens Advice Bureau (CAB)	Insolvency Service	Consumer Credit Counselling Service (CCCS)	Pay plan	A creditor	Other advice centre	Other organisation
Telephone	51%	73%	55%	22%	63%	76%	76%	58%	63%	60%
Website	24%	3%	12%	5%	17%	28%	28%	8%	16%	19%
Face to face	17%	3%	33%	80%	13%	4%	5%	37%	24%	35%
Email	8%	10%	9%	2%	9%	8%	14%	4%	4%	9%

Fig. 24: Base: 1354 contacted organisation
Q: How did you seek debt advice?

Which organisations are perceived as helpful?

The majority of organisations contacted are believed to offer 'helpful' advice and help to resolve debt issues with the exception of creditors[17]. The graph below (fig. 25) illustrates this broad consensus across the free to client sector specifically[18].

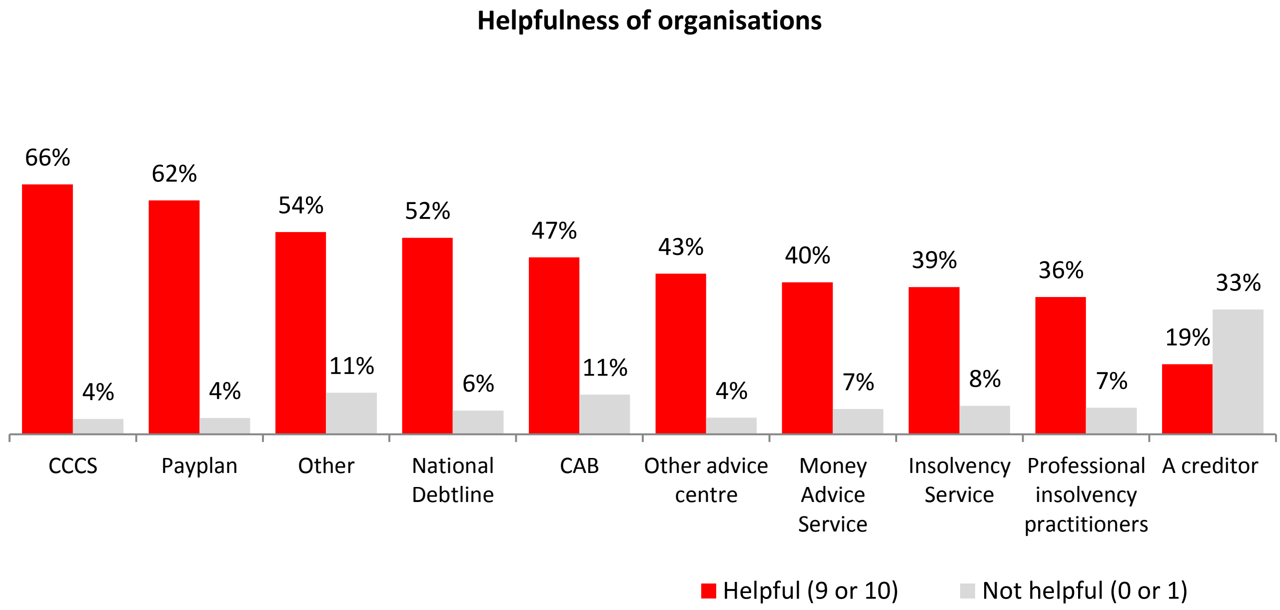

Fig.25: Base: 1354 contacted organisation
Q: To what extent did you find the advice helpful? Please indicate on a scale from 0 to 10 where 0 is not at all helpful And 10 is very helpful.

"My life turned around after making contact with XXX and getting helpful free advice." [Male, 45]

"Cannot praise XXX highly enough when I thought I had no way of ever escaping this huge mess I can now see light at the end of the tunnel, hugely professional, helpful, sympathetic & human." [Female, 37]

On the other hand, a third of advice seekers (33%) who contacted a creditor claimed that they were unhelpful[19]. Clients may well report the advice as unhelpful if it does not meet their expectations; however, there is an opportunity for creditors to improve their relationship with clients.

"I have found that a major problem lies with creditors who won't engage and negotiate…There is a lack of the desire to, and ability to communicate on the part of creditors, I think. Also, debt advisors … are good at giving advice, but they lack the power to do anything about creditors who refuse to listen." [Female, 59]

"I contacted my creditors directly initially, but got no real help at all" [Male, 50]

[17] Creditors are categorised as "an entity, such as a bank, that you owed money to" - the term creditor is broad and covers a range of different types of organisations
[18] A selection of comments from respondents who were asked about their experiences dealing with debt and debt advice.
[19] Organisation defined as 'unhelpful' if respondent selects 0 or 1 on scale from 0 to 10

To what extent does paying for advice make a difference?

The majority of advice seekers with unmanageable debt have received free advice (83%) and around 1 in 5 (17%) have used a paid for service. However, we find little difference in the impact of free and paid for advice on the reduction of debt.

There is no statistically significant difference among those with unmanageable debt who paid for their advice and who received free advice and the proportion who reported a reduction in their level of debt (fig. 26). 75% of those with unmanageable debt who used a free service claim that they reduced their debts a little or a lot and 77% who paid for their advice claim that they reduced their debts a little or a lot.

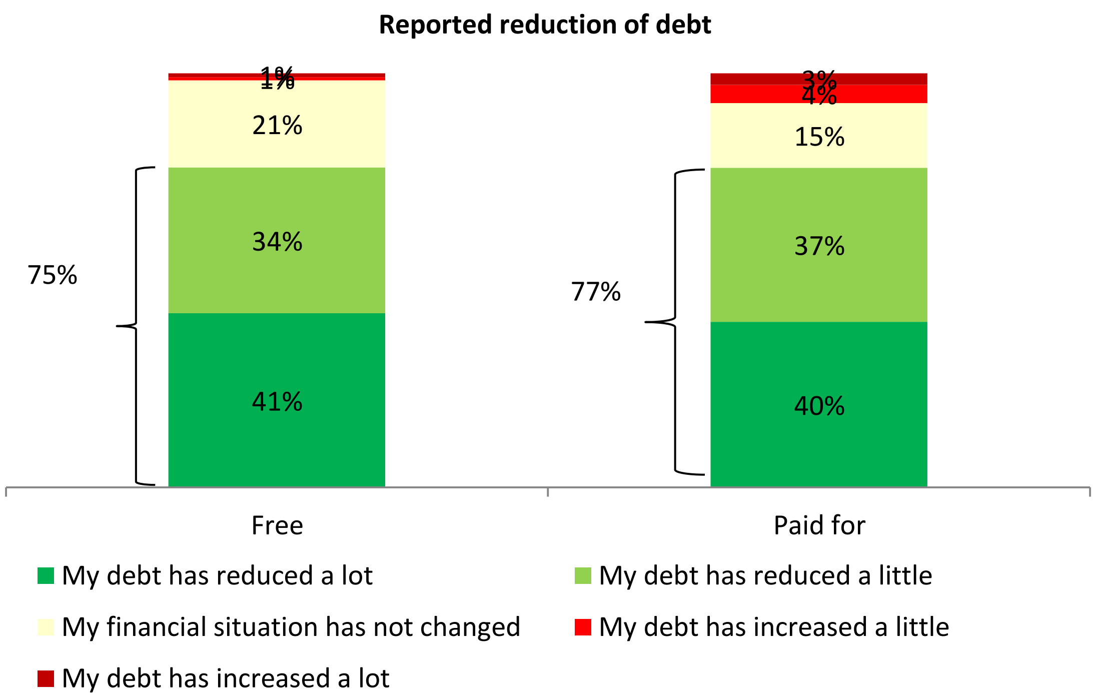

Fig.26: Base: 912 received free advice 181 paid for advice who experienced unmanageable debt
Q: And thinking about the advice that you received overall, which of the following best applies?

Yet, there is an indication that those who paid for advice are more likely to be offered an insolvency solution, which may increase the likelihood of debts being written off and reduce their debts; 35% of those with unmanageable debt who received paid for advice were recommended an IVA solution compared to just 11% who received free advice (fig. 27).

Recommended Solution	Free organisation	Fee charging organisation
IVA debt solution	11%	35%
A debt management plan	53%	35%
Help to set up a household budget	21%	9%

Fig. 27 Base: 912 received free advice 181 paid for advice who experienced unmanageable debt
Q: When you first sought advice, which of the following organisations, if any, did you contact for advice about your debts?

Do recipients in unmanageable debt stick to the advice given?

The most popular type of advice recommended is a debt management plan (48%), followed by a repayment plan (32%) (fig. 28).

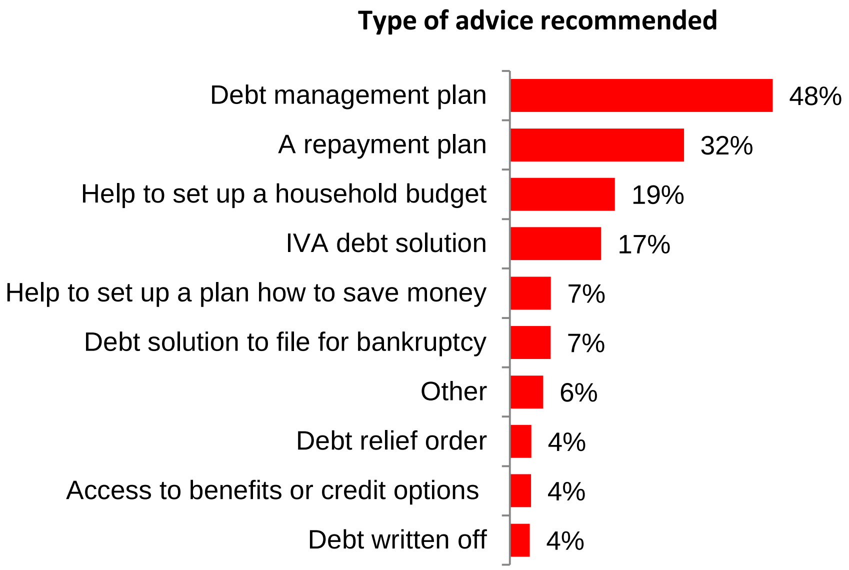

Fig.28: Base: 1354 sought advice
Q: And, which of the following solutions, if any, were you provided with or recommended?

However, when respondents were asked what advice they were recommended and what advice they chose to follow, it is evident that not all individuals chose to follow the advice given. For example, of those who were recommended to set up an Individual Voluntary Agreement (IVA) 68% did so, 20% set up a debt management plan and 14% set up a repayment plan (fig. 29).

For some, who sought debt advice, the options given did not seem appropriate to their situation;

"When I went to…my biggest creditors…they were putting an awful lot of pressure on me to enter into an agreement with them that I could see would be impossible to keep up…but I … knew it was the last thing I should do… I became frightened by the way I was being treated and failed to keep further appointments or supply the necessary paperwork" [Female, 61]

"I was not given the correct advice and ended up with an IVA paid over £750 to XXXX and not one penny went to my creditors, if I had been given the correct advice I would have declared bankruptcy and would be in a much better position now." [Female, 66]

"I feel that I can't trust anyone about anything. I feel that the advice given by the XXXX was not the best, my accountant has advised me that I should have been told that an IVA was my best option, not a debt management plan. This means I will be in debt and paying it off forever if I continue to do this." [Female, 55]

		Solutions recommended											
		Debt solution to file for bankruptcy	IVA debt solution	Debt managemen t plan	Debt relief orde r	Consolidation of debts	Debt written off	A repaymen t plan	A space of time in which no payment s are made	Help to set up a househol d budget	Access to benefits or credit options not previously aware of	Help to set up a plan how to save money	Other
Solutions carried out	**Filed for bankruptcy**	**50%**	4%	1%	2%	1%	10%	2%	-	2%	4%	1%	2%
	Set up an IVA	10%	**68%**	6%	9%	8%	16%	9%	10%	8%	15%	8%	5%
	Set up a debt management plan	9%	20%	**72%**	11%	38%	37%	41%	44%	47%	38%	43%	15%
	Set up a debt relief order	3%	1%	1%	**42%**	1%	2%	1%	3%	3%	6%	5%	-
	Consolidated all debts	1%	4%	5%	4%	**46%**	*10%*	8%	8%	6%	13%	6%	2%
	Had debt written off	8%	2%	1%	6%	6%	***27%***	2%	8%	3%	12%	4%	1%
	Set up a repayment plan	13%	14%	33%	19%	39%	*31%*	**62%**	46%	41%	40%	46%	24%
	Agreed a space of time in which no payments are made	2%	3%	4%	9%	10%	*8%*	6%	**38%**	7%	4%	6%	1%
	Set up a household budget	7%	12%	19%	19%	20%	*22%*	21%	30%	**52%**	37%	41%	27%
	Access to benefits or credit options not previously aware of	3%	3%	2%	6%	4%	*10%*	5%	7%	8%	**44%**	8%	6%
	Set up a plan how to save money	-	3%	4%	6%	10%	*4%*	6%	7%	12%	13%	**35%**	6%
	Other	7%	2%	2%	-	6%	*6%*	3%	4%	6%	2%	4%	**45%**
	Base: Sought professional advice	100	225	648	53	115	*49*	429	71	259	52	101	82

Fig.29: Base: 1354 sought advice

How does debt advice affect the outcome for the individual?

Which type of solution is carried out?

Among those experiencing unmanageable debt, solutions tend to differ depending if debt advice has been sought or not (fig. 30). Those who have sought debt advice are more likely to set up a formal solution such as a debt management plan (40%) or a repayment plan (30%). Far fewer (17%) of those who chose not to seek debt advice set up a debt management plan and only 26% set up a repayment plan.

Those who have not sought debt advice are more likely to concentrate on regulating their spending. 26% chose to set up a household budget (compared to only 17% who sought debt advice) and 15% consolidated their debts (vs. just 6% of those who didn't seek debt advice). This reflects the distinctions in 'severity' of debt among advice seekers and non-advice seekers highlighted earlier.

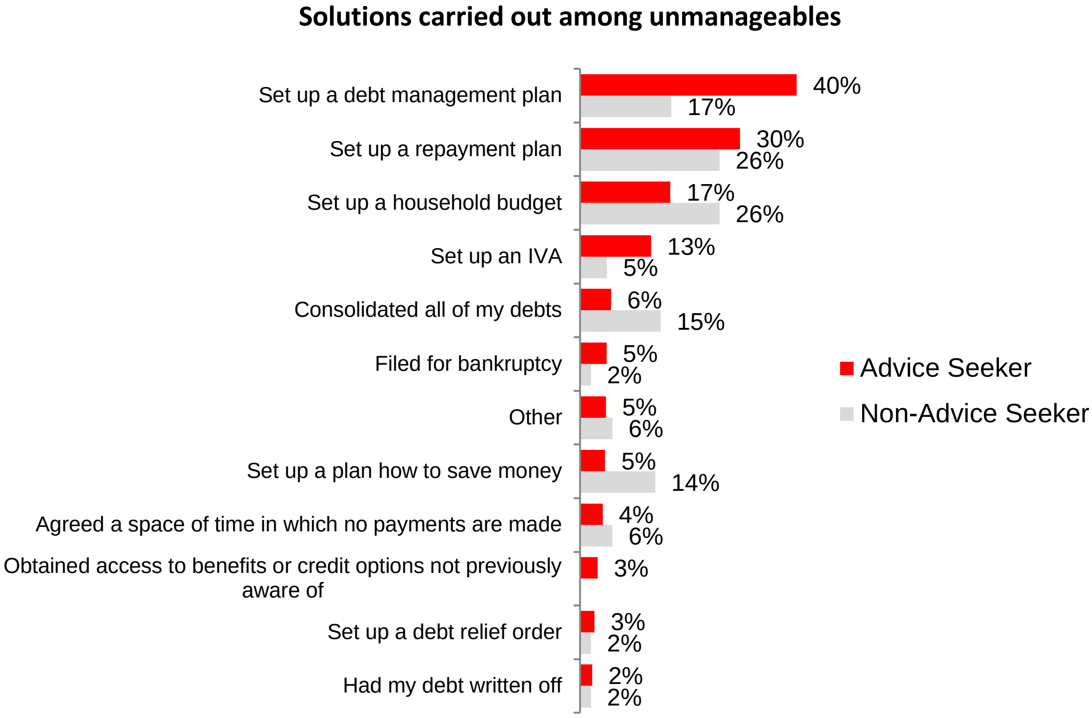

Fig.30: Base: 1354 sought advice 829 have not sought advice who have experienced unmanageable debt

There are also differences among those with long term manageable debt; those who have sought debt advice are more likely to have set up a repayment or management plan than those who have not sought debt advice (fig 31). 33% of advice seekers set up a repayment plan compared to just 7% of non-advice seekers and 29% set up a debt management plan compared to 2% of non-advice seekers.

In contrast, the non-advice seekers are more likely to have set up a household budget (38% vs. 31%). This highlights the fact that those with manageable debt who seek advice may have more significant debts than the non-advice seekers with manageable debt, which require formal solutions to resolve and/or it may also be a reflection of the type of advice available from organisations; debt advisers are more likely to offer a solution such as a repayment plan than help to set up a household budget.

Solutions carried out among manageables

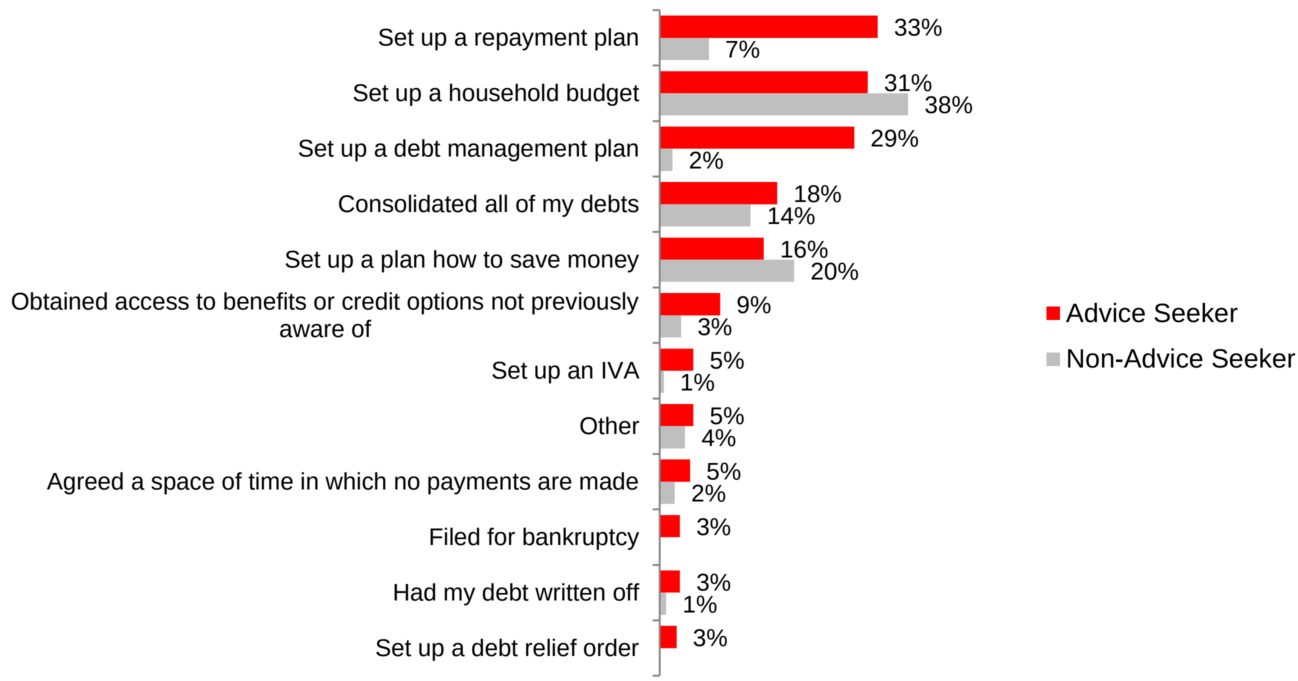

Fig.31: Base: 197 sought advice 835 have not sought advice who have experienced manageable debt

There is also a correlation between the type of debt advice organisation (i.e. free or fee charging) and the type of solution that is carried out. Customers who use fee charging organisations are more likely to set up an IVA than a free organisation (fig. 32). 35% of those who paid for their advice, set up an IVA compared to 11% of those who used a free service. On the other hand, among those who used a free organisation, more than half (53%) set up a debt management plan compared to 35% of those who paid for their advice.

	Free vs. Fee		Debt Advice Organisation									
	Free	Fee Charging	Money Advice Service	National Debtline	Professional insolvency practitioners (e.g. Accountants or lawyers)	Citizens Advice Bureau (CAB)	Insolvency Service	Consumer Credit Counselling Service (CCCS)	Payplan	A creditor (an entity, such as a bank, that you owed money to)	Other advice centre	Other
Base:	912	181	108	205	86	445	92	437	183	172	68	136
Debt management plan	53%	35%	47%	49%	21%	37%	22%	63%	66%	40%	51%	51%
A repayment plan	34%	22%	35%	32%	24%	35%	13%	35%	34%	36%	26%	32%
Help to set up a household budget	21%	9%	15%	26%	15%	22%	16%	27%	22%	22%	9%	18%
IVA debt solution	11%	35%	20%	20%	47%	16%	49%	13%	18%	17%	12%	15%
Other	5%	7%	3%	7%	8%	6%	3%	4%	2%	9%	9%	13%
Consolidation of debts	6%	12%	13%	9%	14%	10%	5%	8%	10%	19%	7%	12%
Help to set up a plan how to save money	8%	3%	14%	10%	3%	10%	5%	9%	8%	10%	6%	9%
A space of time in which no payments are made	5%	3%	10%	5%	2%	6%	4%	8%	4%	11%	3%	7%
Debt solution to file for bankruptcy	6%	6%	8%	7%	10%	12%	22%	7%	4%	6%	9%	4%
Access to benefits or credit options	4%	3%	9%	3%	5%	7%	2%	2%	3%	6%	1%	4%
Debt written off	3%	4%	7%	7%	10%	4%	4%	2%	5%	4%	9%	2%
Debt relief order	4%	4%	4%	4%	2%	7%	8%	2%	2%	7%	4%	1%

Fig.32: Base: 1354 sought advice and experienced unmanageable debt

Does debt advice help to reduce debt?

A further outcome of debt advice (aside from the measure of manageability of debt) is reduction of debt. We asked those with unmanageable debt who had sought debt advice the extent to which the advice helped or was helping to reduce debt. A similar question was asked of those with unmanageable debt who had not sought debt advice to ascertain whether their debt had reduced or increased between 2006 and today.

We found that debt is significantly more likely to be reported as reduced if someone in unmanageable debt sought debt advice (fig. 33). Those with unmanageable debt who have sought advice are significantly more likely to claim to have reduced their debt levels by a little or a lot than those who have not sought debt advice (60% vs. 74% who sought advice).

On the other hand, those who do not seek advice are significantly more likely to report that their debt has increased than those who do seek advice. 16% of those in unmanageable debt who did not seek advice report an increase in debt compared to just 4% of those who sought debt advice.

Debt advice also plays a part in reducing debt among those with manageable debt. Debt advice is reported to reduce debt by similar proportions of those with manageable debt as well as unmanageable debt. Among those who sought debt advice and had consistently manageable debt, 76% claimed that their debt had reduced a little or a lot. However, non-advice seekers with manageable debt are more likely to report an increase in debt than those with manageable debt who have sought advice. 22% of those with manageable debt who did not seek debt advice reported an increase in debt compared to just 2% of those who did seek advice.

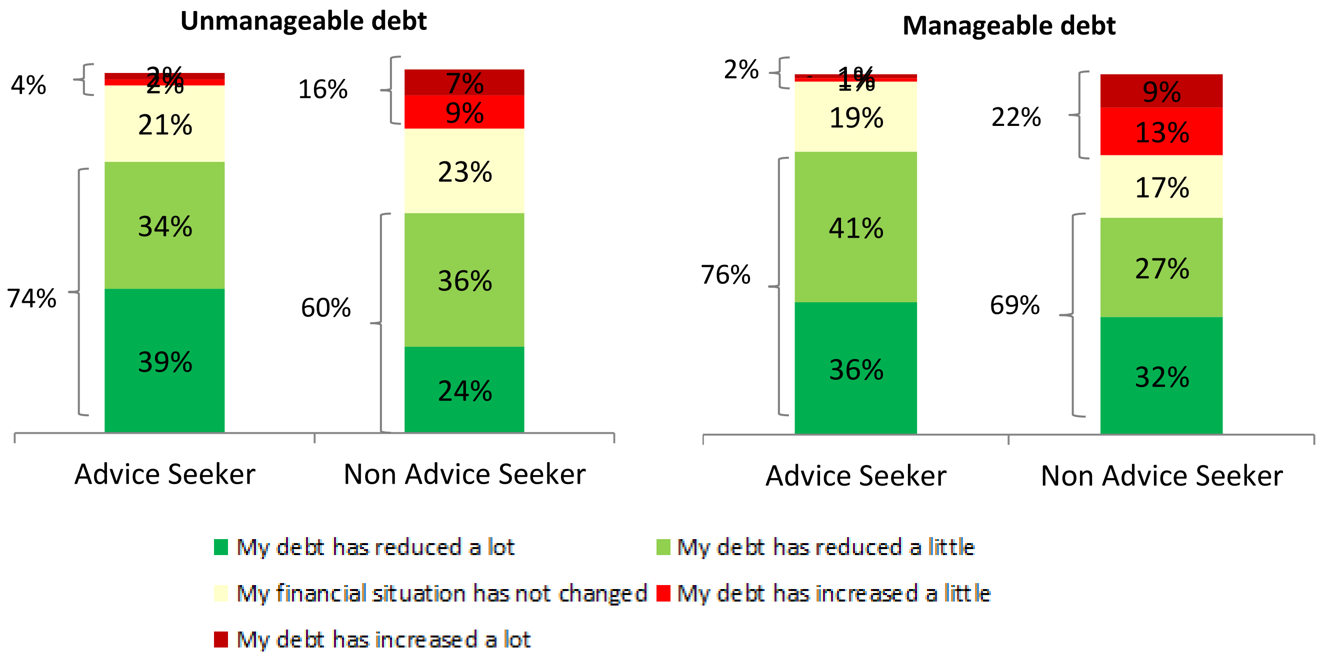

Fig.33: Base: 3445 who had unmanageable debt between 2006 and today or had consistently manageable debt
Q: And thinking about the advice that you received overall, which of the following best applies? And thinking about your debt situation at the moment, which of the following best applies?

Among those who did not seek advice, help from family and friends and change in employment also play a part in the reduction of unmanageable debt. 83% of those who received help from family and friends in moving into manageable debt but did not seek advice report that their debt has reduced. And, 79% who experienced a change in their employment but did not seek debt advice also claim that their debts have reduced.

Providers, too, play a significant role in reducing levels of debt among those with unmanageable debt (fig. 34). 83% of those who use Payplan claim to have reduced their level of debt a little or a lot compared to only 61% of those who contacted their creditors[20]. This result is consistent with the relative helpfulness of organisations such as creditors highlighted earlier.

Proportion of those who have sought debt advice selecting "helped to reduce debt a little or a lot" by organisation used

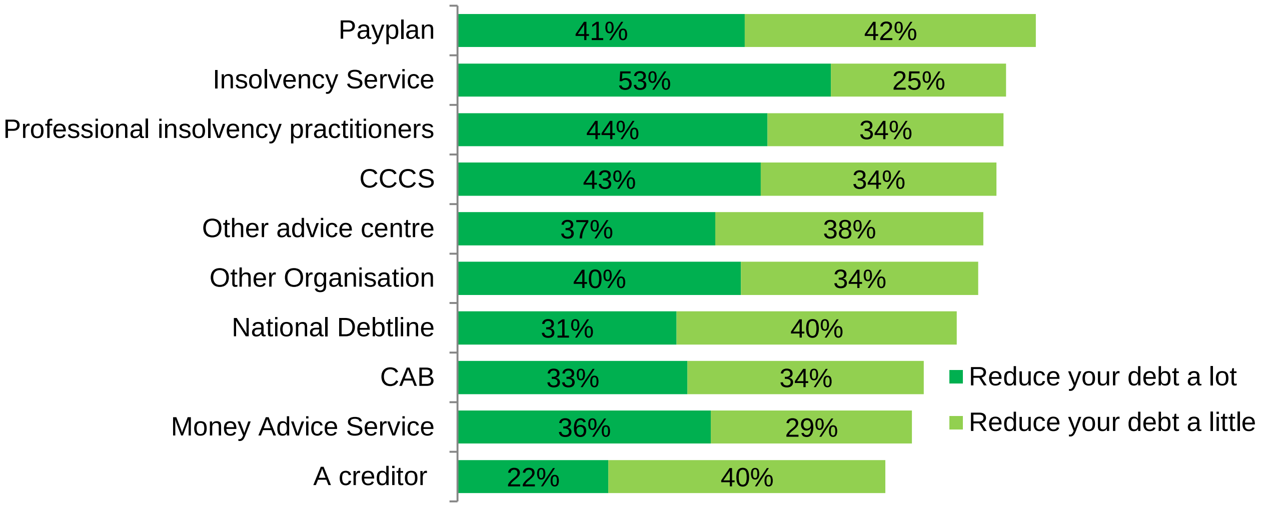

Fig 34: Base: 1354 contacted the organisation
Q: And thinking about the advice that you received overall, which of the following best applies?

Does receiving debt advice affect emotional well-being?

Receiving debt advice is associated, by respondents, with greater levels of confidence in financial abilities and physical well-being.

Respondents were asked a series of attitudinal statements about the time when their debts first became unmanageable and the same series of statements when their debts first became manageable to ascertain how debt advice affects emotional well-being (fig. 35).

Those who sought debt advice reported a much greater and significant decline in agreement with the statement “I did not feel confident about how to resolve my debt problems” (43% vs. 34% who did not seek advice). And there was a significant and greater decline in agreement with the statement “I suffered from frequent health problems” (14% vs. 9% who did not seek debt advice).

[20] This is based on a multi code question such that those who used creditors may also have used other organisations.

	When debt was unmanageable (% strongly/somewhat agree with statement)	
	Advice Seeker	Non Advice Seeker
"I was anxious about dealing with my financial situation"	91%	87%
"I did not feel confident about how to resolve my debt problems"	79%	68%
"I did not feel capable of managing my bills and commitments"	76%	70%
"I suffered from frequent health problems"	49%	42%
	When debt was manageable (% strongly/somewhat agree with statement)	
	Advice Seeker	**Non Advice Seeker**
"I was anxious about dealing with my financial situation"	68% *(-23%)*	61% *(-26%)*
"I did not feel confident about how to resolve my debt problems"	36% *(-43%)*	34% *(-34%)*
"I did not feel capable of managing my bills and commitments"	35% *(-41%)*	33% *(-37%)*
"I suffered from frequent health problems"	35% *(-14%)*	34% *(-8%)*

Fig 35 Base: 541with manageable debt who sought advice; 287 with manageable debt who did not sought advice *(% point shift in italics)*
Q: And, thinking about when your debt first became unmanageable/manageable, please indicate to what extent you agree or disagree with the following statements.

A similar set of statements were asked of those with manageable debt (fig. 36). Those with manageable debt who have sought advice tend to be more anxious about their financial situation than those with manageable debt who have not sought debt advice.

74% who sought debt advice agree that they 'felt anxious about their situation more often than not compared to only 56% who have not sought debt advice. And, 40% who sought debt advice agree that they do not feel capable of managing bills and commitments more often than not compared to 24% who have not sought debt advice.

	When debt was manageable (% strongly/somewhat agree with statement)	
	Advice Seeker	Non Advice Seeker
"More often than not I've felt anxious about my financial situation"	74%	56%
"More often than not I have not felt capable of managing my bills and commitments"	40%	24%

“More often than not I have not felt confident about how to resolve my debt problems”	42%	30%
“I have suffered from frequent health problems”	40%	28%

Fig. 36 Base: 187 with manageable debt who sought advice; 837 with manageable debt who did not seek advice
Q: And, thinking about when your debt first became unmanageable/manageable, please indicate to what extent you agree or disagree with the following statements.

Debt advice plays a significant role in resolving an individual’s debt situation and reducing levels of debt. Organisations also appear to have a crucial part in reducing levels of debt; creditors in particular are the least likely to help reduce debt. Furthermore, seeking debt advice is associated with a greater decline in levels of anxiety and increased levels of confidence in financial situations.

Conclusions and Implications

Overview

This research clearly demonstrates that current forms of debt advice have a positive effect on people's debt situation when other characteristics of debt are controlled for. Individuals in unmanageable debt who have sought debt advice are almost twice as likely to move into manageable debt within 12 months compared to those who have not sought debt advice.

Advice seekers are also more likely to remain in manageable debt than non-advice seekers suggesting that debt advice helps not only to manage debt but to sustain a manageable level of debt.

In addition, advice seekers are significantly more likely to report a reduction in debt than non-advice seekers - reinforcing the positive effect of debt advice. On the other hand, those who do not seek advice are significantly more likely to report that their debt has increased compared to those who do seek advice.

The key difference identified between advice seekers and non-advice seekers with unmanageable debt is the severity of debt. Advice seekers are more likely to be struggling with the upkeep of their bills than those who have not sought debt advice and have a higher scale of debt than non-advice seekers. This suggests that severity of debt is a key reason as to why people choose to seek advice in the first place.

However, we also find that debt advice plays a role in helping those with minor levels of debt too (i.e. manageable debt) to prevent debt problems escalating as well as to help solve existing debt problems.

Other characteristics of debt such as scale of debt, type of debt and factors contributing to falling into debt such as a 'family breakdown' also have a significant impact on the likelihood of debt becoming manageable.

Living in Scotland is also a significant and positive predictor of moving out of unmanageable debt and has a greater likelihood of moving from 'unmanageable debt' to manageable debt within a 12 month period compared to living in England. Unlike in the rest of the UK, debt advice is not a significant predictor of achieving manageability in Scotland. This requires further exploration but one explanation for this is that there is an increased awareness of debt solutions in Scotland than in other parts of the UK and substantive differences in legislation.

Channels

The channels used to seek debt advice are equally as likely to affect moving out of unmanageable debt within 12 months – no channel is any more effective than any other channel.

It is important to bear in mind that channels are often used in conjunction with other channels and so different outcomes may be reached by different people dependent on how channels are used. Furthermore, different people will use different channels and so the same outcome may not be reached via different channels.

Telephone, face-to-face or via websites are the most frequently used channels; telephone is also believed to offer the most helpful advice. This varies depending if debt is considered manageable or unmanageable; for instance, face to face advice is considered to be more helpful among those with manageable debt while telephone is considered to be more helpful among those with unmanageable debt.

Organisations

Free to client services, for example those provided by Citizens Advice Bureau and Consumer Credit Counselling Service are the most popular, particularly among the lower income groups.

The majority of those in debt who sought advice have received free debt advice and when controlling for additional characteristics of debt advice, no significant differences are revealed between free or paid for advice[21]. Free and paid for advice are equally as effective in lifting people out of unmanageable debt. Furthermore, there is no significant difference between those receiving free or paid for advice and the proportion who reported a reduction in debt.

There is also a correlation between seeking advice and contact with creditors while in unmanageable debt as around two thirds of advice seekers had been contacted via phone or through letters suggesting that creditors may encourage consumers to seek debt advice.

The majority of debt advice organisations are perceived as ‘helpful’ whilst creditors (which encompass a broad spectrum of creditor types) are thought to offer the least helpful advice. There is perhaps an opportunity here for creditors to improve their relationship and communication with their customers.

Implications

The main objective of this study was designed to measure the extent to which, if at all, debt advice is effective. The research finds that those who seek debt advice are almost twice as likely to move from unmanageable to manageable debt compared to those who do not seek advice.

This confirms that debt advice fulfils its purpose as designed to help people move and stay out of unmanageable debt. While, this report takes no view on the different funding models for debt advice, the key finding of the study implies that debt advice should continue to be afforded to people to help them move and stay out of unmanageable debt.

[21] ‘Paid for advice’ is defined as fee charging organisations (i.e. insolvency, practitioner, insolvency service, creditor). ‘Free advice’ is defined as non-fee charging organisations (CAB, CCCS, Money Advice Service, National Debtline, Payplan)

Research Assumptions and Challenges

When interpreting the results of the regression model, the following should be taken into account.

1. The model does not account for those who have manageable debt and have sought advice.
2. The model must assume a linear journey from the first point of unmanageable debt to the first point of manageable debt and so does not account for the cycle of debt[22].
3. Given that the chosen variable to accurately measure the effectiveness of debt advice is "manageability of debt", we allowed respondents to self-define this measure.
4. An additional factor not accounted for in the model that needs to be addressed when assessing the effectiveness of debt advice is that customers do not always choose to follow the advice given. This is likely to have an impact on the effectiveness of debt advice[23].

Research Approach

Overview

- Our fundamental analytic approach to providing a measure of the effectiveness of debt advice was to use logistic regression analysis.
    - Logistic regression is a multivariate technique that predicts the outcome of a binary dependent variable based on one or more independent (explanatory) variables.
    - The independent variable of interest can be accompanied by other variables to control and adjust for the other factors that may have an impact on the outcome and be correlated with the measured independent variable.
- The dependent variable we chose to use was: "change in manageability of debt [X] months after it first became unmanageable" where X is a set period of time.
    - We ran models using 6, 12, 18 and 24 months.
    - All results reported in this document are based on the 12 months model unless otherwise stated.
- We were then able to calculate the extent to which seeking debt advice, explains "change in manageability of debt [X] months after it first became unmanageable" while controlling for other variables. This is the measure of the effectiveness of debt advice.
- Furthermore, we were able to calculate the extent to which each channel explains "change in manageability of debt [X] months after it first became unmanageable", while controlling for other variables. This is the measure of the effectiveness of debt advice for each channel. Comparing the results for each measure to the others in its category provides the relative measure.

Measures Used

Dependent variable

- In order to produce the **dependent variable**, two reference points were identified:

[22] To account for this, respondents were also asked about their debt cycle – just 13% reported that their debts had become unmanageable again.
[23] It is worth bearing in mind that where debt advice has not been effective it may also be due to customers choosing not to follow through with the advice recommended.

1. The point at which, if at all, debt first became 'unmanageable'
2. The point at which, if at all, debt first became 'manageable'

- We were then able to calculate the length of time it took to move from unmanageable to manageable debt.

- For each respondent, for any given time period (we built models using 6, 12, 18 and 24 months), the dependent variable is then coded as below:
  1 – Success (out of unmanageable debt in X months)
  0 – Fail (still in unmanageable debt after X months).

Independent variables

- In order to produce **the independent variable to measure the effectiveness of debt advice overall** we asked respondents when, if at all, they sought debt advice.
  - Knowing (1) when, if at all, debt became unmanageable, (2) when, if at all, it became manageable and (3) when, if at all, debt advice was sought, we were able, using regression analysis, to calculate the impact – in terms of odds ratio – of debt advice on "change in manageability of debt [X] months after advice was sought".

- In order to produce **the independent variable to measure the effectiveness at a channel level** we asked respondents which channel(s) they used.
  - Knowing (1) when, if at all, debt became unmanageable, (2) when, if at all, it became manageable, and (3) which channel(s) were used to seek debt advice if at all, we were able, using regression analysis, to calculate the impact – in terms of odds ratio – of each channel on the "change in manageability of debt [X] months after it first became unmanageable".

Controlling factors

- The model also controlled for additional factors that might contribute to the effectiveness of debt advice:

- Debt related information:-

  - Type of debt
  - Scale of debt (as a proportion of household income)
  - Reasons for having unmanageable debt
  - Organisation contacted (for model B only)

- Demographic Information:-

  - Gender
  - Age
  - Region
  - Education level
  - Newspaper readership

Summary of approach: At individual respondent level

Identify: when respondent debt first became unmanageable (if at all)

Identify: when respondent unmanageable debt first became manageable (if at all)

Identify: when respondent sought debt advice (if at all)

Calculate: whether their debt manageability had changed after 6/12/18/24 months AND if having sought debt advice is a significant predictor while controlling for additional variables

Interpreting the results of logistic regression

Odds ratio

- Logistic regression expresses the predictive value of explanatory variables in terms of odds ratio.
  - Odds ratio is the Exp(b) value reported for each independent variable and answer category in the model and can be interpreted as the given variable having positive effect on the outcome (if Exp(b) is greater than 1) or having negative effect on the outcome (if Exp(b) is lower than 1).
  - Values of Exp(b) around 1 are indicating that a given variable show no impact on the outcome variable.
  - The values of coefficient should be interpreted in the relation with the reference category.

- So if e.g. Exp(b) =1.2 that means that the given answer category has 20% higher odds to achieve the modelled outcome than the reference category .

Significance

- Each of the variables has also assigned the significance level (p value) and the standard p value level accepted widely for the social sciences projects is .05 and below.
    - In other words, the variables that have the value <=.05 are statistically significant in the given model.

Manageability as a concept

- This research employs the concept of manageable/unmanageable debt.
    - We opted to allow respondents to self-define because we were dealing with the period from 2006 until today.
    - An alternative would have been to define manageable debt as debt above a certain proportion of income but this would have relied on individuals accurately recalling income and amount of debt from years previous.
    - It is more accurate to rely on recall of when debt became unmanageable/manageable than it is to rely on recall of income and amount of debt at a range of intervals as it is easier for respondents to recall this point in time.

- Furthermore, manageability intuitively worked as a concept because it's what we understood to be most important to someone actually in debt.

Reporting different models – 6 months, 12 months, 18 months, 24 months

- The 12 month time frame is primarily used within the model as it is considered a reasonable amount of time to move from unmanageable to manageable debt.
    - Previous research also uses 12 months as a benchmark within their analysis[24].

- However, when the length of time it takes to move from unmanageable debt to manageable debt is calculated, the average length of time is 20 months.
    - Consequently, the model was also run for a number of different time frames - 6 months, 18 months and 24 months.

Sampling, fieldwork dates and sub groups

Initial survey

- YouGov conducted the initial online survey between the 16th and 22nd March 2012.

- We invited 4150 panellists from the YouGov panel who had been in debt at some point between 2006 and today to take part in this survey.

[24] Legal Services Research Centre: The Impact of Debt Advice on People's Lives 2007 (Pascoe et al, 2007)
Department of Work and Pensions: Characteristics of families in debt and the nature of indebtedness (Kempson et al, 2004)

- We received an overall response of 4020 completes, a response rate of 95%.

- Among the sample:
  - 1645 respondents always had manageable debt between 2006 and today
  - 1631 respondents had unmanageable debt at some point between 2006 and today

- And among those with unmanageable debt between 2006 and today:
  - 1354 respondents had sought professional debt advice
  - 829 respondents had not sought professional debt advice

- As the analysis was carried out in March 2012, the data was filtered to remove anyone who fell into unmanageable debt between April 2011 and March 2012 (to allow for a full 12 month cycle) and extended the time period to 2006 for those who had manageable debt in 2008.

- The sample was cleaned to remove any outliers but was not weighted.

Follow-up survey

- Among the 1645 respondents who had always had manageable debt, 374 claimed to have sought debt advice in a previous survey.
  - This group of 1645 was invited to a follow up survey to assess the rationale for seeking advice when their debt was manageable.
  - The survey also sought to ascertain how effective the advice had been and to profile this group of respondents in comparison to those with unmanageable debt.
- Fieldwork for the follow up survey took place between the 3rd and the 10th April 2012.
  - 1645 respondents who claimed to have always had manageable debt between 2006 and today were invited and 1236 respondents completed the follow up survey; a response rate of 77%.

Appendix A: Questionnaire for the initial survey

Introduction

Thank you for agreeing to take part in this survey. Your participation will help those responsible for developing policy in the UK to help people manage their debt.

You have been invited to participate in this survey because in a previous YouGov survey you indicated that you had been in debt within the last several years.

Please note that all your answers will remain anonymous. The results, including your responses, will only ever be reported in aggregate. The survey takes approximately 15 minutes to complete and your YouGov Account will be credited with 100 points. In order to begin please click the next button below.

Section 1: Household vs. Personal Debt

[The purpose of the following question is to route out those who do not wish to discuss debt]

This survey asks about personal and household financial debts.
Depending on one's personal situation, debt can be either personal – i.e. assigned to an individual - or household – i.e. a jointly held debt with someone else in the household, typically a spouse/partner.
An example of personal debt is a personal loan.
An example of household debt is a mortgage in joint names.

Base: All
MC

1. **Which of the following types of debt, if any, do you currently have?**
    - Personal debt
    - Household debt
    - Not applicable – I have neither personal nor household debt
    - I prefer not to answer questions about my current debt situation – GO TO SEGMENTATION QUESTION

We are interested in understanding the extent to which people take responsibility for the personal debt of their partners.

Base: All with household debt
SC

2. **Which of the following best describes how you and your partner treat debt?**
    - My partner and I treat all debt as a joint responsibility – whatever personal debt they may have I consider mine and whatever personal debt I may have they consider theirs
    - My partner and I treat personal debt as a personal responsibility and household debt as a household responsibility - whatever personal debt they may have is theirs alone and whatever personal debt I may have is mine alone
    - My partner and I have some other arrangement

Section 2: Manageability of debt

We are interested in looking at people's experience of debt for the specific time period of 2006 until today.

Base: All

SC

3. Regardless of your situation today, please tell us which of the following best applies to you:

- I entered 2006 with an unmanageable burden of debt – #GO TO SECTION 6: SEEKING ADVICE
- At some point between 2006 and today my debts/commitments moved from being manageable to unmanageable
- My debts/commitments between 2006 and today have always been manageable – #GO TO SEGMENTATION QUESTION

Base: All with unmanageable debt between 2006 and today
SC

4. Still thinking about the period of 2006 until today, in what year do you recall your debts/commitments moving from manageable to unmanageable? We are interested in the FIRST time your debt became unmanageable.

- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012

Base: All with unmanageable debt between 2006 and today
SC

5. You said that your debt first became unmanageable in [year]; please tell us when in that year your debt became <u>unmanageable</u>? If you're not sure, please give your best estimate.

- Sometime between January-March
- Sometime between April-June
- Sometime between July-September
- Sometime between October-December

Base: All with unmanageable debt between 2006 and today
SC

6. Thinking about when your debt first became unmanageable, which one of the following statements BEST describes how well you were keeping up with your bills and credit commitments?

- Kept up with all bills and commitments without any difficulties
- Kept up with all bills and commitments, but it was a struggle from time to time
- Kept up with all bills and commitments, but it was a constant struggle
- Fell behind with some bills or credit commitments
- Had real financial problems and fell behind with many bills or credit commitments
- Did not have any bills or credit commitments
- Don't know

Section 3: Why was debt not manageable?

Base: All who had unmanageable debt between 2006 and today
Randomise order
MC

7. Thinking about the first time your debt became unmanageable, what factors contributed to your debt becoming unmanageable? Please select all that apply.

- Illness
- Had a baby
- Living beyond means

- Family breakdown (e.g. loss of partner, divorce)
- Loss/reduction of income
- Increased cost of living
- Other [please specify]
- None of the above
- Prefer not to say

Base: All who had unmanageable debt between 2006 and today
Randomise order
MC

8. And, when your debt first became unmanageable, which of the following, if any, did you experience?

- Not paying bills occasionally
- Not paying bills regularly
- Receiving creditor letters or phone calls
- Receiving a court summons from a creditor
- Being approached by bailiffs
- Being threatened with eviction
- Being threatened with termination of electricity, gas, or water supply
- Prefer not to say

Base: All who had unmanageable debt between 2006 and today
Randomise row order
GRID

9. Still thinking about when your debt first became unmanageable, please indicate to what extent you agree or disagree with the following statements.
When my debt felt unmanageable…

- "I was anxious about dealing with my financial situation"
- "I did not feel capable of managing my bills and commitments"
- "I did not feel confident about how to resolve my debt problems"
- "I suffered from frequent health problems"
- "I didn't know what action to take"

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree
- Don't know

Base: All
SC

10. Please could you recall how much outstanding debt you had when your debt felt unmanageable? This can include both secured and unsecured personal loans. If you are unsure please give us your best estimate. If you're not sure, please give your best estimate.

- Up to £500
- £501 - £1,000
- £1,001 to £2,500
- £2,501 to £5,000
- £5,001 to £10,000
- £10,001 to £15,000
- £15,000 to £20,000
- £20,001 to £25,000
- £25,001 to £35,000

- £35,001 to £50,000
- £50,000 plus
- Don’t know
- Prefer not to say

Base: All
SC

11. And, please could you tell us what your gross household income was when your debt felt unmanageable?
Gross HOUSEHOLD income is a household's total income received from all sources, including wages, salaries, or rents and before tax deductions.

- Under £5,000 per year
- £5,000 to £9,999 per year
- £10,000 to £14,999 per year
- £15,000 to £19,999 per year
- £20,000 to £24,999 per year
- £25,000 to £29,999 per year
- £30,000 to £34,999 per year
- £35,000 to £39,999 per year
- £40,000 to £44,999 per year
- £45,000 to £49,999 per year
- £50,000 to £59,999 per year
- £60,000 to £69,999 per year
- £70,000 to £99,999 per year
- £100,000 to £149,999 per year
- £150,000 and over
- Don't know
- Prefer not to answer

Base: All with unmanageable debt between 2006 and today
SC

12. You said that your debt became unmanageable in [year]. Since that point, when, if at all, did your debt first become manageable? [If you have moved in and out of debt more than once please answer about the first point at which your debt became manageable]

- My debt has remained unmanageable – #go to SECTION 4
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012

#2012 automatically assigned to 1st quarter in subsequent question

Base: All with manageable debt between 2006 and today
SC

13. You said that your debt became manageable in [year]; please tell us when in that year your debt became manageable? If you’re not sure, please give your best estimate.

- Sometime between January-March
- Sometime between April-June
- Sometime between July-September
- Sometime between October-December

tel: +44 (0)20 7012 6000 fax: +44 (0)20 7012 6001 email: info@yougov.com web: www.yougov.com

Base: All who had unmanageable debt between 2006 and today
Randomise row order
GRID

14. And now, thinking about when your debt first became manageable, please indicate to what extent you agree or disagree with the following statements.
When my debt first became manageable…

- "I felt anxious about my financial situation"
- "I did not feel capable of managing my bills and commitments"
- "I did not feel confident about how to resolve my debt problems"
- "I suffered from frequent health problems"

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree
- Don't know

Base: All with manageable debt between 2006 and today
Randomise order
MC

15. And, in your view, what were the contributing factors to your debt first becoming <u>manageable</u>? Please select all that apply.

- Change of employment (e.g. moved jobs, salary increase, new job)
- Recovery from or treatment of illness
- Inheritance
- Married/Remarried
- Divorced/separated
- Help from family and friends
- Sought professional advice
- Other [please specify]
- None of the advice
- Don't know
- Prefer not to say

Base: All with manageable debt between 2006 and today
SC randomise

16. And, which of the following best describes your current financial situation?

- My debt has remained manageable
- My debt has become unmanageable again
- I do not have any debts

Section 4: Why debt is still unmanageable?

Base: All whose debt has remained unmanageable
SC randomise

17. You indicated that your debt has remained unmanageable. Please could you tell us for what reason(s) you think that your debt has remained unmanageable?

- I took out more credit/loans
- There was a further change in my situation (i.e. change of employment, change in family situation)
- I did not seek any advice or information to resolve my debt
- My creditor gave me poor advice
- I did not know what options were available to me to resolve my situation

- I did not feel I had enough support from my adviser
- Other [please specify]
- Don't know

Section 5: What debts did you have?

Base: All with unmanageable debt between 2006 and today
Now we would like to ask you some questions about your credit commitments and experiences being in debt. This could be your own personal debt or the debt of a member of your household such as your partner.

Base: who had unmanageable debt between 2006 and today
Randomise order
MC

18. Thinking about when your debt was first unmanageable, which of the following credit commitments, if any, did you or your household have?

- Store card
- Credit Card
- Unsecured personal loan
- Secured Personal loan (a secured loan excludes your mortgage and is usually one where your house is used as backing for the loan and you could lose your house if you fail to keep up with the loan payments)
- Mortgages – secured on home
- Authorised overdraft
- Student loan
- HP agreement
- Car Finance loan
- Credit union loan
- DSS/Social Fund loan
- Loan from friends and family
- Mail Order Catalogue
- Home Collected credit loan (e.g. from Provident or Shopacheck)
- Loan from a pawnbroker/cash converter
- Payday loan
- Insurance payment plan/instalments
- Water bills
- Gas bills or electricity bills
- TV licence bills
- Rent payment
- Council tax payment
- Income tax
- National Insurance
- VAT
- Magistrate's Court fine
- Child support/maintenance
- Other [please specify]
- None of these

Section 6: What did you do about it?

Seeking Advice

Base: All whose debt was unmanageable

SC

19. Thinking about when your debt first felt unmanageable, did you ever seek debt advice?

- Yes, I sought professional advice
- No, I did not seek professional advice – GO TO Q29
- Don't know – GO TO SECTION 8: SEGMENTATION
- Prefer not to say – GO TO SECTION 8: SEGMENTATION

Base: All sought debt advice
SC

20. Still thinking about the period of 2006 until today, when was it that you first sought debt advice?

- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- Don't recall

Base: All sought debt advice
SC

21. You said that you sought debt advice in [year]; please tell us when in that year? If you're not sure, please give your best estimate.

- Sometime between January-March
- Sometime between April-June
- Sometime between July-September
- Sometime between October-December

Section 7: What actions did you take?

Base: All sought debt advice
Randomise order
MC

22. When you first sought advice, which of the following organisations, if any, did you contact for advice about your debts? Please select all that apply.

- Money advice service
- National Debtline
- Professional insolvency practitioners (e.g. Accountants or lawyers)
- Citizens Advice Bureau
- Insolvency Service
- Consumer Credit Counselling Service (CCCS)
- Payplan
- Other advice centre
- A creditor (an entity, such as a bank, that you owed money to)
- Don't know
- Other [please specify]
- Prefer not to answer

Base: All sought debt advice (organisations selected in previous question excluding DK/prefer not to say)
Randomise order
GRID

23. How did you seek debt advice? Please select all that apply.

- Telephone
- Face to face
- Online via email

- Online via instant messaging
- Online via website
- Post
- Printed material
- Other [please specify]
- None of these

- Money advice service
- National Debtline
- Professional insolvency practitioners (e.g. Accountants or lawyers)
- Citizens Advice Bureau
- Insolvency Service
- Consumer Credit Counselling Service (CCCS)
- Payplan
- A creditor (an entity, such as a bank, that you owed money to)
- Other advice centre
- Other

Base: All sought debt advice
MC

24. And, did you pay for the advice or was the service free? If you have sought advice from more than one organisation, please select all options that apply.

- I paid an up-front fee for the advice
- They took a percentage of the payments made to my debt repayment plan
- The service was free

Base: All sought debt advice (organisations and channel selected previously)
GRID randomise order

25. To what extent did you find the advice helpful? Please indicate on a scale from 0 to 10 where 0 is not at all helpful and 10 is very helpful.

- 0 – not at all helpful
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10 – very helpful
- Don't know

- Money advice service via phone
- Money advice service face to face
- Money advice service online via email
- Money advice service online via instant messaging
- Money advice service online via website
- Money advice service via post
- Money advice service via printed material
- Money advice service via other
- National Debtline via phone
- National Debtline face to face
- National Debtline online via email

- National Debtline online via instant messaging
- National Debtline online via website
- National Debtline via post
- National Debtline via printed material
- National Debtline via other
- Professional insolvency practitioners (e.g. Accountants or lawyers) via phone
- Professional insolvency practitioners (e.g. Accountants or lawyers) face to face
- Professional insolvency practitioners (e.g. Accountants or lawyers) online via email
- Professional insolvency practitioners (e.g. Accountants or lawyers) online via instant messaging
- Professional insolvency practitioners (e.g. Accountants or lawyers) online via website
- Professional insolvency practitioners (e.g. Accountants or lawyers) via post
- Professional insolvency practitioners (e.g. Accountants or lawyers) via printed material
- Professional insolvency practitioners (e.g. Accountants or lawyers) via other
- Citizens Advice Bureau via phone
- Citizens Advice Bureau face to face
- Citizens Advice Bureau online via email
- Citizens Advice Bureau online via instant messaging
- Citizens Advice Bureau online via website
- Citizens Advice Bureau via post
- Citizens Advice Bureau via printed material
- Citizens Advice Bureau via other
- Insolvency Service via phone
- Insolvency Service face to face
- Insolvency Service online via email
- Insolvency Service online via instant messaging
- Insolvency Service online via website
- Insolvency Service via post
- Insolvency Service via printed material
- Insolvency Service via other
- Consumer Credit Counselling Service (CCCS) via phone
- Consumer Credit Counselling Service (CCCS) face to face
- Consumer Credit Counselling Service (CCCS) online via email
- Consumer Credit Counselling Service (CCCS) online via instant messaging
- Consumer Credit Counselling Service (CCCS) online via website
- Consumer Credit Counselling Service (CCCS) via post
- Consumer Credit Counselling Service (CCCS) via printed material
- Consumer Credit Counselling Service (CCCS) via other
- Payplan via phone
- Payplan face to face
- Payplan online via email
- Payplan online via instant messaging
- Payplan online via website
- Payplan via post
- Payplan via printed material
- Payplan via other
- Creditor via phone
- Creditor face to face
- Creditor online via email
- Creditor online via instant messaging
- Creditor online via website
- Creditor via post
- Creditor via printed material
- Creditor via other
- Other advice centre via phone

- Other advice centre face to face
- Other advice centre online via email
- Other advice centre online via instant messaging
- Other advice centre online via website
- Other advice centre via post
- Other advice centre via printed material
- Other advice centre via other
- Other via phone
- Other face to face
- Other online via email
- Other online via instant messaging
- Other online via website
- Other via post
- Other via printed material
- Other via other

Base: All sought debt advice
SC

26. And thinking about the advice that you received overall, which of the following best applies?
- Helped/helping to reduce your debt a lot
- Helped/helping to reduce your debt a little
- Made/makes no difference to your financial situation
- Increased/increasing your debt a little
- Increased/increasing your debt a lot
- Don't know

Base: All who sought debt advice
Randomise order
MC

27. And, which of the following solutions, if any, were you provided with or recommended? Please select all that apply
- Debt solution to file for bankruptcy
- Individual Voluntary Arrangement (IVA) debt solution
- Debt management plan
- Debt relief order
- Consolidation of debts
- Debt written off
- A repayment plan
- Agreed space of time in which no payments are made
- Help to set up a household budget
- Access to benefits or credit options not previously aware of
- Help to set up a plan how to save money
- Other [please specify]
- None of the above
- Don't know

Base: All who sought debt advice
Randomise order
MC

28. And, which of the following solutions did you choose to carry out? Please select all that apply
- Filed for bankruptcy
- Set up an Individual Voluntary Arrangement (IVA)
- Set up a debt management plan

- Set up a debt relief order
- Consolidated all of my debts
- Had my debt written off
- Set up a repayment plan
- Agreed a space of time in which no payments are made
- Set up a household budget
- Obtained access to benefits or credit options not previously aware of
- Set up a plan how to save money
- Other [please specify]
- None of the above
- Don't know

Base: All whose debt was unmanageable
Randomise order
MC

29. And, thinking about when your debt felt unmanageable, which, if any, of the following did you do?

- I contacted my creditors directly
- I negotiated revised payment terms with creditors
- I re-financed my commitments
- I prevented by home being re-possessed
- I prevented court action
- Other [please specify]
- None of the above

Base: All who did not seek debt advice
Randomise order
MC

30. And, which of the following, if any, did you do? Please select all that apply

- Filed for bankruptcy
- Set up an Individual Voluntary Arrangement (IVA)
- Set up a debt management plan
- Set up a debt relief order
- Consolidated all of my debts
- Had my debt written off
- Set up a repayment plan
- Agreed a space of time in which no payments are made
- Set up a household budget
- Set up a plan on how to save money
- Other [please specify]
- None of the above
- Don't know

Base: All who did not seek debt advice
SC

31. And thinking about your debt situation at the moment, which of the following best applies?

- My debt has reduced a lot
- My debt has reduced a little
- My financial situation has not changed
- My debt has increased a little
- My debt has increased a lot
- Don't know

Section 8: Attitudes towards debt/Segmentation

We'd now like to ask you about your attitudes towards saving and borrowing in general.

Base: All
Randomise order
GRID

32. Please have a look at the statements and indicate to what extent you agree or disagree with each of them.

- When it comes to my finances I just don't know where to start
- I know who to trust to help me with my finances
- I am someone who worries about the future
- I am prepared to take the risk that I might lose some of the money I put into a savings account or investment
- Saving money makes me feel good
- I tend to live for today and let tomorrow take care of itself
- Thinking about my finances keeps me awake at night
- I am someone who prefers work that is routine
- Finance is just so boring
- I am someone who is curious about many different things
- When it comes to making financial decisions I always think about what others in my situation do
- I find it easy to talk to my family and friends about my finances
- I am very organised when it comes to managing my day to day money
- I don't have time to think about my finances

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree
- Don't know

Section 9: Demographics

We would now like to ask you some questions about your current situation.

Base: All
SC

33. Which of these BEST applies to you?

- Working full time (30 or more hours per week) including temporarily off work
- Working part time (8 to 29 hours per week) including temporarily off work
- Working part time (less than 8 hours a week) including temporarily off work
- Looking after the home or family
- In full time education
- On a government-work or training scheme
- Retired from paid work
- Unemployed
- Not working due to long term illness/incapacity/disability
- Not working for other reasons

Base: All
SC

34. In which of these ways do you occupy your home?

- Own it outright

- Own it with a mortgage
- Rent it from a private landlord
- Rent it from a local authority or housing association
- Pay part rent and part mortgage (shared ownership)
- Live with your parents/grandparents/other family members
- Have some other arrangement
- Don't know
- Prefer not to say

Base: All
MC

35. Which, if any, of the following qualifications do you hold? Please tick all that apply.

- GCSEs, Scottish Standards, CSEs, O levels
- A levels, Scottish Highers
- Welsh baccalaureate
- International baccalaureate
- NVQs / SVQs
- BTEC
- HND / HNC
- City & Guilds
- Foundation Degree
- Undergraduate / Bachelor's Degree (e.g. BA, BSc)
- Postgraduate Degree (e.g. MA, MSc, PhD)
- Other
- I don't hold any qualifications
- Don't know

Base: All
SC

36. Gross HOUSEHOLD income is a household's total income received from all sources, including wages, salaries, or rents and before tax deductions. What is your gross household income at the moment?

- Under £5,000 per year
- £5,000 to £9,999 per year
- £10,000 to £14,999 per year
- £15,000 to £19,999 per year
- £20,000 to £24,999 per year
- £25,000 to £29,999 per year
- £30,000 to £34,999 per year
- £35,000 to £39,999 per year
- £40,000 to £44,999 per year
- £45,000 to £49,999 per year
- £50,000 to £59,999 per year
- £60,000 to £69,999 per year
- £70,000 to £99,999 per year
- £100,000 to £149,999 per year
- £150,000 and over
- Don't know
- Prefer not to answer

Base: All
OPEN

37. **Do you have any additional comments about your experiences dealing with debt or debt advice? If you do not want to write anything, please write N/A**

Appendix B: Follow Up Questionnaire

Introduction

You recently took part in a survey which will help those responsible for developing policy in the UK to help people manage their debt.

We would now like to ask you a few follow up questions. This should take no longer than 10 minutes and your YouGov account will be credited with 50 points. Please note that all your answers will remain anonymous. The results, including your responses, will only ever be reported in aggregate.

In order to begin please click the next button below.

Base: All
In a previous survey you mentioned that between 2006 and today you had been in debt and that it has remained manageable. We would now like to ask you some questions about this.

Base: All
Randomise order
SC

1. **Which one of the following statements BEST describes how well you are keeping up with your bills and credit commitments <u>nowadays</u>?**
   - Keeping up with all bills and commitments without any difficulties
   - Keeping up with all bills and commitments, but it is a struggle from time to time
   - Keeping up with all bills and commitments, but it was a constant struggle
   - Fallen behind with some bills or credit commitments
   - Have experienced real financial problems and fallen behind with many bills or credit commitments
   - Do not have any bills or credit commitments
   - Don't know

Base: All
Randomise order
SC

2. **You said that [answer selected at Q1], would you say that on the whole between 2006 and today…**
   - This has consistently been the case
   - This has been the case most of the time
   - This has been the case some of the time
   - This is a rare instance
   - Don't know

Base: All
Randomise order
SC

3. **And, thinking about the period between 2006 and today, which of the following, if any, have you experienced?**
   - Not paying bills occasionally
   - Not paying bills regularly
   - Receiving creditor letters or phone calls
   - Receiving a court summons from a creditor
   - Being approached by bailiffs
   - Being threatened with eviction
   - Being threatened with termination of electricity, gas, or water supply

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- Prefer not to say
- None of the above

Base: All
SC randomise

4. Still thinking again about your debt situation between 2006 and today, please indicate to what extent you agree or disagree with the following statements.

- "More often than not I've felt anxious about my financial situation"
- "More often than not I have not felt capable of managing my bills and commitments"
- "More often than not I have not felt confident about how to resolve my debt problems"
- "I have suffered from frequent health problems"

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree
- Don't know

Base: All

We would like to ask you some questions about any financial debts (also called credit commitments) you might have had between 2006 and today. This could be your own personal debt or the debt of a member of your household such as your partner.

Base: All
Randomise order
MC

5. Thinking about the period between 2006 and today and regardless of whether you still have them or not, which of the following credit commitments, if any, have you or your household held? (Please select all that apply)

- Store card
- Credit Card
- Unsecured personal loan
- Secured Personal loan (a secured loan excludes your mortgage and is usually one where your house is used as backing for the loan and you could lose your house if you fail to keep up with the loan payments)
- Mortgages – secured on home
- Authorised overdraft
- Student loan
- HP agreement
- Car Finance loan
- Credit union loan
- DSS/Social Fund loan
- Loan from friends and family
- Mail Order Catalogue
- Home Collected credit loan (e.g. from Provident or Shopacheck)
- Loan from a pawnbroker/cash converter
- Payday loan
- Insurance payment plan/instalments
- Water bills
- Gas bills or electricity bills
- TV licence bills
- Rent payment

- Council tax payment
- Income tax
- National Insurance
- VAT
- Magistrate's Court fine
- Child support/maintenance
- Other [please specify]
- None of these [route to end of survey]

Base: All
Randomise order
MC

6. And which of these debts do you still have today? (Please select all that apply)

- Store card
- Credit Card
- Unsecured personal loan
- Secured Personal loan (a secured loan excludes your mortgage and is usually one where your house is used as backing for the loan and you could lose your house if you fail to keep up with the loan payments)
- Mortgages – secured on home
- Authorised overdraft
- Student loan
- HP agreement
- Car Finance loan
- Credit union loan
- DSS/Social Fund loan
- Loan from friends and family
- Mail Order Catalogue
- Home Collected credit loan (e.g. from Provident or Shopacheck)
- Loan from a pawnbroker/cash converter
- Payday loan
- Insurance payment plan/instalments
- Water bills
- Gas bills or electricity bills
- TV licence bills
- Rent payment
- Council tax payment
- Income tax
- National Insurance
- VAT
- Magistrate's Court fine
- Child support/maintenance
- Other
- None of the above

Base: All
MC

7. Between 2006 and today, for which of the following reasons, if any, have you taken on debt? Please select all that apply.

- Illness
- Had a baby
- Living beyond means

- Family breakdown (e.g. loss of partner, divorce)
- Loss/reduction of income
- Increased cost of living
- Cost of education (i.e. University)
- Bought a property
- Other [please specify]
- None of the above
- Prefer not to say

An individual's debt and the extent to which they manage that debt – regardless of scale - can change for many reasons.

Base: All
Randomise row order
GRID

8. **In your view, what are the contributing factors to your debt remaining manageable? Please select all that apply.**
   - Set out a budget on how much I can spend
   - Cut back on luxury items (i.e. holidays)
   - Sought advice or information to prevent debt becoming unmanageable
   - Took out a loan from family/friends
   - Help/support from family and friends
   - There was a change in my situation (i.e. change of employment, change in family situation)
   - I knew/sought information about what options were available to me to manage my debt situation
   - Support from an adviser
   - Other [please specify]
   - Don't know

Base: All
SC

9. **Please could you tell us how much outstanding debt you have at the moment? This can include both secured and unsecured personal loans. If you are unsure please give us your best estimate.**
   - Up to £500
   - £501 - £1,000
   - £1,001 to £2,500
   - £2,501 to £5,000
   - £5,001 to £10,000
   - £10,001 to £15,000
   - £15,000 to £20,000
   - £20,001 to £25,000
   - £25,001 to £35,000
   - £35,001 to £50,000
   - £50,000 plus
   - Don't know
   - Prefer not to say

Base: All except DK / Prefer not to say from previous Q
SC

10. **And thinking about the period between 2006 and today, which of the following best applies to your level of outstanding debt**
    - On the whole my level of outstanding debt has been lower
    - On the whole my level of outstanding debt has been higher
    - My level of outstanding debt has fluctuated
    - My level of outstanding debt has not changed significantly during the period of 2006 and today

- Not sure

11. And, please could you tell us what your gross PERSONAL income is <u>at the moment</u>? Gross PERSONAL income is an individual's total income received from all sources, including wages, salaries, or rents and before tax deductions.

- Under £5,000 per year
- £5,000 to £9,999 per year
- £10,000 to £14,999 per year
- £15,000 to £19,999 per year
- £20,000 to £24,999 per year
- £25,000 to £29,999 per year
- £30,000 to £34,999 per year
- £35,000 to £39,999 per year
- £40,000 to £44,999 per year
- £45,000 to £49,999 per year
- £50,000 to £59,999 per year
- £60,000 to £69,999 per year
- £70,000 to £99,999 per year
- £100,000 to £149,999 per year
- £150,000 and over
- Don't know
- Prefer not to answer

Base: All
SC

12. And, if different, please could you tell us what your gross HOUSEHOLD income is <u>at the moment?</u> Gross HOUSEHOLD income is a household's total income received from all sources, including wages, salaries, or rents and before tax deductions.

- N/A – my personal income is the same as my household income
- Under £5,000 per year
- £5,000 to £9,999 per year
- £10,000 to £14,999 per year
- £15,000 to £19,999 per year
- £20,000 to £24,999 per year
- £25,000 to £29,999 per year
- £30,000 to £34,999 per year
- £35,000 to £39,999 per year
- £40,000 to £44,999 per year
- £45,000 to £49,999 per year
- £50,000 to £59,999 per year
- £60,000 to £69,999 per year
- £70,000 to £99,999 per year
- £100,000 to £149,999 per year
- £150,000 and over
- Don't know
- Prefer not to answer

Base: All
SC

13. And again, thinking about between 2006 and today, which of the following best applies to your HOUSEHOLD income.

- On the whole my household income has been lower
- On the whole my household income has been higher

- My household income has fluctuated
- My household income has not changed significantly during the period of 2006 and today
- Don't know

Base: All
SC

14. Thinking about managing your debt, did you ever seek debt advice?

- Yes, I sought professional advice
- No, I did not seek professional advice – GO TO Q23
- Don't know – GO TO Q23
- Prefer not to say – GO TO Q23

Base: All sought debt advice
SC

15. Still thinking about the period of 2006 until today, when was it that you first sought debt advice?

- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- Don't recall

Base: All sought debt advice
SC

16. You said that you sought debt advice in [year]; please tell us when in that year? If you're not sure, please give your best estimate.

- Sometime between January-March
- Sometime between April-June
- Sometime between July-September
- Sometime between October-December

Section 7: What actions did you take?

Base: All sought debt advice
Randomise order
MC

17. When you first sought advice, which of the following organisations, if any, did you contact for advice about your debts? Please select all that apply.

- Money advice service
- National Debtline
- Professional insolvency practitioners (e.g. Accountants or lawyers)
- Citizens Advice Bureau
- Insolvency Service
- Consumer Credit Counselling Service (CCCS)
- Payplan
- Other advice centre
- A creditor (an entity, such as a bank, that you owed money to)
- Don't know
- Other [please specify]
- Prefer not to answer

Base: All sought debt advice (organisations selected in previous question excluding DK/prefer not to say)
Randomise order
GRID

18. How did you seek debt advice? Please select all that apply.

- Telephone
- Face to face
- Online via email
- Online via instant messaging
- Online via website
- Post
- Printed material
- Other [please specify]
- None of these

- Money advice service
- National Debtline
- Professional insolvency practitioners (e.g. Accountants or lawyers)
- Citizens Advice Bureau
- Insolvency Service
- Consumer Credit Counselling Service (CCCS)
- Payplan
- A creditor (an entity, such as a bank, that you owed money to)
- Other advice centre
- Other

Base: All sought debt advice
MC

19. And, did you pay for the advice or was the service free?

- Yes, I paid an up-front free for the advice
- Yes, they took a percentage of the payments made to my debt repayment plan
- No, the service was free

Base: All sought debt advice
MC

20. For which of the following reasons, if any, did you seek debt advice? Please select all that apply.

- To help me manage existing debt
- Because my credit application was rejected
- I was contacted by a debt advice provider
- To help me manage a recent change in my circumstances (e.g. salary cut)
- To help me plan for an upcoming change in my circumstances (e.g. new child)
- It was recommended to me by my creditor
- It was recommended to me by a friend/family member
- My bank/creditor made an error with my finances which encouraged me to seek advice
- To help me manage my finances generally
- Other [please specify]
- Don't know
- None of the above

Base: All sought debt advice
SC

21. And thinking about the advice that you received overall, which of the following best applies?

- Helped/helping to reduce your debt a lot
- Helped/helping to reduce your debt a little
- Made/makes no difference to your financial situation

- Increased/increasing your debt a little
- Increased/increasing your debt a lot
- Don't know

Base: All who sought debt advice
Randomise order
MC

22. And, which of the following, if any, did your adviser recommend? Please select all that apply.

- Debt solution to file for bankruptcy
- Individual Voluntary Arrangement (IVA) debt solution
- Debt management plan
- Debt relief order
- Consolidation of debts
- Debt written off
- A repayment plan
- Agreed space of time in which no payments are made
- Help to set up a household budget
- Access to benefits or credit options not previously aware of
- Help to set up a plan how to save money
- Other [please specify]
- None of the above
- Don't know

Base: All
Randomise order
MC

23. And, which of the following solutions, if any have you done? Please select all that apply.

- Filed for bankruptcy
- Set up an Individual Voluntary Arrangement (IVA)
- Set up a debt management plan
- Set up a debt relief order
- Consolidated all of my debts
- Had my debt written off
- Set up a repayment plan
- Agreed a space of time in which no payments are made
- Set up a household budget
- Obtained access to benefits or credit options not previously aware of
- Set up a plan how to save money
- Other [please specify]
- None of the above
- Don't know

Base: All
Randomise order
MC

24. And, thinking about the period since 2006 and today, during which you've indicated your debts felt manageable, which, if any, of the following have you done? Please select all that apply.

- I contacted my creditors directly
- I negotiated revised payment terms with creditors
- I re-financed my commitments
- I prevented by home being re-possessed
- I prevented court action
- Other [please specify]

- None of the above

Base: All
SC

25. And thinking about your debt situation at the moment compared to 2006, which of the following best applies?

- My debt has reduced a lot
- My debt has reduced a little
- My financial situation has not changed
- My debt has increased a little
- My debt has increased a lot
- Don't know

Appendix C: Regression Models

Model A: Sought debt Advice vs. did not seek debt advice

	Sig.	Exp(B)	95% C.I.for EXP(B)	
			Lower	Upper
Sought advice				
No (Reference category)				
Yes	.000	1.934	1.360	2.749
Proportion of debt in income (ln)	.009	1.293	1.065	1.569
Gross household income (ln)	.661	1.058	.823	1.360
Reasons for falling into debt:				
Illness	.076	.677	.440	1.041
Living beyond means	.128	1.317	.923	1.877
Family breakdown (e.g. loss of partner, divorce)	.031	.562	.333	.948
Loss/reduction of income	.189	.796	.566	1.119
Increased cost of living	.589	1.093	.792	1.508
Other	.812	.949	.616	1.461
Types of debt:				
Store card	.297	.822	.568	1.188
Credit Card	.001	.472	.308	.724
Unsecured personal loan	.335	1.183	.841	1.663
Secured Personal loan	.087	.678	.435	1.057
Mortgages – secured on home	.412	1.193	.783	1.817
Student loan	.024	.494	.267	.911
HP agreement	.369	1.232	.781	1.943
Loan from friends and family	.001	.436	.268	.709
Home Collected credit loan (e.g. from Provident or Shopacheck)	.099	.493	.212	1.143
Insurance payment plan/instalments	.628	1.109	.729	1.686
House bills	.068	.654	.414	1.032
Rent payment	.221	1.348	.835	2.177
Council tax payment	.116	.690	.435	1.095
National Insurance	.148	1.397	.888	2.200
VAT	.644	.841	.404	1.751
Other	.215	1.315	.853	2.027
Gender:				
Female (Reference category)				
Male	.222	1.223	.885	1.689
Age:	.116	.988	.974	1.003
Scotland vs the rest:				
All other (reference category)				
Scotland	.055	1.732	.989	3.034
Education (finished education age):				

16 years old or younger (Reference category)				
17-19 years old, full time student	.357	1.212	.805	1.827
20+ years old	.032	1.589	1.040	2.428
Newspaper readership:				
Tabloids (Reference category)				
Other	.087	1.380	.954	1.994
No paper	.736	1.076	.703	1.647
Constant	.295	.274		

Step	Nagelkerke R Square
1	.145

Model B: Free vs. fee charging organisations

	Sig.	Exp(B)	95% C.I.for EXP(B)	
			Lower	Upper
Type of advice				
Free only (reference category)				
Paid only	.218	1.455	.801	2.642
Both	.453	.792	.430	1.458
Proportion of debt in income (ln)	.044	1.322	1.008	1.735
Gross household income (ln)	.020	1.487	1.065	2.077
Reasons for falling into debt:				
Illness	.764	.928	.571	1.510
Living beyond means	.639	1.116	.706	1.764
Family breakdown (e.g. loss of partner, divorce)	.014	.447	.234	.851
Loss/reduction of income	.118	.706	.456	1.093
Increased cost of living	.365	1.206	.804	1.811
Other	.759	1.091	.627	1.897
Types of debt:				
Store card	.066	.652	.414	1.029
Credit Card	.933	.974	.523	1.811
Unsecured personal loan	.639	1.108	.721	1.704
Secured Personal loan	.983	.995	.598	1.654
Mortgages – secured on home	.322	.767	.453	1.297
Student loan	.049	.444	.198	.997
HP agreement	.148	1.482	.869	2.525
Loan from friends and family	.007	.466	.268	.811
Home Collected credit loan (e.g. from Provident or Shopacheck)	.651	.798	.301	2.118
Insurance payment plan/instalments	.839	.947	.562	1.596
House bills	.656	.864	.454	1.644
Rent payment	.521	1.230	.653	2.316
Council tax payment	.142	.621	.329	1.173
National Insurance	.482	1.223	.697	2.146
VAT	.796	.875	.318	2.407

Other	.314	1.330	.764	2.317
Gender:				
Female (Reference category)				
Male	.394	.837	.555	1.261
Age:	.680	1.004	.985	1.023
Scotland vs the rest:				
All other (reference category)				
Scotland	.514	1.318	.575	3.021
Education (finished education age:)				
16 years old or younger (Reference category)				
17-19 years old, full time student	.278	.753	.450	1.258
20+ years old	.462	1.218	.720	2.059
Newspaper readership				
Tabloids (Reference category)				
Other	.006	1.920	1.202	3.067
No paper	.115	1.515	.903	2.540
Constant	.008	.013		

Step	Nagelkerke R Square
1	.151

Model C: Channels used (not mutually exclusive)

	Sig.	Exp(B)	95% C.I.for EXP(B) Lower	Upper
Channel:				
Telephone	.107	1.542	.910	2.613
Face to face	.529	.814	.430	1.543
Web	.747	1.090	.647	1.834
Other	.691	1.115	.652	1.906
Organization:				
Money Advice Service	.432	.718	.315	1.640
National Debtline	.093	.622	.357	1.083
Professional insolvency practitioners (e.g. Accountants or lawyers)	.267	1.572	.707	3.492
Citizens Advice Bureau (CAB)	.923	.971	.531	1.775
Insolvency Service	.271	1.529	.718	3.259
Consumer Credit Counselling Service (CCCS)	.304	.762	.454	1.279
Payplan	.932	.972	.507	1.865
A creditor (an entity, such as a bank, that you owed money to)	.095	.580	.306	1.098
Other advice centre	.676	1.233	.461	3.297
Other	.809	.917	.456	1.847
Proportion of debt in income (ln)	.081	1.271	.971	1.665
Gross household income (ln)	.043	1.408	1.010	1.961
Reasons for falling into debt:				
Illness	.790	.937	.579	1.516
Living beyond means	.254	1.294	.831	2.014
Family breakdown (e.g. loss of partner, divorce)	.012	.439	.231	.833

	Sig.	Exp(B)	Lower	Upper
Loss/reduction of income	.209	.761	.496	1.166
Increased cost of living	.170	1.319	.888	1.958
Other	.789	1.076	.629	1.840
Types of debt:				
Store card	.051	.643	.413	1.002
Credit Card	.658	.870	.471	1.609
Unsecured personal loan	.571	1.129	.742	1.720
Secured Personal loan	.377	.800	.488	1.312
Mortgages – secured on home	.706	.906	.544	1.510
Student loan	.119	.547	.256	1.168
HP agreement	.467	1.215	.719	2.054
Loan from friends and family	.021	.531	.310	.909
Home Collected credit loan (e.g. from Provident or Shopacheck)	.780	.878	.354	2.181
Insurance payment plan/instalments	.518	.851	.521	1.389
House bills	.221	.690	.381	1.250
Rent payment	.294	1.390	.752	2.571
Council tax payment	.202	.682	.379	1.228
National Insurance	.275	1.357	.785	2.348
VAT	.562	1.296	.540	3.112
Other	.095	1.595	.922	2.760
Gender:				
Female (Reference category)				
Male	.849	.962	.645	1.434
Age:	.475	1.007	.988	1.025
Scotland vs the rest:				
All other (reference category)				
Scotland	.663	1.184	.555	2.526
Education (finished education age:)				
16 years old or younger (Reference category)				
17-19 years old, full time student	.413	.812	.493	1.336
20+ years old	.307	1.310	.780	2.201
Newspaper readership				
Tabloids (Reference category)				
Other	.004	1.966	1.237	3.126
No paper	.065	1.600	.971	2.637
Constant	.009	.014		

Step	Nagelkerke R Square
1	.182

Model D: Channels used (mutually exclusive)

	Sig.	Exp(B)	95% C.I.for EXP(B)	
			Lower	Upper
Combination of channels				
Web only (reference category)				
Telephone only	.648	1.184	.573	2.443
Face to face only	.993	.996	.384	2.583
Telephone + face to face only	.202	1.937	.702	5.346

Telephone + web only	.536	1.370	.506	3.708
Other	.830	1.095	.480	2.499
Organization:				
Money Advice Service	.432	.717	.313	1.644
National Debtline	.180	.683	.391	1.193
Professional insolvency practitioners (e.g. Accountants or lawyers)	.284	1.540	.699	3.393
Citizens Advice Bureau (CAB)	.242	.714	.406	1.256
Insolvency Service	.265	1.539	.722	3.280
Consumer Credit Counselling Service (CCCS)	.536	.846	.497	1.439
Payplan	.815	1.083	.554	2.118
A creditor (an entity, such as a bank, that you owed money to)	.073	.561	.298	1.056
Other advice centre	.689	1.222	.457	3.273
Other	.821	.923	.461	1.847
Proportion of debt in income (ln)	.075	1.277	.976	1.672
Gross household income (ln)	.050	1.393	1.001	1.940
Reasons for falling into debt:				
Illness	.802	.941	.583	1.519
Living beyond means	.271	1.281	.824	1.992
Family breakdown (e.g. loss of partner, divorce)	.012	.439	.231	.831
Loss/reduction of income	.186	.749	.489	1.149
Increased cost of living	.170	1.317	.888	1.954
Other	.720	1.103	.645	1.885
Types of debt:				
Store card	.049	.642	.413	.997
Credit Card	.734	.899	.488	1.658
Unsecured personal loan	.637	1.106	.727	1.684
Secured Personal loan	.339	.785	.479	1.289
Mortgages – secured on home	.618	.878	.527	1.463
Student loan	.095	.526	.247	1.118
HP agreement	.393	1.257	.744	2.121
Loan from friends and family	.020	.527	.308	.902
Home Collected credit loan (e.g. from Provident or Shopacheck)	.747	.860	.344	2.150
Insurance payment plan/instalments	.542	.859	.526	1.402
House bills	.252	.707	.390	1.281
Rent payment	.414	1.290	.700	2.377
Council tax payment	.175	.666	.370	1.198
National Insurance	.360	1.291	.747	2.231
VAT	.478	1.373	.571	3.302
Other	.073	1.651	.954	2.859
Gender:				
Female (Reference category)				
Male	.842	.960	.645	1.430
Age:	.553	1.006	.987	1.024
Scotland vs the rest:				
All other (reference category)				
Scotland	.664	1.183	.555	2.523
Education (finished education age:)				
16 years old or younger (Reference category)				
17-19 years old, full time student	.418	.814	.495	1.339
20+ years old	.270	1.338	.797	2.247
Newspaper readership				

Tabloids (Reference category)				
Other	.002	2.048	1.292	3.248
No paper	.051	1.649	.998	2.722
Constant	.017	.018		

Step	Nagelkerke R Square
1	.178

Variable Frequencies

Model A

Base: All who moved from unmanageable to manageable debt between 2006 and time survey was taken (excludes those who fell into unmanageable debt in the last 12 months)

	Frequency	Percent
Out of unmanageable debt in 12 months		
No	874	79.5
Yes	225	20.5
Sought advice		
No	458	41.7
Yes	641	58.3
Reasons for falling into debt		
Illness	222	20.2
Living beyond means	342	31.1
Family breakdown (e.g. loss of partner, divorce)	142	12.9
Loss/reduction of income	605	55.1
Increased cost of living	571	52.0
Other	189	17.2
Types of debt		
Store card	307	27.9
Credit Card	898	81.7
Unsecured personal loan	589	53.6
Secured Personal loan	209	19.0
Mortgages – secured on home	466	42.4
Student loan	109	9.9
HP agreement	160	14.6
Loan from friends and family	199	18.1
Home Collected credit loan (e.g. from Provident or Shopacheck)	76	6.9
Insurance payment plan/instalments	313	28.5
House bills	708	64.4
Rent payment	244	22.2
Council tax payment	579	52.7
National Insurance	231	21.0
VAT	69	6.3
Other	896	81.5
Gender		
Male	517	47.0
Female	582	53.0

Age		
<=35	293	26.7
36-50	438	39.9
51+	368	33.5
Region		
North	289	26.3
Midlands	172	15.7
East	103	9.4
London	105	9.6
South	265	24.1
Wales	71	6.5
Scotland	79	7.2
Northern Ireland	15	1.4
Education (finished education age)		
16 years old or younger	430	39.1
17-19, student, dk	335	30.5
20+	334	30.4
Newspaper readership		
Tabloids	498	45.3
Other	371	33.8
No paper	230	20.9
Total	1099	100.0

Models B, C and D
Base: All who sought debt advice and moved from unmanageable to manageable debt between 2006 and time survey was taken (excludes those who sought debt advice in the last 12 months)

	Frequency	**Percent**
Out of unmanageable debt in 12 months		
No	320	63.2
Yes	186	36.8
Organisations		
Free	445	87.9
Paid	131	25.9
Organisations (mutually exclusive)		
Free only	375	74.1
Paid only	61	12.1
Both free and paid	70	13.8
Paid or free and paid	131	25.9
Channels		
Telephone	340	67.2
Face to face	187	37.0
Web	117	23.1
Other	88	17.4
Channels (mutually exclusive)		
Telephone only	181	35.8
Face to face only	92	18.2
Telephone and face to face	56	11.1
Telephone and web	31	6.1
Other	105	20.8

Reasons for falling into debt		
Illness	118	23.3
Living beyond means	156	30.8
Family breakdown (e.g. loss of partner, divorce)	66	13.0
Loss/reduction of income	294	58.1
Increased cost of living	243	48.0
Other	87	17.2
Types of debt		
Store card	157	31.0
Credit Card	427	84.4
Unsecured personal loan	322	63.6
Secured Personal loan	109	21.5
Mortgages – secured on home	238	47.0
Student loan	42	8.3
HP agreement	92	18.2
Loan from friends and family	98	19.4
Home Collected credit loan (e.g. from Provident or Shopacheck)	26	5.1
Insurance payment plan/instalments	146	28.9
House bills	310	61.3
Rent payment	97	19.2
Council tax payment	270	53.4
National Insurance	108	21.3
VAT	25	4.9
Other	414	81.8
Gender		
Male	227	44.9
Female	279	55.1
Age		
<=35	107	21.1
36-50	204	40.3
51+	195	38.5
Region		
North	135	26.7
Midlands	80	15.8
East	57	11.3
London	40	7.9
South	127	25.1
Wales	33	6.5
Scotland	30	5.9
Northern Ireland	4	.8
Education (finished education age)		
16 years old or younger	362	71.5
17-19, student, dk	144	28.5
20+	156	30.8
Newspaper readership		
Tabloids	230	45.5
Other	168	33.2

No paper	108	21.3
Total	506	100.0