

Snapshot

April - June 2011



based on the evidence of Citizens Advice Bureau clients across Scotland

by Lucy Manson, Social Policy Coordinator

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Citizens Advice Scotland and its member bureaux form Scotland's largest independent advice network. CAB advice services are delivered using service points throughout Scotland, from the islands to city centres.

The CAB Service aims:

to ensure that individuals do not suffer through lack of knowledge of their rights and responsibilities, or of the services available to them, or through an inability to express their need effectively

and equally

to exercise a responsible influence on the development of social policies and services, both locally and nationally.

The CAB Service is independent and provides free, confidential and impartial advice to everybody regardless of age, disability, gender, race, religion and belief and sexual orientation.

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CAB and social policy

In 2009/10, citizens advice bureaux (CAB) in Scotland helped nearly 270,000 clients with over half a million new problems. That's nearly 1,500 new problems brought to CAB each day of the year. More than 2,200 trained volunteers and paid staff ensure that thousands of people in Scotland receive vital advice every day.

However, the Scottish CAB Service isn't just the country's leading independent advice service. It's also a leading advocate for social change.

We collect evidence from around the country and use it to demonstrate that change is required. We think this is so important that it's one of our twin aims – to exercise a responsible influence on the development of social policies and services, both locally and nationally. We work with the Scottish and UK Governments, benefit delivery agencies, banks, private companies and other third sector organisations, to ensure that the problems that are seen in the CAB are translated into better policies and practices in the future.

In this quarter, the Scottish CAB Service has been active in a number of social policy areas, including:

- Publishing a briefing sheet on poor practices by mobile phone and landline providers in the telecommunications industry
- Responding to the Work and Pensions Committee's inquiry into ESA.
- Jointly organising a Scottish Parliament reception with Prudential where Working with the Scottish Citizens Advice Bureau Service: A guide for parliamentarians was released. The guide was well received and resulted in an increase of parliamentary activity in the bureaux.

For more detail, please visit <http://www.cas.org.uk/Publications> .

This is the second in a series of quarterly briefings that outline the social policy issues that have been reported by Scottish CAB in the previous three months. These briefings use very recent evidence and will be an excellent way of spotting trends in social policy and tracing the impact of recent policy changes. The briefings will be of use to politicians, government departments, the private sector, and third sector organisations.

Each briefing includes a section on the biggest social policy issues seen by CAB in the last three months, and shows the main problems brought up by clients on benefits, employment, debt, consumer issues, housing, and utilities. If you have any questions regarding the briefing, please contact the CAS Social Policy Team at social.policy@cas.org.uk .

Employment terms and conditions

Many employers are changing the terms and conditions of their staff contracts rather than making large scale redundancies. However, these cuts in pay and hours can be forced on employees and often have a significant impact on their finances and wellbeing. Although major changes in contract should be mutually agreed, employers tend to have the upper hand and can threaten dismissal or withholding of wages if the employee does not agree to the change:

- ▶ **A client has been offered a new contract with reduced hours as part of a cost saving exercise. The client has worked for the local authority for five years, latterly on a 37 hour contract. Following a consultation earlier in the year, all similar contracts are being reduced to 31.5 hours per week. The client was advised that the contract would consist of 17.5 hours permanent and 14 hours temporary, and that the council can remove the 14 hours at a week's notice at any point over the next six months. The client does not want to sign this contract.**
- ▶ **A client reports that her employer has reduced her wages from £7.80 per hour to £7.40 without her knowledge. The client's contract states that she should be paid £7.80 per hour. The client is going to raise a formal grievance.**
- ▶ **A client was informed that he was being put on short-time working with immediate effect. This means a reduction in working hours from 39 hours to 24 hours per week. The client and other employees have not been told how long this arrangement will last. The client has been told by his employer that there is not enough work, but he believes that his boss is trying to lose workers without having to pay redundancy. None of the workers affected can afford to work at this reduced rate and they will be compelled to leave or look for alternative work.**
- ▶ **A client has had her pay cut without notice. She and her husband have managed a local inn for the last five years, living in rent free tied accommodation. The client received an email stating the company car is to be withdrawn at the end of the month and that the owners are considering charging rent for the accommodation.**
- ▶ **A client's terms and conditions of work have changed completely since the client's employers changed ownership. The client works as a cleaner in a major hotel chain. The client now has a certain amount of time to clean each room and has money deducted from her wage if targets are not met. This means that she is often paid less than the minimum wage.**

Key issues in this period:

- Clients in receipt of Job Seeker's Allowance are being unfairly sanctioned and can be left without income for up to three months
- Employment and Support Allowance continues to be a huge problem for our clients with many of the issues centering around the Work Capability Assessment
- The Social Fund is designed to support vulnerable clients in need, but evidence suggests that clients are being wrongly advised on their entitlement and/or refused help.

JSA sanctions

This quarter has again seen an increase in cases where clients have had strict sanctions imposed on their benefit entitlement. The Job Centre cite failing to fulfil the Jobseeker's Agreement as the cause of the penalty, but bureaux report cases where the client is taking a lot more than the 'two steps in any week' to comply with the agreement, but are still being sanctioned:

- ▶ **A client had his JSA payments sanctioned for two weeks for not doing enough in looking for work. According to the client, he used the internet and purchased local and national newspapers, but had been sanctioned for not calling any employers to ask whether they had any vacancies. The client was paid off in December and had regularly been in work before then. The client has subsequently been refused hardship payments and a crisis loan and has been unable to afford heating or hot water.**
- ▶ **A client has been sanctioned for two weeks despite the job centre being aware that the client was attending a training course. The client has been training to take a test that will allow him to work in the construction industry. However, the client's JSA payment was sanctioned – without the client being informed – as the client had not shown enough evidence that he was looking for work. The client's four year old son is staying with him this weekend, but he has no money for food or heating after being turned down for hardship funds and a crisis loan. The bureau contacted the job centre manager, who was sympathetic to the client's situation, but could offer no solution other than to suggest the client should appeal.**

- ▶ A client claimed JSA after being made redundant. He has been applying for numerous jobs each week as well as fulfilling his jobseekers conditions. He has joint custody of his two children (aged 6 & 4) who stay with him three nights per week, but he doesn't receive Child Benefit or Child Tax Credits for them. His JSA has been sanctioned for three months for allegedly failing to apply for a job. He is unsure if he applied for that particular job as he is applying for more than ten a week, and he was also in the midst of moving house and visiting his seriously ill sister in hospital. Under the circumstances he believes that a three month sanction is excessive.

Employment & Support Allowance

The work capability assessment for ESA continues to cause problems for bureau clients. Evidence shows that clients do not feel able to accurately represent their condition at the assessment due to the attitude of the medical practitioners and the unsuitability of the questions asked about their condition. Others state that their benefit is being stopped for non-attendance when they are not at fault:

- ▶ Immediately on sitting down, the client was asked by the registered medical practitioner (RMP) if he had attended a medical before. The client answered yes and that he had failed the work capability assessment (WCA) previously but had appealed and won. The RMP's response to this was "well, you'll have to appeal this one too". The client was then asked a few questions and after about 15 minutes the assessment was over. The client was asked no questions about his mental health and cognitive functions and he did not feel he had the opportunity to explain any of the responses he had put in his ESA50 under the mental, cognitive etc. section. The client failed the WCA and is appealing the decision.
- ▶ A client had an accident a few months ago and has been signed off sick awaiting an operation on his back. He failed to attend an ESA medical because he did not receive the notification and thereafter his ESA was stopped. He asked for the decision to be reconsidered and payments were reinstated. He has now received a letter advising that his explanation has not been accepted and his ESA has been withdrawn. He has been told his only option is to apply for JSA but he has a sick note from his doctor saying he cannot work. When the ESA helpline was contacted, the bureau was advised that since the client had already asked for the decision to be reconsidered and a final decision has been made, the file has been closed.

- ▶ A client has received a letter from Job Centre Plus informing him that his entitlement to ESA has been stopped for failing to attend a medical. The client explained that when he attended his first medical he waited five hours and was sent home. He then attended a second medical and waited three hours before being sent home. He was then given a 3rd date which due to mental health issues he could not attend. He phoned the medical centre and informed them of this and that his doctor was attending to him. He was then sent out appeal forms which he completed and sent back. He did not at this time have the letter from his doctor to send with form. The client has had no money for 4 weeks and has been refused a crisis loan. He does not feel he can sign on for JSA as he is not fit for work.
- ▶ A client has not received an ESA payment since November last year when it was stopped for not attending a WCA. At the time she was in hospital undergoing surgery. The DWP is aware of her reason for non-attendance. The client has a history of anxiety and depression. The client has tried to restart her claim but has been told she will need to attend a WCA before ESA can be paid. She is still waiting to receive a WCA appointment.

The Social Fund

Community Care Grants are intended to help vulnerable individuals live independently in the community, and also families under exceptional pressure. To qualify for a grant, claimants have to be in receipt of a passported benefit such as Income Support or income-based JSA. Evidence from bureaux shows an increase in clients being wrongly advised about their eligibility for the grant, as well as clients that meet the eligibility criteria but are refused the grant:

- ▶ A client began a local authority tenancy after many years of homelessness. The client is diabetic and his symptoms have become more acute recently. He is undergoing continuous assessment at the diabetes clinic of the local hospital. The client has to inject regular insulin injections which must be stored in a refrigerator which he does not currently have. After moving into the unfurnished tenancy, the client submitted a Community Care Grant claim for various items including an essential refrigerator and cooker but this has been refused.

- ▶ A client is in receipt of JSA and asked the Job Centre about getting help to buy a new washing machine and fridge. He was given a form to apply for a Budgeting Loan. He applied for this and has been turned down as he is only on contributions based JSA and not income based. He was told to reapply when he goes onto JSA (IB). The client was given a form to apply for a Community Care Grant but noticed before he left the job centre that you need to be on JSA (IB) for that too. He feels he has been badly advised by the job centre staff.
- ▶ A client has been refused a Community Care Grant and required the bureau's help to appeal. She was evicted from her property in February due to a railway development. She was supported by the local authority Homelessness Unit until mid March when she was allocated a housing association property. The client is a vulnerable young woman with a history of mental health problems. She has three children aged 4, 5 and 10 years. The client is pregnant with her fourth child and is very fragile.

Key issues in this period:

- Redundancy and the surrounding issues continue to cause problems for our clients
- Employers should act reasonably when dealing with employee absence due to sickness, however bureaux report clients who are facing problems when genuinely sick and unable to work
- Clients report unauthorised deductions from their pay
- Most working women have certain statutory rights when they become pregnant. Evidence this quarter shows that these rights are not being adhered to by some employers.

Redundancy

Redundancy is still a big issue for bureaux clients. In addition to dealing with the uncertainty and stress of unemployment, evidence shows that employers are not following correct redundancy procedure. Cases show employers not offering redundancy pay, and refusing to make any payment even after tribunal. Other cases show that clients were not offered alternative suitable employment, or that others were employed to do the same job after redundancies were made:

- ▶ **A client was employed by a local construction company for seven years as a labourer before being laid off. The layoff has now lasted 26 weeks and the client has not received any payment apart from a statutory guarantee payment after 13 weeks. He is now claiming Jobseekers Allowance and due to the reduction in income has had to move in with his parents. The client has recently discovered that his employer has employed another individual as a labourer despite his lack of labouring experience. The client is angry at the way he has been treated stating that the layoff period has undone all the gains he has made from 10 years of hard work and that an inexperienced individual has been employed in the same position.**
- ▶ **A client was made redundant from a café after over a year's employment. The client and another employee were both made redundant without being offered alternative employment or reduced hours. The client has discovered that a new employee has been taken on to do her job at slightly reduced hours.**

- ▶ A client received a default judgment at tribunal which requires the employer to pay the claimant a redundancy payment of £4,620, notice payment of £3,080 and holiday pay of £728. The client contacted his former employer to find out when he will be receiving the money, but was told that the employer is still refusing to make payment.

Sickness

An employee's entitlement to sick pay will vary depending on the employer and the employee's contract as there is no legal right to be paid while absent. However, ACAS have produced guidelines which state that before any disciplinary action or dismissal is considered, employers should fully investigate the absence, consider alternative employment, give the employee opportunity to explain the reasons behind the absence, and act reasonably in all circumstances. If an employer does not follow this procedure then the employee may have a case for unfair dismissal.

Evidence from this quarter shows that these guidelines are not being followed by employers and that clients are being treated unfairly:

- ▶ A client received a verbal warning for absences at work related to her diabetes. When the client explained her condition to her employer, she was told that even a day's absence would need a doctor's line.
- ▶ A client works as a lorry driver and a labourer but has been unable to work since injuring his back. His employer verbally agreed to give him an office job on his return due to his injury. The client is due to return to work but has been told that the office job has already been filled. The client has not resigned nor been dismissed but is unsure of his options.
- ▶ A client's employer will not accept her self-certification for illness. The client works at a hospital as a domestic assistant. The client was in a car accident that left her with severe whiplash. She filled in a self-certificate which the employer will not accept, stating that she could go to work for "dusting duties".
- ▶ A client is in dispute with his employer after the client suffered what he says is an industrial injury. His employer is threatening to dismiss him due to the length of his sickness absence. The client had contacted the Health and Safety Executive who said they would visit the business but have cancelled a number of appointments. His employer believes that the client was given the wrong treatment for his injury and that they have no responsibility as a result.

- ▶ A client has been employed for ten years by the local health board. He was signed off sick for five months with a shoulder injury which was not work related. After the doctor signed him back to work, he returned to work for two months but was subsequently attacked by a patient. He has witnesses to the attack, which injured the same shoulder. This time he was signed off for three months and received a letter two weeks after the incident informing him that he would only receive half pay as the injury had been linked to the previous non work related injury. The client feels this is a breach of contract, as his contract clearly states an employee's entitlement to full pay during incapacity as a result of an injury incurred at work.

Pay

Legislation protects an employee from having unauthorised deductions taken from their wages. The protection applies if an employer does not pay the agreed wage or any wage at all, or pays wages late or erratically. Bureau clients report employers acting illegally regarding payment of wages, and in one case the client was paid less than the national minimum wage:

- ▶ A client started as a contract cleaner in February 2011. The job was advertised at £9.00 per hour at the weekends and £6.50 per hour weekdays. The client started with 12 hours a week and this was later increased to 20. His first pay was at the agreed rate but three weeks later he was told verbally that it was a mistake and that he was to earn £5.93 per hour weekdays and £7.00 at the weekend. His payslip shows that he was only paid £6.50 for weekend hours.
- ▶ A client is in dispute with her employer as her hourly rate has been cut from £7.80 to £7.40. She is not getting anywhere with her employer. The decrease was applied without her knowledge although her contract states she should be paid £7.80. She has also been emailing them about her wages being six hours short, although her employer has advised that they will pay her for this next month.
- ▶ A 21 year old client is being paid less than the national minimum wage. The client is approaching the end of an architecture degree and is currently employed in a local architect's office to gain accreditation. The client has not received a written contract despite repeated requests. The client works 37 hours per week for a payment of £750 monthly – an hourly rate of £5.06 an hour compared to the national minimum wage of £5.93 an hour.

- ▶ A client is not receiving the wages he is entitled to. The client works night shifts for a major supermarket chain. He is concerned that his payslips differ from month to month and also differ from those of his colleagues who work the same hours and do the same job. The payslips are confusing and do not specify the client's hourly rate, nor whether the client is entitled to any payment at all for working overtime. The client has been asked to work seven hours overtime on two occasions for which he was not paid due to the shift not being 'authorised'. The client has been told by a manager that he is friendly with, that managers get a bonus for keeping employees' salaries below a certain level.

Maternity rights

Employers have a statutory responsibility to ensure that women do not suffer detriment in connection with pregnancy, childbirth, or maternity. This quarter has seen an influx of cases where pregnant women report that their hours have been cut making working conditions less favourable; cases which constitute unfair dismissal; and discrimination because of pregnancy and maternity:

- ▶ A client reports that her employer started discriminating against her after she informed them of her pregnancy. The client's work hours were reduced to two days a week and she felt that she was treated differently from other staff members. The client is due to return from maternity leave soon and her employer has informed her that if she does not want to work two days a week he will look to make her redundant.
- ▶ A client discovered she was pregnant four weeks after starting her new employment and has had her hours of work reduced as a result. The client is verbally contracted to work 20 hours per week but only worked 18 hours a week for the first month. After informing her employer of her pregnancy her hours were reduced and for the past two weeks she has been given no shifts at all. Her employer assures her that she is not dismissing her, just that there is not enough work.
- ▶ A client is on maternity leave and advised her employer that she will no longer be able to keep the same hours she was doing when she returns. Her employment is therefore being terminated as of the date her maternity leave runs out. She had requested flexible working but this was turned down.

Key issues in this period:

- Council Tax arrears can leave bureaux clients struggling to manage their finances
- Despite trying to repay their debts, clients can find them spiralling out of control due to uncooperative creditors
- Evidence shows that creditors can use aggressive practices and harass clients for repayments

Council Tax arrears

Council Tax debt is a common issue with bureaux helping clients with more than 13,000 new council tax arrears issues in 2009/10. Sherriff Officers can enforce payment once the local authority applies for a summary warrant and a charge for payment is served. Evidence from bureaux shows that this recovery procedure can have major implications for managing money and dealing with other financial commitments:

- ▶ **A client who is unemployed and in receipt of JSA received a charge for payment from sheriff officers requesting a payment of £252.54 regarding council tax arrears. The sheriff officers have requested a minimum payment of £15 per fortnight, but the client cannot pay this, although he can offer to pay approximately £8.00 - £10.00 per fortnight. The CAB liaised directly with the council who confirmed the proposal, and applied for a direct deduction from the client's benefits. However the client is still liable for monthly water charges on top.**
- ▶ **A client is in receipt of incapacity benefit of £96.25 per week. He owes council tax arrears for 2004/05, and was paying sheriff officers £20 per month. Due to other financial commitments, he missed the last three payments. The sheriff officers have now added over £80 to the outstanding amount by serving a charge for payment. The total owed now stands at £641.12. CAB advised the client concerning bankruptcy options; however the client wished to try and reach an agreement to repay the debt at £10 per month.**
- ▶ **A client had been paying last year's council tax arrears at £15 per month. He missed some payments and the debt has now been passed to the sheriff officers who have added charges increasing the amount owed from £52.57 to £84.57. He is paying £32 per month for this year's council tax and can afford to pay an additional £8 per month towards his arrears. The sheriff officers told CAB the minimum they**

would accept from someone on benefits is £5 per week – the CAB tried to explain that the client could not afford this but his offer was not accepted.

- ▶ A client's hours of work reduced causing council tax and rent arrears. The client has received a summary warrant from sheriff officers for £3728.73. The client has been maintaining payments of £45 per month towards this sum and cannot understand why she has been issued a summary warrant. The sheriff officers state that the client has additional arrears added to her outstanding amount and has defaulted on the agreed payment plan. They advised that a new payment plan could be agreed but at higher monthly payments.

Uncooperative creditors

Evidence this quarter shows that debt clients who want to repay their debts are facing difficulties. Bureaux report creditors refusing to communicate with them despite authorisation from the client; other issues include creditors increasing payments and going back on repayment plans when the client cannot afford any more.

- ▶ With the help of the CAB, a client arranged to make token payments of £1 per month to repay debts with two banks. Both banks had agreed that they would freeze interest. However the latest statement from one of them shows that the client has been charged £6.64 interest charges. As a result the client now feels that there is no point in further negotiation and that she should opt for bankruptcy.
- ▶ A young client bought a car for £8900 on a credit agreement through the garage. The contract states that the client has the right to withdraw if he notifies the loan company within 15 days. Due to a change in his circumstances, he did this within 12 days by phone and recorded delivery letter. The loan company has told the client that they will not cancel the agreement until the garage returns the loan amount to them. The garage have said they are under no obligation to take the car back as there is nothing wrong with it and will not pay back the money to company. The client is left with a car he doesn't want and a loan he cannot afford. The CAB adviser could not resolve the situation with either party, and reverted to the OFT who advised that the loan company were in breach of the contract and that the client has the right to enforce the terms of the credit agreement.

- ▶ An ongoing debt client was assisted in setting up a repayment programme for the majority of his debts. However the client has two debts arising from a business loan and the CAB has been unable to make any progress with the bank in setting up a repayment plan. The CAB has tried to establish contact over four months, and has sent authorisation to the bank five times. However the office continues to write to the CAB about the failure to set up a repayment programme, yet when they call the adviser is told nothing can be discussed as no consent authority is noted on their system. The CAB has now submitted a formal complaint to the bank.
- ▶ A 77 year old client took out a £3000 loan repayable at £100 per month. The creditors are now looking for £137 per month, but the client cannot afford this due to his low income. As a result of the applied interest, the balance is not reducing despite the client making regular payments. The client approached the bank for assistance, but was told that she was too old to get another loan with lower interest to cover this one.

Creditor harassment

Harassment of people in debt by creditors or their agents is a criminal offence under the Consumer Protection from Unfair Trading Regulations 2008. The regulations prohibit aggressive practices used by creditors to pressurise debtors into paying their debts. Despite this legislation, bureaux report clients being harassed by creditors and suffering a great deal of stress and anxiety because of this:

- ▶ A self-employed client in his 60s has received persistent phone calls on his business phone from a debt collection company regarding a debt owed to another individual. The client has told them he is not this person, but the caller responded stating "How do you know you are not?" He receives up to four calls a day. He has applied a blocking service on his number but continues to receive further calls on a further 6 different mobile phone numbers.
- ▶ A client continues to receive letters from a factoring company concerning an alleged debt she owed in relation to a house owned with her daughter. The client had received acknowledgement from the company's solicitor that the debt was not due, and debt collectors had also told her they would not be pursuing it. The client is a pensioner and in poor health. She is very distressed by this, particularly with the extra charges being added on.

- ▶ A client is being harassed by a creditor for £100 although she does not have any contract with the company. She has called them and found them to be threatening, intimidating and bullying on the phone. They have told her that if she does not pay £100 they will send her case to debt recovery and her options would be pay the bill or pay a cancellation fee of £90. The client has sent a letter previously prepared by CAB but this has had little effect. The client is concerned that the company may damage her credit rating.
- ▶ A student is in debt of around £2000 to a number of creditors. She works part time and earns between £108 and £150 per week. She does not receive a student loan nor has any other income. She is in debt to a cheque centre who has contacted her via Facebook about her bank details. She cannot repay the £137 per month to the cheque centre so the CAB contacted the company to request lower repayments. The credit agreement did not show the APR and the adviser calculated that the capital to be repaid was £701, with an APR of 653.81%.

Key issues in this period:

- Overdraft charges and access to basic bank accounts continue to be issues for our clients
- Clients are using payday lending companies to cope with financial difficulties, but interest rates and questionable collection methods are leaving clients in far greater hardship
- Clients feel they have been misled when taking out insurance policies, and terms and conditions are not being made clear at point of sale.

Bank & building societies

Access to a bank account is becoming essential in an increasingly electronic society, particularly for the payment of benefits and wages and keeping up to date with bills. However some clients continue to be excluded from accessing this service:

- ▶ **A client is finding it difficult to open a bank account – he has applied to one bank three times and on each occasion he has been told he is successful, but when he provides his ID he is turned down. He has asked the bank why this keeps happening but they will not tell him. They have advised him to check his credit reference but when the client tries to access this information online; his bank account details are requested. He does not know what to do. The client is on a low income and has three dependants; he cannot read or write and needs an account so he can manage his bills more efficiently.**

Bank charges continue to be a problem for clients: despite the banks' attempts to make charges transparent and easy to understand they are still high and disproportionately affect the poorest in society:

- ▶ **A client has been unemployed for over a year and is in receipt of JSA; she was able to manage her finances when in work. Her bank account went into unauthorised overdraft before May 2010 resulting in £10 per month in overdraft charges. Once or twice the bank gave warned the client that they would debit £10 from her account, advising her to make sure she had £10 in her account, but this was not consistent. The client's overdraft continues to attract charges even though she is in credit some of the time and at times it was the bank charges which put the client into overdraft. The client phoned the bank last week and was told to pay a weekly sum to repay the overdraft but the client cannot afford this.**

- ▶ A client had an arrangement to pay off his outstanding debt with his bank which was being handled by the Consumer Debt Recovery Team. The client thought he had reduced his debt to £501 by paying £15 a month, but his latest statement showed that he owed £594.28. The client was under the impression that no charges should have been added from early March when the Consumer Debt Recovery Team got involved in his case, but he now realises he is still being charged £10 per day in overdraft charges.
- ▶ A client continues to receive more and more bank charges despite not believing she had ever exceeded her agreed overdraft limit. The CAB phoned the bank's collection centre and explained the client's situation. The bank were asked to put a stop on all additional bank charges while a Financial Statement was prepared, but the bank said that their policy is to charge £6.00 a day on all overdrawn accounts and that they would not put a stop on further charges.

Payday lending

Payday lenders argue that their product provides a necessary and cheaper alternative to other forms of borrowing available to lower income consumers. However the availability of these loans and the lack of a regulatory framework mean payday loans can end up as an expensive form of borrowing, and leave clients at risk of long term debt problems:

- ▶ A client wrote five post dated cheques for £100 each in respect of a loan from a payday lending company. He later became unemployed and informed the company of this. The loan company presented all five cheques and had them cleared the same day which resulted in the client's overdraft increasing by £500. When he questioned this with his bank he was told that his current account's terms and conditions allows for cheques to be cleared even if presented prior to the date on the cheque.
- ▶ A client is in debt to two payday loan companies. These creditors have been withdrawing payments from his account without his consent. One of the companies took four payments amounting to £200 on the same day, and the other took five payments amounting to £192.67 one day and another 7 payments amounting to £262.27 ten days later. His bank has extended his overdraft to cover these payments. The bank has frozen his account but it is still active so they cannot prevent these creditors taking more unauthorised payments.

- ▶ A client took out a payday loan but was not aware of the interest rate as it was all done in a rush over the internet as she was desperate for money: her child needed items like bus fare and clothes. The client informed the adviser that it is quicker than a crisis loan as she has previous experience of obtaining these and the wait on the phone etc required. The APR is 1700%.

Insurance

This quarter there has been an increase in clients who feel they have been mis-sold an insurance policy. Terms and conditions should be transparent and all relevant information given to the customer at point of sale. Evidence shows that this does not always happen:

- ▶ A client purchased car insurance from RAC and was paying the premium by direct debit. He had an accident claim earlier in the year. He sold the car four months later and decided he did not want to buy another car. When he contacted the company to cancel his insurance he was told that as he was paying by direct debit, he would have to pay the full balance of what was owed on his insurance policy. The client had expected to only pay a proportion of what remained.
- ▶ A client contacted his car insurer to change the date of his direct debit due to a change in employment. This was verbally agreed over the phone but the company did not debit the client's account on the agreed date and instead debited the amount on the old date when there were no funds in the account. The insurers sent the client a letter and the client tried to explain that he had rearranged the payment to come out on a different monthly date. The company will not agree to negotiate and allow the client to make up the missed payment. They have cancelled the agreement and debited the remaining four months policy money of £899.88 from the client's account. The client was left destitute and went to his bank who told him that the company cannot legally do this and took the money back from the insurer. The debt has now been passed on to a debt collection agency and has risen to £919.88. The client feels he was treated very unfairly and would like help in negotiating with the company to suspend any action, interest, and charges on the account until the dispute is resolved.

- ▶ A client claimed just over £500 on her house insurance for water damage. The underwriters have contacted her by letter on three separate occasions stating that the excess would be £150. She has now been told that they had made a mistake and as the claim was for water damage there is an extra excess due of £250. The client is furious and says she could not find this in her policy until they told her where it was, and that it was well hidden.

Scams

Scams and frauds cost people huge amounts of money every year causing misery and distress. Scammers are unscrupulous and can target the most vulnerable in society, as bureau evidence shows:

- ▶ An elderly client living in sheltered accommodation received a telephone call out of the blue by a company stating they were from the OFT and were going to get her bank charges refunded. They advised that all she had to do was to pay £199 to a bank in New Delhi. She was given a reference number and a phone number to contact them if she had any problems. She was phoned again a day later and given a different reference number and was asked to pay another £199 because the first one had gone astray because of her name and initials. She paid another £199. She was phoned a third time and asked for another £400 - she told them she only had £140 in her account but they said if she paid £100 they would put the other £300 towards the money owing and she would then get the charges refunded. She again paid the amount requested but she did not receive any refund.
- ▶ An elderly client who lives alone was cold-called three weeks ago by a representative of a company purporting to deal in carbon trading. The company is based in Poland with a bank in Liechtenstein. The representative tried to interest the client in purchasing 200 Carbon Trading Credits for 2250 Euros. The client says that she did not agree but has been sent paperwork and has subsequently been harassed by further telephone calls including the claim that she has been recorded agreeing to make the purchase. She says that there have now been numerous calls. However they seem to have stopped last week after she stopped picking up the phone. The client had signed, but not returned the paperwork sent to her and is distressed by the whole event.

Key issues in this period:

- Young care leavers are being left without support and struggling to access accommodation and maintain tenancies
- Private rented tenants report issues with administration procedures, repairs, and tenancy deposits
- Evidence suggests that social landlords are becoming more stringent with tenants and failing to take vulnerability, disability, and bereavement into consideration before starting eviction proceedings
- Many clients rely on Housing Benefit and Local Housing Allowance payments to cover their rent and report that local authority administration of these benefits is causing problems

Housing problems of young people

Local authorities have a duty to assess and meet the needs of certain care leavers who are over school age so that they are well prepared and supported through and after leaving care. However, evidence suggests that this does not always happen and vulnerable young people are being left to fend for themselves.

- ▶ **An 18 year old client has been allocated her first local authority tenancy after living in homeless accommodation for two years. The client's parents died of a stroke and heart attack before the client was 16 and the client has lived independently in homeless accommodation since her 16th birthday. The client has three older siblings but does not have contact with any of them. She is currently enrolled in college to catch up on the qualifications she missed as a result of her circumstances. She approached the bureau as she is struggling to manage her finances now that she has a tenancy. The bureau helped the client to apply for a Community Care Grant to cover the furnishings she requires for her tenancy and to negotiate payments for council tax arrears.**
- ▶ **A young homeless client has found a private tenancy, but is unable to move in unless he has support from either the local authority or another support agency. The agency is looking for a reference due to the client's mental health problems and past criminal record. The client has so far been unable to get support from any organisations. He was previously housed by the local authority but had been told to leave the temporary accommodation.**

- ▶ An 18 year old care leaver has been allocated a tenancy after effectively being homeless for two years. The client lived in care and then with his grandparents after his mother was deemed unable to care for the client and his sisters. The client moved back into the local area to be near his sisters and has been staying with various friends for nearly two years. He has just been allocated a one bedroom unfurnished property and is still awaiting reconnection of mains electricity. The client is sleeping on a blanket on a concrete floor and has no cooker, bed, refrigerator or washing machine. The bureau made a Community Care Grant application on behalf of the client, but stated that based on their previous experience, it was almost certain to be refused.

Problems with landlords of private rented housing

Clients report a host of issues with letting agents and private landlords including landlords not honouring the tenants' statutory rights in regards to tenancy agreements and housing conditions:

- ▶ A client is unhappy with his letting agency. The client states that the washing machine is leaking and has not been fixed; a cracked window pane has not been replaced and is getting worse; and that someone has entered the property without his permission.
- ▶ A client has received a demand for £600 from his former landlord despite having agreed with the landlord that he could leave the tenancy early. In front of witnesses, the landlord agreed that the tenancy could be ended early with their deposit given to the landlord in lieu of rent. The landlord knows where the client lives and has been threatening towards him. The bureau found that the landlord is not registered with the landlord registration scheme.
- ▶ A client states that her tenancy agreement does not contain the same terms as were contained in the advert for the flat. The original advert stated that the flat was suitable for couples and the rent would cover all bills. However, when she finally saw the tenancy agreement it was different in both these respects. The client had already agreed to the parts of the agreement that she had previously been sent by email. The client is now refusing to start the tenancy and the landlord is threatening legal action to recover six months' rent from the client. The landlord is not registered with the local authority.

Social housing rent arrears

Public sector landlords should not start eviction proceedings for rent arrears where an agreement to repay arrears is set up, or housing benefit has not been calculated correctly and credited to the client's rent account. Evidence from this quarter shows that social housing tenants are shocked and worried to discover eviction proceedings have been started against them:

- ▶ **A client is being threatened with eviction for rent arrears by the housing association. The client's case is due in the sheriff court very soon and she cannot understand why they are taking action as she has been having her rent arrears paid at source from her Employment and Support Allowance (ESA) payments.**
- ▶ **A client has been served with a notice of eviction due to unpaid rent. The client says that arrears arose when he was in prison for six months and his housing benefit was stopped. The client is in receipt of ESA from which arrears were being paid, but a delay in payments meant that he was unable to keep to a payment plan agreed with the local authority. The client suffers from panic attacks and epilepsy.**
- ▶ **A client has received an eviction notice for rent arrears. The rent arrears built up when the client was charged the full rate for a non-dependent (his son), as he had not provided proof of his son's income. Unfortunately, his son committed suicide during this period and the non-dependant deduction should have therefore been ended on the client's Housing Benefit claim thus reducing his arrears.**

Housing benefits

Administrative errors and lengthy processing times can cause clients who depend on Housing Benefit payments to fall behind with their rent:

- ▶ **A client had approached the local authority to calculate how much housing benefit he would be entitled to in a private tenancy and was advised that he would get £500. The client looked for a flat within this price range and started the tenancy on the 1st of April. He states that an employee at the council confirmed that he would receive £550 in housing benefit when he started the tenancy. The client has now had confirmation that he will only receive £313 in housing benefit and now cannot afford the tenancy. The discrepancy may have arisen because the client was not advised of the difference between Housing Benefit and Local Housing Allowance.**

- ▶ **A client is struggling to claim Housing Benefit after moving tenancy. The client and his wife are both retired and on a low income. The clients have moved into a different tenancy with the same housing association, but the local authority stopped their HB claim and started processing a new claim. The client has not yet received any payment and is concerned that he doesn't have money to pay the rent. The bureau phoned the council who stated that new claims take up to 12 weeks to be processed. The client has been advised to ask permission to delay paying rent for two months.**

Evidence also shows how changes to the Housing Benefit system will displace tenants and force them to move out of their family home:

- ▶ **A 77 year old client is concerned about potential changes to Housing Benefit. The client had read in the newspaper that there was a proposal to make people move out of their council housing to smaller accommodation when their family circumstances change. The client and her sister have lived for 30 years in the same tenancy with their mother, who has recently passed away. She is concerned that she and her sister will be made to move into smaller accommodation.**

Key issues in this period:

- Clients report energy providers making mistakes with their bills
- Prepayment meters continue to be an issue for our clients
- Mis-selling by telecommunications providers can result in unexpected bills for clients as well as a great deal of stress and inconvenience.

Mistakes by suppliers

This quarter has seen many clients complain that their energy provider has been charging them too little for up to 6 years. Whilst the majority of the arrears are written off due to administrative error, clients are still being asked to repay the previous year's arrears despite not being at fault:

- ▶ **A client received a letter from a leading electricity company saying that due to a problem with her account, she has not received an accurate electricity bill for almost seven years and that an up to date bill will be re-issued now that the problem has been resolved. She received a bill for £489.34 but no actual account of where the discrepancies occurred. The CAB phoned the company and was advised that the full amount owing £2577.60 but they have disregarded £2088.26 and charged only for this year. The client had been paying £28 per month by direct debit but this will be increased to £35 per month to repay the outstanding balance.**
- ▶ **A client received a bill from their energy provider for £633 as a result of a tariff error. Apparently she had not been paying heating charges over a period of six years. The client wanted to know whether she was obliged to pay the bill. The CAB telephoned the company agent to ask whether it was possible to have the charges waived. The agent explained that previous charges totalling £2,800 had already been waived. Given the circumstances the client agreed to pay the charge, and the agent has confirmed that she will forward a letter confirming the conversation and how charges have been calculated as well as arrangements for payment over two years.**
- ▶ **A client received a letter from a leading electricity company advising that they had undercharged her for several years, but because it was their error they expected her only to pay the last year's arrears of around £500. They wanted her to pay either over one or two years by direct debit at £68 per month. The client is prepared to pay but wanted to pay over three years in order to manage the repayments out of her pension.**

Problems with energy meters

Prepayment meters are designed to help consumers keep on top of their energy bills, but evidence from bureaux shows that these meters can leave clients worse off from additional charges, as well as the cost of installation and removal:

- ▶ **A client moved to a prepayment meter. He had no arrears but now finds that £2.50 is being taken off every time he credits the meter: when he pays £10.00, he only gets gas credit of £7.50. The CAB phoned the company and was advised that even though there are no arrears, there is a standard charge on meters applying to gas and electricity of £0.28 per day which works out as £2.50 per week. She advised that after one year on this system, if the client has no arrears he can change back to a billed system.**
- ▶ **A client wished to change from a prepayment meter to a dry meter. The CAB phoned the energy supplier and was told that if the client wanted to change the meter, then she would need to pay £150.00. The CAB adviser explained that the client has already been established as someone with a severe disability and therefore entitled to a free exchange of meters. The company representative refused to agree to this and said that the client should have a carer who could feed her meter for her. Alternatively they suggested that she consider using a USB pod and charge her meter through a computer using her debit card details. The bureau advised that this was wholly inappropriate. The adviser was eventually transferred to a different department who agreed that the client should have the prepayment meter removed free of charge and a dry meter fitted. She will arrange this and contact the bureau with details.**
- ▶ **A client has arrears of £554.36 for gas and electricity. They were paying arrears back at £30 per week but have defaulted on payments. Now the supplier is threatening to take them to court or to put in a prepayment meter. The client does not want this as she cannot afford the installation costs nor to pay the higher fuel costs. The client was advised that as she has defaulted on her payments twice, the fuel supplier is within its rights to install a prepayment meter. The client's only income is benefits and she is worried about the additional costs.**

Telecommunications and 'bill shock'

Evidence from bureaux across Scotland suggests that misleading selling practices can cause unexpectedly high bills. The regulations state that providers must ensure that consumers get the information they need at the point of sale. However, bureaux clients report receiving bills that they did not expect and are often not liable for:

- ▶ A client was called by a telecoms provider, offering a free seven day trial with a cheaper phone. He was very reluctant as he knew the signal for this provider was poor, but the sales person persuaded him to agree to the trial. He returned the phone without making any calls after discovering the signal didn't work, but as he did this after the 7 day period, he was told he had agreed to a 24 month contract. This hadn't been explained before, nor had he received terms and conditions or signed a contract. The company continued to harass him but eventually admitted they had received the phone back and would try to cancel the contract. The client later found out that the contract was with another provider who are demanding £70 and threatening him with debt collectors.
- ▶ A client has received a letter from a telecoms provider stating that he must contact them about an investigation, and a bill from a debt collection agency for £499. The provider had erroneously set up a direct debit, later cancelled by the client, after the client visited their shop in 2007 but didn't take a phone with them. The CAB phoned the company and registered a complaint. They also asked that the debt be written off as the client did not sign anything and did not enter into a contract.
- ▶ A client cancelled his mobile phone at the end of an 18 month contract. This was acknowledged by letter but he is now receiving bills stating he is in arrears. The client has repeatedly phoned to say the contract has been cancelled, but still letters arrive.
- ▶ A client signed a contract with a telecoms company but was never connected to the internet and only had the phone for one week before cancelling. Her monthly agreement was £20.48, but the provider attempted to take £103 for the first payment. She called the company for an explanation but was not given one. Shortly after she received a letter stating she now owed £131.96, but again given no explanation of the charge. This has now been passed to a debt collection agency and has increased to £210.92. When she queried the collection agency she was told that she just owes it because the telecoms provider says she does.

Citizens Advice Scotland and its member bureaux form Scotland's largest independent advice network. CAB advice services are delivered using service points throughout Scotland, from the islands to city centres.

The CAB Service aims:

to ensure that individuals do not suffer through lack of knowledge of their rights and responsibilities, or of the services available to them, or through an inability to express their need effectively

and equally

to exercise a responsible influence on the development of social policies and services, both locally and nationally.

The CAB Service is independent and provides free, confidential and impartial advice to everybody regardless of age, disability, gender, race, religion and belief and sexual orientation.

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