

Crisis Loan Applications

Scottish
Citizens Advice
Bureaux (CAB)
report that
desperate
clients are
unable to
access crisis
loans, leaving
them penniless

Crisis loans

Crisis loans are an interest free loan provided to people on low incomes who are facing an emergency or disaster, and are part of the social fund.

- In 2003/04, 1.4 million people applied for crisis loans with an average award of £77
- One third of applications are for specific items or services, but just over a quarter are for general living expenses
- In 2003/04, the Scottish CAB service dealt with 8,600 new social fund enquiries
- By the end of March 2004, applications for crisis loans were delivered over the phone in almost half of the Jobcentre Plus districts

Problems with crisis loan applications

There is a basic problem with the new system of telephone application – neither clients nor advisers can get through to a decision maker at social security offices. Bureaux report:

- The telephone lines at the various centralised social security offices are constantly engaged
- Clients have tried unsuccessfully for days and hours at a time to get through, using their own phones, public telephones and phoning from local social security offices
- Bureau advisers have no special adviser-only lines, so equally fail to get through when calling on behalf of clients
- Local offices cannot connect people directly to the centralised number
- The lengthy queuing system for phone calls means that, if they do get through, clients are potentially on hold for a long time

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Crisis loan applications and their impact

Crisis loans are used to help people on very low incomes in desperate circumstances. This could be lack of money due to a theft, or pending the first payment of a benefit, such as income support, jobseeker's allowance (JSA) or pension credit. They are also used for emergencies, such as sudden homelessness. The impact of not being able to make an application is disastrous for a wide range of clients.

CAB offices throughout Scotland have reported the following:

- Homeless clients, sleeping at friends' houses or rough sleeping, in desperate need of a crisis loan and unable to get through to make an application
- Elderly clients who have forgotten their PINs for their new Post Office Card Accounts unable to access their benefit. They have been left helpless as the crisis loan phone number is constantly engaged
- Penniless clients applying for income support unable to access a crisis loan to tide them over
- Clients who have had their benefits stolen and have no money to pay for electricity but cannot get through to claim a crisis loan
- Clients moving from statutory sick pay to incapacity benefit left destitute due to the crisis loan telephone lines being constantly engaged
- Clients on JSA but having no money for basic living expenses phoning for hours on their own phone, then from local social security offices
- Vulnerable clients appealing a decision to withdraw incapacity benefit needing a crisis loan pending an income support application, trying for hours to get an answer
- Sick, employed clients awaiting payments of statutory sick pay unable to get through on the phone

CAS calls for change

In order to address some of these issues raised by bureau client evidence, Citizens Advice Scotland calls for:

- Increased resources allocated to the centralised centres handling crisis loan applications, including more telephone lines and more staff
- Special phone lines for advisers to access crisis loan applications directly on behalf of clients

|| *A West of Scotland CAB reports of a client in desperate need of a crisis loan. The adviser attempted to get in contact with the crisis loan helpline 28 times in three days. On three occasions there was an unanswered ring tone and the rest of the time the phone was engaged.*

Case evidence

|| *A South of Scotland CAB reports of a lollipop man who had been off sick and paid a retainer wage of £15. He had no money until his statutory sick pay comes through. The client had been unable to get through on the crisis loan phone. The CAB tried two crisis loan numbers and the JobCentre plus phone line, but was unable to get through. The CAB assisted with a letter to the local MP and a copy to the JobCentre customer service manager.*

|| *A West of Scotland CAB reports of a male client who moved from statutory sick pay to short term incapacity benefit, and had no money for two weeks. He had tried for two days to get a crisis loan but the line was always engaged. The CAB adviser tried phoning the crisis loan line eight times in a four hour period, but could not get through.*