

# Debt Advice in Scotland

The role of the Scottish CAB Service  
in the debt advice landscape



based on the evidence of  
Citizens Advice Bureau  
clients across Scotland

by Keith Dryburgh, Social Policy Officer

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# Executive Summary

Debt advice is a key component of the advice that is offered by citizens advice bureaux. In an era of rising consumer debt and public sector cuts, it is also an essential service for thousands of people across Scotland struggling to make ends meet. Each of the 81 bureau offices in Scotland help clients with their debt problems at the same time as dealing with the causes of their debt, such as benefit problems, redundancy, and/or relationship breakdown. Bureaux deal with the person, rather than one problem in isolation.

Based on statistical returns from 85% of member citizens advice bureaux in Scotland, we can see a snapshot of the work that bureaux undertook in advising debt clients in Scotland in 2010/11.

- Citizens advice bureaux dealt with over £220,000,000 worth of debt for clients, an average of £14,225 per debt case
- Bureaux advised on 15,491 new debt cases in 2010/11 – around 42 for every day of the year
- The client financial gain as a result of debt advice was over £66 million – an average gain for clients of almost £4,300 per new debt case
- 120 staff provided dedicated debt advice in citizens advice bureaux in 2010/11, amounting to 2,798 hours of work each week
- Just over £2 million in funding was provided to these bureaux specifically to provide debt advice (around 14% of total bureau funding in Scotland)
- Bureaux received funding of £132 per new debt case in 2010/11, but the financial gain for clients per debt case was almost £4,300.

There are a number of key advantages of debt advice being provided by citizens advice bureaux:

- The service is truly national, covering all points of the compass and city, urban, rural and island locations
- Bureaux are run in local communities by the local community. Clients have high levels of trust in the standard and independence of the service
- Bureaux are often located in areas with the greatest need for advice and support. They have a great ability to support the hardest-to-reach groups in society
- Bureaux deal with the client's whole situation; not just their debts. Clients often present with multiple problems that are causes and effects of their debt, such as unfair dismissal, relationship breakdown, benefit problems, and homelessness issues. Bureaux are able to help with all of these issues.

# Debt advice in Scotland

## Citizens advice bureaux in Scotland

Citizens Advice Scotland and its CAB offices form Scotland's largest independent advice network. Citizens Advice Scotland (CAS) is the umbrella organisation for Scotland's network of 81 Citizens Advice Bureau (CAB) offices. These bureaux deliver frontline advice services throughout nearly 200 service points across the country, from the city centres of Glasgow and Edinburgh to the Highlands, Islands and rural Borders communities.

Bureaux helped clients deal with 545,715 new issues in 2009/10. That's nearly 1,500 new issues for every day of the year. Bureaux dealt with 22 new issues for every 100 households in Scotland in 2009/10.

135,032 issues of these new issues concerned debt – over a quarter of all the issues brought by clients. Bureaux helped clients with more than 370 debt issues for every day of the year.

There are 2,200 volunteers in the service who provide almost 13,000 hours of their time each and every week. Paid staff provide a further 15,200 hours of work each week in management, support, administration and specialist advice work.

There are citizens advice bureaux in 30 of the 32 local authorities in Scotland, making the network the only independent advice body in the country with truly national on the ground coverage.

One of the key strengths of the CAB service is the added value that volunteers bring, both in terms of service delivery, and in terms of benefits to the individual themselves. If they were paid the national average wage, the cost of this service for a year would be £7.6 million.

A survey by Ipsos MORI in 2009 found that clients have a highly positive view of the services offered by citizens advice bureaux. The survey found that:

- 98% felt able to trust the service and were satisfied with the service provided
- Nine out of ten would use the service again.
- 85% agreed that the Scottish CAB service was the 'leading advice agency in Scotland'.

## **The Debt Advice Landscape in Scotland**

There are citizens advice bureaux in 30 out of the 32 local authorities in Scotland, covering all the points of the compass as well as city, urban, rural and island locations. Each of the 81 bureau offices help clients with their debt problems at the same time as dealing with the causes of their debt, such as benefit problems, redundancy, and/or relationship breakdown. Bureaux deal with the person, rather than one problem in isolation.

Based on statistical returns from 85% of member citizens advice bureaux in Scotland, we can see a snapshot of the work that bureaux undertake in advising debt clients in Scotland in 2010/11.

- Citizens advice bureaux dealt with over £220,000,000 worth of debt for clients, an average of £14,225 per debt case
- Bureaux advised on 15,491 new debt cases in 2010/11 – around 42 for every day of the year
- The client financial gain as a result of debt advice was over £66 million – an average gain for clients of almost £4,300 per new debt case
- Around 57% of all advice was provided on a face-to-face basis
- 120 staff provided dedicated debt advice in citizens advice bureaux in 2010/11, amounting to 2,798 hours of work each week
- Just over £2 million in funding was provided to these bureaux specifically to provide debt advice (around 14% of total bureau funding in Scotland)
- Using the statistics above, bureaux received funding of £132 per new debt case in 2010/11, but the financial gain for clients per debt case was almost £4,300.

## **Funding for debt advice in Scotland**

In Scotland the main provider of funding for face to face advice services is the Scottish Government, routed through local authorities. The Scottish Government directly funds Citizens Advice Direct which provides telephone supported self help.

Other funding streams for face to face advice include the Big Lottery, and other Charitable Trusts, including for example Scottish Gas Energy Trust, Robertson Trust etc. This is in contrast to England and Wales where much of the funding comes through Community Legal Services, and some local authority funding and charitable trusts. Just as the funding of advice services is different in Scotland, the patterns of provision differ also, with local authorities providing a much lesser role in delivery, by comparison to Scotland.

The funding for CAB money advice provision in Scotland is predominantly through local authority sources. Although funds have been sought by bureaux

from a variety of sources, and have been successfully sourced from elsewhere, they are ultimately almost exclusively sourced from government, either from regeneration funding, or through HM treasury additional hours funding. There is a limited set of money advice and fuel poverty work being funded by utilities companies, but otherwise, very little external funding at all.

It is important when looking at the money advice funding to understand that money advice forms an integral part of the service delivered by the CAB in Scotland, and that core funding also helps to ensure that money advice can be delivered.

## **MATRICES**

The Scottish Government funds Citizens Advice Scotland and Money Advice Scotland, jointly as the Money Advice Training Resources Information and Consultancy Services (MATRICS), which is a second tier support project that provides:

- Consultancy services for money advisers (five days per week by phone, fax and email)
- Development and delivery of courses on the wiser adviser programme based on the Scottish National Standards for Information and Advice Providers.
- Content and updates for e-learning and other learning resources
- Updates for advisers on new legislation and policies
- Feedback to policy makers during development of new policy and legislation and on ongoing problems experienced by debtors.

The over arching aim of MATRICS is to achieve a skilled money advice workforce that gives quality advice. The service has been successful in enabling agencies to deal with more complex enquiries, increasing the number of money advisers, raising standards in the sector, and in promoting links to other financial inclusion initiatives. The consultancy service has supported an average of 55 calls/emails per month, directly benefitting the same number of clients, and provided training to 571 trainees in 2009/10.

## **Quality Assurance of Debt Advice**

The approach to quality assurance in Scotland has been to accredit an agency rather than individual advisers. This leads to efficiencies and flexibility in service delivery enabling volunteers to contribute to advice provision and accommodates the fluidity of the workforce.

Bureaux undergo audits against the Scottish Association of Citizens Advice Bureaux membership scheme and are required to demonstrate compliance with organisational and quality of advice standards. Competency based training; supervision and case checking are included in the standards. This process ensures that individual volunteer advisers are able to provide quality

advice to their own level of competence and that the bureau overall provides a quality service.

In addition, bureaux are encouraged to gain accreditation against the Scottish National Standards for Information and Advice Providers (SNS). This involves audit by an independent contractor commissioned by the Scottish Government and covers money (debt) advice, including income maximisation, at three levels. Over two thirds of Scottish bureaux have so far sought and achieved SNS accreditation.

The organisational standards and advice competences covered by the CAS membership scheme and SNS are interrelated and form the basis for service provision and support.

CAS provides support for bureaux to ensure they are meeting all QA requirements through a range of services including SNS competence based training and second tier support for advisers. These services are delivered in partnership with Money Advice Scotland and the Money Advice Trust with additional financial support from the Scottish Government.

The recent debt-related legislation including the Homeowner and Debtor Protection (Scotland) Act 2010 and Debt Arrangement Scheme (Scotland) Regulations 2011 specify that advisers in agencies with SNS accreditation and those working in Citizens Advice Bureaux can be approved to provide services covered by this legislation. Processes which demonstrate adherence to the requirements of the legislation are now included in the CAS membership scheme audit.

The package of QA and support means that bureaux are able to tailor their service provision to meet local demand by deployment of both volunteer and salaried money advisers.

CAS and other partners in the money advice arena are looking creatively into access for Scottish advisers to appropriate qualifications, for example based on the recently developed Legal Advice National Occupational Standards. One of the barriers to this has been lack of funding and a relatively small market.

## **How the service meets the needs of our clients**

Whilst debt problems make up a significant proportion of the problems brought to bureaux (25% in 2009/10), it is important to note that citizens advice bureaux very often provide a range of advice to one client. Debt problems usually don't happen in isolation; there are very often relationship, benefit, housing and/or employment problems that are a cause or an effect of debt problems. Citizens advice bureaux are experts in helping the client with all of their problems – not just their debts. Advisers will ensure that clients are claiming all the benefits that they are entitled to; will help clients to make benefit claims or manage problems in payments; and they can represent clients at employment tribunals or eviction hearings; as well as negotiate with

creditors and help clients access debt remedies. Bureaux deal with the client's situation as a whole, rather than one problem in isolation.

One of the major benefits of the citizens advice bureau service is its capacity to provide face-to-face advice. While the service also provides advice by telephone, email or letter, our evidence and experience suggests that clients prefer face-to-face advice to help them with their debt problems.

Another major benefit of the service is the prominent role of volunteers in bureaux. There are over 2,000 volunteers in the service, all of whom play a role in helping clients struggling with debt. All volunteer advisers are trained to provide debt advice to clients and play an important role in advising clients who have single debts. This allows the paid debt advice staff to concentrate their efforts and resources on the clients who have high levels of unmanageable debt and need their support the most. Volunteers are a key part of the debt advice landscape in Scotland.

Citizens advice bureaux are key components of the Scottish Government's debt remedy system. Bureaux help thousands of people each year to repay their debts through the Debt Arrangement Scheme (DAS) and Protected Trust Deeds or to get a chance to start again if their debts are unmanageable through the Low Income Low Assets (LILA) route to bankruptcy.

Where housing arrears exist, bureau advisers often play a key role in helping clients to stay in their homes by representing their cases in court and by assisting clients to apply for the Scottish Government's Mortgage to Rent and Shared Equity schemes.

A major advantage of debt advice being operated through citizens advice bureaux is that the service is able to undertake social policy work to address the social problems that are seen through giving advice. The service has a long and successful history of undertaking local and national social policy work that aims to solve problems at source and prevent problems occurring for many potential clients. Social policy work undertaken by using evidence provided by money advisers was key to showing the need for better debt remedies in Scotland, resulting in the DAS scheme and LILA route to bankruptcy. The feedback to policy makers on debt clients' experiences helps to improve the way in which legislation and policies operate for all concerned.

## **This report**

This report examines the debt advice provided by citizens advice bureaux in Scotland under the following headings:

- Characteristics of clients seeking debt advice
- Geography of debt advice
- Level and type of debt
- Outcomes for debt clients

# Socio-economic characteristics of clients seeking debt advice

Citizens Advice Bureaux traditionally help vulnerable people in their communities, although clients come from every section of society. An Ipsos Mori poll in 2009 found that one in five members of the public in Scotland had visited a bureau for advice in the last three years. In 2009/10, nearly 268,000 clients brought new issues to bureaux in Scotland.

The following information is based on a snapshot of 9,997 clients who sought advice at a citizens advice bureaux in March 2011 and is compared with the results of the Scottish Household Survey 2009.

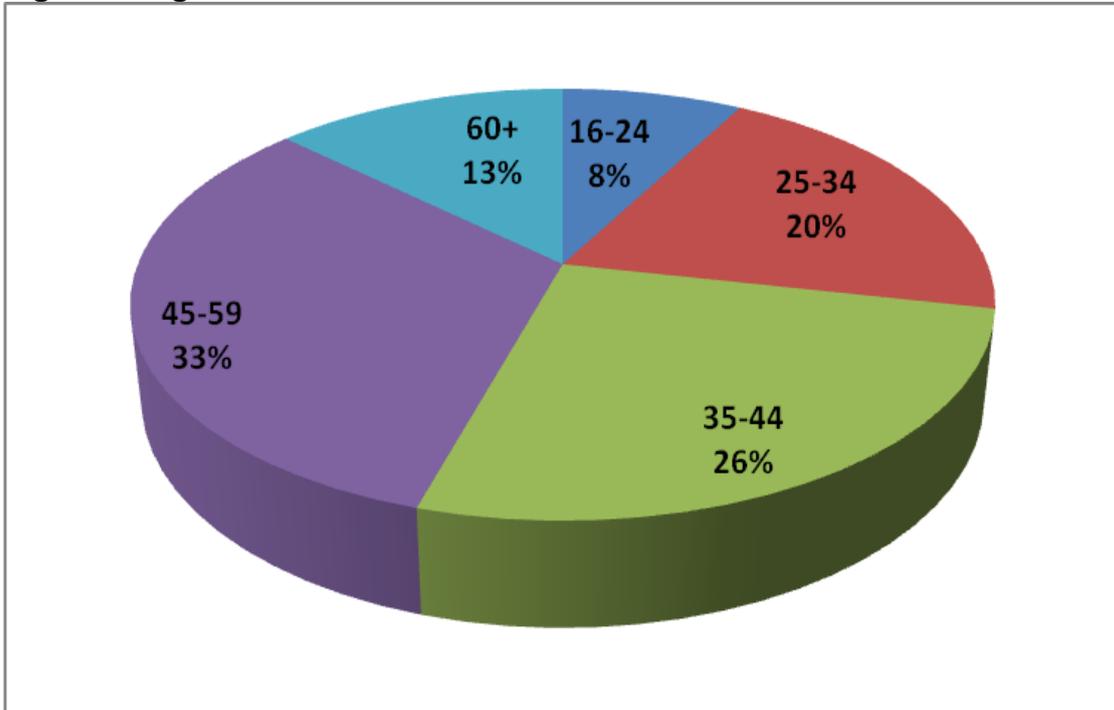
## Key characteristics of debt clients

- **Debt clients are more likely to be middle aged.** Clients seeking advice on debt are more likely to be aged between 35 and 59 (58% of all debt clients) compared to all clients seeking advice at a bureau (53%) and the Scottish population (43%). As a proportion of issues requiring advice, debt issues rise as clients get older, peaking in the 35-44 age group, before falling again as clients reach their sixties
- **Clients who are unemployed are likely to seek advice on debt.** Almost a quarter of debt clients are unemployed compared to less than a tenth of the Scottish working age population
- **Debt clients are likely to live in a single adult household.** More than half (52%) of debt clients live in single adult households (single adult, single parent or single pensioner) compared to less than a quarter of adults (23%) in Scottish households. This suggests that living on your own or being a single parent are risk factors for debt
- **Clients who are renting their home are more likely to seek debt advice.** 39% of debt clients are social renters (compared to 22% of Scottish households) and 17% are private renters (compared to 10% of Scottish households)
- **The majority of debt clients are single** (single, divorced, separated or widowed). Clients who are separated are significantly more likely to seek advice on debt than the average client
- **Clients with dependent children are more likely to seek advice on debt than those without children.** 36% of debt clients have dependent children compared to 31% of clients seeking advice at a bureau.

## Age

Citizens advice bureaux help clients of all ages, although the majority (72%) are between the ages of 25 and 59. Clients aged below 25 or above 60 are proportionally less likely to seek advice at a bureau. This pattern is even stronger for clients seeking advice on debt - 78% are between the ages of 25 and 59 and 58% are between the ages of 35 and 59. This is shown in Figure 1:

**Figure 1: Age of debt clients**



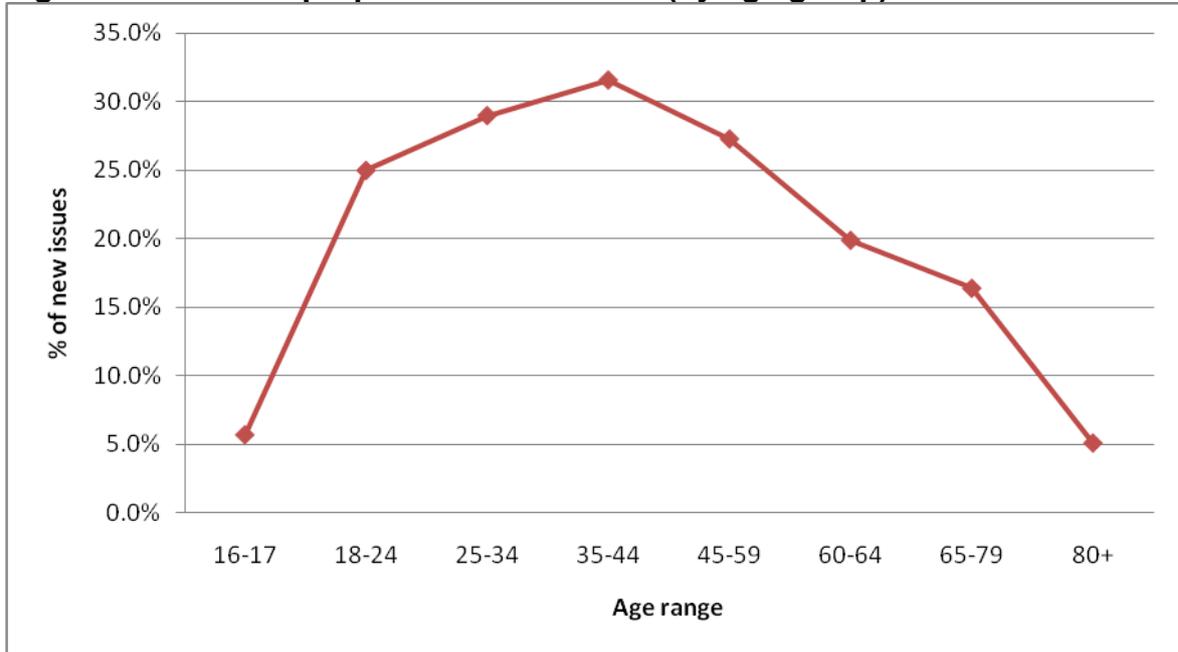
Compared to the general population in Scotland, clients seeking advice on debt issues are more likely to be within the 25 to 59 age group, but less likely to be under the age of 25 or over the age of 60.

**Table 1: Age of clients compared to Scottish population**

Age range	Debt clients	All CAB clients	Scotland
16-24	8%	9%	15%
25-34	20%	19%	15%
35-44	26%	22%	18%
45-59	32%	31%	25%
60+	13%	20%	28%

Figure 2 shows that debt increases as a proportion of all issues up to the 35-44 age group before dropping again as age groups get older. It is unclear whether the current 35-44 age group will follow the pattern of being less likely to seek advice on debt when they get older or whether they will carry this debt with them.

**Figure 2: Debt as a proportion of all issues (by age group)**



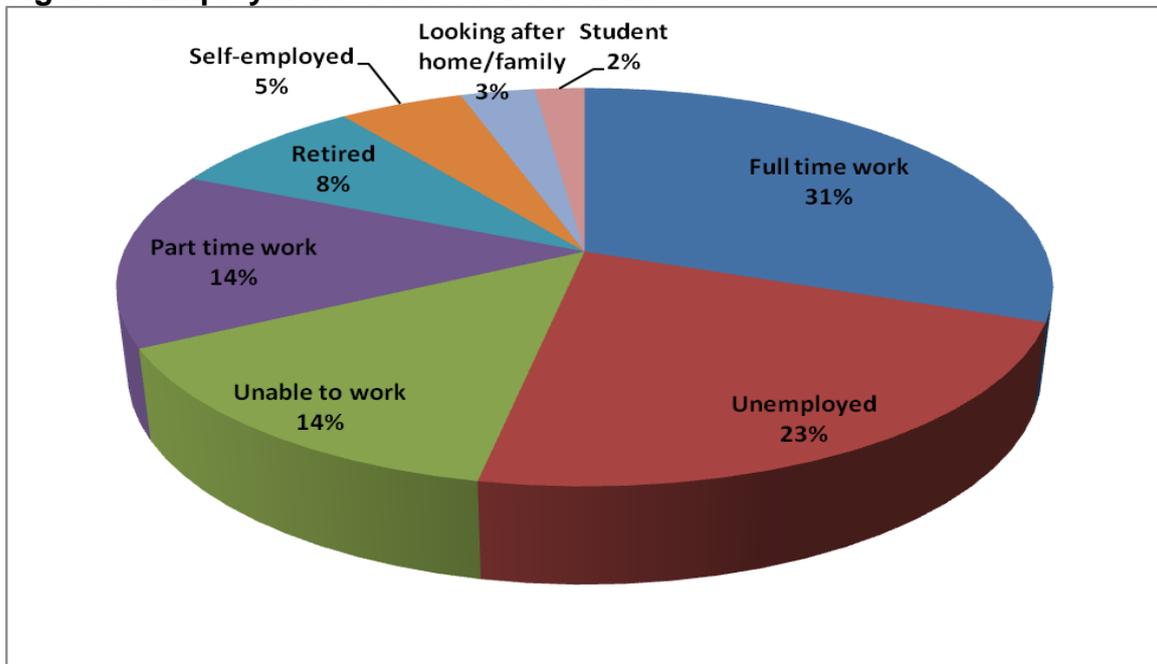
In terms of the type of debt issues brought to bureaux, there are a number of differences between age groups:

- **Credit card debt:** higher in the 35-44 age group as a proportion of all issues than for other ages. Credit card debt makes up 1 in every 18 issues for this age group compared to 1 in every 40 for young clients, which counters the view that credit cards are a young person debt.
- **Telephone debt:** clearly a young person issue with 16-24 year olds more than twice as likely to seek advice on this issue compared to 35-44 year olds.
- **Council tax arrears:** all age groups experienced some council tax arrears, although clients in the 35-44 age group were most likely to report this issue.
- **Housing arrears:** affected all age groups, although it was less common after the age of 60. This may be because mortgages have been paid off at this stage.

## Employment status

Due to the nature of the work of citizens advice bureaux, clients are less likely to be in employment and are more likely to be unemployed or unable to work due to illness or disability. Over a third of clients are either unemployed or unable to work. The employment status of clients seeking advice on debt is shown in Figure 3:

**Figure 3: Employment status of debt clients**



Clients seeking debt advice are slightly more likely than the average client to be in employment (50% compared to 44%) but less likely than the Scottish population as a whole (54%). Debt clients are, however, significantly more likely than the average bureau client and the Scottish population to be unemployed (23% compared to 18% and 5% respectively). Debt clients unable to work also make up a disproportionate number of clients seeking advice on debt compared to their number in the Scottish population.

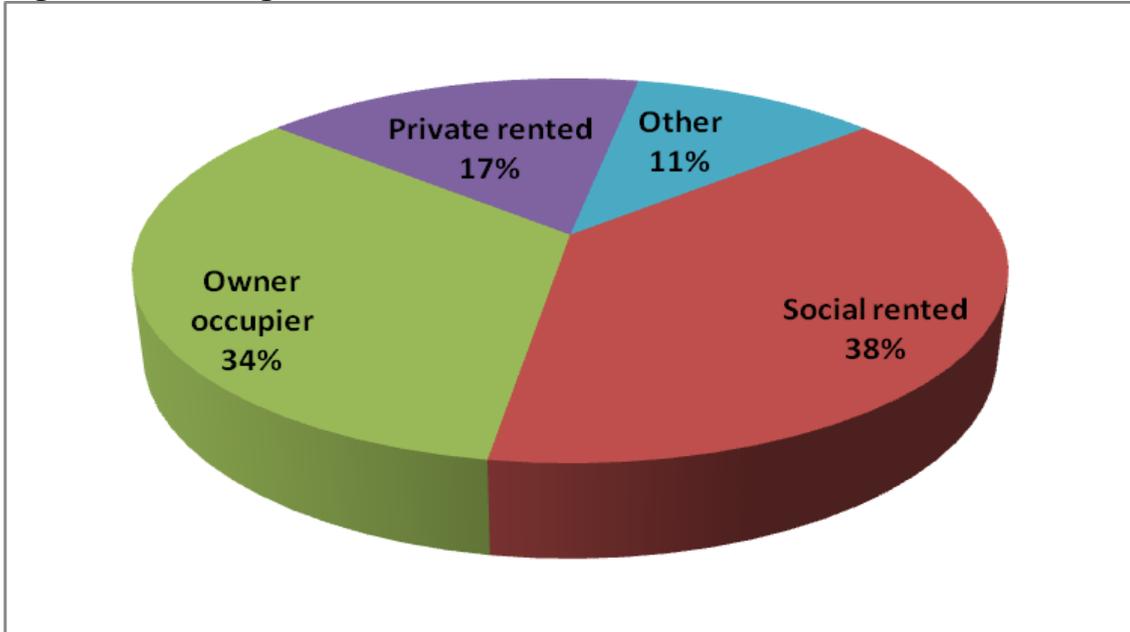
**Table 2: Employment status of clients compared to Scottish population**

Employment status	Debt clients	All CAB clients	Scotland
Full time work	31%	28%	37%
Unemployed	23%	18%	5%
Unable to work	14%	16%	4%
Part-time work	14%	13%	11%
Retired	8%	15%	23%
Self-employed	5%	3%	6%
Looking after home/family	3%	4%	5%
Student	2%	2%	7%

## Housing status

Citizens advice bureaux help people across all housing sectors, although people who rent their homes are proportionally more likely to seek debt advice. The housing status of clients seeking advice on debt issues is shown in Figure 4:

**Figure 4: Housing status of debt clients**



Over half of debt clients rented their home (55%) compared with a third of the Scottish population (32%) who are social or private renters. Whilst owner occupiers make up over a third of debt clients, this is a much lower proportion than that of owner occupiers in the general population, as shown in Table 3:

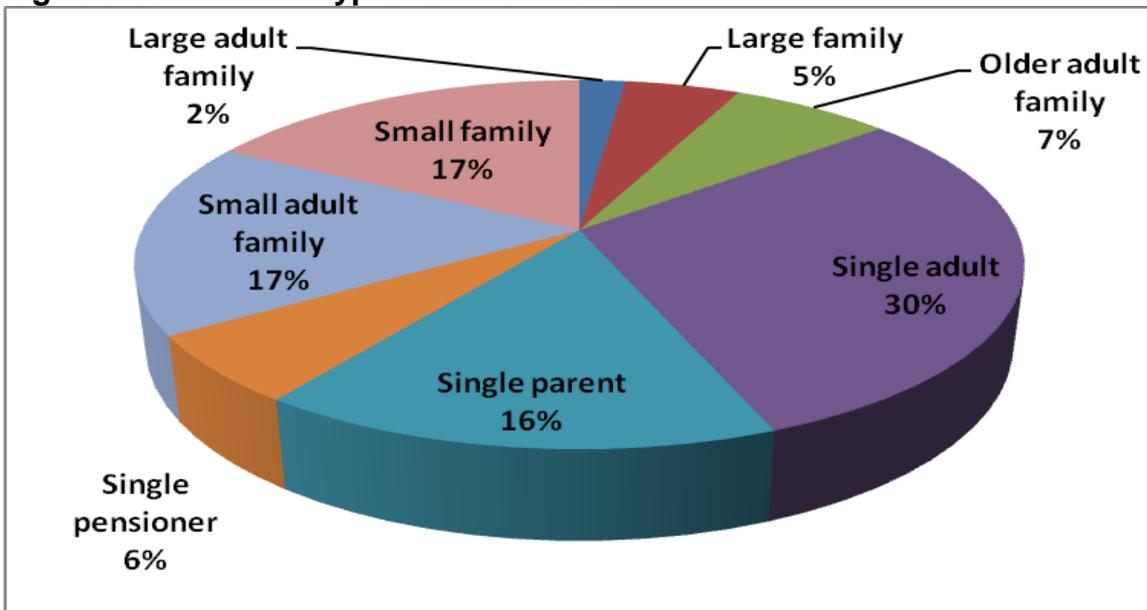
**Table 3: Housing status of clients compared to Scottish population**

Housing status	Debt clients	All CAB clients	Scotland
Social rented	38%	35%	22%
Owner occupier	34%	40%	66%
Private rented	17%	15%	10%
Other	11%	10%	2%

## Household type

The majority of clients seeking advice at a citizens advice bureau live in a single adult household (51%). Most of these clients are either living in a single adult or single parent household. One in six clients seeking debt advice lives in a single parent household. The household type of clients seeking advice on debt issues is shown in Figure 5:

**Figure 5: Household type of debt clients**



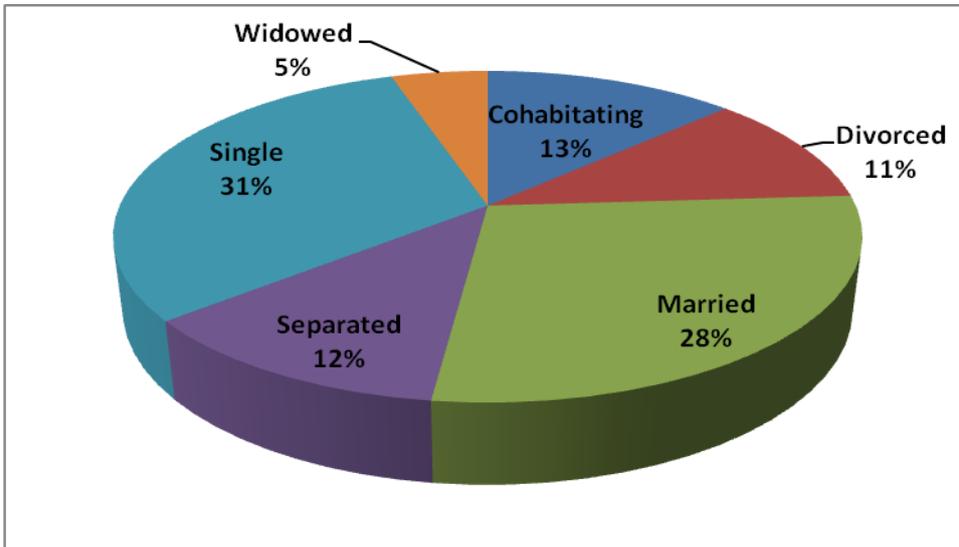
The household type of clients seeking debt advice at a citizens advice bureau differs significantly from that of the Scottish population as a whole. Less than a quarter of households (23%) in Scotland are single adult households whereas 52% of debt clients stated that they lived in a single adult household. Living on your own, with or without children, appears to be a risk factor for debt.

**Table 4: Household type of clients compared to Scottish population**

Household type	Debt clients	All CAB clients	Scotland
Single adult	30%	28%	12%
Small family	17%	16%	14%
Small adult family	17%	17%	22%
Single parent	16%	13%	4%
Older adult family	7%	11%	14%
Single pensioner	6%	10%	7%
Large family	5%	4%	10%
Large adult family	2%	3%	16%

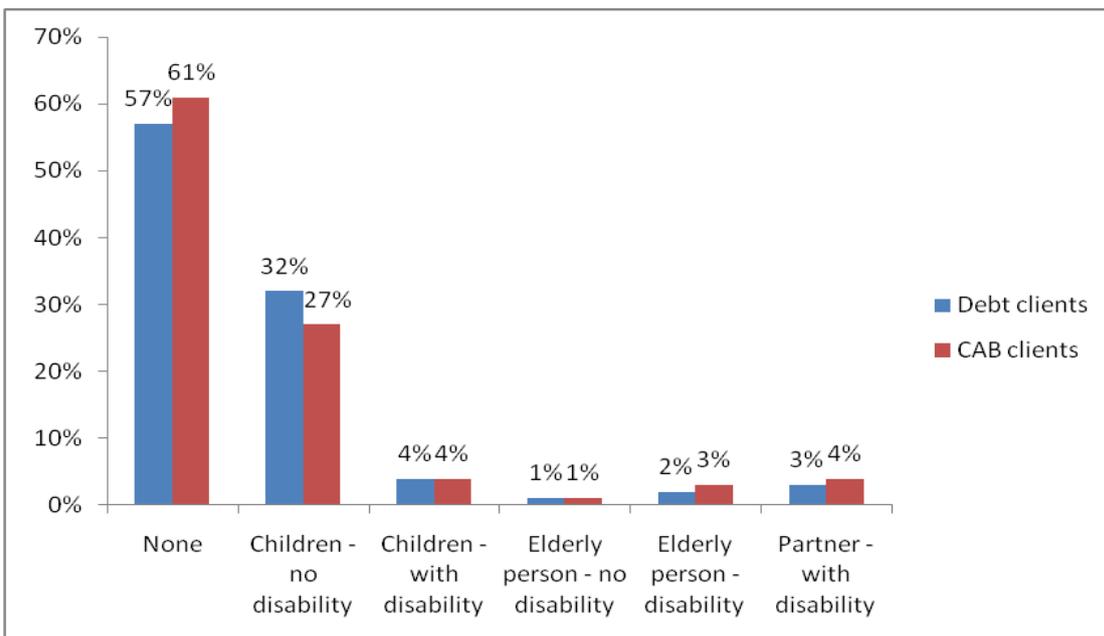
## Relationship status

Relationship breakdown can cause or exacerbate debt problems for many clients. Over a quarter of clients seeking debt advice are separated (divorced, separated or widowed).



## Caring responsibilities

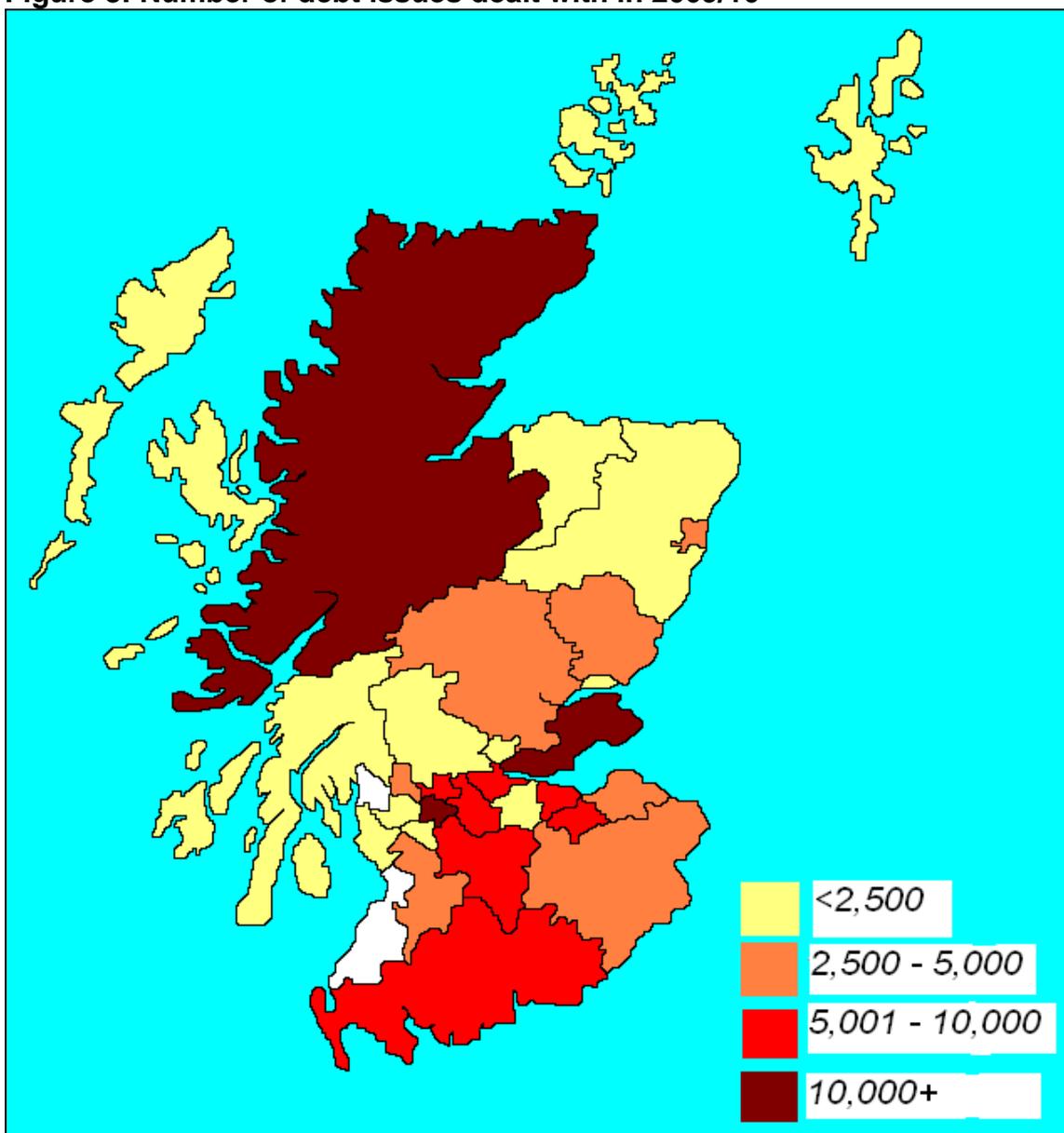
Clients seeking debt advice are more likely to have caring responsibilities than the average client approaching a bureau. Over a third of debt clients have dependent children (36%) compared to 31% of all clients. Having children may be a factor in seeking debt advice.



# Geography of debt advice in Scotland

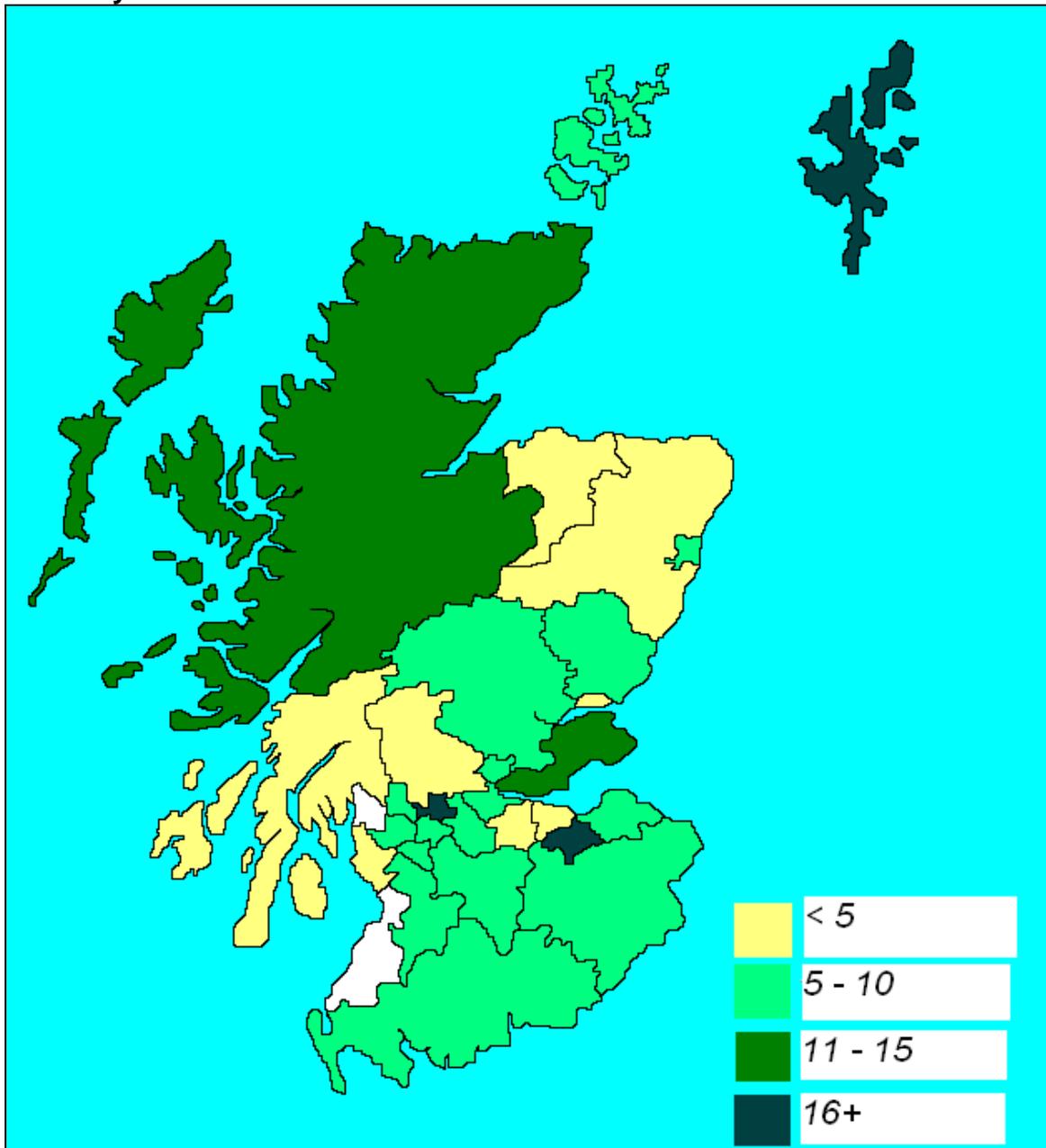
Citizens advice bureaux helped clients to deal with 135,032 new debt issues in 2009/10 – nearly 370 for every day of the year. Bureaux are located in 30 out of the 32 local authorities in Scotland making the network a truly national service for dealing with debt problems. Figure 8 shows how the debt issues were spread across local authorities in Scotland. The local authorities in which clients were helped with the highest number of new issues were Fife, East Renfrewshire, and the Highlands, followed by Edinburgh, Glasgow, North and South Lanarkshire, Dumfries & Galloway, Midlothian, Falkirk, and East Renfrewshire.

**Figure 8: Number of debt issues dealt with in 2009/10**



Another way of looking at the demand for debt advice is to look at the number of new debt issues bureaux deal in comparison to the number of households in that local authority. For example, bureaux across Scotland advised on 6 new debt issues for every 100 households in Scotland in 2009/10. Examined in this way, we can see that the bureaux in Shetland, Midlothian and East Dunbartonshire local authorities dealt with the highest number of new debt issues per household in 2009/10, followed by the Highland, Fife, and Scottish Borders local authorities. This is shown in Figure 9:

**Figure 9: Number of new debt issues per 100 households by local authority**



## Debt advice by location

By grouping bureaux into different geographical locations (North, South, East and West) and into urban settings (City, Urban, Rural and Island), we can see more detail on the geographic difference in debt advice. Figure 10 shows debt issues as a proportion of all issues across a range of different locations:

**Figure 10: Debt as a proportion of all issues**

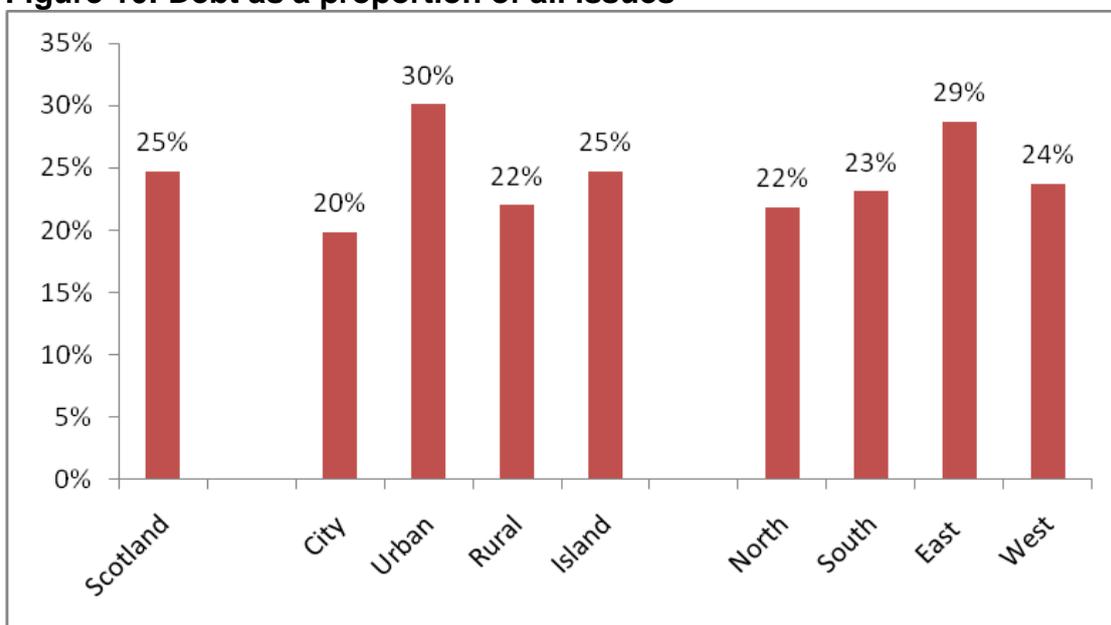


Figure 10 shows that bureaux in urban settings and those in the East of Scotland are proportionally more likely to deal with debt issues than those in the rest of Scotland. These debt issues differ between bureau settings, as shown in Table 5:

**Table 5: Types of debt by bureau setting**

	City	Urban	Rural	Island
Credit card	18%	25%	22%	25%
Personal loan	15%	10%	16%	11%
Council tax arrears	15%	10%	9%	7%
Housing arrears	13%	8%	10%	6%
Overdraft debt	8%	10%	10%	9%
Catalogue	4%	6%	6%	8%
Fuel debts	4%	4%	4%	3%

*(Columns do not add up to 100% as not all types of debt included)*

Using Table 5, we can see that the type of debt issue differs by bureau setting:

- CAB in urban (25%) and island (25%) settings were more likely to provide advice on **credit card debt** than city CAB.
- CAB in city settings were more likely to deal with **housing arrears** and **council tax arrears** than CAB in other areas
- CAB in island settings were more like to provide advice on **catalogue** and **telephone debt** than in the rest of Scotland

The Drowning in Debt research published in 2009 provides further evidence to show that debt may be a more prominent and pressing issue for bureaux located in predominantly urban areas. Table 6 shows that clients in urban bureaux have a significantly higher average level of debt and number of debts than those seeking advice at city or rural bureaux.

**Table 6: Level of debt by bureau setting**

	City	Urban	Rural	Island
Average client debt	£15,127	£23,760	£20,304	£18,570
Average no. of debts	5.8	6.6	6.0	7.1

*Source: Drowning in Debt (June 2009)*

## Level and type of debt

Citizens advice bureaux help thousands of clients each year with hundreds of millions of pounds worth of debt. These debts are often unmanageable and clients are often desperate for help with their financial situation. The following section examines the level and types of debts that clients seek advice upon at bureaux in Scotland.

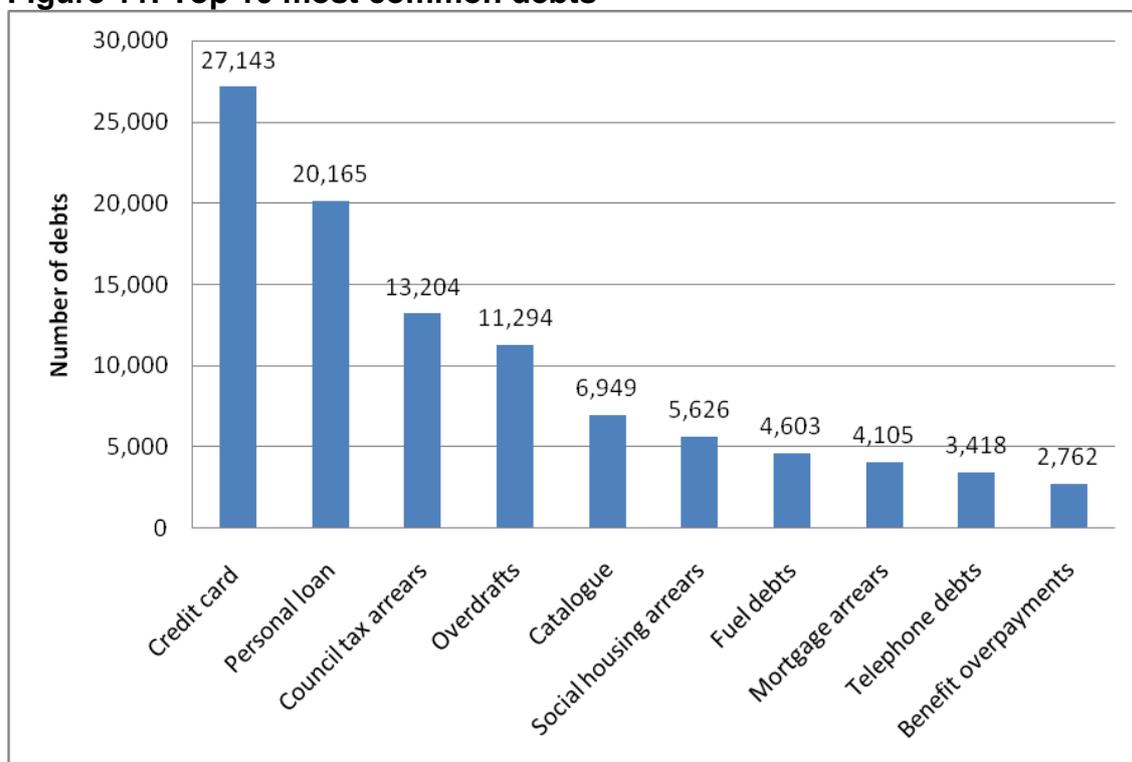
### Key findings on type and level of debts

- **Number of debt issues:** During 2009/10, 135,032 new debt issues were dealt with by bureaux in Scotland – more than 370 new debt issues for every day of the year
- **Amount of debt:** Based on data from 85% of CAB in 2010/11, bureaux dealt with almost £220,000,000 worth of debt for clients, an average of £14,225 per debt case
- **Individual debt levels:** The *Drowning in Debt* research in 2009 found that the average total debt for a debt client was £20,193, an increase of 50% over the 5 years from 2003. The median debt in 2009 was £12,554. The types of debt that had the highest average value in 2010/11 were bank loans (£7,678), child support arrears (£6,720), and personal loans (£6,456).
- **Types of debt:** Credit card and personal loan debts dominate as the main forms of debt – together they make up over a third of debt issues brought to bureaux. Around two-thirds of debts brought to bureaux are consumer debts, with council tax (13% of debts), housing arrears (10%) and utility debts (8%) the most common non-consumer debts.
- **Type of advice required:** Four out of five debt issues involved difficulty making payments. The most common other debt issues involved liability for debt (8% of all debt issues), formal enforcement action (5%) and creditor harassment (2%).
- **Issues per debt client:** Debt enquiries make up around 30% of enquiries brought to bureaux, but account for 35% of all issues. Debt clients seek advice on a greater number of issues per enquiry (2.22 issues per enquiry) than clients seeking advice on benefits (1.65) and employment (1.36).

## Type of debt

During 2009/10, 135,032 new debt issues were dealt with by bureaux in Scotland – over a quarter of all the issues brought by clients. Bureaux helped clients with more than 370 debt issues for every day of the year. Figure 11 outlines the most common debts brought to bureaux in 2009/10:

**Figure 11: Top 10 most common debts**



Credit card and personal loan debts dominate as the main forms of debt – together they made up around 1 in every 12 issues brought to bureaux. Other forms of consumer debt are also common, such as overdrafts, catalogue debt, and telephone debts.

There were over 13,200 issues concerning council tax arrears in 2009/10. Most of these issues concern difficulty paying, but a high proportion concerned either enforcement action or liability for debt.

Figure 12 shows the main types of debt brought to bureaux. Consumer debt accounts for the majority of debt issues, with council tax and housing also featuring prominently. Around 1 in 8 issues brought to bureaux concern consumer debt.

**Figure 22: Type of debt**

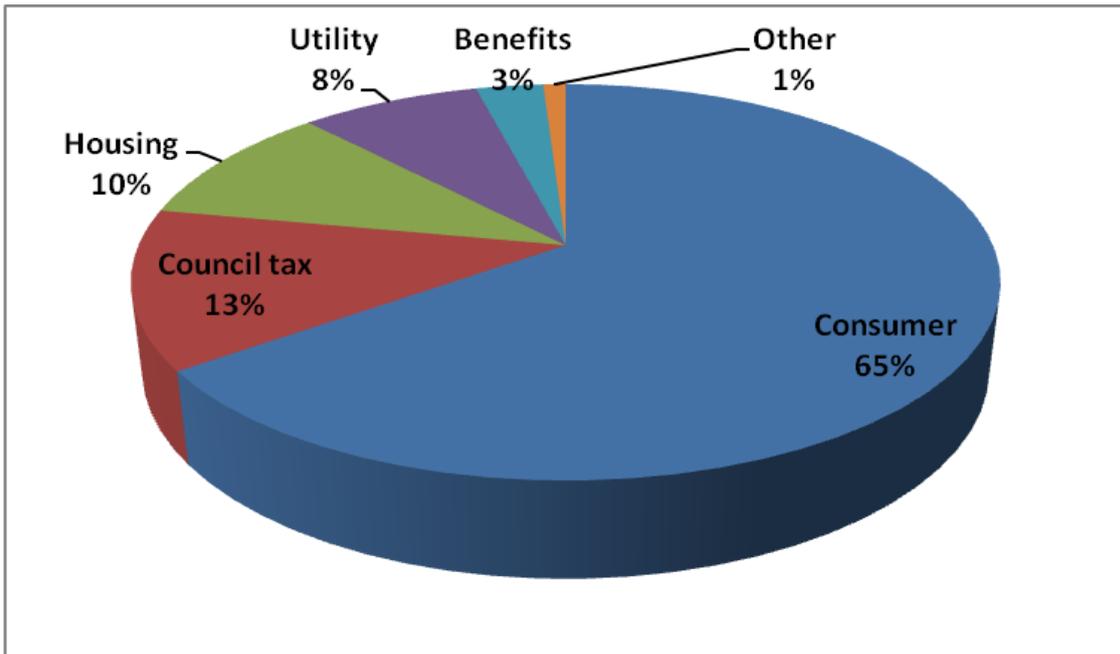
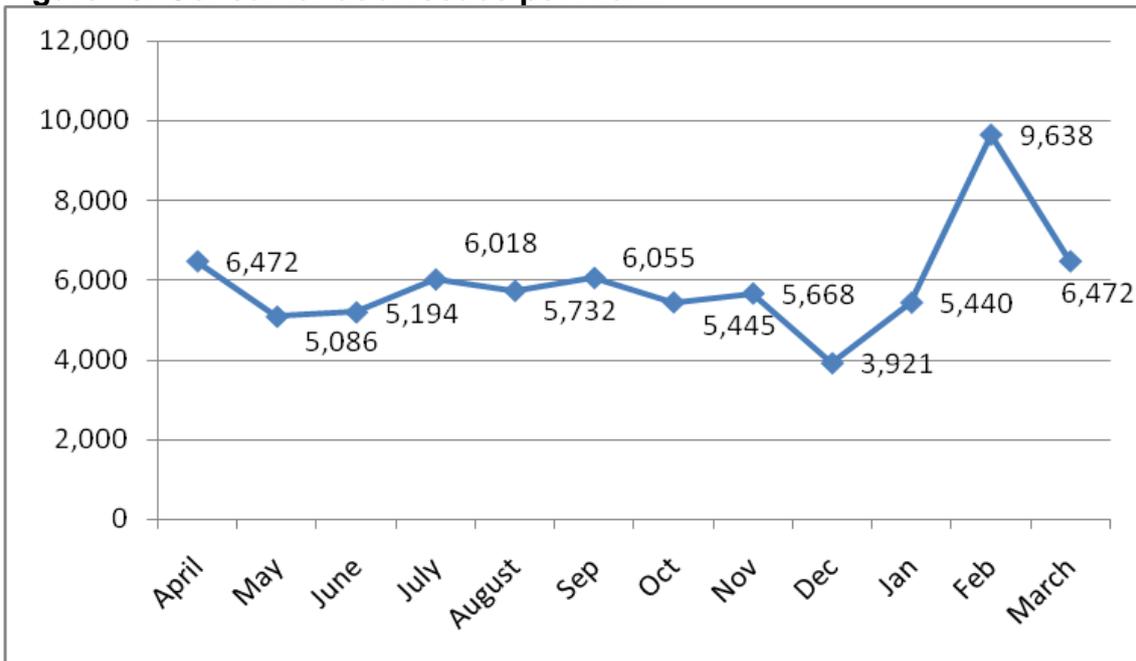


Figure 13 shows that bureaux deal with 50% more consumer debt issues in February than in any other month. This shows that the time of year has an impact on client's debts and the demand for advice from citizens advice bureaux.

**Figure 13: Consumer debt issues per month**



## Level of debt

Based on data from 89% of CAB in 2010/11, bureaux dealt with almost £220,000,000 worth of debt for clients, an average of £14,210 per debt case.

The *Drowning in Debt* research in 2009 found that the average total debt for a debt client was £20,193, an increase of 50% over the 5 years from 2003. The median debt in 2009 was £12,554.

Table 7 shows the types of debt that have the highest average value based on a sample of debts in 2010/11. The table shows that personal loan debts are typically of a high value and that non-consumer debts - such as child support, income tax, and benefit overpayments – can be large sums. Five out of the top nine types of debt for average levels of value are non-consumer debts.

**Table 7: Average level of single debts**

Type of debt	
Bank loan	£7,678
Child support	£6,720
Personal loan	£6,456
Income tax	£5,007
Hire Purchase	£4,056
Credit card	£3,867
Student debt	£2,827
Benefit overpayments	£2,569
Council tax arrears	£2,223

*Source: Sample of 6,946 debts in 2010/11 (excluding mortgages)*

## Type of advice required

The majority of client problems regarding debt concerned difficulty making payments. However, a significant number of issues were raised about the client's liability for a debt. Enforcement action and court claims were relatively low in the data, which may suggest that creditors prefer informal methods of debt collection to formal methods. This is shown in Table 8 (over the page).

**Table 8: Area of debt advice**

Area of advice	Proportion of debt issues
Difficulty making payments	82%
Liability for debt	8%
Enforcement action	5%
Creditor harassment	2%
Possession claim for housing arrears	1%
Summary warrant	1%
Court claim/action	1%

Of the issues concerning creditor harassment, half resulted from credit card or personal loan debts. Catalogue and telephone debts also resulted in a high number of harassment problems.

The type of advice sought and provided differs by contact method. The majority of advice requests are made face-to-face (57%), but an increasing demand for advice is being received by telephone (30%), letter (11%) and email/fax (2%).

Clients seeking advice in a face-to-face setting are more likely to have a benefits or debt problem (68% of all issues) compared to those accessing advice through the telephone (54%) or email (40%). Evidence from bureaux shows that young people are particularly likely to access advice on a face-to-face basis compared to older clients.

# The outcomes for debt clients

Based on statistical returns from 85% of member citizens advice bureaux in Scotland, we can see a snapshot of the work that bureaux undertake in advising debt clients in Scotland in 2010/11.

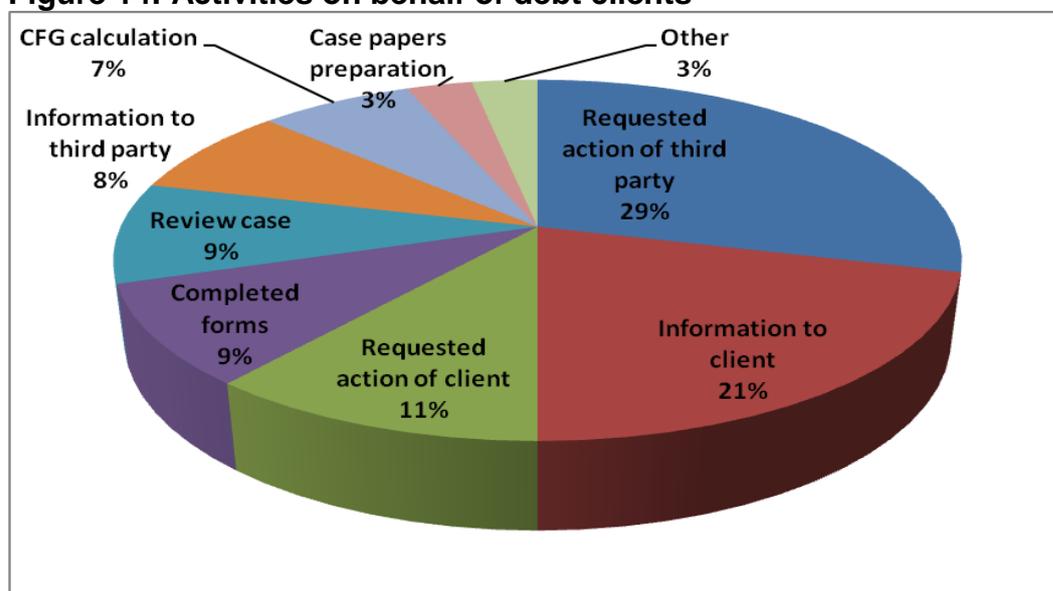
- Citizens advice bureaux dealt with 15,425 new debt cases worth over £220,000,000 in total.
- The client financial gain as a result of debt advice was over £66 million – an average gain for clients of almost £4,300 per new debt case. Debt clients are likely to have made other financial gains in addition to this through advice on their benefit entitlements, housing problems, and employment issues.
- Bureaux received funding of £132 per new debt case in 2010/11, but the financial gain for clients per debt case was almost £4,300.

## Activities

Based on a snapshot of 9,700 new debt advice contacts in March 2011, we are able to examine the outputs and outcomes of the debt advice provided by citizens advice bureaux. These contacts involved almost 22,000 different advice issues – 2.25 issues per enquiry.

During the month of March 2011, bureaux undertook more than 5,300 activities to help debt clients – more than 230 activities for every working day. This included completing nearly 500 forms with clients. Figure 14 shows the types of activities that advisers undertake on behalf of their debt clients.

**Figure 14: Activities on behalf of debt clients**



## Client financial gain

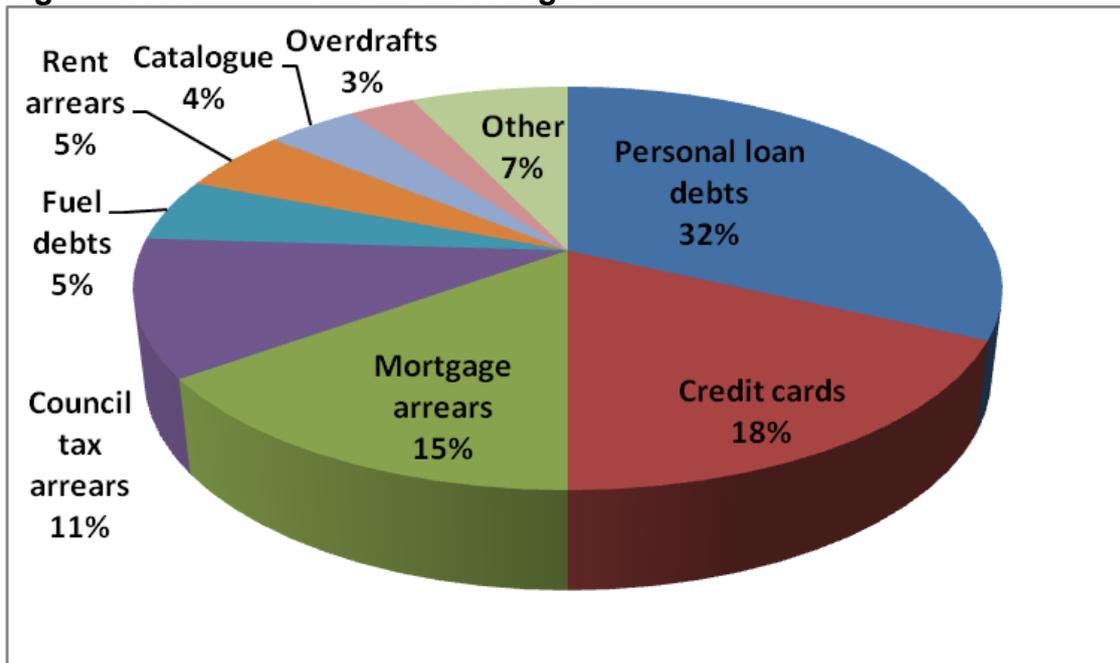
Based on statistical returns from 85% of member citizens advice bureaux in Scotland in 2010/11, the client financial gain as a result of debt advice was over £66 million – an average gain for clients of almost £4,300 per new debt case. Debt clients are likely to have made other financial gains in addition to this through advice on their benefit entitlements, housing problems, and employment issues.

Using a sample of 2,214 debt clients seeking advice during 2010/11, we can see more detail on the client financial gain. These clients had a total financial gain of just over £46 million.

The majority of client financial gain through debt advice comes through helping clients into formal debt remedies, such as the Debt Arrangement Scheme (DAS), the Low Income Low Assets (LILA) route to bankruptcy, the Certificate for Sequestration, and Protected Trust Deeds. More than £17.5 million of the client financial gain in this sample related to LILA, followed by almost £5 million through Trust Deeds, and over £2 million through both DAS and the Certificate for Sequestration.

Figure 15 shows the types of debt for which client financial gain from debt advice is highest. The figure shows that around half of client financial gain from debt advice is sourced from personal loan or credit card debts.

**Figure 15: Areas of client financial gain**



## Advocating for our clients

A major advantage of debt advice being operated through citizens advice bureaux is that the service is able to undertake social policy work to address the social problems that are seen through giving advice. The service has a long and successful history of undertaking local and national social policy work that aims to solve problems at source and prevent problems occurring for many potential clients.

Representatives of the service liaise regularly with ministers and politicians on debt issues, including providing MPs with local constituency information, and meet with Scottish and UK Government civil servants. The service also meets with private sector organisations, including banks and energy companies, on a regular basis to ensure that they are aware of, and take action to address, the problems that their customers seek advice upon at bureaux.

Recent examples of social policy work on debt carried out by the citizens advice service in Scotland include:

- **Debt (mis)management (August 2011):** an evidence report on the problems that citizens advice bureau clients experience when paying a debt management company to manage their debts.
- **Banking on the Basics (October 2010):** an evidence report on the problems that groups of people in Scotland experience when trying to open an account and the debt problems that are caused by this.
- **Fully Charged (June 2010):** an evidence report examining the disproportionate impact that overdraft charges have on low income and vulnerable customers.
- **Drowning in Debt (June 2009):** an extensive research report that looked at the characteristics of citizens advice bureau debt clients, the reasons for debt, and the level and type of debts that they hold.

Representatives of the service have regularly provided evidence and views to politicians on debt issues, including giving oral evidence to the Scottish Affairs Committee and the Treasury Select Committee on the Banking Crisis and successfully supporting amendments to debt remedies in Scotland, such as the Debt Arrangement Scheme (DAS), to better help our debt clients. The feedback to policy makers on debt clients' experiences helps to improve the way in which legislation and policies operate for all concerned.

# Conclusion

Citizens advice bureaux in Scotland play a key role in ensuring that people in need are able to access quality money advice in Scotland and can take advantage of the debt remedies that are in place to help them repay their debt. Without the service, it is likely that many low income and vulnerable people would fail to get the support that they need to face their debt problems.

There are a number of key advantages of debt advice being provided by citizens advice bureaux:

- The service is truly national, covering all points of the compass and city, urban, rural and island locations
- Bureaux are run in local communities by the local community. Clients have high levels of trust in the standard and independence of the service
- Bureaux are often located in areas with the greatest need for advice and support. They have a great ability to support the hardest-to-reach groups in society
- The service has decades of experience and expertise in debt advice. Citizens advice bureaux have been helping clients with their debt worries since 1939.
- The MATRICS service, run jointly by Citizens Advice Scotland and Money Advice Scotland, provides training and consultancy to ensure a skilled money advice workforce exists across Scotland that gives quality advice.
- Bureaux deal with the client's whole situation; not just their debts. Clients often present with multiple problems that are causes and effects of their debt, such as unfair dismissal, relationship breakdown, benefit problems, and homelessness issues. Bureaux are able to help with all of these issues.
- The service is able to provide feedback to policy makers and private companies on debt clients' experiences which helps to improve the way in which legislation and policies operate for all concerned

As stated in *Demand, Capacity and Need for Debt Advice in the UK*, the need for money advice is set to increase. This report warns that if independent forecasts are right and unemployment rises by more than two per cent in 2011, the demand for debt advice by the middle of next year will exceed that seen at the peak of the financial crisis. The citizens advice service in Scotland is ready to meet this demand.

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.

[www.cas.org.uk](http://www.cas.org.uk)

[info@cas.org.uk](mailto:info@cas.org.uk)

Produced by The Scottish Association of Citizens Advice Bureaux -  
Citizens Advice Scotland (Scottish charity number SC016637)  
Spectrum House, 2 Powderhall Road, Edinburgh EH7 4GB  
Tel: 0131 550 1000

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