

Older CAB debt clients

Drowning in Debt

Briefing sheet

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Crippling debt blights retirement for the over sixties

Citizens Advice Scotland's latest report, **Drowning in Debt**, is based on a detailed survey of debt clients from a representative sample of citizens advice bureaux across Scotland, in both rural and urban areas. Based on information extracted from the research, this briefing focuses on CAB debt clients who are over 60, and compares the findings where possible with previous relevant CAB debt surveys¹. It highlights that:

- **Older people have the highest levels of debt for all age groups, owing an average of £26,010. They owe a third more than those aged under 35 (average debt levels of £16,060)**
- **Debt levels for this age group have increased by almost 50% in the last two years – from £17,767 in 2006/07 to £26,010 in 2008**
- **They have the lowest incomes at £800 per month - almost a third less than those aged between 35 and 39**
- **Older clients suffer more “debt stress” than most other age groups. On average, for every £1 of their monthly income, older clients owe almost £31 per debt, excluding their mortgage – a 6% increase in the last two years**
- **They have the highest number of debts overall, averaging almost 7 debts each compared with around 6 for CAB debt clients in general.**

¹ On the Cards: The debt crisis facing Scottish CAB clients Citizens Advice Scotland 2004; Growing Old Together: Older CAB Clients and Debt Citizens Advice Scotland 2008



1939-2009: 70 years of Scottish CAB advice

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The Scottish Association of Citizens Advice Bureaux - Citizens Advice Scotland
(Scottish charity number SC016637)

Key findings:

Older CAB debt clients – the main findings

- Broadly, levels of debt increase with age, but incomes reduce. This results in the over 60 age group having less opportunity to repay their debts as opportunities to increase their income are unlikely to materialise
- Older people are less likely than other age groups to blame money mismanagement as a reason for their financial difficulties. Those in the lower income groups, including those over 60, identified low income as the main reason for their financial difficulties, similar to findings two years ago
- This client group had fewer coping mechanisms available to them than other age groups. In particular, similar to our findings two years ago, those over 60 were least likely to borrow from family and friends (12% compared with 43% of those aged under 40)
- Despite their low incomes, the over 60 age group were less likely to have a utilities debt than other CAB debt clients – only 10%, compared with 37% of those aged under 25
- Additionally, they were least likely to have a debt, such as, council tax due to a local authority
- Older people are under-represented as CAB debt clients compared with the general population, although this client group has increased slightly since 2003. Despite their vulnerability, this group may be more reticent than younger people are about seeking money advice.

Citizens Advice Scotland's proposals for change

- Lenders and policymakers need to ensure that affordable mainstream credit is accessible for low income groups
- Both the UK and Scottish Governments should introduce tighter regulation on creditor behaviour, and improve legal protection and remedies for people experiencing creditor harassment
- Lenders and policy makers should increase support for existing money advice services to address growing demand and target disadvantaged groups.

|| An East of Scotland CAB reports of a client aged 71 whose income is state pension and pension credit, but who now owes £4,000 in credit card debt, and just over £5,000 to his bank. He is being pursued vigorously by a debt collector acting on behalf of the bank, but cannot pay from his income.

|| A North of Scotland CAB reports of a client aged 64 years in receipt of pension credit. His income is £480 per month; however, his bank are taking his money and applying it to charges to his account, which continue to escalate due to his overdraft.



A South of Scotland CAB reports of a 68 year old man whose sole income is pension credit, DLA higher rate mobility and severe disablement. Despite a history of bad debt, his bank reviewed his current loan, refinanced him and added on a new loan, totalling almost £13,000 repayable over five years – he also has other existing debts of around £6,000. The client made the first payment of £210 and now cannot pay.

A North of Scotland CAB reports of a male client aged 60 who has debts of around £25,000. He is a self employed taxi driver, but due to fuel costs and a downturn in business is struggling to make a living. He has been using his credit cards to live on.