

Disabled and Sick CAB debt clients

Drowning in Debt



41% of citizens advice bureau (CAB) debt clients highlighted illness or a disability as a reason for their debt problem

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 disabled or have other long term health problems, and compares the findings where possible with a previous CAB debt survey carried out in 2003¹. It highlights that:

- **Two in every five (41%) CAB debt clients gave illness or disability as a reason for their debt problem – a huge increase from around a third (33%) in 2003**
- **More than a third (36%) of CAB debt clients had an illness, impairment or other health problem, and three in every five households had at least one person with one or more health or disability issues**
- **As in 2003, sick or disabled people are disproportionately more likely to be in debt. Over one fifth (21%) of CAB debt clients are unable to work due to ill health or disability, compared to 6% of the Scottish population**
- **Sick or disabled CAB debt clients had an average of six debts and owed an average of £20,588 – slightly more than the average CAB debt client**
- **Sick or disabled CAB debt clients owed £29 for every £1 of net monthly income – slightly higher than the average debt client.**

¹ On the Cards: The debt crisis facing Scottish CAB clients – Citizens Advice Scotland 2004

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



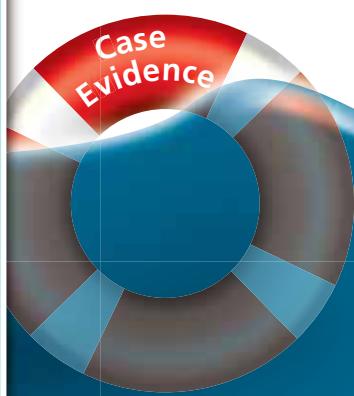
Key findings:

Sick and disabled debt clients – the main findings

- Households with sick or disabled people have lower incomes than other CAB debt clients – averaging a net monthly income of £798 compared with £1,089 for households with no disabled people
- As well as health issues being a factor for getting into debt in the first place, nine out of ten debt clients said being in debt had had a negative impact on their health. Almost all of those said debt affected their mental health, and a third said it affected their physical health
- Of those survey participants who commented:
 - One in five said priority debts such as rent or mortgage, council tax and secured loans had the greatest effect on their health
 - Debts due to a high street bank or other lender, or a consumer credit debt, were mentioned most often as having affected a client's mental health
 - Some linked their health problems to pressure/threats from a creditor or debt collection agency. They described the behaviour as aggressive, persistent, threatening or harassing
- Stress and depression suffered by CAB debt clients, and occasionally their partners, were often attributed to their financial difficulties
- Households with sick or disabled people were significantly more likely to have a utilities prepayment meter than those without (34% compared with 22%)
- Despite almost one third (32%) of CAB debt clients having payment protection insurance for at least one of their consumer debts, only one third of those had actually made a claim. Even then, five out of six claims had been unsuccessful – in some cases this was due to their being mis-sold in the first place
- Interviewees reported access to face to face advice relieved stress and reduced the worry that accompanies debt.

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 policymakers should increase support for existing money advice services to address growing demand and target disadvantaged groups.



A North of Scotland CAB reports of a client diagnosed with multiple sclerosis, ultimately becoming wheelchair bound and giving up work. She has an existing loan with a bank for £3,000, however they are insisting on her maintaining the loan repayments at the same level as when she was employed, despite her change of circumstances. She is unable to maintain these payments.

A West of Scotland CAB reports of a client who had two representatives from a doorstep lender come into her living room asking for repayment of a debt. The client has mental health problems and has run up some debt as a result. The men came into her house without permission, which greatly upset the client.