



Citizens Advice Scotland

Mental Health and Money Good Practice Guidance for Creditors



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1 in 2 people in problem debt have a mental health issue and 20% of people with a mental health issue are in problem debt. Managing these issues can prove extremely difficult and people can often find themselves in vicious cycles where money problems impact upon their mental health and poor mental health worsens their financial situation. It is therefore essential that creditors have the tools to support debtors struggling with mental health issues.

Our Good Practice Guidance aims to set out baseline principles on the minimum standards someone experiencing mental health and debt should be able to expect from a creditor, whether public or private, when seeking support with their financial situation and provides practical guidance to firms and public bodies on how to achieve these minimum standards.

We have set out a baseline of 10 principles which lay out the minimum standards creditors, whether public or private, should exemplify. These principles have been developed alongside the Citizens Advice Network in Scotland, using insight from our clients' direct experience of mental health issues and debt. By following these principles, we believe creditors could provide a service which overcomes the obstacles our clients with mental health issues encounter when seeking support. Meanwhile, our guidance provides practical steps creditors can take to meet the 10 principles.

Third Party debt collectors working on behalf of the original creditor should also follow the ten principles to ensure that the customer journey remains uninterrupted. From the customer's perspective, there should be no difference in the treatment they receive, regardless of whether they are dealing with the creditor or those acting on the creditor's behalf.

The 10 Mental Health and Money Principles

1. No Enforcement

Enforcement action can have a detrimental and severe effect on the health of debtors with mental health issues. In fact, research by the Money and Mental Health Policy Institute has shown that collection practices which are perceived to be aggressive are associated with suicidality. We would therefore urge against using enforcement action such as bank arrestment and attachment of earnings or goods against debtors with mental health issues. If these actions are to be considered, creditors should consider the following:

- > Are there any other avenues of recovery which have not been explored or exhausted?
- > Would the proposed enforcement action cause, or potentially cause known customers in vulnerable circumstances and/or their households distress or harm?
- > Is the debt below £100 and disproportionate to the cost of enforcement?

If any or all of the above answers are yes, no enforcement action should be taken. If enforcement action is to be taken, discretionary fees and charges for such action must be appropriate and proportionate to the original debt.

2. Collaboration Not Contention

Creditors and those involved in debt collection should actively work with external advice agencies and support services especially those who are providing mental health support and/or debt advice. Examples of good practice include providing adviser only helplines, applying an automatic moratorium when a debtor seeks debt advice or freezing any interest and charges whilst the debtor seeks support.

The 10 Mental Health and Money Principles

3. Holistic View of Debts

When dealing with a client's debt situation, creditors and those involved in debt collection must consider any other debts the customer may have when assessing their ability to pay. Priority debts should be determined by the customer and their own needs, especially when they have a mental health issue. For example, during the pandemic, many services providing mental health support including psychiatry and counselling moved online to digital delivery. Clients in these situations must prioritise their telecommunication and broadband costs in order to continue accessing these services. Taking a holistic view of debts may mean the creditor receives a smaller proportion of the customer's disposable income (if any is available) to ensure that a customer is able to maintain their ongoing essential costs and payments to other debts. .

4. Trust

If a person discloses their mental health issue, the creditor or those involved in debt collection, whether public or private must ensure they are treated with dignity and respect. The disclosure must be considered seriously, used constructively, secured safely and taken into account in terms of action and support. No two people with the same diagnosis of a mental health condition will have the same experience with their mental health. Multiple factors will interplay and interact including medication, available support networks and treatment. Customers should therefore be treated as the experts on their own lives and trusted as being the best person to explain how their mental health condition impacts on them.

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5. Evidence Only in Exceptional Circumstances

Creditors and those involved in debt collection should only request medical evidence when it is absolutely necessary. Gathering medical evidence can be challenging for people, especially those in vulnerable situations. For example, mental health conditions may impact on a person's ability to communicate with medical professionals to request evidence. Or fees to obtain evidence can be so high that individuals on limited incomes might be unable afford to pay for the evidence.

6. Tell Us Once

Creditors and those involved in debt collection, especially those with several departments or affiliate partner organisations should operate a system where disclosures of mental health and money issues can be flagged and shared across the organisation, including external partners. This is to ensure customers don't have to repeatedly disclose their mental health condition and its impact. Tools such as IDEA or TEXAS can help organisations ensure they have explicit consent to share customer data and the processes in place to do so.

7. Extra Time

Offering extra time than the standard forbearance allowance allows debtors with mental health issues the space to seek and engage with additional support, either for their mental health or money issues (or both). Extra time should not be given on the caveat that the client has already engaged with debt advice but rather an understanding that by providing extra time, the customer has the space to seek such support.

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8. Superior Signposting

Creditors should maintain and provide front-line staff with a detailed list of support services who may be able to provide additional support for a customer's mental health and/or money issues. Frontline staff should then provide the customer with a detailed list tailored to their individual needs, with sufficient information on what these external services do and the support they can provide. This allows customers to make informed decisions of where to seek additional support and ensures they will not approach the wrong service leading to a possible set-back in their recovery. Creditors and those involved in debt collection may wish to set up warm referral pathways with external advice agencies and support services to ensure customers do not fall through the net.

9. Communication choice

It is important that creditors and those involved in debt collection communicate effectively, especially with customers with mental health issues. Recovery letters and bills should be clear, understandable, jargon free and include information on what to do if the customer is struggling. Creditors and those involved in debt collection should offer a range of communication channels and customers should be able to contact the creditor using their preferred method of communication. This will encourage customers to develop a mutually beneficial relationship with their creditor.

The 10 Mental Health and Money Principles

10. Supporting Carers

Some customers will need the support of their carers when dealing with creditors. Creditors and those dealing with debt collection should put processes in place to help support carers when they engage on another person's behalf, even if the carer does not have authority to act recorded on the customer's account, including:

- > Concentrating on what can be offered to the carer in terms of support rather than what is not possible and explaining clearly and empathetically why it is not possible to discuss account details if the carer does not have authority
- > Providing reassurance that concerns will be recorded as an observation and can be explored with the customer when they are able to.
- > Ensuring all discussions are recorded on the customer's account, noting any reasons provided on why the customer is unable to speak directly with the creditor. This is particularly important if this impacts on the customer's ability to pay, for example, they have been admitted into hospital.
- > Providing a summary of what the next steps will be, allowing the carer to understand what they need to, such as obtaining necessary mandates or medical evidence.

Guidance

This guidance involves an action plan which creditors and those involved in debt collection can follow to ensure the principles laid out are being met. This is broken down into easy-to-follow steps to assist creditors and those involved in debt collection assess whether they are meeting the 10 principles. This should not be treated as a checklist but more of a starting point for creditors to look at how they may improve the service they provide to debtors with mental health issues. Creditors and those involved in debt collection may wish to go beyond the steps laid out in the action plan and undertake additional activities.

1. Fostering empathy

Steps	What is your organisation currently doing?	How can this be improved?
Does your organisation provide training to front-line staff on supporting customers with mental health issues? How often is this training refreshed?		
Does your organisation have tools and resources in place to help staff identify vulnerability such as TEXAS, IDEA and BLAKE?		
Do you provide practical guidance for frontline staff on how to handle disclosures and treat customers with Mental Health issues? How often are these reviewed?		
Does your organisation have systems in place to allow the sharing of data amongst its departments to limit the need for consumers to repeat their story?		
Does your organisation have processes in place to review its procedures relating to supporting consumers with mental health issues? Does this include the opportunity for frontline staff to provide their insight and feedback?		

Guidance

2. Embedding practicality

Steps	What is your organisation currently doing?	How can this be improved?
Does your organisation have a clear policy which follows the AiB's Common Financial Tool guidelines in terms of reasonable household expenditure and affords your consumers a sustainable standard of living? Does this policy allow discretion and assessment of a customer's needs?		
Are payment proposals assessed according to their potential to cause the client financial hardship or prevent them from making priority payments?		

Guidance

3. Working in partnership

Steps	What is your organisation currently doing?	How can this be improved?
Does your organisation have Trusted Friends agreements with advice agencies and those offering support? Are frontline staff aware of these agreements and their responsibilities under them? Do these agreements have clear partnership objectives, and allow for transparency, strong communication and ongoing reviews?		
Does your organisation have processes in place which identify and utilise networking and shared training opportunities with external partners?		
Is your organisation able to offer clear points of contact with external partners to facilitate discussions and potential referrals?		
Does your organisation provide front-line staff with a detailed list of support services who may be able to provide additional support for a customer's mental health and/or money issues? How often is this list reviewed and updated? Does this include the opportunity for frontline staff to provide their insight and feedback?		

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4. Encouraging support

Steps	What is your organisation currently doing?	How can this be improved?
Does your organisation offer customers with mental health issues more than the standard forbearance period of 30 days? Is this a set period of time or based on individual circumstance?		
Does your organisation have a set process for offering customers extra time? Is this policy clear and accessible for customers? Are frontline staff trained on this process and how to implement it?		
Does your organisation have a procedure in place for supporting carers, in particular how to handle a carer's disclosure and provide appropriate support regardless of whether the carer has authority to act? How often is this procedure reviewed and do frontline staff have the opportunity to provide their insight and feedback?		

Guidance

5. Developing a person-centred approach

Steps	What is your organisation currently doing?	How can this be improved?
Does your organisation offer customers a variety of communication channels and the ability to switch between these channels depending on their needs?		
Does your organisation offer communication channels which are accessible, clear and transparent?		
Do your organisation's recovery letters, bills and other communications provide clear information and include instruction on what the customer should do if they are struggling?		
Does your organisation have a process in place to record and update customers' preferred communication channel?		
Does your organisation have a procedure on when medical evidence should be requested, highlighting that this should only be when it is absolutely necessary? Do you have safeguards in place for debtors who are unable to afford medical evidence? Are frontline staff trained on these procedures and how to implement them?		

Useful Resources

To assist organisations to meet the 10 principles, organisations can refer to the following guides:

- > Financial Conduct Authority’s “Guidance on the Fair Treatment of Vulnerable Consumers” which highlights the actions regulated firms should take to understand the needs of vulnerable customers to make sure they are treated fairly. The Guidance provides good practice examples which firms can implement to demonstrate compliance to Principles and regulatory requirements.
- > University of Bristol’s “Vulnerability: Guide for Debt Collection (21 Steps)”, published in 2017 as this provides practical guides for those working within collections and has a section purposely aimed at mental health, including how to handle disclosure, how to record and share key data.
- > Money and Mental Health Policy Institute’s “Need to Know Guide for Creditors” which helps those working in collections to better understand and engage with customers experiencing money and mental health issues. It provides practice advice on how to support these customers.
- > Money Advice Liaison Group’s “Good Practice Awareness Guidelines for Helping Consumers with Mental Health Conditions” which provide practical guidance for creditors, local authorities, and those involved in debt collection to better support those who are experiencing mental health conditions and debt as well as understanding on how conditions can affect people’s ability to manage their money.
- > Money & Mental Health Policy Institutes “Mental Health Accessibility Standards” are a range of programmes for organisations who provide essential services such as banks, energy suppliers and water companies to better support their customers with mental health problems. The steps and advice offered by these standards will help an organisation become accessible for those experiencing mental health issues and ensure that any firm who goes through this Accreditation process will be better equipped to meet regulatory requirements.



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