

This briefing highlights some of the social policy successes achieved by the CAB Service in Scotland from January 2009 to February 2010. Many thanks to all those bureaux who fed back social policy cases and statistics – none of this could happen without your information on the experiences of bureaux clients in Scotland.



Issue 13: January 09 to March 10

Social Policy Successes

The Drowning in Debt Report

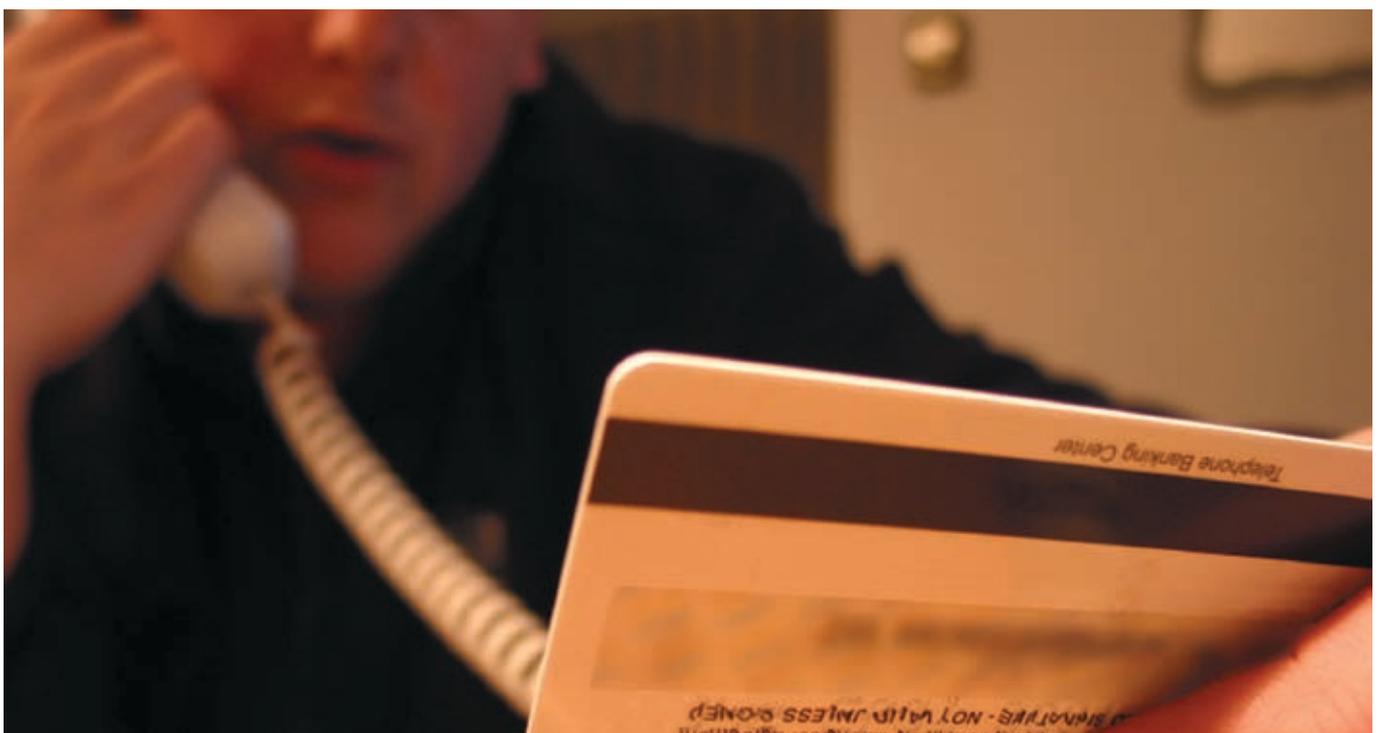
A major success for the CAB service in 2009 has been the publication and reception of our most recent research report *Drowning in Debt*. This report was based on a detailed survey of CAB clients from representative bureaux across Scotland. It provides a unique insight into the financial difficulties, situations and choices faced by Scottish CAB clients. Key findings include a 50% increase in average debt levels over the past five years;

9 out of 10 clients reporting that debt has a negative impact on their health, and increasing numbers of clients experiencing ruthless behaviour from creditors. The report called for both the Scottish and Westminster Governments to take action to help people facing these difficulties. Parliamentary Motions backing the report were lodged by John Wilson MSP in the Scottish Parliament, and by Mark Lazarowicz MP in Westminster, gaining 32

signatories in Holyrood and 27 in Westminster. The report received extensive media coverage, as well as being referenced in a number of speeches and presentations made by outside agencies.

In particular, at the inaugural meeting of the Cross Party Group on Credit Unions, Capital Credit Union utilised figures from *Drowning in Debt*

[Continued on Page 2 ...](#)



... from Page 1

in the main presentation of the day. The statistics were used to show the extent of debt problems in Scotland. As a result, several credit unions have stated their interest in working more closely with their local CAB. The statistics and findings have also been used by Scottish Government officials in developing their future policy on bankruptcy and diligence.

After the initial report was published, CAS launched a series of seven new briefing sheets based on detailed findings from the study. These encompassed a range of themes including; *Coping with Debt*, *Older Clients and Debt*, *Low Income Clients and Creditor Behaviour*. These were launched at an open breakfast reception at which CAS had the opportunity to brief MSPs on the debt profiles of their own local constituencies, as well as the wider findings of the report. Following a motion put forward by Jackie Baillie MSP at Holyrood, the launch culminated in a debate in which the report and the constituency briefings were praised widely by MSPs for the detailed information they contained. Jackie Baillie also noted "the vitally important role [played by the Scottish CAB service] in helping us to shape social policy".



Free Calls for DWP Claimants

After many years of lobbying from CAS against the cost and resultant stress on clients calling the DWP from mobile phones, clients will soon be able to call the DWP absolutely free from any telephone. Many low income clients use mobile phones as an effective budgeting tool. The DWP has been in negotiation with a number of mobile telephone operators as well as the Telephone Helplines Association about creating a free phone service for DWP clients calling a 0800 number. A phone call to a 0800 Jobcentre Plus number – although free from a landline - currently costs £12 per half hour from a mobile phone, which is often not enough time to make a claim. This move will save our clients much needed money and is a key success for the Scottish CAB Service this year.

Case Evidence

A client had been advised by Jobcentre Plus that he should apply for incapacity benefit. He duly did so but did not receive a response. After four weeks without income he was forced to apply for a crisis loan. The client lived in temporary accommodation and used a pay-as-you-go mobile. The 0800 number was free only from a landline, and so he had to call from a public phone. On one day he had to phone 47 times before he could speak to an adviser.

Jobcentre Plus Closures Halted

As 2009 began, Jobcentre Plus intended to save money by closing a large number of their offices across Scotland, despite an increase in demand for their services. CAS campaigned against the closures, citing the major difficulties, inconvenience and hardship it would cause clients - including increased travel costs for many job seekers and benefit claimants. Jobcentre Plus agreed that the context for closures had changed since the downturn in the global economy and the proposal to close the offices was suspended for as long as the current economic difficulties exist. A number of offices in Glasgow were saved, as well as those in Forres, Dingwall, Port Glasgow and Aberdeen.



Dedicated Tax Credit Team

Following recommendations from CAS, and backed by client evidence from Scottish bureaux, a new specialist team has been set up by HMRC to handle correspondence from organisations like CAB, who offer free advice to claimants. Presently some of the major problems reported to CAS from Scottish bureaux are that unacceptable delays, poorly written responses, wrong explanations and sometimes no reply at all have been common

experiences for users of the tax credit dispute process. CAS has consistently raised these issues at the HMRC Tax Credit Consultation and Low Incomes Tax Reform groups. The new specialist team aims to resolve disputes and help clients receive their entitlements in a more efficient manner. The new team also has targets for response times, which will be monitored. Consequently this should free up time currently spent by advisers on these issues.

Scottish Affairs Committee

The Westminster Parliament's Scottish Affairs Committee published its report on Credit Unions in May 2009. CAS had given oral and written evidence to the inquiry last year. The report quoted the evidence provided by CAS in its final publication.

Scottish Banks told to work with CAS

Banks operating in Scotland were advised by the Scottish Affairs Committee to work with CAS in the future to improve their practices. The high profile report on the enquiry into 'Banking in Scotland' made numerous references to the written and oral evidence CAS gave to the committee last November. On the basis of that evidence, the report recommended that the banks work with CAS in three ways to better their services. First, they should use our research and case evidence "to identify specific areas in which they can improve their communications with customers". Secondly, they should provide support to CAS in such a way to best assist in the public need for advice services. Finally the report recommended that the banks work with CAS to ensure practices, such as unfair and aggressive tactics, "are eliminated".



Scottish Tenancy Deposits to be Protected

The Scottish Government has introduced a new compulsory national scheme designed to safeguard rental deposits, marking a significant triumph for the CAS campaign. CAS has, for a number of years, strongly voiced concerns on the issue of unfairly held deposits, calling for the introduction of a Rent Deposit Scheme as far back as 1998 in our evidence report '*Unfair Deposit*'¹. The new scheme, to be introduced in 2010, will ensure funds are available to repay deposits and that disputes will be settled in a fair way, thus saving time, anxiety and money for both tenants and landlords involved in rent disputes. This scheme has been developed directly following a recommendation from the Scottish Government Private Rents and Tenancy Deposit working group, on which CAS was represented.

¹Unfair Deposit: Scottish bureaux clients' experience of rent deposits. Citizens Advice Scotland (December 1998)

Case Evidence

On departure from his flat, a student had £340 deducted from his tenancy deposit for cleaning costs. The client felt that the cleaning costs were excessive as the letting agents had indicated that the likely cost would be around £50, and the landlord had been pleased about the condition of the property following a recent inspection. The client tried to contact the landlord regarding the charge but was informed that if he contacted her again the landlord would call the police. The landlord claimed she had an itemised bill from contract cleaners but would not give the client a copy of the bill. The client believed that the landlord had unfairly withheld his deposit.

Debt Action Forum and Repossessions Subgroup

CAS were members of both the Debt Action Forum and the Repossessions Sub-group – both of which published their final reports in June. As a result of CAS input, the Repossessions Sub-group recommended that lay representatives be permitted to represent people facing repossessions in court. This element and other recommendations from the sub-group has been taken forward in the new Home-owner and Debtor Protection (Scotland) Act, and will be developed further by regulation.



Review of LILA a Success

In April, the Accountant in Bankruptcy carried out the first review of the Low Income Low Asset route into bankruptcy, showing that it has proved beneficial to many debtors in this specific client group. CAS had lobbied extensively for the introduction of such a scheme. The route provides a way for low income clients to obtain relief from their debts when they have no other options. CAS continues to call for the abolition of the £100 fee needed to access the route into bankruptcy, in order to widen access to this scheme for a greater number of clients.

Case Evidence

A client and his wife became indebted to the tune of £20,000 following an industrial accident which left the client unable to work. His wife cares for him as he is in constant and severe pain and receives morphine continuously. The bureau explored all the options available to the clients but as they did not have any disposable income, the LILA route to bankruptcy was deemed the most suitable. Unfortunately the clients must both apply for LILA separately so they will struggle to save up the £200 required to pay for this. Despite harassment from their creditors they will have to delay their application until they have saved enough money, which will take around three months.

DAS Regulations – withdrawal of the proposed changes

In June, CAS submitted a briefing to the Justice Committee of the Scottish Parliament, outlining bureau concerns with the new DAS regulations which were due to come into place on the 1 July 2010. Based on this briefing and on oral evidence submitted to the Committee by CAS and others, the regulations were withdrawn, and the committee agreed to consult extensively in advance of any new legislation.

The Home Owner & Debtor Protection (Scotland) Bill

The Home Owner & Debtor Protection Bill has been passed by the Scottish Government, with the inclusion of some “hard fought for” amendments by CAS. These amendments, proposed by CAS and adopted by the Scottish Government, will ensure that clients can access the new certificated route into bankruptcy if they meet the criteria as a question of fact, rather than based on the opinion of a money adviser.

CAS has supported the Bill at every stage in the process; by

giving evidence to the Local Government and Communities committee, briefing MSPs on the Committee and key MSPs at every stage of debate in parliament. These discussions were extremely influential in getting the amendments through and CAS was referenced on numerous occasions and quoted extensively in the debates.

Other benefits of the Bill include the assurance that only secured creditors can be excluded from protected trust deeds and that

a debtor’s dwelling house can also be excluded if creditors agree.

On a number of occasions opponents of the Bill called on certain sections to be scrapped or reviewed for a future Bill. Despite this opposition the hotly contested Section 10 (the clause which included Trust Deeds) was retained. CAS’ work will continue with Ministers and civil servants in relation to the Bill’s implementation.





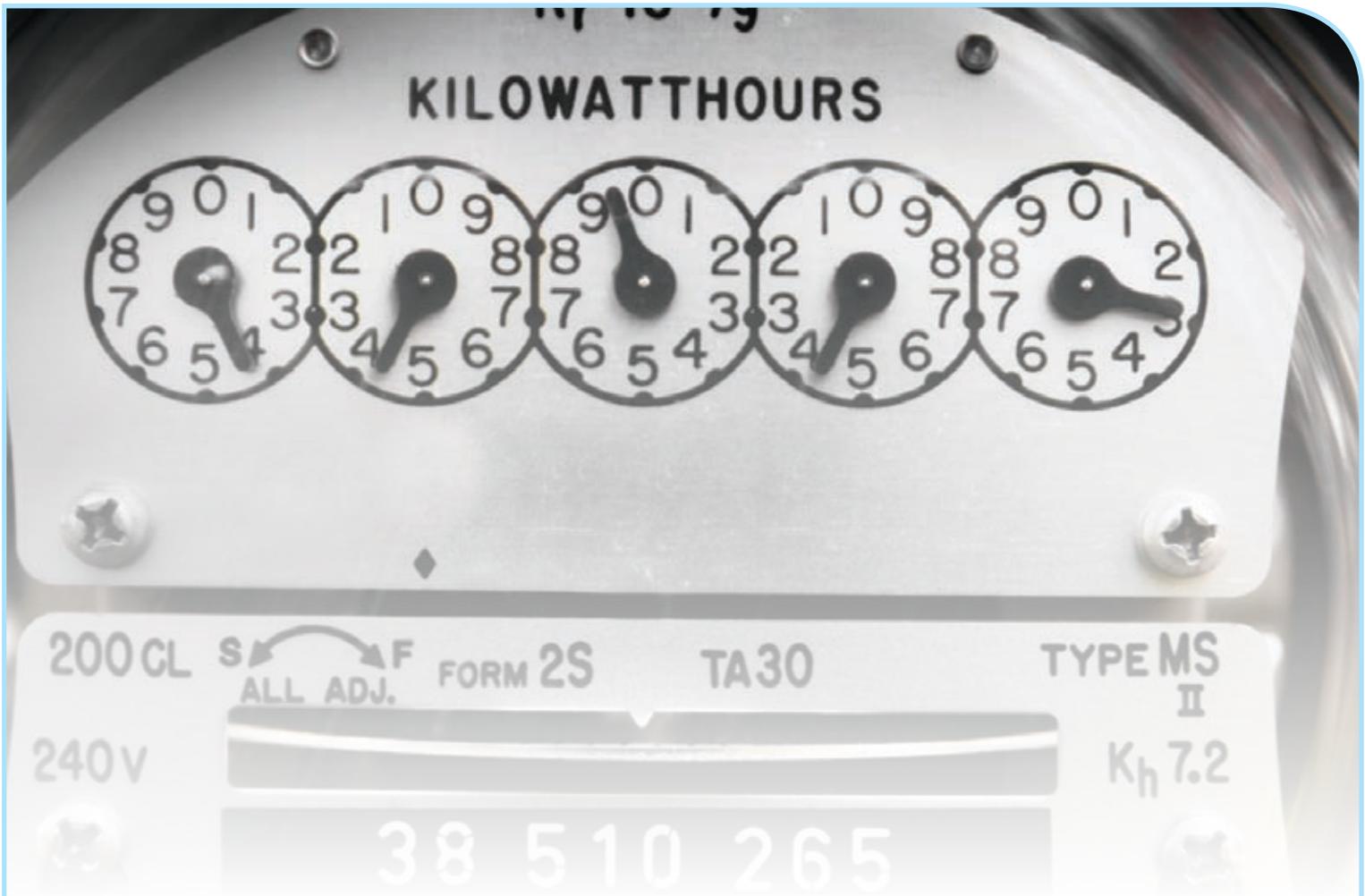
Tax Relief for Kinship Carers

Tax relief has previously been available to those Kinship Carers who receive Kinship Carers Allowance from their Local Authority, but not to those who currently receive a payment from their Local Authority for their responsibilities for “looked after” children. This provision will now be extended to include the latter group. This means kinship carers of “looked after” children are included as part of the Shared Lives Carers scheme and will no longer need to rely on discretionary arrangements to claim tax relief. This beneficial understanding was reached through communication between HMRC and CAS. Regular communications between CAS and HMRC have continued since this decision and have even contributed to the Chancellor’s pre budget report.

Boiler Scrappage Scheme

The UK Government’s boiler scrappage scheme has recently been introduced to Scotland after the successful launch of the scheme in England. The Scottish Government was persuaded to bring the scheme to Scotland by the Scottish Fuel Poverty Forum, of which CAS is a member. The forum was revived in 2008 to help Scotland meet its targets to eradicate fuel poverty, and to liaise with the Fuel Poverty Advisory Group for England, ensuring Scottish interests are fed into reserved

policy areas. The scheme will be open to those in privately rented or owned households in Scotland, with funding available to those who wish to replace boilers running at 70% efficiency and less (known as ‘G-rated’) with ‘A-rated’ boilers or alternative renewable heat units. Each eligible household will receive £400 towards the cost of their new heating system and each will save money in the long term by having more efficient heating systems.



Equality in Rates for 'Pre-payment Meter' Customers

In an important step towards alleviating fuel poverty, a major gas supplier has announced that, from the start of February 2010, it will stop charging pre-payment meter customers more for gas or electricity than it charges customers who pay quarterly. This could save £200¹ or more per year for many low-income

households. Pre-payment meters for gas and electricity are most often used by those who have difficulty paying for their power, or those who are in arrears to their supplier. Despite this, customers with pre-payment meters have usually been charged a higher standard price per unit than those paying by direct

debit. CAS has campaigned strongly for fairer pricing in pre-payment meters, arguing that those living in fuel poverty are already among the most vulnerable, and should not be charged more than the standard amount.

¹Drowning in Debt, Citizens Advice Scotland (July 2009)

Contact

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

The Social Policy Team
Citizens Advice Scotland
Spectrum House
2 Powderhall Road
Edinburgh
EH7 4GB

Tel:
0131 550 1000

Email:
socialpolicy@cas.org.uk