

Double disadvantage

The **barriers** and **business practices**
making **debt** a problem for **disabled people**



Endorsed by:



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1. Introduction

Citizens Advice strongly supports the Government's aim to 'see confident, empowered consumers able to choose the best deals, demand better products or services and resolve problems when things go wrong'.¹ We also welcome the Government's recognition that not all consumers are confident consumers. *Better Choices: Better Deals*, the Government's April 2011 consumer empowerment strategy, also outlines the case to help to empower vulnerable people as consumers, starting with the need to understand the problems that different groups of vulnerable and disadvantaged people may face in different markets.

The CAB service regularly sees groups of people who have little or no power in their relationships with business or other key service providers. We see consumers who do not always get a good deal, cannot easily sort things out for themselves and are not able to influence the policies and practices of others.


This report is about a group of consumers who may be more likely to lack power as consumers – disabled people who are in debt. Around one in five of the people seeking advice about debt problems from Citizens Advice Bureaux in England and Wales are disabled or have a long-term health problem. In 20010/11 bureaux gave advice or casework support about problem debt to over 72,000 disabled people.

The report has a particular focus on three groups of CAB clients supported by the Financial Inclusion Fund (FIF) disability project: people with a physical disability including sensory disabilities; people with learning difficulties; and parents of disabled children. We have drawn on the experience of some of these people to build our understanding of the problems they face, both as people with debt problems and as disabled consumers.

We found a group of people who were often dealing with a double disadvantage that caused or substantially contributed to the financial difficulties they experienced:

- Participation restrictions to work, low incomes, financial exclusion and extra costs related to illness and disability were all cited as common causes of debt problems.
- CAB evidence highlights how disabled people in financial difficulties face additional problems when service providers (both public and private) fail to recognise their needs or make reasonable adjustments in a consistent way, despite the requirement under Section 20 of the Equality Act 2010 to do so.

¹ *Better Choices: Better Deals. Consumers Powering Growth*, Department for Business, Innovation and Skills and Cabinet Office, 2011.



Our evidence shows how creditors are not always following the often extensive rules and guidance on appropriate standards of business conduct for their sector. This includes evidence of non-compliance with standards specifically designed to protect the interests of disabled people. The problems associated with financial difficulties can be significantly exacerbated as a result and so disabled people can be left with little consumer power.

This report advocates changes to regulation and self-regulation, in business practice and to future commissioning of advice to ensure that disabled people in debt are empowered to engage with creditors and deal with their debt problems.

Methodology

The findings of this report are based on the following sources of evidence:

- We analysed data about CAB debt clients generally recorded on the CASE money advice database. We used data from the first quarter of 2009/10 which gave details on around 23,000 cases (the larger sample).
- Separately we analysed CASE money advice data for all cases seen by CAB debt advisers funded by the FIF disability project for the same period (the smaller sample).² This gave detail on around 1,400 cases.
- Debt advisers working in ten bureaux which were funded by the FIF disability project were asked to conduct a detailed review of a sample of their cases. We randomly selected approximately ten per cent of cases from this project first seen in 2009/10 and asked advisers to complete a questionnaire for each, receiving 179 returns.
- We interviewed 11 clients from FIF disability project bureaux in-depth about their experience of financial difficulties. Their names have been changed to protect their identities.
- Individuals who visited partner organisations' websites to tell us about their experience of debt and seeking advice.

² Since 2006, in three phases of the Financial Inclusion Fund (FIF), over £150 million of Government money has been allocated to voluntary-sector advice agencies to increase the provision of debt advice in England and Wales. The primary aim has been to enable advice agencies to recruit and train debt advisers in order to expand their free, face-to-face debt advice services within certain geographic areas and among specific social groups experiencing high financial exclusion. The FIF disability project is a partnership between Citizens Advice, RNIB, Action on Hearing Loss (formerly RNID), Contact a Family and Mencap to give free holistic debt advice to blind and visually impaired people, people who are deaf or hard of hearing, parents of disabled children and people with learning difficulties.

- A focus group of creditors that took place in January 2011.
- Two focus groups of RNIB members in Ipswich in January 2011.
- Evidence submitted by bureaux across England and Wales which concerned the experiences of disabled people in debt.

We would like to thank everyone who has contributed to this report including:

- The CAB clients, RNIB members and members of the public who kindly agreed to share their experiences with us.
- FIF disability debt advisers who took the trouble to answer all our questions and identify clients for interview. We would particularly like to thank the FIF disability advisers at Camden CAB, especially Faye Peachey.
- Tina Barnes, Justin Meadows and Lindsay Newton-Palmer from the Citizens Advice FIF project management team.
- Ali Harris and Steve Morley from the Citizens Advice Equality team.
- All the creditors who took part in our focus group.
- Fran McSweeney and Angela Edwards from RNIB, Lisett Brown from Contact a Family, David Sloan and Laura Matthews from Action on Hearing Loss (formerly RNID); Jane Alltimes from Mencap.



2. About the debt problems experienced by disabled CAB clients

This section explores the nature and extent of the debt problems presented by CAB clients who are disabled, or who have a close family member with a disability. It will highlight some of the reasons why these households can be vulnerable to financial difficulties and looks at the ways that these difficulties manifest themselves.

Several recent large-scale studies have highlighted links between disability and financial difficulties. For instance, analysis by the Institute for Social and Economic Research found that having a disability was strongly associated with having arrears or debt being a heavy burden. Likewise the risk of household over-indebtedness was found to consistently increase where the respondent or their partner was either sick or a disabled person.³

The Life Opportunities Survey (LOS) explores disability 'in terms of the barriers to participation that people experience'. This used two different definitions of disability⁴ to look at how people managed financially. In both cases, disabled people fared worse than people who were not disabled. For instance:

- 27 per cent of households where at least one person had an impairment found loan repayments a heavy burden, compared to 15 per cent of households where no one had an impairment.
- 10 per cent of households where at least one person had an impairment reported great difficulty paying usual expenses, compared to five per cent of households where no one had an impairment.⁵

Two earlier studies by disability advocacy charities, Contact a Family/Family Fund⁶ and Leonard Cheshire⁷ came to similar conclusions. Both found that households with disabled adults or children were often managing on low incomes while also facing additional costs relating to disability. Disabled people were often borrowing out of necessity with high cost credit a common feature; using short term strategies – 'robbing Peter to pay Paul' – to deal with long term financial difficulties.

³ *Over-Indebtedness in Great Britain: An analysis using the Wealth and Assets survey and Household Annual Debtors survey*. Report to the Department for Business, Innovation and Skills. (2010); Bryan M, Taylor M, Veliziotis M. Institute for Social and Economic Research, University of Essex.

⁴ The LOS uses both the Disability Discrimination Act definition and a social model definition of people with an impairment who have experienced barriers to participation.

⁵ *Life Opportunities Survey. Interim results 2009/10*, Office for National Statistics, 2010.

⁶ *Debt and Disability: The impact of debt on families with disabled children*; Harrison J and Woolley M., Contact a Family and Family Fund, 2004.

⁷ *In the balance: disabled people's experiences of debt*; Kober C., Leonard Cheshire, 2004.

We found similar patterns in our research.

Debt profiles of disabled CAB clients in financial difficulties

Disabled CAB debt clients tend to have fewer debts and lower total indebtedness than CAB debt clients who are without an illness or impairment. Some key indicators of these differences from the larger sample of CAB debt clients are set out below.

- Disabled CAB debt clients show lower total indebtedness on average, under £13,000 compared to an average among clients without disabilities of nearly £15,500.
- More disabled CAB debt clients have lower levels of debt. Nearly 41 per cent of disabled CAB debt clients had total debts under £5,000, compared to 34 per cent of CAB debt clients not reporting an illness or disability.
- 47.5 per cent of disabled CAB debt clients had five or more debts compared to 51.4 per cent of clients without long-term illness or disability.
- Proportionately fewer disabled CAB debts had credit cards, and those that did had total credit card debts that were on average lower.

However this does not mean that the debt problems of disabled CAB clients are less detrimental or easier to resolve. Indeed quite the opposite may be true, with the consumer credit debt profile of this group pointing to high levels of exclusion and hardship in line with the evidence set out above. For instance:

- Nearly 19 per cent of disabled CAB debt clients had high cost credit debts⁸ compared to 17 per cent of CAB debt clients without a long-term illness or disability.
- A higher proportion of disabled CAB debt client had home credit debts; 15 per cent compared to 13 per cent of debt clients without a long-term illness or disability.
- The number of disabled CAB debt clients who had catalogue and mail order debts was also disproportionate; nearly 30 per cent compared to 27 per cent of clients without a long-term illness or disability.

⁸ High cost credit included home credit, payday lending and pawn broking.

Whilst the differences are not large, they are statistically significant, which means that they are unlikely to be the result of chance alone.

Why should disabled CAB debt clients be more likely to have high cost credit debts compared to all CAB debt clients? The common experience of persistent low income cited above may be one reason for this. The disproportionate use of mail order and home credit might suggest a reduced ability to physically shop around for either goods or financial services. These two interlocking processes of exclusion may make disabled CAB clients more vulnerable to financial difficulties than other clients.

Reasons for debt problems given by FIF disability project clients

We asked CAB money advisers reviewing FIF disability project cases about all the issues and events that had contributed to the debt problems experienced by their clients. The most frequent responses are set out in the table below.

Circumstances contributing to debt problems of FIF disability project clients	% of client cases
Budget problems, poor money management or lack of financial capability	66%
Long term low income	30%
Difficulties with benefits	26%
Difficulty finding a job due to client's disability	21%
Irresponsible lending and over commitment	20%
Additional costs of disability	16%
Job loss for reasons other than as result of client's disability	8%
Relationship breakdown	6%
Unable to work or reduced working hours because caring for a disabled child	10%
Job loss or reduction in hours worked as result of client's disability	6%

The pattern of key reasons for debt shows both differences and similarities to those found in surveys of all CAB debt clients.

Job loss and relationship breakdown

Surveys of CAB clients typically find that job loss and relationship breakdown are significant reasons for debt problems. A 2008 survey of CAB clients found job loss and relationship breakdown in 19 per cent and 16 per cent of cases respectively.⁹ A 2009 survey of people seeking help from Citizens Advice Bureaux, Shelter and independent advice agencies about court action for mortgage arrears found that over 60 per cent of respondents attributed their mortgage arrears problems to job loss, reduced hours or business downturn.¹⁰

But for these FIF disability project clients, job loss and relationship breakdown that was not related to the onset or worsening of illness or disability appeared to be less frequently cited reasons for debt, mentioned in only eight per cent and six per cent per cent of cases respectively. Indeed job loss for all reasons (including disability related reasons), mentioned in 13 per cent of cases, was a less frequent reason than in all previous surveys of CAB debt clients generally.

In contrast advisers believed that their clients had experienced difficulty in *finding* employment due to their disability in 21 per cent of the cases. The nature of the survey does not allow any direct conclusions from this, but it does to perhaps reflect some of the findings in the LOS: showing that 'unemployed adults with impairments seeking work were around twice as likely to experience a participation restriction to work than unemployed adults without impairments seeking work'.¹¹

Problems with budgeting, money management or a lack of financial capability

There was evidence of problems with budgeting, money management or a lack of financial capability in around two thirds of the FIF disability project cases reviewed. This appeared more pronounced than in surveys of all CAB debt clients. For example, a 2008 survey of CAB debt clients found that 12.6

⁹ *A life in debt: The profile of CAB debt clients in 2008*. Citizens Advice, 2009.

¹⁰ *Turning the tide? Evidence from the free advice sector on mortgage and secured loan possession actions in England in July 2009*, AdviceUK, Citizens Advice and Shelter, 2009.

¹¹ *Life Opportunities Survey*, page 62.

per cent attributed their debt problems to poor financial skills and a further 28 per cent to over commitment.¹²

The individual experiences of some of the FIF disability project clients illustrate the impact that an illness or disability can have on a person's ability to budget and manage their money.

A FIF disability project client with learning difficulties had problems understanding how interest was being calculated or how direct debits and standing orders worked. He didn't know how to budget and didn't understand how benefits or tax credits worked. He needed assistance with his finances. Irresponsible lending had made his vulnerability worse.

A FIF disability project adviser saw a woman whose disability contributed to her debt problem in two different ways. She was no longer able to work so her income had dropped. She had a cognitive impairment, so struggled to remember complicated issues and could not keep to a task. She found it difficult to deal with letters straightaway as she could not concentrate on them.

A FIF disability project client struggled with budgeting and could not afford to maintain payments to her creditors or avoid further debt. She said that it was more difficult for her to keep track of bills and spending because she was blind.

We also asked FIF advisers for information about specific aspects of their clients' financial capability. In those cases from the sample where there was sufficient information to make an assessment:

- 40 per cent of clients were considered to have a poor understanding of the concept of *priority payments* (for example, council tax, rent, fuel, TV licence, water, etc).
- Understanding of credit and financial products was said to be poor in nearly half of the cases.
- In over half the cases people were said to be poor at deciding whether a credit product was affordable and suitable for their needs.

¹²A life in debt: The profile of CAB debt clients in 2008, Citizens Advice, 2009.

These findings have implications for the capacity of these consumers to shop around to find a good deal. They also flag up the need for firms to provide better help for people to understand and choose the right product for their needs. We will look at this issue in greater detail later.

Persistent low income

Persistent low income was cited as a reason for debt in nearly a third of cases. This is not unexpected. Repeated surveys have found that CAB debt clients tend on average to have household incomes of between half and two thirds of the average for UK households generally¹³ and low income was associated with financial difficulties in both of the large-scale studies cited earlier.

But there is some evidence from the larger sample that disabled CAB debt clients may be more likely to have low incomes than CAB debt clients generally.¹⁴ Three quarters of clients who said they had disability or long-term health problems had household incomes below £1,000 per month, compared to 62 per cent of CAB debt clients who were not disabled.

Problems with benefits

For disabled clients and parents with disabled children, difficulty with benefits was cited as a reason for debt in over a quarter of cases. This is much higher than for CAB debt clients as a whole, where only seven per cent attributed their debt problems to problems with benefits and tax credits.¹⁵ For households managing a tight budget even a small drop in income can mean struggling to meet ongoing commitments like credit repayments and bills. So a strong link between problems with support from the benefit system and debt problems is not particularly surprising. CAB evidence highlights two key issues here. Firstly changes to benefit entitlement can cause sudden income reductions that overwhelm fragile household finances.

¹³ See *In too deep*, Citizens Advice, 2003; *Deeper in debt*, Citizens Advice, 2006 and *A Life in debt* cited earlier.

¹⁴ We had data on self reported estimated household incomes for 15,763 of the CAB clients recorded in the CASE money advice sample.

¹⁵ *A life in debt: The profile of CAB debt clients in 2008*, Citizens Advice, 2009.

A FIF disability project adviser saw a woman who had an overpayment of working tax credit. As a consequence her housing benefit was overpaid. She was not aware of either of these overpayments until it was too late to challenge them. Her current award of housing benefit was reduced to recover the overpayment. She could not cope with keeping up with the current rent and fell into arrears.

A FIF disability project saw a woman who had learning difficulties whose husband was her carer. This resulted in them being on a static income from benefits with no current prospect of moving off them. However their benefits changed resulting in a reduction in income. The woman was unable to maintain contractual payments on her financial commitments and fell into arrears with water and telephone.

Secondly, maintaining a benefits claim is likely to require both the ability to understand communications from the Department for Work and Pensions and the ability to respond to communications in the right way, with the right information and at the right time. People with an illness or disability may therefore experience significant barriers to maintaining a claim and this can result in financial difficulties.

A FIF disability project saw a man who needed help with forms because of a visual impairment. The person who had been helping him with the benefit forms let him down and he was worse off as a result.

A CAB client from the North East with severe learning difficulties living in local authority housing fell into rent arrears when her son got a job but she did not inform her local authority that he had left home, leading to her housing benefit being suspended. Although a housing officer attended the property on several occasions, the client was unable to understand the problem and eventually they began eviction proceedings. After being contacted by the CAB, the housing management agreed to withdraw the eviction proceedings and the local housing benefit office agreed to backdate payments. However this still left the client with £500 in rent arrears, being recovered by direct payments, and she has been caused a great deal of severe stress.

Extra costs related to illness and disability

Additional expenditure in relation to illness or disability was recorded in 62 per cent of the FIF disability cases. The table below sets out the detail.

Extra expenditure relating to impairments	% Cases
Additional transport needs (e.g. taxis)	30%
Assistance with household tasks	22%
Additional heating and other energy use	16%
Care costs	11%
Specialist equipment	10%
Adaptations to the home	8%
Therapeutic activities	7%
Special diet	7%
IT and communications	5%
Base: 169 responses	

Meeting these extra costs was cited as a contributing cause of debt problems for nearly one in six of these CAB debt clients. This may explain the fact that our survey found that using credit to meet daily living expenses had contributed to the debt problems of nearly one in ten clients.

Fuel debts

In over half of the FIF disability project cases where extra expenditure was cited as a reason for debt problems, there was also evidence of extra spending for additional heating and other energy use. In the sample of cases from the CASE money advice database we found that a higher proportion of disabled CAB debt clients (13.4 per cent) had a fuel debt (gas or electricity) than CAB debt clients who were not disabled (12 per cent).¹⁶

¹⁶Based on 23,146 cases.

The gap is relatively small in absolute terms, but 'real' in the sense that the difference in this data was very unlikely to be the result of chance alone. It seems that the gap is mainly explained by income and employment status, as when we compared only unemployed disabled and non-disabled CAB debt clients, the difference disappeared. As we have seen, both disabled and non-disabled CAB clients tend to have below average incomes so this is not surprising.

Current Government policy giving support to people who may need extra help with fuel bills is largely focused on age through winter fuel payments to pensioners and the Warm Homes discount.¹⁷ It does not provide the same level of support to working-age disabled people on low incomes. Here we found that a higher proportion of disabled CAB debt clients under 65 had fuel debts (14 per cent) than disabled CAB debt clients over 65 (9 per cent), with the difference in the data again unlikely to be the result of chance alone.

Finally we note that the current focus on helping more disabled people into work may not by itself close the gap in the incidence of fuel debts between disabled and non-disabled CAB debt clients. We found that a higher proportion of employed disabled CAB debt clients had fuel debts (13 per cent) than employed non-disabled CAB debt clients (11 per cent). Whilst our survey cannot throw light on the reasons for this difference, a possible reason might be that disabled debt clients who are working may be more likely to be in part-time work or in low-paid jobs.

Parents of disabled children

The review of FIF disability cases included information about 29 households that included one or more disabled children. In 12 of these cases at least one parent was also disabled. In certain respects the parents of disabled children were a distinct group from the other people whose cases were reviewed in this survey. For instance parents of disabled children appeared less likely to experience unfair practices by creditors than other FIF disability clients (21 per cent compared to 47 per cent). However parents of disabled children were more likely to experience other problems.

¹⁷The core group who are automatically entitled to the Warm Home Discount consists entirely of pensioners. There is a broader group but energy suppliers have discretion about targeting this help.

Their cases cited additional costs of disability as a reason for debt problems disproportionately more than other cases in the review. Details that advisers provided about their clients' circumstances help illustrate the extra costs of caring for a disabled child.

A FIF disability project saw a woman whose daughter had cerebral palsy. She had large fuel bills and her daughter's needs directly contributed to the bills.

A FIF disability project saw a woman whose son had Crohn's disease. He needed fresh unprocessed food to prevent exacerbation of his illness. She said this was costly for her.

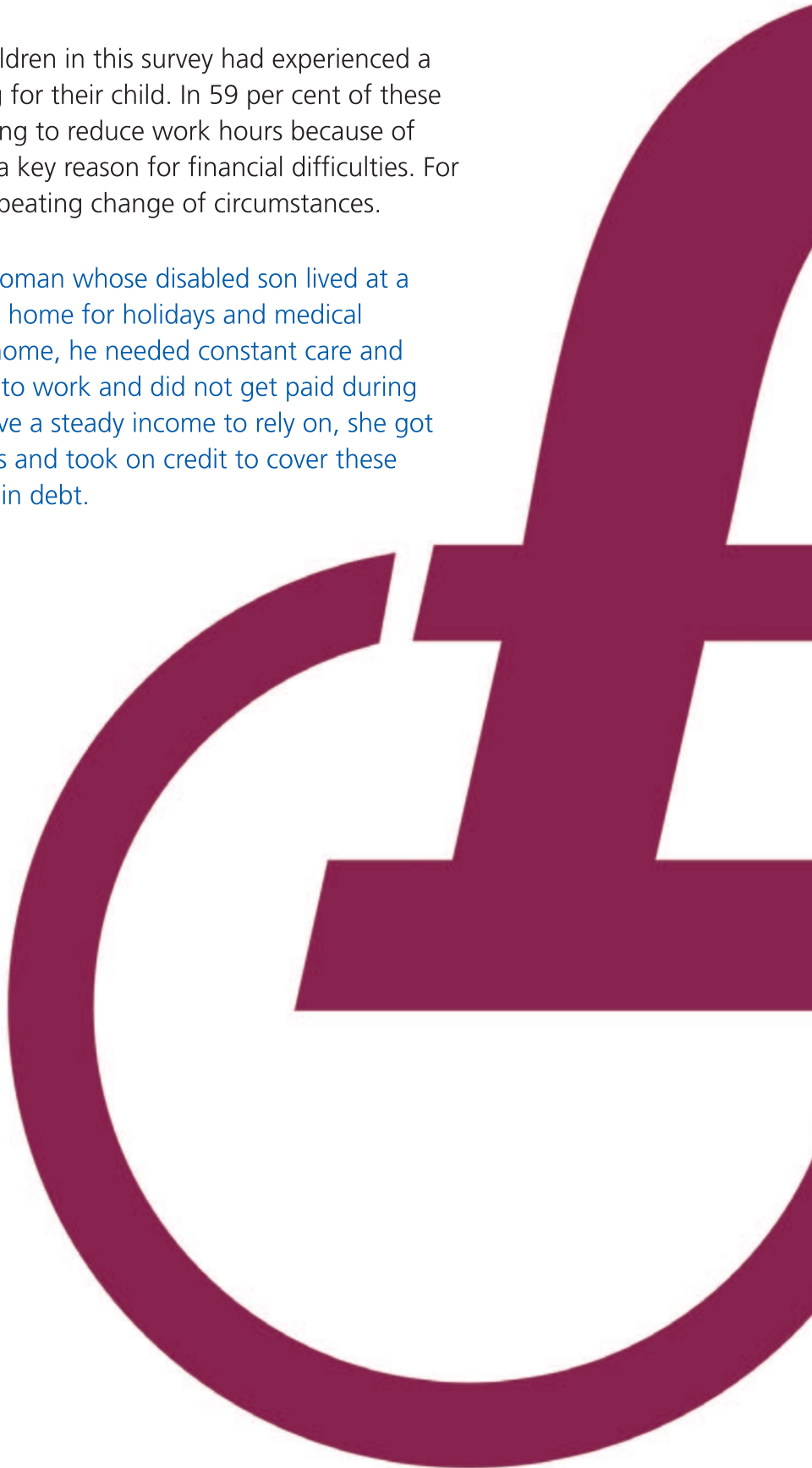
A FIF disability project saw a couple whose son needed surgery and treatment several times in year. They lived in the West Midlands but the centre of excellence for the treatment of this disorder was in the North West so repeated travel and hospital costs were incurred. They also had additional heating costs.

Parents of disabled children also appeared to cite difficulties with benefits as a reason for debt problems more frequently. The experience of one FIF disability project client illustrates how a sudden change in benefit levels can quickly overwhelm fragile household finances.

A FIF disability project saw a woman whose daughter had Crohn's disease. Managing her illness required a special diet, extra heating costs and care costs. Her income dropped substantially when her daughter's disability living allowance claim was rejected at review and consequently she lost not only the disability living allowance but also her carer's allowance. The woman appealed and was successful, but she had to do without the money whilst the appeal was being considered. The adviser commented that this woman was typical of several carers of children with long-term illnesses, as she needed to return to the CAB for further help following changes of circumstances.

Most of the parents of disabled children in this survey had experienced a drop in income as a result of caring for their child. In 59 per cent of these cases being unable to work or having to reduce work hours because of caring responsibilities was cited as a key reason for financial difficulties. For some of these people this was a repeating change of circumstances.

A FIF disability project saw a woman whose disabled son lived at a boarding school but was often home for holidays and medical appointments. When he was home, he needed constant care and supervision so she was unable to work and did not get paid during his holidays. As she did not have a steady income to rely on, she got behind with payments and bills and took on credit to cover these periods. She was permanently in debt.





3. How well do creditors take account of the needs of disabled people?

In the last section we saw that there can be a range of factors that contribute to the debt problems faced by FIF disability project clients. These suggest that the debt problems faced by disabled people or parents of disabled children are likely to be long term and may be more difficult to resolve because their circumstances may not be stable.

In the review of FIF disability project cases we asked advisers whether creditors had taken reasonable account of their client's disability or that of someone else in their household. Responses for the 114 cases where advisers gave an answer are set out below.

Whether creditors took account of disability	Percentage
All did	45%
More than half did	15%
About half did	11%
Less than half did	11%
None did	19%
Total	100%

This reveals a mixed picture. The most common response (45 per cent of all cases where there was information) was that all creditors had taken reasonable account of the CAB client's (or other household member's) disability. An example given by one of the FIF disability project clients we spoke to shows how creditors would adapt their approach to address a situation that could disadvantage a disabled person.

A partially sighted woman told us how she had fallen behind on her fuel bill because she had been receiving estimated bills that had underestimated her usage. When she received an accurate bill, it was very high and she was unable to afford to pay it off. The fuel company suggested that they could install a pre-payment meter, but she would not have been able to operate it due to her sight impairment. The company understood and agreed instead that she could pay an agreed, affordable amount each month and if she stuck to this arrangement, they would write off the balance after six months. The arrangement was successful and the debt was written off as promised.

Morgan, partially sighted, interviewee

In the FIF survey advisers reported 39 incidents of good practice by a creditor that they thought stood out, including several examples of support tailored to meet the needs of disabled people. However 28 of these examples were about creditors responding quickly in a way that is either required or implied by sector rules and guidance and codes, such as allowing a short period of breathing space or accepting an affordable offer, or treating people sympathetically and positively. This is not, in fact, good practice which goes beyond the requirements of statutory or voluntary regulation. The fact that advisers may regard this as good practice indicates that they are seeing creditors consistently taking little or no account of their clients' needs

Although it was most common, the response '*all did*' was in fact recorded in a minority (45 per cent) of the cases. Advisers believed that in 41 per cent of cases only a half or less of the creditors had taken reasonable account of clients' disability. In nearly one in five of the cases our advisers said that 'none' of the creditors had taken specific account of their clients' disability.

To illustrate what this might mean for CAB debt clients in practice we looked at whether the extent to which creditors took account of the clients' particular needs had any connection with their experiences of unfair practices. We found one or more incidences of poor practice (excluding those relating to communication) were recorded in 18 per cent of the cases where all creditors had taken reasonable account of disability. This compared to 60 per cent of cases where not all creditors had taken reasonable account of disability. This suggests that failing to take account of disability is an integral part of business practices and attitudes that also create consumer detriment.

Creditor views on recognising the needs of disabled people

We asked representatives from a wide range of creditor organisations about taking account of disability in a focus group session in January 2011. The discussion started with attendees agreeing the importance of recognising the needs of disabled people and (to use one attendee's elegant phrase) 'respond in a money advice related way'. We took this to mean that creditors should look at the debtor's whole situation rather than simply recovering their own money at all costs.

Attendees all agreed that recognising need was a serious challenge and discussed different approaches to doing this. The importance of raising customer awareness about the existence of alternative formats and communication channels that support the needs of disabled people was seen as a key starting point. Then some attendees described an approach that relied heavily on disabled people making their needs known:

"We can do something different when we know, but if we don't know, we can't."

"[We have] nothing proactive on disability but if someone mentions it, we will deal with it in a different way."

"It's chicken and egg. You can't be sure of communicating in the right way unless the person tells you their needs."

Creditors' focus group attendees

They have a point. But as some of the FIF disability project clients made clear, disabled people will not always want to volunteer information about their disability. For instance, a partially sighted client told us "I don't like making announcements to total strangers ... it's like whining, my disability's not me". This shows that disabled people may wish to avoid being defined by their disability. Her further comments also suggested that disabled people do not tell creditors about their disability because their prior experience convinces them that it will not change their practices.

“At the end of the day I don’t think it makes any difference. I know it does but to a total stranger on the other end of the phone – big whoop!”

This was echoed in the experience of some clients in the FIF disability project case review as the following example highlights.

A FIF disability project saw a deaf woman who also had some learning difficulties. A creditor had not been communicating with her in a way that she could understand and this had caused her problems. But she had not told them about her disability as she did not think that this would make a difference.

Of course some disabled people will not be to tell creditors about their needs precisely because of the problems they have communicating. In around eight per cent of cases in the FIF disability project review the CAB client could not communicate with creditors because their preferred means of communication was not available or they were unaware that adjustments could be made.

A FIF disability project saw a deaf woman who also had poor literacy skills. She was unable to tell her creditors about her disability because of her disability and she could not use a text phone.

A need for proactive approaches

There is a real opportunity, in our view, to bridge this communication gap, but creditors need to take the lead by showing openness and creating the conditions where customers will tell them things that enable them to provide the best assistance.

We believe that creditors need to be more proactive in recognising the needs of their disabled customers. Creditors’ focus group members felt that this would mean getting the issue onto their corporate organisational agenda.

Nevertheless there were examples of good practice which all creditors can learn from. Two representatives from mortgage lenders outlined the additional steps they had put in place to help disabled people with mortgage arrears. One, a building society, would arrange to send out field agents to a person’s home, and the other, a sub-prime lender, would ensure that cases that they deemed to be sensitive would be reviewed by senior managers.

Representatives from the retail energy sector pointed out that the rules they operated under meant they had to take a proactive approach to recognising the needs of disabled people. For example, supply licence condition (SLC) 26 requires retail gas and electricity suppliers to offer their disabled customers the option of being placed on their priority services register.¹⁸ They are also required to provide bills and statements in an accessible format to people who are blind, partially sighted, deaf or hard of hearing.

This information was seen as business critical by energy suppliers as their licence conditions require them to take all reasonable steps to avoid disconnecting households with a disabled person in the winter months and may also mean that other approaches to dealing with arrears, such as a pre-payment meter, might not be possible.¹⁹ As one of the attendees from this sector put it:

“If we know or suspect [that a customer or customer’s household includes a disabled person] we will mention it on account data. This is pre-emptive – even if the customer can pay now.”

Creditors’ focus group attendee

Other attendees, particularly those from the consumer credit sector, raised a tension between capturing data about the needs of disabled customers and ensuring compliance with the provisions of the Data Protection Act 1998 (DPA). The DPA prohibits creditors from processing sensitive data about their customers without their express consent. Guidance from the Information Commissioners Office states that disability is regarded as sensitive personal data.²⁰ Some attendees described this as creating a perception of regulatory risk that ‘scared people off doing anything that might break the DPA’.

We believe that this apparent difference in approach between creditor sectors raises a key point. Regulation governing retail energy providers explicitly requires proactive approaches to identifying and meeting the needs of disabled customers. This gives providers a framework to work through tensions between the DPA and the Equality Act requirements on reasonable adjustments. Attendees from the retail energy sector did not raise the DPA as a particular problem.

¹⁸The priority services register gives customers access to additional services such as password schemes and ensures that they will be notified as a priority should there be a disruption to their energy supply.

¹⁹SLC 27.11.

²⁰*The Guide to Data Protection*, Information Commissioner’s Office.

But the rules governing consumer credit and retail banking do not explicitly require creditors to take into account the needs of disabled people. This is implied in the Equality Act and broader sector specific requirements such as the requirements in consumer credit legislation to give adequate explanations and the Financial Services Authority's treating customers fairly initiative. However, without a firm steer from regulators about how to implement these for all consumers, lenders may be tempted to take an approach that is too cautious to meet to needs of disabled consumers.

We believe that attendees from the consumer credit sector partly answered this question when discussing the impact of the guidelines on dealing with mental health and debt published by the Money Advice Liaison Group (MALG).²¹ Credit and banking sector attendees told us that the steer from the MALG guidelines had 'widened the scope on mental health and allowed more people to be spotted'.

We asked how this had happened and one credit sector colleague described how they had developed more training for staff, used trigger words to help identify mental health needs in collection conversations and put specific policy in place to help and support staff. They had also worked with mental health organisations to help them identify further work that needs to be done.

But this momentum does not seem to have spontaneously carried over from mental health to considering the needs of customers with physical disabilities or learning difficulties. As one attendee put it:

"We don't find many people who say they have an issue [with physical disabilities]; but we said that about mental health and that's massive now."

Creditors' focus group attendee

So, we conclude three things from this:

- The objectives of sector specific regulation (including self-regulation) and equalities legislation should be explicit enough to help steer creditors towards proactive strategies to empower and protect disabled consumers.

²¹ *Good practice awareness guidelines – for consumers with mental health problems and debt*, Money Advice Liaison Group (Autumn 2009).

- Creditors are currently responding to the challenge of recognising the needs of disabled customers in different ways. Given the extent of financial difficulties that disabled people have, these approaches do not currently seem to be sufficiently proactive or reflective to ensure that business practices meet the needs of different groups of disabled people.
- Policy makers in government, regulators and creditor organisations need to consider how to stimulate the next steps forward as a key part of a consumer empowerment strategy.

Recognising disability does not guarantee good practice

We have previously described that there was a link between creditors' failure to take account of the needs of FIF disability clients and their experience of unfair practices. One might think that this could be because creditors are not aware of their customers' needs. This is clearly not the whole story. Advisers also told us about incidents of bad practice where the creditor was aware of their client's disability, or that of someone else in the household in 45 of the cases they reviewed, 25 per cent of the cases in the survey. The following gives one example.

A FIF disability project adviser saw a disabled woman with mobility problems. She received the mobility component of disability living allowance to help her with her transport costs. One of her creditors continued to question the amount she was spending on transport costs despite having knowledge of her disability and explanations from the adviser. The creditor continued to phone the CAB about this to the extent that the adviser concluded that the creditor did not want to take the woman's disability into consideration.

In the next section we look at how these FIF disability clients, and disabled CAB clients more generally, continue to experience a range of unfair business practices by their creditors and consider what this might mean for a consumer empowerment strategy.



4. Disabled CAB debt clients' experience of unfair practices

We asked FIF disability project advisers whether their clients in the review had experienced one or more of a range of business practices that we consider to be unfair or which appeared to breach common standards of professional diligence for creditors.²² We grouped the results into three main areas of practice set out in the table below.

FIF disability project clients' experience of unfair practices	Percentage
Bad practice in ensuring appropriate communication	14%
Bad sales practices	11%
Unfair practices relating to debt collection or enforcement	23%
Any other bad or unfair practices	11%
Client experienced one or more bad practice	43%
Client did not experience any of these practices	57%
Base: 176	

Advisers found no evidence of unfair practices in the majority of cases, 57 per cent. However a large minority of clients, 43 per cent, had experienced one or more unfair practices that had a negative effect on them. This broadly reflects the findings of a similar review by advisers of 380 CAB debt client cases in 2007 where experience of practices causing some level of detriment was also quite widespread. The 2007 survey also raised the suggestion that consumers who would come under the definition of '*vulnerable consumers*' in the Consumer Protection from Unfair Trading Regulations 2008 were

²² These were: Pressure selling of goods or services; Failure or unwillingness to communicate in a format appropriate to client's needs; Failure to communicate in simple and transparent language that the client could understand; Refusal to accept client's authority to deal with CAB; Refusal to accept client's authority to deal with interpreter; Refusal to accept client's authority to deal with another person, for example, a friend or relative; Sold unsuitable products or services (including where client was unable to understand the agreement); Refusal to accept offers falling within common financial statement (CFS) trigger figures; Refusal to accept explanations of why client's expenditure was outside of CFS trigger figures; Inappropriately escalating debt collection, for example, by passing to debt collection agency, initiating court action or seeking enforcement; Creditor failing to pass on relevant information to debt collector/bailiff etc.; Harassment or intimidation; Misleading information about enforcement powers.

disproportionately represented among the CAB debt clients that experienced unfair practice.²³ The day-to-day evidence we receive from bureaux on the experience of disabled CAB debt clients also highlights regular problems with unfair practices in the areas described above.

While problems with communications, selling practices and debt collection practices are by no means unique to people with disabilities, both equalities and consumer protection legislation recognise that disability can create additional risks of experiencing disadvantage or detriment from unfair business practices. In this section we will focus on communicating with creditors and selling practice to see how these additional risks were experienced by disabled CAB debt clients.

Communication problems

Ensuring that disabled people are not disadvantaged in communicating with their creditors is an obvious place to start. Facilitating appropriate and accessible means of communication is clearly within the scope of the Equality Act 2010's duty to provide reasonable adjustments. Providing information in an accessible format is also an explicit requirement. These provisions are also included in some sector specific rules, guidance and codes. For instance, the supply licence conditions for retail energy suppliers make express provision on providing information (such as bills) in an accessible format.

Failure to provide reasonable adjustments


So this should be familiar ground for creditors. However, around one in seven of the FIF disability project review cases had evidence of communication practices that put disabled people at a disadvantage. Evidence from disabled CAB debt clients more generally also continues to highlight cases where creditors have failed to communicate in an appropriate format and via an appropriate medium (for example, email, telephone, letter, face-to-face), even though they had knowledge of a person's disability. This issue affected people with sensory disabilities in particular, but not exclusively so.

²³ This defines the term 'consumer' as any individual who in relation to a commercial practice is acting for purposes which are outside his business.

A CAB in the West Midlands saw a 28-year-old man who was partially sighted. He lived in local authority accommodation and received housing benefit. He also paid £15 per fortnight towards his rent, which he paid manually at his local neighbourhood office. But then his housing benefit claim closed without him realising. Despite requesting that letters from the council be sent in large print, this never transpired. He continued to pay his £15 payments, although he was unable to read the receipt provided due to the small print. One day he happened to have a friend with him when he made his payment and his friend noticed on the receipt that he had over £1,000 rent arrears. When he asked staff about this, he was told he should have known his housing benefit claim had stopped and that the council had started eviction proceedings.

A CAB in the North West saw a man who was registered blind and who approached the bureau after being sent a letter from an energy provider informing him he was in arrears of over £3,000. He lived alone and could only read letters in Braille. He had informed the company of this but had not received a bill in Braille or been contacted by telephone prior to this demand. The help offered by the company was to send him a charity trust application form, again not in Braille. He was told if he had any difficulties he should go to social services.


Necessity and the limitations of adjustments by creditors described above can mean that disabled people in financial difficulties often need the support of carers, family members or friends to communicate with their creditors. Indeed help with communicating with creditors can be a key reason why people seek advice from the CAB service, either because they don't have the necessary support network or they quite reasonably want to keep details about their financial life confidential from family members. Creditors should recognise the need to use a third party communicator when this arises in order to ensure that their disabled customers are not disadvantaged as a result. But this is not always happening, as the following cases show.



A CAB in the North East saw a woman who had fallen behind on payments to her credit card provider. The debt was increasing rapidly due to interest and she started receiving letters warning her that the debt would be passed to a debt collection agency. However, because the woman was deaf she could not communicate over the phone and had written several times to the card provider requesting that they take her disability into account when dealing with her. When the CAB rang the card provider they were told that woman would have to answer a number of security questions first without an intermediary. This was not possible, as she could not hear the questions. This was very frustrating and distressing for her.

Another CAB in the North East saw a deaf woman who had fallen into debt after missing a gas bill repayment while in hospital and then being charged by her bank after she became overdrawn. The client could not speak over the phone but could lip-read. However when the adviser rang on the client's behalf, the bank employee refused to speak to him so he could translate for her. The client was angry that she could not resolve her problems.

In other cases creditors had recognised that a customer had a disability and had offered an adjustment of some sort. However this was either inappropriate for that customer's individual needs or not properly delivered, as the following examples show.



A CAB in London saw a deaf man who was a British Sign Language (BSL) user who urgently needed to open a basic bank account and so went to the CAB for help. He was not able to use the internet and his ability to read and write in English was very limited. In order to help him, the CAB contacted most of the high street banks to find out about what services they might be able to offer. Two banks clearly stated on their websites that they would be able to provide BSL interpreters in branch. An appointment was made at the local branch of one of these banks and an interpreter was arranged. However, when the client arrived, the interpreter was not there. The client was confused and distressed. The adviser then contacted the other bank, speaking to the call centre, the local branch and the complaints department. None of them seemed to know anything about the BSL policy. The bureau made numerous phone calls to try

and resolve this. But staff at the local branch tried to put the adviser off, suggesting that the client would be better going to a different branch and failing to call back when they promised.

A CAB saw a woman who was profoundly deaf and whose first language was BSL. Her fiancé acted as her translator and was jointly responsible for the bills. She was in a dispute with her water company over an increase in their bill based on the ratable value of their property. They had been sent information previously about having a meter fitted but they did not understand the format of the letter. This is despite the fact that they had frequently requested information to be sent to them on CD-ROM, which enables them to be able to play it in BSL. Instead they were offered large print or Braille alternatives.

A further example from the FIF disability project case review shows that failing to connect the appropriate adjustment to a disabled person's needs can put that person at the same disadvantage as providing no adjustment at all.

A deaf woman whose first language was British Sign Language (BSL) approached a FIF disability project for help with legal action by her local authority. This was for rent arrears that built up because of a problem with her benefits. The local authority had been communicating with her by passing hand written notes but she did not understand what was going on with the benefit problem or the rent arrears. Instead she needed a BSL interpreter. The council had a whole BSL department that any member of staff could use to communicate with residents but at no point did the housing department use this facility.

Inconsistent service standards

Participants at the RNIB focus group explained to us how appropriate communication from creditors could be inconsistent or provided at a lower standard of service. One RNIB member told us that he received statements from his mortgage lender in Braille, but these arrived three weeks later than the standard print statements. Others said that they might receive standard communication such as statements in their preferred format, but other letters, such as those to inform them they had gone overdrawn, would be in

a standard print format. The experience of a FIF disability project client shows how this inconsistent service can undermine independence and contribute to financial difficulties.

A FIF disability project saw a woman with a visual impairment about debt problems. She struggled with budgeting and said that it was more difficult for her to keep track of bills and spending because she could not see. Her creditors were aware of her disability and she would sometimes receive letters in Braille, which was the appropriate format for her. However her creditors appeared unable to keep track of her needs and letters did not always come in Braille. As a result she found it difficult to keep track of her paperwork and had to rely on others to read them to her rather than be able to read them herself.

Other disabled CAB debt clients have reported similar problems of creditors failing to keep track of their needs. In particular CAB clients who had difficulties communicating with creditors report making an arrangement that was subsequently contradicted by a new unexpected demand for payment. This created worry, upset and a new unnecessary communication problem.

A client from a CAB in the West Midlands was hearing impaired and was paying back a council tax debt of £350. He had agreed a payment plan with the local authority and had receipts to show that he had kept up to date with his payments. However, just before seeking advice, he had received a letter demanding the immediate payment of the original sum. The council continued to ring him about the debt even though he could not hear clearly and they had no system for hearing impaired people. This left the client extremely frustrated that he could not resolve the issue on his own.

A CAB in the West Midlands saw a disabled woman about arrears with her gas and electricity provider. When contacted, the provider assured the adviser that they were aware of the woman's disability and she would not be disconnected. They advised that the woman should continue to pay what she could afford and she was paying weekly payments of £5. However she then received a letter stating that the energy provider was going to court to obtain an order to enter her property and disconnect. When the adviser rang back, she

was assured that this would not happen and that this was just an automatically generated letter. This unnecessary letter had caused the woman a great deal of upset and distress.

A CAB in the West Midlands saw a deaf and visually impaired man who had a credit card debt with a bank, which he had been paying off at £150 per month. He had problems dealing with the bank's demands for payments as he was unable to use the telephone and could not write letters due to his poor eyesight. But he had maintained his monthly payments by paying cash in the bank branch. He then received a default notice from the bank demanding that he paid over £400 by the end of the month. When he contacted the bank he was told that this was a computer generated letter and that he should ignore it. But this experience had caused him unnecessary worry and upset.

Attendees at the creditors' focus group told us that, in operational terms, keeping track of the needs of disabled customers can be a challenge as organisations have different points of customer contact and different automated and manual information systems that do not always marry up. As a result information about the needs of disabled customers may not be passed on to all relevant people, teams or departments.

We understand this as a reason but do not accept that it can be a justification. The essence of an equality conscious approach to customer service is ensuring that needs of a disabled customer (indeed anyone with a protected characteristic) are met consistently.²⁴ Creditors need to get it right every time.

The experience of the disabled CAB debt clients outlined above suggests that this approach, and indeed compliance with the provisions of the Equality Act that underpins it, is far from firmly embedded in the day-to-day business practices of all creditors. We believe that this is something that needs to be addressed as a priority by both senior managers and regulators.

²⁴ Equality legislation defines discrimination in terms of nine categories known as protected characteristics. These protected characteristics were previously called equality grounds. The protected characteristics are: age (for employment and further and higher education only); disability; gender reassignment; marriage and civil partnership (employment only); pregnancy and maternity; race; religion or belief; gender; and sexual orientation. Under equality legislation it is unlawful to discriminate against a person because of a protected characteristic. This includes discriminating against someone because s/he is associated with another person who has a protected characteristic, or because s/he is perceived to have a protected characteristic even though s/he does not.

Problems with selling practices and understanding products

A key objective for consumer protection legislation is to ensure that consumers do not enter into agreements for products or services that are unwanted, unsuitable or (particularly in the case of consumer credit) unaffordable. However over one in six (17 per cent) of the CAB clients in the FIF disability project survey had experienced one or more unfair sales practices by a creditor or creditors.

- Seven per cent of cases had evidence of high pressure techniques.
- Six per cent of cases included evidence of a consumer being sold an unsuitable product or service, including sales where the disabled person was not able to understand the terms of the agreement.
- Irresponsible lending was cited as a key reason for debt problems in 11 per cent of the cases in the review.

In some of these cases FIF disability project clients faced sales practices that seemed to rely on deliberately misleading acts or omissions or aggressive persuasion by sales staff.

A FIF disability project saw a woman with fuel debts. While her carer was away for a few days, she was contacted by an energy supplier and offered 'cheaper' options. She told them that she was in the onset of dementia and not able to make decisions. Despite this, the energy supplier went ahead and made the switch to them anyway. Her bill was being paid by direct debit but the new supplier did not set this up so she received a £600 bill. Her carer was unable to obtain any information from either the new or old supplier, as she did not have an authority to deal with the account. The energy supplier did not cooperate, understand or help the carer by dealing with the debt in a positive and sympathetic manner.

A FIF disability project saw a woman who was blind and who also had extensive care and mobility needs. She was approached by a firm offering her a mobility scooter. She told the representative that she could not afford any finance but the firm arranged a home visit. When the sales rep came to her home, she said again that she could not afford any finance but felt pressurised and took out the credit agreement. A mobility scooter was delivered and within a short while began to malfunction, but the firm said they could not find any fault. It then broke down completely and the firm would not respond to further calls. She was left housebound and still paying for the finance that made it increasingly difficult for her to meet her other financial commitments.

So what were the necessary reasonable adjustments in these cases? Both the clients cited above had difficulties in recognising and understanding the nature of the transaction. Both articulated their position and needs, but these were ignored. They were also disadvantaged in their capacity to complain effectively to put things right when they became aware of the problem.

Consumer protection measures and the Equality Act 2010

Consumer protection measures often employ the term '*vulnerable consumers*' to describe people who are at a greater risk of practices like these. So, for instance the Consumer Protection from Unfair Trading Regulations (CPRs) include a concept of consumer vulnerability *because* of 'mental or physical infirmity, age or credulity'.²⁵ The CPRs are an enforcement measure, designed to deal with unfair practices once these have emerged, rather than preventing them (other than through a deterrence effect).

In contrast, an equality approach seeks to take the spotlight off disabled people and turn it instead onto the practices of firms that are the actual cause of consumer detriment. From this perspective, consumer vulnerability is neither caused by nor is it the inevitable consequence of illness or disability. Rather it is a product of the way in which creditors manage their relationships with customers and the fact that they do not always make adjustments to their business practices to meet the particular needs of all consumers.

²⁵ Regulation 2 (5) (a), Consumer Protection From Unfair Trading Regulations 2008, SI 2008/1277.

All organisations must comply with the Equality Act 2010. However, this has yet to be fully and explicitly incorporated into regulation of financial services. Nevertheless, consumer protection legislation is beginning to change. For example, new requirements in consumer credit legislation have the potential to meet the needs of disabled consumers by requiring firms to explain the key features of products and services in a way that is tailored to their needs. The Office of Fair Trading recently consulted on guidance for consumer credit licence holders on supporting consumers with reduced mental capacity to understand credit agreements. The draft guidance makes it clear that 'failing to make reasonable adjustments [in explaining credit products] may constitute an irresponsible lending practice and could call into consideration fitness to hold a consumer credit licence'.²⁶ This would embed the duty contained in section 20 of the Equality Act 2010 (which has a right of private action) explicitly into the public consumer credit regime; an important step forward in getting creditors to embed the duty into their own sales practices.

Another example (and a voluntary approach) is the good practice guidance on service delivery for disabled customers developed by the mobile phone industry. This sets out service standards in respect of different broad groups of impairments. So when dealing with customers with *learning disabilities* phone companies should ensure that 'staff provide suitable support in terms of clear verbal explanations and seeking understanding of products and services'.²⁷

So there is clearly an awareness across the broader creditor sector of the need to embed practices that take account of the needs of disabled people into day-to-day selling practices. But CAB evidence continues to show that this is not happening for all consumers.

²⁶ *Mental capacity – draft guidance for creditors*, Office of Fair Trading, 2010.

²⁷ *Mobile Industry Good Practice Guide for Service Delivery for Disabled and Elderly Customers in the UK* (2003) on Ofcom's website. This commitment to explanation is not explicitly extended to other impairment groups, such as people with visual or hearing impairments.

A CAB in Wales saw a 79 year old man who was in receipt of disability benefits and pension credit. He went to a local store to purchase a bed which was priced at £179. Although he had the cash with him to pay for the bed, an assistant in the store suggested that he took out a store card. He accepted this but was unaware of the terms of the agreement. On receiving the store card he cut it up never used it again. Since then he paid the minimum requested payment every month for over two years. To date he had paid £237. His last statement showed the balance owing was £239. This meant the bed had cost him £477 so far, including £298 in interest charges.

A CAB in the East of England saw a 39 year old man who had an impairment that reduced his capacity for understanding. His bank told him that his existing account needed 'upgrading'. He was persuaded to open an account with a monthly fee of £12.50 that had features he would never benefit from. He was under the impression he must open this account. As a result he became overdrawn with fees and charges escalating the extent of debt from his modest, benefit income.

A CAB in London saw a man who was blind and a pensioner. He was in receipt of retirement pension, disability living allowance and housing benefit. He said he had taken a loan from a bank at 12 per cent APR that would clear in two years. He also had a credit card debt of £3,300 with the same bank. So he decided to get a loan to clear the credit card debt. But the bank consolidated the credit card and the old loan into a new loan with an interest rate at 28.6 per cent APR that would be repaid over seven years. When he had realised these terms, he went back the next day to cancel. The bank refused. They said that they had explained everything to him but he denied this.

In other cases, disabled people have fallen into financial difficulties as a direct result of a creditor withdrawing a product or service that met the person's needs and replacing it with one that was neither understood or explained.

A CAB in the South East of England was helping a 55 year old woman with her debt problems. She had a brain injury as a result of domestic violence and this had left her with epilepsy along with memory and cognitive problems. She had always held a bank account with the same bank and was used to drawing cash over the counter and making payments by counter cheques; never having had a debit card or cheque book. But then her bank told her they could no longer offer this facility and she would have to take out a debit card. She did this but did not understand the system and used it to buy something. As a result she went into overdraft and owed the bank £157 on top of her original debts.

A CAB in the North West of England saw a 38 year old disabled man with physical and mental health problems. He had a savings account for many years without any problems. One day when he was waiting in the queue at the building society to take money out of the account, he was removed from the queue and told that all customers had to change to a current account. The building society made him close his savings account and open a current account instead. Since having the current account he had incurred a £550 overdraft. He was also given a credit card at the same time and when he had a depressive episode incurred debts on the card of around £1,900. He had been paying this off at £50-£70 per month but could not afford to do this and the lender was chasing both debts. He would not have incurred either of these debts if he had not been moved to a current account.

Our evidence does not allow us insight into the internal policy decisions that drove these practices, but it highlights the need for creditors to take a holistic approach to meeting the needs of disabled consumers in areas such as product design and staff incentives alongside the more familiar communication and access issues. Indeed this is not just a question of sales practices, but also suggests the things creditors can do to minimise the risks of disabled people experiencing debt problems over the course of a long-term customer relationship, as the following example points to.

A CAB in Wales saw a single male who was severely disabled and used a wheelchair. He lived in a flat on his own rented from a housing association. He had limited financial capability and multiple debts of over £4,000. These were increasing due to bank charges and interest on amounts he already owed. He was anxious and despondent because the debts were mounting up and he did not know what he could do to solve the problem. His biggest debt was a bank loan and it was also clear from his bank statements that his account (income and direct debit payments) was in a mess. Not once had the bank contacted him to discuss rearranging direct debit payments to make his finances more manageable. Instead, the bank seemed content to allow him to exceed his overdraft payments and then charge him for doing so, as well as penalising him for missing loan repayments.

Consumer confidence and consumer empowerment

We believe the experiences of disabled people in financial difficulty that we have outlined above raise a broader message for the Government's consumer empowerment aim to help consumers make better choices to get better deals. These cases suggest that disabled consumers need to be confident that a product, service or relationship with a provider will work for them. For instance, the experience of one of the FIF disability project clients shows how a confidence borne from familiarity may be more important than trying to get a different deal.

A FIF disability project adviser saw a blind woman who was reluctant to change her bank account. Much of her reluctance was due to her concerns that she would not be able to do this and whether a different bank would be able to help her. She currently went to her bank for all matters that she could not do herself and was concerned that changing the account would create problems that she could not resolve.

We were given a further insight into this by RNIB members who told us about the different strategies blind and visually impaired people use to shop for financial services. We heard about a variety of different methods and priorities that depended on a range of factors including the nature of an impairment, level of confidence, set of skills and life experience and personal preferences. For instance:

- Some said that adaptive information and communications technology, the internet and services like comparative websites made it fairly easy for them to shop around, compare products, switch and get a good deal on the things they wanted. However this could be made more difficult by website security features, poor site design or where providers 'keep changing the layout'.
- But others said that they were not confident to shop online or did not know how to. The cost of adaptive screen reading technology and the need for support to learn how to use it was also raised as a barrier.
- These people said that they tended to get information from face-to-face meetings, telephone contacts or printed media. Some had experienced good adapted services from providers and helpful assistance from staff in branch. But the quality of support were said to vary both between providers and between branches and staff of the same provider. Some said that they tried to always deal with a staff member they knew and had built a relationship with. Others said they were mainly reliant on sighted assistance.
- As a result some said that they were reluctant to switch between services such as energy suppliers or banks, even though they might not be getting the best deal – they preferred to stick with what they knew.

Taking all the evidence in this section together brings us to the following conclusions. Consumers with the fewest skills and resources may have less autonomy in the decisions available to them and be more reliant on a particular provider or providers to give them a correct steer. As a result market competition and the idea of consumer power that underpins this may not by itself deliver these consumers a better deal, or prevent them from getting a very bad deal. Instead the quality of the outcomes that some disabled consumers get will depend more on the quality of providers' business practices. Practices that do not take proper account of the needs of disabled people, whether intentionally discriminatory or not, are likely to create detriment.

5. Empowering disabled consumers who are in debt

In this section we will look at the problems that disabled CAB clients and CAB clients who are parents of disabled children have faced trying to deal with their debts. We will show how these CAB clients can be disempowered by unfair debt collection and enforcement practices and how this in turn makes it harder for them to engage with their creditors or successfully resolve their debt problems. We will also show how independent advice from specialist advisers from a dedicated disability project, working with creditors, can help to break this cycle. But this in turn requires creditors to make adjustments to their business practices to better support the needs of disabled people.

Debt collection and enforcement practices are currently controlled by a number of different sector specific rules, for instance:

- The Office of Fair Trading has published guidance setting out minimum expected standards of practice for firms engaged in debt collection activity – not just specialist debt collection and debt purchase firms but also lenders collecting their own debts.²⁸
- Guidance from Ofwat clearly states that that firms collecting water debts should also abide by the OFT debt collection guidance.²⁹
- Various credit industry trade association codes set standards for members that replicate or go beyond the OFT guidance on a voluntary basis.
- Council tax enforcement and collection practices are covered by a mix of local authorities' own internal policies, codes of practice and decisions of the Local Government Ombudsman. There is also a voluntary good practice protocol on council tax debt collection developed jointly by the Local Government Association and Citizens Advice.
- The Ministry of Justice has produced *National Standards for Enforcement Agents* that sets some outline standards for bailiffs and the major creditors that use them. The standards make special reference to disabled people in a section on '*vulnerable situations*'.³⁰

²⁸ *Debt collection guidance. Final guidance on unfair business practice*,. Office of Fair Trading, 2003 (updated 2006).

²⁹ *Dealing with household customers in debt – guidelines*, Ofwat, 2007.

³⁰ *The National Standards for Enforcement Agents* can be downloaded from: www.dca.gov.uk/enforcement/agents02.htm#part10

Yet despite this wide range of guidance and standards, some of which is very good, nearly a quarter (23 per cent) of the cases in the FIF disability project review had evidence of at least one unfair debt collection or enforcement practice. This was the most commonly reported type of unfair practice in the survey.

A steady stream of evidence from bureaux more generally gives an illustration of the sort of problems that disabled CAB clients and CAB clients who are parents of disabled children experience with debt collection and enforcement practices.

A CAB in the East of England assisted a woman who was severely disabled and restricted to living in one room, relying upon visits from carers four times a day. She had received letters from a bailiff acting to recover council tax debt. The letters threatened to get a locksmith to obtain entry into the property even though the bailiff had not gained peaceable entry to her home to seize goods. This misrepresentation of their powers by the bailiff led to the client and her daughter, who was acting on her behalf, feeling extremely frightened that the client would lose her possessions.

A CAB in the North East of England saw a 50 year old man who was caring for his wife who had been diagnosed with cancer and was in receipt of disability living allowance under the special rules and employment and support allowance. He was in receipt of carers allowance and they were struggling financially. Despite him explaining the situation and making repayment offers that had been accepted, a creditor and a debt collector continued to contact him frequently by phone, often waking his wife who was very ill and spent the majority of her time asleep. The debt collector also attempted to withdraw over £1,000 from the client's account causing him to incur bank charges.

A CAB in the Midlands saw a man about his debt problems. The bureau made token offers to each creditor but one refused to accept the offer and wrote to the man saying a debt collector would visit his home during the evenings. The client was deaf but received repeated phone calls and later received another letter accusing him of failing to communicate with the creditors. This left him extremely distressed.

Comments from FIF disability project clients and respondents to our online survey also give an insight into the way that these problems are actually experienced by disabled people in financial difficulties.

“At the time it was just really frightening. At one point [I was] phoned by three separate companies, every hour, on the hour from 8am to 9pm, and that really did wear you down.... It's like anything you had to say... they didn't want to hear. All they wanted to hear was 'yes, I'll pay' however much it was I owed them. [My bank and credit card company would say to me] 'Why are you paying your rent when you could be paying it to us?'”

Morgan, partially sighted, interviewee

“They don't even try to understand, they just keep pushing for payments. Ringing up at all hours of the day and night and threatening to send out doorstep collection agents.”

Survey respondent – mother of child with Down's syndrome

“It's difficult because, these type of things, creditors aren't interested. They don't want to know why. And you can explain forever and a day, but no matter what you say, they want the money.”

Linda, physical disabilities and post-traumatic stress disorder, interviewee

Earlier we discussed the challenges that creditors face in recognising the needs of disabled consumers. But the experience of these disabled CAB clients suggests collections calls will often present indicators of customer need that creditors are not always good at picking up. One of the creditors' focus group attendees put the same point in a different way:

“[Collection staff] are not always asking the right questions – more focusing on collecting debt than why the person has not paid or what extra help they need. Call sheets and scripts should be designed to talk about need, not just payments.”

Creditors' focus group attendee

Recent research on debt collection and mental health found that 90 per cent of collection staff 'rarely or never asked customers whether they had a mental health problem even when they suspected a customer may be experiencing this'.³¹ This research concluded that creditors can make changes with 'relatively minor investment or disruption'. The point holds equally well for people with physical disabilities and learning difficulties, their carers and parents of disabled children.

Citizens Advice warmly welcomes the work that has been done on meeting the needs of people with mental health problems both following and in the lead up to publication of the MALG guidelines. While there is clearly still much work to be done in this area, creditors also need to think about how they will generalise what they are learning to better meet the needs of other groups of disabled people. For instance, the MALG guidelines explained why passing debts onto third parties can cause problems for people with mental health problems. This is equally a problem for other groups of disabled people, but CAB evidence suggests that creditors have not yet developed a consistent understanding of this.

A CAB in the Midlands saw a man who had been deaf since birth. He lived with his partner who was also his primary carer and their young son. He had a utility debt of £400 that the original creditor passed on to a debt collection agency. The original creditor was aware of his disability but had not forwarded on information about this, including the authority for his wife to speak on his behalf. The debt collectors, who continued to phone to chase the debt refused to speak to his partner. The man could not use the telephone.

We believe that the experiences of these CAB debt clients raise three key points about the problems that follow on from debt collection practices that fail to take account of the needs of disabled people.

Firstly, disabled people may disengage from actively trying to resolve their debt problems as a response to bad practice that does not take sufficient account of their needs. Some of the FIF disability project clients we spoke to told us how they had responded to such collection contacts:

³¹ *Debt collection and mental health: the evidence report – Research findings from a national survey of 1,270 frontline staff working in creditor and debt collection agencies*, The Royal College of Psychiatrists and the Money Advice Trust, 2011.

Peter, a man with learning difficulties, told us that nothing that any of his creditors did was helpful. He spoke to one company, a bank and explained that he was in financial difficulty, He asked them to freeze the charges and interest that were accruing on his account but this request was refused. Every time he received a letter from the bank about his debt, further charges would be added. After a while this debt was passed to a debt collection agency who added further charges. Some time later the bank rang and asked him to clear the whole debt. He told them he couldn't and said that if they wanted to help him pay the debt, they should have frozen the interest and charges when he asked. Eventually he put the phone down because he felt that he was being treated badly, and after that he simply stopped answering his phone when they called.

Peter, interviewee with learning difficulties

Joan, who was hard of hearing, told us that her creditors – catalogue companies – were “not very nice: phoning six times a day and sending letters. [They] sent debt collectors, which made [me] very nervous.” The calls went on and on, requesting that she pay the full amount. Eventually she stopped answering her phone.

Joan, hard of hearing, interviewee

In nearly a quarter of the cases in the FIF disability project review (22 per cent), the CAB clients had not tried to deal with their debt problems before coming for advice because they either felt unable to face the problem, thought it would be pointless or had a previous bad experience and wished to avoid further upset.

Secondly disabled people may lack the confidence and resources to challenge bad practice effectively. Recent research from the Office of Fair Trading found that ‘Informed consumers asserting their rights can have a significant impact on business behaviour and appear to be a key driver of compliance’.³² So the various debt collection and enforcement practice standards set out above may rely heavily on consumers asserting their rights to deliver effective protection against unfair practices.

³² *Consumer Law and Business Practice. Drivers of compliance and non-compliance*, Office of Fair Trading, 2010.

In which case, the results of the FIF disability project survey are not encouraging. We asked advisers about the ability of these disabled CAB clients to complain or seek redress in the event of experiencing bad practice or unfairness. Of those cases on which advisers had enough information to comment, half of the clients had a poor or very poor capacity to complain.

A CAB in the North West reported that their client had received numerous phone calls, often early in the morning or late at night, from a debt collection agency in relation to an alleged debt of £60 from nearly eight years before. The client disputed the debt but was unable to write a letter due to his disability. He told the adviser that the agents were aggressive and insulting and that this made him flustered, preventing him from being able to explain his situation and resolve the issue.

So those disabled people in debt who may have the least resources to challenge unfair practices may be likely to put the least pressure on creditors to recognise their needs in respect of collection and enforcement practices.

The third point is that debt advice can intervene to help break this cycle of disadvantage. Having an adviser who can negotiate on a client's behalf can be extremely empowering: the buffer created protects the individual from further disadvantage and exploitation, and the adviser can exercise their client's rights by making complaints and seeking redress on their behalf.

"Sometimes I cannot fill out forms myself and I know the CAB are very good at doing this for me if I provide evidence and the other info needed. They actually anticipate the financial needs and demands of caring for two disabled offspring and bring my attention to ways I can get help... then they will phone up on my behalf."

Online survey respondent

"It made me feel as if I wasn't alone and that there are people on my side... I'm not afraid anymore, no one can bully me now because I'll just call [my adviser]."

Adjoa, parent of a disabled child, interviewee

“You get upset.... You’re glad that someone else is taking the charge of getting you sorted out and it actually helps so much.”

Joan, hard of hearing, interviewee

The challenge, however, is to ensure the advice needs and preferences of individuals are met. Online information and advice will work for some, indeed some of those who attended the RNIB focus group found online services very helpful. Those not online or without the right technology, however, highlighted that a ‘digital by default’ approach simply added to their exclusion and disadvantage.

But offering *only* face-to-face services in an advice agency’s office or telephone based services which do not provide casework will not work for everyone. To overcome these issues advice needs to be available in a range of different formats and provided through a number of different channels which are appropriate to the needs of each user.

“I was terrified... for me to actually get up and go outside to a CAB and the fact that [my adviser] came [to my home] within two days... It was just so unbelievable really... it made all the difference [to have a home visit].”

Adjoa, parent of a disabled child, interviewee

Advice services must be well financed and supported to ensure that staff are sufficiently well trained and resourced – something that is not always happening now. It is clear that specialist advice services are valued by clients.

“I went to one advice agency – but they were rubbish. Nothing got done because they weren’t very deaf aware. They relied on an informal interpreter who was not very good and kept having to repeat herself”

Annika, deaf person, interviewee

But quality face-to-face advice, which deals with all the client’s problems is not cheap. Disabled people and their carers often present with very complex problems, many of which are interdependent. As a result, casework services are extremely labour and resource intensive. Indeed the average Financial Inclusion Fund case costs £265, and the cost per client of the FIF disability

project is £584.³³ This may appear to be more expensive than online and telephone based advice services (£16 and £51 per client respectively for National Debtline clients) but these methods of delivery are not able to meet the needs of all disabled people. And the FIF services, which provide holistic advice, representation and policy advocacy are still good value for money, as noted by the National Audit Office – especially when compared to the estimated cost of over £1,000 to the public purse of an unresolved debt case.³⁴

³³ *Helping over-indebted consumers*, National Audit Office, February 2010.

³⁴ Pleasence P, Buck A, Balmer N, Williams K, *A Helping Hand: The Impact of Debt Advice on People's Lives*, Legal Services Research Centre, 2007.

6. Conclusions and recommendations

This report has established that there are a group of factors which combine to cause and contribute to the financial difficulties experienced by disabled people and parents of disabled children.

There are some key differences as to why disabled people and parents of disabled children fall into financial difficulties, compared to all CAB debt clients. Money management and budgeting were more frequent causes of indebtedness, as was meeting the extra costs of illness or disability (particularly for parents of disabled children). Over a quarter of clients who are disabled or who are parents of disabled children attributed their financial difficulties to problems with benefits, compared to only seven per cent of all CAB debt clients. A significant proportion of disabled debt clients attributed their debt problems to low income and they tended to have lower incomes than non-disabled debt clients. Taken together, these findings suggest that the debt problems faced by disabled people or parents of disabled children are likely to be long term and may be more difficult to resolve because their circumstances may not be stable.

Creditors do not consistently provide disabled people with reasonable adjustments in all their dealings with their customers – communication, sales, product design and debt collection practices.

In our experience, many people in debt find it hard to be a powerful consumer. But given the lack of reasonable adjustments by creditors, disabled people in debt may have even less power as consumers. Their choices are constrained by both financial difficulties and the failure of creditors to take account of their needs. This leaves them facing a double disadvantage.

We believe that the evidence set out in this report shows that there is limited utility in simply ‘nudging’ disabled people in debt to get a better deal from creditors. The consumer should not be regarded as ‘the problem’. In order for them to have a positive outcome, they need fair treatment from their creditors. In order to be powerful consumers, they must have a voice that is heard. In the final section we will set out the actions that need to be taken to make this a reality.

Recommendations

Consumer protection legislation and the Equality Act 2010 need to work together to protect disabled people

Earlier in the report we outlined how different regulatory approaches between creditor sectors and the different approaches that underpin equality

and consumer protection legislation means that practices that may disadvantage disabled people are not being prevented or effectively challenged. Although disabled people who are disadvantaged by their creditors have the right to sue the creditor for damages in the county court under section 114 of the Equality Act 2010, this requires considerable knowledge and confidence. It can also be costly and people may feel unable to make their case.

For this reason, we believe that regulation and self-regulation must integrate equality concerns more explicitly and comprehensively so that requirements that are specific to individual market sectors are also compliant and consistent with the Equality Act 2010, specifically:

- The Office of Fair Trading and the Financial Services Authority, which regulate consumer credit and financial services, including retail banking, need to review their regulatory guidance and conduct of business rules to ensure that these explicitly reflect the provisions of the Equality Act 2010.
- The Lending Code and other voluntary codes of practice covering all creditor and debt collection sectors should be reviewed to ensure that their commitments cover the needs of all consumers, including disabled people
- Utility regulators should take this opportunity to review existing requirements in the light of recent changes to equality legislation. They could also share their experience of supporting disabled people with other regulators.

To this end we would like to see all market regulators and self-regulators work with the Equality and Human Rights Commission (EHRC) – the independent statutory body established to help eliminate discrimination, reduce inequality and protect human rights – to establish how the Equality Act 2010 could have more obvious practical benefit for people with disabilities who also have financial difficulties. We feel the opportunity it represents to place all policy and practice on dealing with customers in financial difficulties in a strategic context is not being fully realised as yet.

After statutory and voluntary regulation has been revised to take more explicit account of equality legislation, it is essential that effective compliance strategies are put in place so that firms adopt new requirements into all their business practices.

Creditors must develop and share best practice to ensure that they meet the needs of all their customers

Avoiding this double disadvantage requires not only compliance with regulation, but also sharing best practice. Firms must ensure that they adopt an equality focus in all parts of their business. Firms risk alienating their disabled customers, if this does not happen. Disabled people make up over a quarter of the adult population of the UK and so represent a significant group of consumers. There is not only a moral and legal case, but also a clear business case to take action.

Last year, AdviceUK, Citizens Advice, the Institute of Money Advisers and the Money Advice Trust published *Do the right thing* which set out our ideas for best practice in debt collection. At the heart of this report was the idea that good debt collection practices empowered people in debt to deal with their problems and engage with their creditors. The report encouraged creditors and debt collectors from all sectors to enter into a conversation on how to improve debt collection practices across the board. Following publication, a working party was established to produce a definitive best practice guide that all creditors and advisers could follow. This will be published later this year.

This approach shows how it is possible for the advice sector and creditors to work together to improve the experiences of consumers. We believe the same approach could be effective in helping creditors to learn from each other and other organisations how to embed equality approaches in their business practices.

Creditors need to embed best practice throughout their business

To make this happen, creditors must do a number of things:

- The equality approach must be championed at a high level in the business. This could be achieved by appointing at least one senior manager to have direct responsibility for ensuring that the whole organisation makes reasonable adjustments to meet the needs of customers. This models the Financial Services Authority's recently proposed approach to improve complaints handling.
- Creditors need to actively engage with disability organisations as well as the advice sector to seek feedback on what they should do.

- Creditors need not only to learn from each other, but also to learn from their own experiences on different issues. Some creditor sectors have taken on some of the messages that came out of MALG mental health guidance. This approach could usefully be applied to other areas of disability, but this has not happened.

This is vital because disabled people may be less likely to complain than non-disabled consumers. While creditors should and must learn from complaints about their services and practices, complaints alone are not enough to achieve change. Firms need to train their staff to be sensitive to recognise when consumers may need additional help and to provide this.

Debt advice must be available to all those who need it and funding must be sufficient to achieve this

At the time the research for this report was carried out, all the FIF debt advice projects were under threat of closure because funding was due to run out at the end of March 2011. It was clear that this had worried some of the clients we spoke to:

“I don’t see why the place is shutting down, actually.... If I can’t understand anything I get,... or if I have any more problems, I’ll just come in to [the CAB].... And that’s the benefit of the place.”

David, learning difficulties, interviewee

Since then, the Government announced continuation funding for another year, but it is unclear whether the services will be able to continue beyond that time.

Without local community-based specialist advice providers, disabled people and their carers would have to deal with larger, more distant organisations or have to struggle on without any help. It is clear that some of the clients we spoke to would not have engaged with their creditors had they not received advice from an organisation that understood and met their needs.

As highlighted earlier, this requires considerable investment. We believe that it is essential to equality proof all future plans to fund free debt advice services. This means providing advice through a variety of channels, and not just funding the cheapest option, as one size does not fit all. In this way, the advice needs of disabled people and their carers will not be forgotten and specialist face-to-face services will continue to be available to those who need them.

The experiences of disabled people in debt must be taken into account in the Government's consumer empowerment strategy

Vulnerability is about lack of voice and power. A key aim of Citizens Advice is to give consumers more of both.

As well as providing advice, we speak up for the needs of all consumers, especially those who find it difficult to speak up for themselves. Our experience in helping people resolve their problems gives a key insight into where things are going wrong and how they can be improved.

The Government has tasked Citizens Advice, Citizens Advice Scotland and Consumer Focus to undertake a review to identify the groups of people, and the types of transactions, where more help and support for the most vulnerable consumers in society could make the greatest difference. We will be reporting our findings in January 2012. We will use the findings of this report to contribute to this forthcoming piece of work.



Endorsed by:



Royal National Institute of Blind People (RNIB) is the UK's leading charity offering information, support and advice to almost two million people with sight loss.



Action on Hearing Loss – formerly RNID – is the UK's largest charity taking action on hearing loss. We want a world where hearing loss doesn't limit or label people – and where people value their hearing enough to look after it.



Mencap is the voice of learning disability. Everything we do is about valuing and supporting people with a learning disability and their families and carers.



Contact a Family is the only UK-wide charity providing advice, information and support to the parents of all disabled children.

Our aims

- To provide the advice people need for the problems they face.
- To improve the policies and practices that affect people's lives.

Our principles

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. It values diversity, promotes equality and challenges discrimination.

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Citizens Advice is an operating name of The National Association of Citizens Advice Bureaux.

Registered charity number 279057

Published June 2011.

Design and accessibility www.totalcoverage.coop

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