NHS Health Scotland

Evidence for Action – briefing paper on problem debt

Jane White
Wendy Hearty
Lynda Brown

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Briefing paper on problem debt

About this briefing

This briefing paper is one of an occasional series that explores topics of current interest and provides an introduction to concepts and current thinking. The first section explores the issue of problem debt along with its health and social consequences. The second section reviews the evidence of effective actions that may help people manage problem debt. The last section discusses ways that problem debt may be prevented. A set of definitions and methodological information is provided in the appendices at the end of the paper.

Key messages

- Debt describes the borrowing and credit commitments of individuals and/or households. Debt becomes a problem when people are unable to meet their regular commitments or are unable to do so without cutting back on essential expenditure such as food or heating.
- The causes of problem debt are mainly socio-economic, triggered by external factors rather than poor money management.
- Problem debt is socially patterned. Low-income households, young people, lone-parent families, single adults and people with a disability or mental health illness have a higher prevalence of problem debt as they are more vulnerable to unexpected changes in income or expenditure through lack of savings, assets or insurance.
- Problem debt is associated with an increased risk of stress, depression, anxiety, suicide, problem drinking and drug dependence. There is an increased risk of conflict-based relationships between partners and/or parents and children.
- Free-to-client money advice services are effective in helping people find a solution to deal with problem debt, but less is known about the long-term impact. Welfare advice in healthcare settings is effective in helping people, especially older people, access benefits to which they are entitled. Pathways to money and welfare advice services need to be developed further.
- Evidence of effective actions that may help prevent problem debt is scarce. Tightening regulations, along with enforcement of the Financial Conduct Authority's guidelines about responsible lending, might prevent people entering unrealistic credit agreements.
- Addressing the premium that people on low incomes pay for essential services would be one way to help people manage financially.

Evidence for Action
NHS Health Scotland, Meridian Court, 5 Cadogan Street, Glasgow, G2 6QE
Telephone: 0141 414 2737

Debt

Debt describes the borrowing and credit commitments of individuals and/or households. In addition to borrowing secured on property, people may owe money through consumer credit, household bills and personal loans, as well as informal borrowing and overdrafts on current accounts. People may borrow money to maintain their living standards, to pay for periodic additional expenditure such as Christmas or an unexpected expense such as funeral costs or a vet bill.[1-3] In the Wealth and Assets survey 2008/10, 51% of households had some form of financial liability, excluding mortgage repayments.[4] For many, credit arrangements are manageable.[5] Debt, however, becomes a problem when people are unable to meet their regular commitments or are unable to do so without cutting back on essential expenditure such as food or heating.[5-7]

Problem debt may be triggered by any number of unanticipated changes in circumstances affecting income and expenditure, such as loss of employment, relationship breakdown or ill health[8,9] (see Table 1).

Table 1: Possible triggers for problem debt[7,8,10-13]

Labour market-related
• Redundancy • Unemployment • Irregular working hours • Retirement • Insecure and low-paid work
Non-work income-related
• Loss of second household income following relationship breakdown or death of partner • Irregular contributions from non-resident partner/co-parent • Change in benefit eligibility • Benefit sanctions • Delays/errors in processing benefit payment • Repayment of over-paid tax credits
Expenditure-related

• Increase in costs
  o Utilities
  o Transport
  o Childcare
  o Housing
  o Food
• Bank charges
• Unexpected expense such as a vet bill or car/washing machine repair
• Christmas or birthdays
• School trip or activity
• Funeral costs

Demographic-related

• Caring responsibilities
• Change in household composition
  o New baby
  o Relationship breakdown
  o Death of partner
  o Adult child leaving household to live independently

Health-related
• Disability • Work-related accident • Ill health that limits ability to work • Mental health issues • Alcohol dependency • Drug misuse • Gambling
Context-related
• Financial capacity • Lack of information about and access to advice services • Poor social support • Limited access to low-cost credit facilities

Problem debt in Scotland

There is limited specific information about the levels of problem debt in Scotland.[14] While data about debt is collected by individual money advice services, information is not currently collated at a regional or national level. In general, it is thought that patterns of debt in Scotland are similar to the United Kingdom as a whole.[15]

The Citizens Advice Bureau provides free-to-client money advice in most local authority areas in Scotland. In 2009, 20% of all new enquiries were related to debt; on average these clients owed £27.70 for every £1 of monthly income.[14] It is possible that, as only people who have consulted the service provide information, the data collected is not representative of the whole population.

Additional information is available from cross-sectional surveys. These tend to rely on subjective measures of people's financial circumstances[16], for example by asking their perceptions of 'managing' financially. In the Scottish Household Survey, 1% of respondents said that they were in deep financial trouble.[17] Overall, 13% reported that they were 'not managing well'. Similarly, in the Wealth and Assets Survey 2008/10, 18% of households reported that their financial liabilities were a heavy burden. Those with the least wealth were the most likely to have financial liabilities that they described as a heavy burden.[4]

Problem debt is socially patterned.[18] Young people, lone-parent families, people with a disability or mental health illness, single adults and low-income households are at higher risk. This may be related to the higher prevalence of irregular income and lower (or no) savings.[7,8,10-13] Savings can act as a buffer to protect people from the consequences of unexpected expenses.

Sources of debt

In a survey of Citizens Advice Bureaux in Scotland, staff reported that people seeking debt advice most commonly had consumer-related debt (including credit cards, unsecured loans and catalogues). Housing (rent and mortgage arrears) and tax debt (tax credit overpayments, council tax and overpayments to HM Revenue & Customs) were also common. People also consulted about utility debts (including fuel and telephone) and benefit debt. Frequently people owed money to multiple creditors.[14] Unlike countries like the United States of America, the universal provision of healthcare in Scotland, free at point of use, means that people are protected from a major potential source of household debt.

Gambling

Gambling is a potential source of problem debt that is of substantial public health and policy interest.[19,20] Money may be owed directly through gambling activities or indirectly when other financial commitments cannot be met.[20] In the British Gambling Prevalence Survey 2010[21], people who reported 'severe money problems' were more likely to be classified as problem gamblers than those reporting no money problems.[22] However, the relationship between the financial aspects of gambling and problem debt appears to be a neglected area of research.[19,20]

In the Scottish Health Survey 2012[23], 70% of adults reported that they had gambled in the previous year. Gambling activities included buying National Lottery tickets or scratch cards, placing bets on horse or dog races, playing bingo and online gambling. Approximately 5% of individuals who reported having gambled were thought to be at risk of a degree of harm from gambling. People living in deprived areas were around seven times more likely to be a problem gambler than those in the least deprived areas.[23] Problem gambling has been found to be associated with mental health issues such as depression and anxiety, increased aggressive behaviour and increased co-occurrence with alcohol, tobacco and substance misuse[22-25] (for more information see Thorpe & Miller[24]).

The gambling and betting industry in Scotland has grown strongly in recent years.[25] The relaxation of regulations that govern their activities (including advertising) and the rise of online gambling opportunities has increased availability and access.[26] Of particular concern is the proliferation of gambling businesses in more deprived areas. Recent research by the Scottish Parliament Information Centre found that gambling businesses in Glasgow City were almost five times more likely to be present in the most income deprived areas compared to the least deprived.[25] Links have been made with a similar expansion and distribution of high street pay-day lenders. The Scottish Government has proposed stricter planning procedures to restrict clustering of pay-day lenders and gambling businesses.[27] It is anticipated that powers to regulate gambling businesses in Scotland will be devolved to the Scottish Government.[28]

Contextual factors

There is a strong link between low income, insecure employment and problem debt.[7,18] People on low incomes incur additional costs when undertaking financial transactions such as paying bills. They are also restricted in the range of financial services they can use and are more vulnerable to unexpected changes in income or expenditure through lack of savings, assets or insurance.[29] A debt of relatively small monetary value can be a significant burden in low-income households.[30]

Many conventional banking services are not suitable for the needs of households on low incomes.[29,31] Although 'basic' bank accounts, which offer transactional services, such as access to cash via ATMs and a direct debit facility, are available free from mainstream banks, the cumulative charges for failed payments and unauthorised overdrafts may be prohibitive for low-income households. In addition, the functionality of these accounts may be restricted by banks trying to cut the costs of servicing an unprofitable product. For example, the time between a cheque being paid into an account and the money being available to the account holder may be longer than in a conventional account.[31]

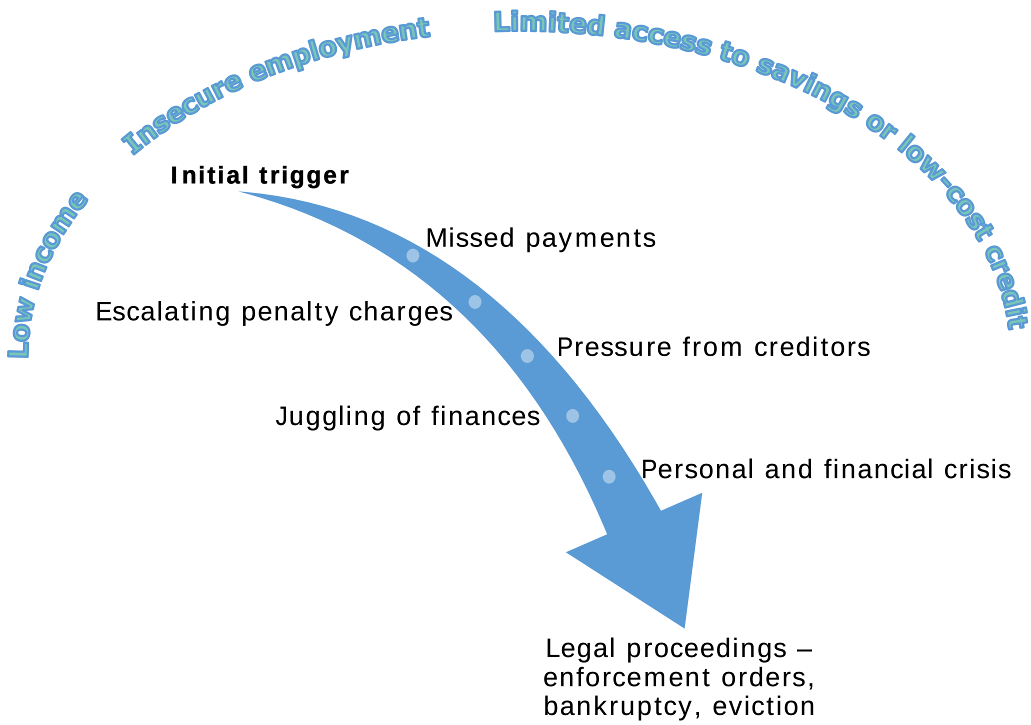
Without access to banking facilities, people have restricted access to cash at short notice if an unexpected expense arises. Even cashing a cheque can be difficult without a bank account. Although there are high street companies that offer to convert cheques to cash, a fee is charged. In addition, a poor credit history restricts access to low or no-interest credit.[32] Thus, high-cost borrowing such as rent-to-buy, hire-purchase schemes, mail order catalogues or 'pay-day' lenders may be the only credit facility available.[14] The alternative is borrowing from illegal lenders or family and friends.

Consumer credit firms such as credit card issuers, credit brokers, peer-to-peer lenders, pawn brokers, debt management and debt collection firms must be authorised by the Financial Conduct Authority (FCA). Since 2014, the FCA has been responsible for regulating these firms to ensure they manage their business and treat customers in line with the Consumer Credit Act (1979). Commentators have suggested that there is an environment of non-compliance in the financial sector.[33] Indeed, a recent review by the Office of Fair Trading (who had responsibility for regulation of consumer credit firms prior to 2014) of pay-day lenders found that 90% were not complying with regulations including responsible lending obligations.[34] Recent legislation has placed a cap on the total cost of pay-day loans, including default-related and interest charges.[35] However, there are concerns that people will borrow from unauthorised (illegal) lenders if these restrictions mean that their access to the legitimate providers is limited.[8]

Consequences of debt

The initial trigger, such as those set out in Table 1, can begin a process of moving from manageable debt into financial crisis (Figure 1). An unexpected change in circumstances may mean a person is unable to meet their monthly repayment commitments. Missed payments accrue penalties for late or non-payment which accumulate, making repayment commitments even more difficult. Once payments are missed, finances are often juggled so that repayments to the creditor exerting the most pressure become the priority, or additional loans may be taken out to try to make repayment commitments. Unrealistic repayment schedules may be agreed with creditors, or creditors may sell unpaid debt to collection agencies whose demands may be intimidating and legal proceedings may follow.[18]

Figure 1: Process of escalating debt crisis[18,30]



Problem debt and worry about debt have been shown to be associated with a number of health and social outcomes. Associations between debt or worry about debt and the presence of stress, depression, anxiety, suicide completion or attempt, problem drinking and drug dependence were found in three systematic reviews.[36-38] However, the relationship between problem debt and mental health is bidirectional.[39] There is an increased risk of mental health issues if a person is in debt. It is estimated that about half of the people with problem debt have a mental health issue, compared to 14% of people with no debt.[40] Equally a quarter of people with a mental health disorder report that they are in serious debt.[9,10,39] Mental ill health can impair people's ability to manage their financial commitments and, thus, may trigger problem debt as well as making it more difficult to regain financial control, for example by working extra hours.[41]

There is systematic review level evidence that problem debt is linked with poorer self-rated physical health, long-term illness or disability, back pain, chronic fatigue and higher levels of obesity.[37] However, the mechanisms between debt and physical health are unclear.[42] It is possible that the observed association is a consequence of cutting back on necessities such as food or heating.[10] People with problem debt may rely on lower cost, energy-dense but nutritionally deficient food as a way to try to manage their financial commitments.[43,44] In addition, unhealthy behaviours such as smoking or drinking excess alcohol may be adopted as a coping mechanism.[43] Alternatively, worse health may be the result of prolonged exposure to stress hormones. For example, cortisol has been shown to disrupt physiological regulatory processes that maintain blood pressure, the immune system and blood lipids.[43] The consequence of problem debt may extend beyond the impact on the individual. There is systematic review level evidence that debt has indirect impacts on household psychological wellbeing, which in time increases the risk of conflict-based relationships (between partners and/or between parent and child) and potential mental health problems among children.[45] Moreover, debt has been found to be independently associated with domestic violence.[16] In addition, strong correlations between debt and persistent offending have been detected in adolescents and young people.[46]

Without a suitable credit rating, it may be difficult to obtain rented accommodation as borrowing money to pay the deposit and advance of rent may be difficult.[47] Energy suppliers may insist on installation of a pre-payment meter as a means to ensure that they get priority payment. However, pre-payment meters cost more for energy than other payment methods[32], so meeting repayment commitments on a limited income may become even more difficult. Alternatively, households may ration their energy use. Living in cold, damp housing has been shown to impact negatively on physical and mental health. Growing up in cold homes has been linked to poorer educational attainment in children. In addition, there is an increased risk of accidents and injury in cold homes.[48,49]

The impact of debt on individuals is moderated by the capacity to adapt successfully to changing circumstances and to cope with difficult or negative events.[50] This is sometimes termed 'resilience' or 'vulnerability', and is influenced by individual and contextual factors which make it more or less difficult for people to manage problem debt. When the perceived demands of a situation are greater than an individual's evaluation of their own resources to deal with the difficulties, stress tends to be the consequence. Hence, an individual's subjective appraisal of their financial situation will act as a mediator between the objective amount of debt and their wellbeing.[38,51]

Evidence of effective actions

This section reviews the available information about effective actions that can help people recover from problem debt and prevent future debt. The focus in this section is primarily review level evidence of studies carried out in the UK (see methodology note in Appendix 2).

Welfare benefits advice

Income maximisation, through welfare benefits advice (or welfare rights advice), is one strategy that can both prevent debt and help people recover from debt.[15] In the UK, estimates suggest that substantial numbers of people may not be claiming the benefits or tax credits to which they are entitled (Table 2).

Table 2: Examples of estimated non-take up of benefits and tax credits in the UK[52,53]

Income-related benefit/tax credit *[1]2009–2010* *[2]2011–2012*	**Estimated number of eligible individuals who have not claimed selected benefits** **% of those eligible (n, thousands)**	**Total of unclaimed benefits per year (£bn)**
Child tax credit[1]	13–17% (750–1020)	1.4–2.5
Working tax credit[1] (overall) **Working tax credit[1] (families without children)**	32–37% (1170–1420) 66–69% (1050–1190)	2.6–4.0 1.8–2.4
Income support & income-related employment and support allowance[2]	21–23% (260–620)	0.8–2.0
Pension credit[2]	32–38% (1210–1500)	1.9–2.8
Housing benefit[2]	16–22% (750–1140)	1.9–3.1
Council tax benefit[2]	31–38% (2340–3200)	1.7–2.4
Job seekers allowance (income-based)[2]	33–40% (440–610)	1.3–2.0

Welfare benefits advice provided in or via healthcare settings or social services is one way that uptake of benefits has been promoted. The effectiveness of welfare advice provided in either primary care or other healthcare settings has been examined in two systematic reviews. Advice services were found to have positive financial benefits by helping people to manage debt and to access previously unclaimed welfare benefits. Additional income increased affordability of necessities such as food, transport and social activities, occasional expenses such as day trips as well as enhancing people's capacity to cope with emergencies. Also, people were helped to claim material benefits such as free prescriptions and dental care, respite care, and disabled parking permits.[54]

The authors of both reviews highlighted that many of the studies that they identified were of limited scientific rigour. Furthermore, the lack of longitudinal research to assess the long-term impact of advice services was pointed out. However, researching advice services rigorously is methodologically challenging.[38,55] Identifying a suitable comparison or control group is problematic as withholding welfare advice, even for a short period of time, may be difficult to justify ethically.[55,56]

Money advice

In Scotland there is a wealth of organisations offering money advice services (see Table 3). The national, local and self-help advice services are generally offered free to the client and are independent of any financial product. The primary focus is to help people recover from problem debt. Advice services are a key element of the UK and Scottish Government's policy to promote financial inclusion.[15] Free-to-client money advice services can help people to prepare a manageable budget, explore options for maximising their income, advise on the most appropriate actions to deal with their problem debt, and negotiate with creditors on their behalf.[42] Money advice services in the commercial sector focus on setting up a sustainable debt repayment scheme, for example by offering a loan to consolidate other debts, and tend to charge for their services. In this review, the focus is on free-to-client services offered mainly by local authorities and the third sector.

Evidence about the effectiveness of money advice services is limited.[15,42] Information tends to focus on the number of people accessing the service, the level of their debt and financial gain if additional welfare benefits have been successfully claimed.[12] Information from service providers' monitoring and evaluation reports suggest that significant numbers of people have been helped with their problem debts[57] (see for example reports from Citizens Advice Scotland[58] and the Money Advice Trust[59]). However, people accessing services may not be followed up after a debt arrangement, such as scheduling of repayments, has been agreed with creditors, so little is known about whether the advice helps people to become and remain debt free in the longer term.[60] In a review commissioned by the Scottish Government, Green[61] concluded that there was little understanding about the effectiveness of the assorted money advice service approaches for different population groups. It is possible the diversity of approaches means that more people are reached.[62]

Table 3: Examples of money advice services[57,62]

National (Telephone or online advice)	• National Debtline • StepChange Debt Charity • Citizens Advice Direct
Local (Usually face-to-face)	• Local authorities (often in collaboration with Citizens Advice Scotland) • Law centres • Third Sector o Citizens Advice Scotland o Shelter o Credit Unions o Housing associations o Macmillan Cancer Support o Community groups or organisations
Self-help	• Generic advice materials provided by advice services
Commercial	• Fee-charging debt management companies • Independent financial advisers • Bank officials

Pathways to advice

Evidence from qualitative research suggests that there is a widespread lack of knowledge about when, where and how to seek advice.[62-64] A number of approaches aim to overcome these obstacles by targeting at-risk groups at times of potential financial vulnerability. Welfare benefits and/or money advice services are frequently embedded in local authority services, often in conjunction with other services such as housing.[57,62] People, including older people or people with a disability, chronic or potentially life-limiting illness, who are in contact with other local authority services may be signposted to advice services. Welfare advice provided in or via primary care can improve access for similar population groups.[54,56,65] Macmillan Cancer Support provides specialist benefit advice for people suffering from cancer. Pregnant women and families with young children were the focus of the Healthier Wealthier Children initiative in NHS Greater Glasgow & Clyde. A robust referral pathway between the NHS Early Years workforce and money/welfare advice services was developed. Over the lifetime of the project (October 2010–March 2013), 5,003 referrals were received and 2,374 (47%) accessed advice services. Client financial gain was a primary measure of effectiveness. In total, the annual financial gain was approximately £4.5 million with approximately half of the clients who accessed a service gaining financially.[66] Currently, work is being undertaken by the Improvement Service's Improving Outcomes in Money Advice project to strengthen links and referral pathways between the health sector and money advice services.[67]

Even though there are pathways that link health and local authority services with money advice services, it is possible that they are missing a proportion of the population at risk of problem debt. In particular, young people and single adults, especially if in employment, may not be in contact with services that signpost to money advice. Language and literacy issues may hinder access for people who have English as a second language.[64] Furthermore, transport links and costs may be a barrier for people living in rural locations. The significant number of people without children who are not claiming working tax credit (Table 2) suggests that alternative pathways to money advice need to be developed. Recently, the Scottish Government has launched Scotland's Financial Health Service, which seeks to signpost people to local services that offer advice about managing debt, saving, borrowing and budgeting.

Preventing problem debt

Evidence of effective actions that may help prevent problem debt is scarce. Policy approaches focus on strategies, such as building financial capability and improving access to affordable credit through credit unions, to promote financial inclusion.

Financial capability

Financial capability refers to

> *'the skills and motivation to plan ahead, find information, know when to seek out advice and apply it to their own life'.*[62 (p1)]

Young adults and people who are on low incomes, unemployed or are new parents are at greatest risk of lower financial capability. People with low financial capability are at increased risk of problem debt.[68] There are four domains: managing money (day-to-day management of finances), planning ahead (e.g. for retirement or unexpected events), choosing products (understanding financial products) and staying informed (knowing where and how to seek financial advice).[68] The emphasis on financial capacity presumes that if an individual is financially capable they will be able to choose affordable credit. However, the choice may be limited, by income and/or credit history, to high-cost options such as pay-day loans, rent-to-buy schemes or mail-order catalogues.[47]

Helping people manage their day-to-day finances (budgeting) is often one component of money advice, as well as being offered by other advice services such as housing.[60,62] However, little is known about the different approaches taken by individual services. Moreover, the contribution of this element of advice to helping people remain debt-free has not been examined. In Scotland, the focus of financial capability activities centre on pre-adulthood financial education. Attitudes to money are thought to be formed at an early age, so financial education is embedded in the primary and secondary school curriculum. However, approaches are inconsistent between and within schools[69] and there is no information on which approach, if any, is effective at helping people to be financially capable when they reach adulthood.[68,70]

Credit unions

In Scotland, credit unions are seen by the Government as playing an important role in providing financial credit and saving facilities for people who may be excluded from mainstream banking services.[71] Money advice services will often signpost clients to credit unions. Credit unions are financial co-operatives which offer convenient saving and low-interest loans to their members. Members are encouraged to save regularly. Once they have saved for a certain period of time, members are eligible to apply for a loan at a low rate of interest (usually 1–2% per month calculated on the reducing balance). In addition, credit unions can provide members with help and support to manage their money, if required. In Scotland, there are an estimated 113 credit unions, who belong to the Association of British Credit Unions Limited, with approximately 250,000 members.[72] Concerns have been raised about the capacity of credit unions to manage the potential substantial increase in people interested in joining.[73] Little is known about the effectiveness of credit union services to prevent debt or help people recover from debt.

Even though there is little evidence that these policy strategies are likely to prevent debt, when the triggers of problem debt are considered it is possible to suggest ways that creditors could help prevent debt becoming unmanageable. People on low incomes need access to bank accounts that are suitable for their needs.[1] Having a cap on charges incurred for missed payments and unauthorised overdrafts[74], perhaps proportionate to the amount owed, might encourage people to open a basic bank account. Tightening regulations and enforcement of the Financial Conduct Authority's guidelines about responsible lending[75] might prevent people entering unrealistic credit agreements.[33] Addressing the premium that people on low incomes frequently pay for essential services such as energy supplies would be a way to help cut their expenditure.[47] Flexible contract terms from mobile phone and satellite television providers would mean people could leave an agreement without penalty if a change in circumstances meant that they were unable to make the repayments.[74,76]

Conclusions

The impact of problem debt on people's mental health, wellbeing and their relationships should not be underestimated. People on low incomes are particularly vulnerable when they experience an unexpected change in circumstances. Actions to help people to recover from problem debt centre on money and welfare advice and there are a multitude of services provided in different settings. However, evidence of their effectiveness to reduce problem debt is limited, in the main, to monitoring and evaluation reports which are of variable quality.

The emphasis on money advice, improving access to affordable credit and financial education places much of the blame for problem debt on the individual rather than looking at the shortcomings of creditors or policy.[47,77,78] However, the causes of problem debt are mainly socio-economic, triggered by external factors rather than poor money management. The current focus may help people to manage their debt but it is unlikely to help them find a permanent solution to the problem unless action, such as implementation of the 'Living Wage', is taken to raise incomes to a level that meets everyday needs.[3,79]

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Contact details

Dr Jane White, Public Health Adviser, Evidence for Action
0141 414 2763, jane.white16@nhs.net

Wendy Hearty, Public Health Adviser, Evidence for Action
0131 314 5455, wendyhearty@nhs.net

Lynda Brown, Public Health Adviser, Evidence for Action
0141 414 2745, lynda.brown3@nhs.net

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APPENDIX 1: Definitions

Benefit debt	'Debt relating to payment of social security benefits. The main categories of benefit debt are loans from the discretionary social fund and overpayments of social security benefits'.[14 (p112)]
Child Tax Credit	'Income-related support for children. Adults do not need to be in work'.[52 (p6)]
Consumer debt	'Consumer credit or loans now in arrears whether or not the original credit or loan was directly linked to the purchase of consumer goods. This includes personal, unsecured, secured, consolidation loans; hire purchase agreements; overdrafts; credit cards; store cards and catalogue debts'.[14 (p112)]
Council Tax Benefit	'Council Tax Benefit is paid to anyone on a sufficiently low income. Those on Income Support, Employment and Support Allowance (Income-Related), the Guarantee Credit element of Pension Credit or Jobseeker's Allowance (Income-Based) are automatically eligible for full main Council Tax Benefit'.[53 (p102)]
Debt	'Owing money on either credit commitments or other bills. Someone is therefore in debt if they are repaying an unsecured loan/mortgage, owe money on a credit card or a utility bill or have rent, housing or other arrears'.[1 (p2)]
Employment and support allowance (income-related)	'From 27 October 2008, IS [income support] for new claimants who are unable to work due to an illness or disability was replaced by Employment and Support Allowance (Income-Related)'.[53 (p16)]
Financial inclusion	'Access for individuals to appropriate financial products and services. This includes people having the skills, knowledge and understanding to make best use of those products and services. Financial exclusion is often a symptom of poverty as well as a cause'.[79 (p4)]

Housing Benefit	‘Housing Benefit is paid to people on low incomes who rent their home. It is paid to renters who claim the benefit once assessed as being eligible, whether or not the claimant is in full-time work, and may be paid alongside other means-tested benefits or on its own. Those on the Guarantee Credit element of Pension Credit, Income Support, Jobseeker’s Allowance (Income-Based) or Employment and Support Allowance (Income-Related) are automatically eligible for full Housing Benefit’.[53 (p46)]
Housing debt	‘Rent arrears, mortgage arrears and mortgage shortfall debts’.[14 (p113)]
Income Support (IS)	‘Income Support (IS) is paid to non-pensioners who are on low incomes and who are not in full-time work. It is not paid to single people working 16 hours or more per week, or to couples if the claimant works 16 hours or more per week, or the claimant’s partner works 24 or more hours per week’.[53 (p16)]
Jobseeker’s Allowance (income-based)	‘Jobseeker’s Allowance (JSA) was introduced in October 1996 and is a benefit with two routes of entry. Claimants who have paid sufficient National Insurance contributions get contribution-based JSA. Those who do not qualify for, or whose needs are not met by, contribution-based JSA may qualify for income-based JSA for themselves and their dependants according to need. The rules for Jobseeker’s Allowance (income-based) are similar to those for Income Support except for the additional requirements that claimants must demonstrate that they are available for and are actively seeking work’.[53 (p130)]
Pension Credit	‘Pension Credit is paid to people aged 60 and over who are living on low incomes and guarantees all pensioners a certain level of income’.[53 (p41)]
Problem debt	‘Debt that is of concern, not due to its absolute value in monetary terms, but because of its size relative to the holder’s disposable income, their inability to repay it and the impact it can have on their health and relationships’.[30 (p15)]
Tax debt	‘Debt relating to government tax matters’.[14 (p114)]
Utility debt	‘Debt relating to gas, electricity or water supply or telephone services, including mobile phones’.[14 (p114)]

Working Tax Credit	'In-work income-related support for people on low incomes with or without children'.[52 (p6)]

APPENDIX 2: Methodology note

This briefing has drawn together information from a diverse range of literature including academic papers, articles in peer-reviewed publications, reports and information from Government, along with material from voluntary and advice organisations in the UK.

The following databases were searched for relevant studies and papers: Medline/Medline In Process (via Ovid, 2004 to 30/10/14); ASSIA/Social Services Abstracts (and other Proquest databases); Web of Science (via Thomson Reuters, 2004 to 30/10/14). The search strategies used a range of key words and subject headings: ‘indebtedness’, ‘problem debt*’, ‘personal debt*’, ‘financial strain’, ‘money advice*’ , ‘debt advice’, ‘welfare rights’, ‘welfare advice’, ‘money advice’, ‘benefits rights’, ‘financial inclusion’, ‘financial capability’, ‘income supplement*’, ‘income maximisation’, ‘income maximization’, ‘micro-credit’, ‘credit union’ individually or in combination with ‘prevent*’, ‘reduce*’, ‘intervene*’, ‘effective*’, ‘promote*’, ‘consolidate*’, ‘plan’, ‘manage*’, ‘relief’, ‘relieve’, ‘fall behind’, ‘arrears’.

The searches were limited to papers published in the English language and restricted to information from the UK, Europe, Australia, New Zealand and North America. Information reviewed for evidence of effective actions focused primarily on review level papers that looked at any type of free-to-client money advice intervention delivered to adults (16 years and older) in any setting and reported an outcome linked to health and wellbeing and/or links to other non-health impacts such as financial gains.

The following websites were also searched (5/11/14): UK Government Publications (www.gov.uk/government/publications); Scottish Government and Parliamentary Publications (www.scotland.gov.uk/Publications/Recent); Joseph Rowntree Foundation (www.jrf.org.uk); Money Advice Trust (www.moneyadvicetrust.org); Citizens Advice Bureau (www.citizensadvice.org.uk); Citizens Advice Scotland (www.cas.org.uk); StepChange (www.stepchange.org); The Money Charity (www.themoneycharity.org.uk); Friends Provident (www.friendsprovidentfoundation.org); Work Foundation (www.theworkfoundation.com); Institute for Public Policy Research (www.ippr.org); Institute for Fiscal Studies (www.ifs.org.uk); Centre for the Analysis of Social Exclusion, London School of Economics (http://sticerd.lse.ac.uk/case); Institute of Economic Affairs (www.iea.org.uk); The Kings Fund (www.kingsfund.org.uk); Ethos Thesis Service (http://ethos.bl.uk); Institutional Repository Search (http://irs.mimas.ac.uk).

Further studies and papers were identified by examining the reference lists of all the articles identified by the search.

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