

19 October 2012



DEBT ADVICE DELIVERS IMPROVED OUTCOMES FOR PEOPLE

People taking advice from Britain's debt advice network are feeling the benefit. That is the conclusion of a detailed survey of over-indebted people.

Getting advice works

A YouGov survey commissioned by the Money Advice Service shows that a majority of people (58%) who had unmanageable debt took advice. For them, it has a positive effect and breaks the debt cycle:

- Individuals with unmanageable debt who have sought debt advice are almost twice as likely to have their debt become manageable within 12 months compared to those who have not sought advice
- These people are more likely to remain out of the debt in the future than those who reported their debts were manageable and didn't take advice.
- Even people who consider their debts to be manageable see a greater reduction in their levels of debt if they seek advice

Other findings show that:

- The most frequent type of advice recommended is a debt management plan (48%), followed by a repayment plan (32%)
- The majority of debt advice organisations are perceived as 'helpful' with the exception of creditors, such as banks and utility firms, who are thought to offer the least helpful advice and
- There is a high correlation between creditor pressure and seeking advice among those who have experienced unmanageable debt.

Delivery of debt advice on the up

The YouGov study is part of the analysis being undertaken by the Money Advice Service under its new role as coordinator of the provision of debt advice across the UK from 1 April 2012.

The first six months has seen a significant increase in the number of debt advice client sessions in England and Wales funded by the Money Advice Service. The Service set an objective of 150,000 such sessions it funds in England and Wales for 2012-13, an increase of 50% over 2011-12, and, so far, the year-to-date objective of 77,000 sessions has been exceeded by over 7,000. All six delivery agencies funded by the Service, including the two biggest, Citizens Advice and London's Capitalise partnership, have achieved this.

As well as working with stakeholders to improve reach and develop a framework to ensure consistent delivery of high quality advice. The Service has commissioned research to review the delivery of its debt advice since 1 April. This will look at outcomes as well as customer experience, understanding of advice received, capability and willingness to undertake the action recommended to them by advisers.

Speaking today to a conference of Citizens Advice money advisers in Bristol, **Caroline Siarkiewicz, Money Advice Service Debt Advice manager** said:

"The UK has a well-established network of advice for people with tough debt problems. The record shows how dedicated debt advice professionals have helped people turn their lives round and get back on financial track.

"There's so much more we can and need to do given the scale and depth of the problem. That's why we're working with the sector to develop best practice, create consistency and examine how we can improve performance even more with a clear focus on client outcomes. The message to people in debt remains: get advice and get it early."

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NOTES TO EDITORS

1. The Money Advice Service began its debt advice co-ordination role in July 2011. Read more: www.moneyadviceservice.org.uk/en/static/money-advice-service-beings-debt-advice-role
2. The Money Advice Service announced new standards framework for debt advice in July 2012: www.moneyadviceservice.org.uk/en/static/new-standards-framework-for-debt-advice
3. The Money Advice Service published its debt advice business plan in March 2012: www.moneyadviceservice.org.uk/en/static/business-plan-for-coordination-of-debt-advice-published
4. The Yougov research, funded by the Department for Business, Innovation and Skills, can be viewed here: www.moneyadviceservice.org.uk/en/static/publications#research
5. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 4020 adults 18+. Fieldwork was undertaken between 16th and 22nd March 2012. The survey was carried out online.

About the money advice service

The Money Advice Service is an independent organisation. It gives free, unbiased money advice across the UK – online, over the phone and face to face. The Service was set up by government and is paid for by a statutory levy on the financial services industry, raised through the Financial Services Authority. Its statutory objectives are to enhance the understanding and knowledge of members of the public about financial matters (including the UK financial system), and to enhance the ability of members of the public to manage their own financial affairs. The Service has an independent Chairman and board appointed by the Financial Services Authority. It was formerly the Consumer Financial Education Body.

For more information:

Please contact the Money Advice Service press office on 020 7943 0593 or pressoffice@moneyadviceservice.org.uk

Press release

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