

The Royal College of Psychiatrists and the Money Advice Trust

# Debt collection and mental health: ten steps to improve recovery



A briefing for creditors and debt collection agencies based  
on a national survey of 1270 frontline collections staff

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## Authors

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## Acknowledgements

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Finally, we would like to thank the nineteen creditor and debt collection organisations who generously granted us access to their employees, to creditor staff who administered the survey at each participating site, and to the 1270 frontline staff who completed the survey.

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## Foreword

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The Royal College of Psychiatrists has a long and distinguished record of research into, and guidance on, topics related to mental health and the challenges that mental health conditions can create. The credit industry therefore welcomed the College's proposal for a timely and comprehensive research project into the ways in which creditors currently relate to customers in financial difficulty who may have a mental health problem.

For too long mental health has been a taboo subject for conversation and debate for financial service providers. But the industry is now discussing actively with money advice groups and mental health charities the particular challenges that a mental health condition can raise for the customer and the creditor in dealing with debt and repayment.

We believe the research in this document provides all interested stakeholders with the first comprehensive and informative analysis of the challenges faced by creditors' staff and their customers in dealing with the day-to-day impacts of mental health problems on financial difficulties. We are grateful to those in the credit and collections sector who openly and willingly shared their practices with the research team, and have indicated their intention to work in partnership so we can build on what has been learnt along the way.

We also strongly believe that this research should not be seen in isolation, but as a step on a continuing journey towards a greater understanding of the issues. Action to address the challenges identified in this report will come from a positive and productive collaboration between the credit industry and experts in the field of mental health like the Royal College of Psychiatrists.

Angela Knight, Chief Executive, British Bankers' Association

Professor Dinesh Bhugra, President, Royal College of Psychiatrists

Melanie Johnson, Chair, The UK Cards Association

Stephen Sklaroff, Director General, Finance and Leasing Association

Dr Roger Lucas, President, Credit Services Association

Michael Coogan, Director General, Council of Mortgage Lenders

Joanna Elson, Chief Executive, Money Advice Trust



The voice of banking  
& financial services



Council of Mortgage Lenders



credit services association



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## Introduction

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This report presents the findings from research on the experience and views of UK creditor staff on working with indebted customers who report a mental health problem.

Primarily based on an anonymous survey of 1270 frontline collections staff working in 19 different creditor organisations, the report provides a previously unavailable

insight into the challenges and business opportunities facing creditors.

The methodology for the survey is described in **BOX 1**, while the types of participating organisations and staff are broken down in **BOX 2**. Further details on the research methodology can be found at [www.rcpsych.ac.uk/recovery](http://www.rcpsych.ac.uk/recovery).

## Mental health in an economic downturn

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Our research ran over a period during which the UK economy endured, exited, and attempted to recover from reportedly the deepest recession since the 1930s. This difficult climate – as noted in October 2010's Spending Review – will continue.

During this period, creditors and debt collection organisations worked to take into account the challenging situations that indebted customers often found themselves in. Importantly, this included customers who reported that a mental health problem was affecting their ability to repay or manage their debt. For these individuals, such a situation often represented both a financial and a health crisis.

Working with such customers can be challenging for all involved. While we believe that creditor staff can

meet these challenges by continuing to improve their knowledge, skills and confidence, this report does not aim to provide a generic 'introduction to mental health problems'. Nor does it explain the nature of the relationship between indebtedness and mental health. (Readers interested in these issue are advised to consult our programme website at [www.rcpsych.ac.uk/recovery](http://www.rcpsych.ac.uk/recovery).)

*Instead, this report considers the working practice of frontline staff in creditor organisations, with an emphasis on helping the creditor sector identify ways which allow it both to meet its commercial obligations, and improve the service it gives to indebted customers with mental health problems.*

## The business case

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This report outlines a business case explaining why creditors should take mental health fully into account. Premised on two inseparable factors – customer care and economic considerations – we identify ten changes which every creditor should consider making to their practice:

1. Deal with disclosure: a basic drill
2. Encourage disclosure, improve recovery rates
3. Include mental health in organisational policies
4. Give staff the skills to deliver these policies
5. Make informed consent a 'standard practice'
6. Use your specialist team or staff member
7. Improve monitoring
8. Use medical evidence to aid decision-making
9. Work with third parties
10. Focus on sustainability and quality

### Read our companion document: the 'evidence' report

The points made in this short business case are expanded in our more detailed 'evidence report'. This provides additional statistics, tables, and analyses. For each of the ten changes outlined in this document, we indicate where in the 'evidence report' further detail can be found.

Download the evidence report at  
[www.rcpsych.ac.uk/recovery](http://www.rcpsych.ac.uk/recovery)

## Looking Forward

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Finally, we want to recognise the enormous support received from a large number of people working in the creditor and debt collection sector, including the unprecedented access we were given to 1270 collections staff. We are also very grateful to each and every person who completed the survey.

We hope this report provides clear messages and guidance to bring about the practical changes that are needed. While the mental health sector will no doubt hold creditors to critical account about the nature and pace of such change, we are moving in the right direction. Together, we must now keep this momentum going.

## BOX 1 Methodology

### Overview

The research project ran from August 2009 to October 2010, while the survey took place between March and June 2010.

- 19 different organisations participated. These included creditors (high-street banks, credit card companies, and mortgage lenders) and debt collection agencies and debt purchasers. In this report we use the term 'creditor' as a catch-all term for both credit-providing bodies and debt collection agencies.
- Within these 19 organisations, 1448 individuals were randomly selected to take part in the survey. 178 did not respond to our invitation.
- 1270 respondents completed the survey. This represents a response rate of 88%.

### Survey

- The survey consisted of 28 questions.
- The survey asked collections staff about their experience of working with customers with a range of mental health problems. These included common conditions (such as depression and anxiety), rarer problems which can affect perceptions of reality (such as schizophrenia), and conditions often associated with shifts between high, normal, and low mood (such as bipolar disorder). The survey also included diseases such as dementia. It did not cover everyday stress. It also did not cover drug, alcohol, or gambling problems.
- The survey questions covered 7 areas: working in collections and recovery; customers with mental health problems; talking to customers and third parties; support from third parties; specialist teams; medical evidence; and reflection and improvement.
- The survey was developed in partnership with our Steering Group. The group had membership drawn from the British Bankers' Association, Finance and Leasing Association, Council of Mortgage Lenders, Credit Services Association, Money Advice Liaison Group, Citizens Advice, Advice UK, Money Advice South West, Sheffield CAB, Springfield Law Centre, Rethink, Mind, the Institute of Psychiatry and individuals with personal experience of indebtedness and mental health problems.

### Limitations

- All respondents completed the surveys at their place of work. Managers and team leaders were generally responsible for administering surveys and reminding non-respondents to complete these. While we worked to ensure that completed surveys were directly and anonymously passed from respondents to the Royal College of Psychiatrists via an online survey mechanism, respondents may still have had concerns about being individually accountable for their responses or being collectively accountable for their team's responses.

## BOX 2 Sample

- 19 different creditor organisations participated. These included creditors (banks, credit card companies, and mortgage lenders) and debt collection agencies and debt purchasers.
- No sufficiently detailed sampling frame was available from which to take a random sample of organisations. Therefore organisations were approached by the research team on the basis of their 'market share' and/or their availability to participate.
- *Within* each organisation, we selected a random sample from debt collection units' staff lists. Where organisations had more than one debt collection unit, we attempted to randomly select units. Where this was not possible we assumed that no significant differences existed between units.
- The 1270 staff who participated in the survey all worked in the collection and recovery of arrears on financial products, and had direct interaction with customers by telephone or in writing.
- The survey was conducted with 1136 frontline staff (those working in mainstream collections and recoveries) and 134 staff working in a specialist team dealing with vulnerable customers. *Unless specified, all data presented in this report is based on the responses of mainstream staff.*
- In terms of the type of financial product that respondents dealt with, 696 staff dealt exclusively with unsecured products (such as credit cards, unsecured loans and current account overdrafts), 423 staff exclusively with secured products (such as mortgages and secured loans), and 151 with a mixture of both.



## Why should creditors care about mental health?

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Every 30 seconds in the UK<sup>1</sup>, staff working in collections will have to make a business decision: how best to recover a debt from a customer who says they have a mental health problem.

Creditors are *not* doctors. Nor are they counsellors or an NHS helpline. They are not trained to diagnose health problems, and cannot put the pieces of people's often complex and difficult lives back together again.

However, creditors should still care about mental health. Firstly, because it will enable them to treat their customers sensitively, fairly, and with a better understanding of their circumstances. Secondly, because it can – as the majority of surveyed staff believe – allow them to recover more debt. These two factors – customer care and economic rationale – are inseparable.

## Better for customer care

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One in two British adults with a problem debt also has a mental health problem (BOX 5, page 8). Such mental health problems can affect the way people think, feel or behave, and can negatively impact on their lives (BOX 3).

When combined with problem debt or other financial difficulties, mental health problems can pose additional and serious difficulties for the individual, their friends and family, and those working with them (BOX 4). Critically, this includes staff in collections and debt recovery.

Although staff knowing the 'basic statistics' about mental health can help, a deeper understanding of how this impacts on a person's ability to manage their finances is far more critical for enabling staff to practically work with such customers. Creditors who

invest in staff developing a genuine appreciation of these issues will be well-placed to understand their impact on customers' financial wellbeing, and more able to treat these customers fairly and sensitively.

### Findings from our survey:

**59% of staff report if they could take customer mental health fully into account, they would be more likely to recover the debt**

**Only 18% of staff agree with the statement "many customers who claim a mental health problem are saying this as an excuse to avoid repaying a debt"**

## Better for business

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The economic rationale is simple. If creditors:

- do not know customers have mental health issues;
- do not encourage customers to tell them this (e.g. reassuring customers how this information will be used);
- do not ask basic questions about the impact of a customer's mental health problem on repayment;

### They will be missing:

- a vital piece of information;
- an opportunity to impress upon customers that this can be taken into account;
- an opportunity to impress upon customers that they *can* clear their arrears;
- an opportunity to identify, anticipate and manage any related challenges;
- an opportunity to refer customers with complex needs to a specialist team/staff member;

### Which could result in:

- a *broken repayment arrangement*;
- *additional costs* of negotiating a new arrangement for the creditor;
- a *financial impact on the customer* in the form of penalty charges, further arrears, and legal action;
- a *potential worsening* of the customer's mental health (e.g. due to distress and anxiety);
- a *reduced likelihood* of the customer engaging with the creditor or addressing their financial problems.

The importance of such information and insight, combined with an organisational policy on what action and steps to take, could make the difference between successful and unsuccessful debt recovery.

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<sup>1</sup> This is based on the average number of customer/third-party disclosures reported in a typical month by mainstream collections staff in the 19 organisations in the survey (see: SECTION 2.1 of the evidence report).

## BOX 3 What is a mental health problem?

A mental health problem is where negative changes occur in a person's thinking, emotional state and behaviour, and where these disrupt a person's ability to work, carry on their normal personal relationships, and function in everyday society. Some mental health problems can be so severe that they are viewed as diagnosable mental illnesses. One in six British adults has a mental health problem, such as:

- **Depression** - a long-lasting, low mood that interferes with the ability to function, feel pleasure, or take interest in things. It affects **3%** of the population.
- **Anxiety** is where normal feelings of concern, worry and fear are felt at a far higher and more debilitating level, and can include physical symptoms such as heart palpitations and pain – these affect just under **5%** of the population. *Combined depression and anxiety affect just over 9%.*
- **Panic disorder** means having repeated and frequent panic attacks. A panic attack is a sudden episode of intense fear or discomfort accompanied by symptoms such as nausea, chest pains, unbearable fear, shortness of breath. Attacks last for 5-10 minutes. These affect just under **1%** of the population.
- **Obsessive compulsive disorder** is the name given when someone has obsessions, compulsions, or both. The individual is usually aware of these being excessive or unreasonable. This affects **1%** of the population.
- **Bipolar disorder** (formerly known as manic depression) is a severe mood disorder which causes shifts in a person's mood characterised by extreme highs (mania) and lows (depression) often with normal periods of mood in between. It affects **1%** of the population.
- **Schizophrenia** can be thought of as experiencing episodes during which reality is perceived differently. This might mean hallucinating, seeing or hearing things that others might not, or having a delusion such as an unfounded belief that they are being persecuted or they are famous. It affects **1%** of the population.

People with a diagnosable mental health problem may be on medication. Side-effects of this can include feeling drowsy or sedated, dizziness, disinterest in anything (dysphoria), nausea, headaches, confusion, and memory loss. Our survey asked collections staff about working with customers with a range of mental health problems. However, we asked respondents to *exclude* everyday stress, or drug, alcohol, or gambling problems.

Adapted with permission from Debt and Mental Illness, A Training Resource for Money Advisers, Rethink 2010.

## BOX 4 Difficulties associated with customers with mental health problems

- A customer's mental health problem may be the result or cause of unemployment, reduced hours, salary or debt. While a mental health problem may qualify people for benefits, they may have difficulty claiming these, or experience delays and disruptions in receiving money. Lengthy hospital admissions may make it difficult to meet debt repayments, and may also result in reduced levels of benefit. Medication side-effects can make it difficult to get 'on top' of finances, while the condition itself can severely affect motivation.

### **Disclosing or identifying a problem:**

- Staff may find it difficult to distinguish between those with mental health problems, and those perceived as using mental health as an 'excuse'.
- Customers may have difficulties or fears talking about their mental health to staff, including its impact on their ability to manage their finances – this can mask underlying problems staff need to know about.

### **Discussing a problem:**

- Customers may become anxious when contacted, disengage, and not respond to calls or letters, while staff may have difficulty communicating with customers and understanding how their mental health problems are relevant – it can take longer to establish what needs to be done.

### **Information and decision-making:**

- The collection and storage of sensitive personal information about mental health may raise important questions for creditor organisations and staff, and prompt concerns and worries for customers.
- Using information to make decisions about what to do in relation to a debt is not always easy for creditors.

### **Unsustainable payment arrangements**

- Customers may agree to unrealistic payment arrangements simply to get off the phone; conversely, staff may have difficulty identifying what a customer can afford to pay without key information about the customer's mental health problem.

# What should creditors do about mental health?

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There are ten actions that creditors should consider taking to improve their levels of customer care and recovered debts.

## 1. Deal with disclosure: a basic drill for frontline staff

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All staff should know and be able to follow a basic 'drill' for dealing with customers disclosing a mental health problem (DIAGRAM 1):

ACKNOWLEDGE the disclosure

INFORM the customer how this will be used

REQUEST their consent

ASK three questions to get key information

SIGNPOST or refer to internal and external help

We would expect that all creditors could introduce this drill without difficulty.

### Why make this change?

Our survey found that:

- every 30 seconds, a customer will disclose a mental health problem to a member of collections staff;
- despite this, 33% of mainstream staff we surveyed 'rarely' or 'never' asked basic questions about a customer's mental health problems following a disclosure;

- without knowing how a customer's mental health problem affects their ability to repay a debt, staff are missing vital information to inform effective recovery, and provide good customer care.
- staff say that such an approach is needed:

*"Although I fully understand customers' situations due to family members suffering from mental health problems, I have no idea about how to approach this over the phone and what the process is."*

- staff indicate that such an approach can work:

*"When working with customers that have a mental health problem, it is often clear that they are distressed and that it has taken a lot for the customer to talk to us about how their health issues have affected their ability to pay. Once the customer has opened up to you it is easier to establish their circumstances and offer them the best support."*

## 2. Encourage disclosure, improve recovery rates

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For every customer who discloses a mental health problem, there will be others who hold back. For example, a 2007 survey by the Royal College of Psychiatrists and Mind found that for every customer who disclosed, *two did not* (BOX 5). Their reported reasons for not disclosing included:

- worrying how this information would be used;
- fears that disclosure would affect future credit;
- feeling they would not be believed;
- thinking staff would not understand;
- believing it would make no difference;
- expecting they would be treated unfairly;
- feeling debts would be recovered from benefits.

Not knowing how these customers' mental health problems might affect their ability to repay represents a missed insight for creditor staff. **We therefore recommend that creditors take steps which encourage customers with a mental health problem to disclose this.** These include:

- explaining how information about customers' mental health will be collected, used, and stored;

- such an explanation being included in: (a) standard 'How we use your information' leaflets; and (b) Privacy Notices produced to meet the Data Protection Act;
- inviting customers on letters to inform you about any relevant health difficulties: *"are there any health issues we should know about, as we will treat these confidentially and they will help us to provide you with a better service?"*
- giving frontline staff the skills to identify the 'warning signs' of mental health problems and to broach the issue sensitively with customers.

### Why make this change?

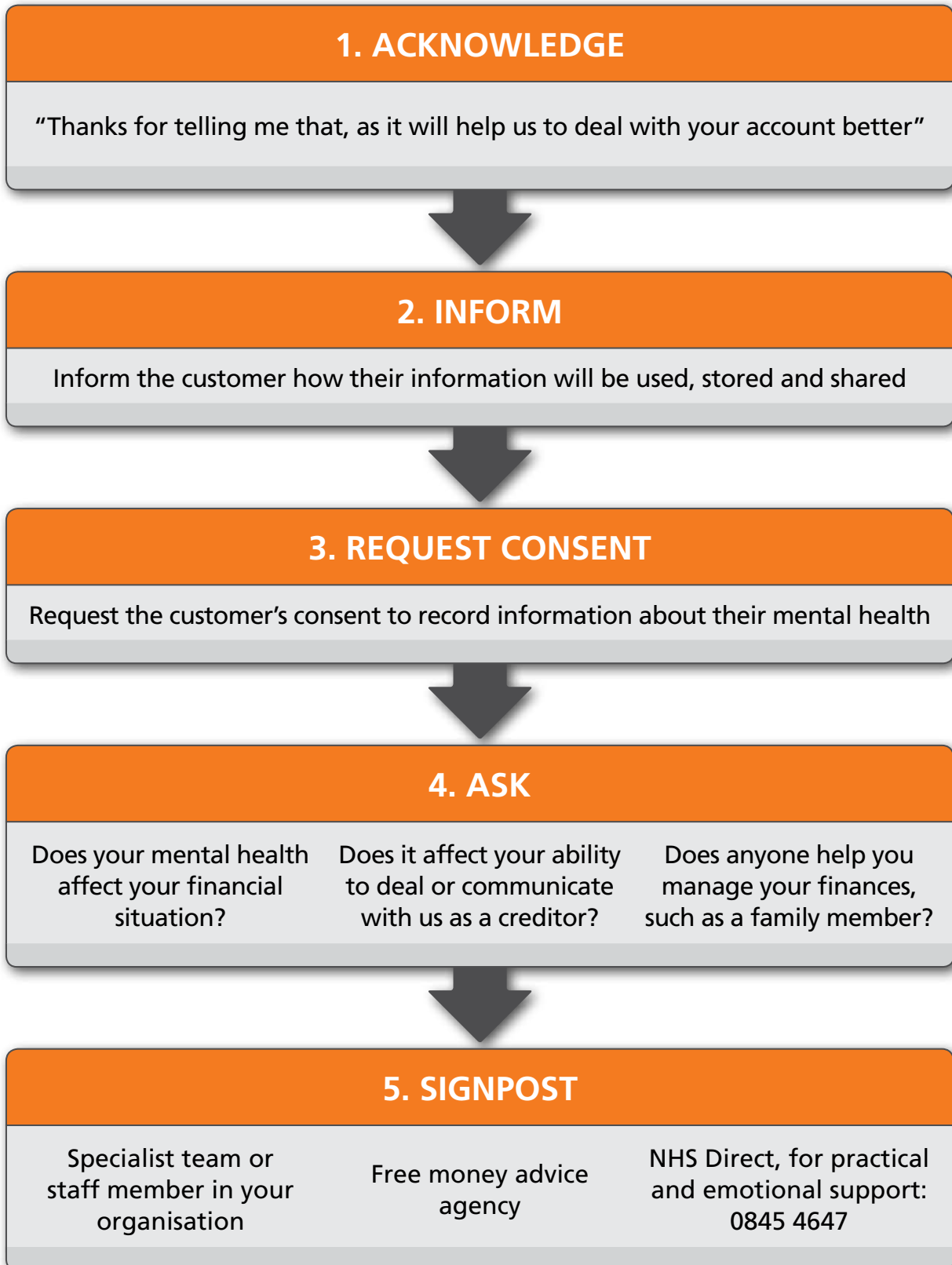
- Taking the above steps will also help staff avoid breaching the Data Protection Act – 39% of staff surveyed may be doing this.

### Where can I read more about this?

This is explored in SECTION 2.1 of the evidence report.



## Diagram 1 Dealing with disclosure: a basic drill for frontline staff



### 3. Include mental health in organisational policies

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Developing an organisational policy on mental health, (or reviewing existing organisational policies to include a section on mental health) is not necessarily difficult or expensive, and can have benefits both in terms of customer care and wider business aims.

We therefore recommend that:

- creditors should have a written mental health policy (either standalone, or incorporated into existing customer care policies);
- this policy should address *each of the ten issues contained in this section*;
- this policy reflects other legal or professional frameworks that need consideration.

This recommendation drills down from the principles of the Lending Code and MALG Guidelines which provide a broad and excellent foundation for good practice. This 'drilling down' is important as 69% of creditor staff say they need specific guidance on what steps to take in their own workplace, each of which has its own systems, processes and culture.

**Such is the importance of this, that the Royal College of Psychiatrists is willing to develop generic or (upon request) bespoke organisational policies if our basic costs can be covered. We invite the creditor sector to respond to this offer.**

#### Why make this change?

- 69% of staff indicated that they worked in an organisation where a clear mental health policy did not exist, and where they would like one;
- when a customer disclosure is made, 44% of staff reported finding it difficult to know what to say;
- staff say such an approach is needed:

*"For me, the greatest challenge is provided [not by these customers but] by our organisation. There is no clear process or procedure to follow when we encounter this sort of person. We are left to our own devices in this sense, so the approach can be very inconsistent."*

### 4. Give staff the skills to deliver these policies

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In order to deliver an organisational policy on mental health, staff need to have the relevant skills, knowledge and confidence.

We recognise that individual creditors may not have the time, resources, or current skill-base to develop in-house training programmes or materials to raise staff competency levels. We also understand the training needs of staff will vary – mainstream collections staff, for example, may require brief training interventions, while specialist staff may require detailed guidance.

Consequently, we recommend:

- creditors visit [www.rcpsych.ac.uk/recovery](http://www.rcpsych.ac.uk/recovery) to access free materials on mental health;
- creditors understand that generic mental health awareness resources and training (where individuals are told, for example, about the general meaning and prevalence of different conditions) will help, but is probably insufficient in itself;
- creditor staff would instead benefit most from training interventions which embed knowledge and develop skills *through showing how this relates to the everyday situations and tasks that mainstream and specialist staff actually undertake.*

This would equip staff 'for the job', rather than providing general knowledge that isn't directly or easily applicable.

**Again, such is the importance of this, that the Royal College of Psychiatrists is willing to develop such a training programme for the creditor sector if our basic costs can be covered. We invite the creditor sector to respond to this offer.**

#### Why make this change?

Seven out of ten staff in our survey reported that they wanted training on:

- how customers' financial situations can be affected by mental health problems, and vice versa;
- the different types of mental health problem;

#### Where can I read more about this?

This is explored further in SECTION 2.5 of the evidence report.

## BOX 5 How many customers will have a mental health problem?

In order to calculate the impact and cost of taking mental health into account, it is important to estimate just how many customers might have mental health problems. As none of the creditors surveyed were able to provide such data, we can draw on three sources:

- results from our survey on the number of monthly customer disclosures reported by staff;
- results from a large-scale, representative Government survey on mental disorder among British adults;
- the only dedicated survey – to our knowledge – of people with experience of mental health problems and indebtedness (conducted by Mind and Royal College of Psychiatrists in 2007).

No single source of data is perfect – each has its own strengths and weaknesses. However, together they provide the best indication available of the numbers of customer who might be affected.

### Staff reports

As shown in **SECTION 2.1** of our evidence report, our survey asked front-line collection staff about the number of disclosures of mental health problems made by customers and representative third-parties in a typical month. This found, on average, that:

- approximately 10,000 disclosures were made each month in a large, multi-sited collections and recovery operation (around 2,000 staff);
- around 1,000 monthly disclosures were made in large collection centres (around 200 staff);
- an estimated 500 disclosures were made in medium-sized collection centres (around 100 staff);
- an average of five disclosures were made per month per member of staff.

Disclosure rates measure the instances when a customer or third-party tells a member of staff about a mental health problem. They *do not* reflect the number of *individual customers* with mental health problems. A customer or third-party could tell more than one member of staff in the same organisation about a mental health problem.

Customers with multiple debts could also disclose mental health problems to several creditors.

### Indebted adults with mental health problems

The Government's Adult Psychiatric Morbidity Survey screened over 8,000 adults to establish the level of mental health problems in the British population in 2000. This survey also collected a range of other data, including information on problem debts. Analyses of these data indicate that:

- one in twelve adults had problem debts (being 'seriously behind' with at least one commitment);
- one in two adults with problem debt also had a mental health problem.

The survey also found that one in six British adults were living with a mental health problem.

### Customer reports

Research conducted by Mind and The Royal College of Psychiatrists in 2007 provides an alternative perspective: that of the customer. A non-random sample of 924 UK adults with experience of mental health and debt problems, this found that:

- for every respondent who told the organisation they owed money to that they had a mental health problem, there were two respondents who decided not to disclose;
- those that did not disclose cited a number of reasons why, including concerns about how their information would be used, their access to future credit, and a perception that creditors would not understand.

The Mind study demonstrates – for the sample studied – that creditors who wait for customers to take the responsibility to disclose may ultimately end up working with a *minority* of this group (see **BOX 7** on page 10).

## 5. Make informed consent a 'standard practice'

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Customers with a mental health problem may be unlikely to disclose this if they have concerns about how the creditor will use, store, and share this information.

Earlier in this report, we recommended that creditors tell customers how they will use any information disclosed about mental health.

However, we also recommend that creditors *obtain the informed consent* of customers who disclose sensitive personal information about a mental health problem. This involves customers:

- receiving an explanation of why information about mental health is being recorded, and how it will be used, stored, or shared;
- confirming they understand these conditions;
- *and* giving permission for their information to be used under those conditions only.

### Why make this change?

There is a customer care rationale:

- customers may not *disclose* a mental health problem if they are concerned about how this information could be used;
- once consent has been obtained, creditors may share health information with colleagues and save customers from repeatedly disclosing or re-explaining their situation.

### There is also an economic imperative:

- if all relevant information about a customer is available to creditor staff, it can improve the efficiency of collections.

### And also potentially good legal reasons:

- under the Data Protection Act 1998, creditors have a legal duty to collect, use, retain, or dispose of information provided about a customer's mental health problem *fairly* (BOX 6);
- this legal duty requires creditors to explain how they will use the information customers provide, unless it is obvious to, or could be reasonably expected by, a customer;
- however, we believe *it is not always clear nor obvious* to customers how a creditor will use, retain, or dispose of information about their mental health problem – research undertaken by the Royal College of Psychiatrists and Mind in 2007 underlines this lack of understanding among such consumers (BOX 7);
- finally, under the Data Protection Act, creditors may have a legal duty to seek the explicit consent of customers to process sensitive personal data, including information about mental health (see SECTION 2.2 of the evidence report).<sup>2</sup>

### What did our survey find?

Our survey results indicate that some staff may be inadvertently breaching the Data Protection Act:

- 80% of frontline staff reported 'always' or 'often' making a note about a disclosed mental health problem on the customer's file – as noted before, sharing such information can be good practice;
- however, 39% of staff who made a note *never explained* to customers why the information was being recorded or how it would be used;
- and nearly half (47%) of staff who made a note *never asked* the customer for their consent;

Critically, it should be acknowledged that the collection and recording of such information about a customer's mental health usually represents good practice. This is because it can enable collectors on subsequent dealings to proceed as efficiently as possible because all the information is readily available, allows creditors to be more responsive to a customer's circumstances, and can save customers from having to repeat the information to different members of staff (which can be traumatic, difficult, and runs the risk of a disclosure not being recorded).

However, failing to explain to customers what purposes information is being recorded for (even where there is no intention to use this unfairly) means that creditors are contravening the Data Protection Act, and running counter to the recommendations made in Section 176 of the Lending Code, and Sections 4.1-4.2 of the MALG Guidelines.

### Where can I read more about this?

This is considered in SECTION 2.2 of the evidence report.

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<sup>2</sup> While the Data Protection Act uses the term 'explicit consent', we use the term 'informed consent' to emphasise the importance of informing and telling customers how information about their mental health will be used, so they can make an informed decision on whether to give their consent.

## BOX 6 What does the Data Protection Act say?

Under the Data Protection Act 1998, there is a requirement for organisations to collect, use, retain, or dispose of personal data both *fairly* and *legally*. One aspect of this requires the organisation receiving the data to tell individuals providing such information how it will be used (e.g. by publishing a 'Privacy Notice' or simply telling the customer). The only exception to this is in situations *where it would be obvious* to the customer how that data will be used, or in ways that customers might reasonably expect. To quote guidance from the Information Commissioner's Office:

*"When deciding how to draft and communicate a privacy notice, try to put yourself in the position of the people you are collecting information about. Ask yourself:*

- *do they already know who is collecting the information and what it will be used for?*
- *is there anything they would find deceptive, misleading, unexpected or objectionable?*
- *are the consequences of providing the information, or not providing it, clear to them?*

*...The Code explains that the duty to give a privacy notice is strongest when the information is likely to be used in an unexpected, objectionable or controversial way, or when the information is confidential or particularly sensitive. It also says there is no point telling people the obvious when it is already clear what their information will be used for."*

[http://www.ico.gov.uk/for\\_organisations/data\\_protection/the\\_guide/principle\\_1.aspx](http://www.ico.gov.uk/for_organisations/data_protection/the_guide/principle_1.aspx)

## BOX 7 What do customers say?

The only survey of customers with debt and mental health problems was conducted by Mind and the Royal College of Psychiatrists in 2007. A non-random study, its results cannot be generalised, but it provides data on the experience of 924 individuals with problem debts and mental health problems. This indicates:

- Two-thirds of participants *did not tell* creditors about their mental health problem. When asked why:
  - o 40% reported being concerned about how this information would then be used by creditors;
  - o 27% felt sharing mental health information could stop them obtaining credit in the future.
- Among the one-third of participants *who did tell* creditors about their mental health problem:
  - o 15% reported being asked for their consent to record information about their mental health problem;
  - o 4% reported being told what would happen to this information;
  - o 59% reported they had to explain their mental health situation to different people in the same organisation.

## 6. Use your specialist team or staff member

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All members of collections staff should have the basic skills and confidence to work with customers who report a mental health problem.

However, it is unrealistic to expect mainstream collections staff to be able to work with every customer with a mental health problem. In certain situations, *help will be needed from a specialist team or staff member*, whose role is to work with vulnerable customers and complex cases. This would include mental health problems, alongside other sources of vulnerability such as terminal illness.

We recommend that:

- every large creditor organisation should have a specialist team trained to help deal with customers with mental health problems;
- smaller organisations should have at least one staff member with the same specialist function;
- clear and established referral procedures (including monitoring of these procedures) should exist so mainstream staff are able to pass on customers to such specialist support – this is not always happening at present;
- specialist teams and staff should be given the authority to manage a customer’s account (and co-ordinate other activity across the creditor organisation) to ensure the best commercial and customer outcomes;
- specialist teams and staff should receive training on working with customers with mental health problems.

### Why make this change?

Specialist input can only be as effective as the mechanisms which refer customers from mainstream collections:

- 50% of all mainstream staff reported a specialist team existed in their organisation;
- however, 20% of all mainstream staff *did not know* whether their organisation had a specialist team;
- on average, while five disclosures were made each month to mainstream staff about a customer’s mental health problem, only one monthly referral was made to a specialist team (TABLE 1);
- critically, colleagues within the same *organisation* often had differing views on whether a specialist team existed and this could mean that specialist input is not being provided on the basis of when it is most needed, but rather where staff are aware of it.

Establishing a specialist team may also have other benefits. Our survey found that, compared to mainstream staff, specialist staff were more likely to<sup>3</sup>:

- report knowing what to do when a customer disclosed a mental health problem (TABLE 2);
- indicate lower levels of difficulty in discussing a customer’s mental health problem (TABLE 3);
- state a willingness to engage and discuss a customer’s mental health, and less concern about getting bogged down in personal issues while doing this (TABLE 4).

### Where can I read more in the report about this?

This is considered in SECTION 3 of the evidence report.

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<sup>3</sup> These were all statistically significant associations (see SECTION 3 of the evidence report).

## 7. Improve monitoring

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In order to introduce effective arrangements for managing accounts where customers have a mental health problem, creditor organisations should monitor the basic number of:

- customers and third-parties who disclose;
- the types of conditions disclosed;
- broken arrangements involving such customers;
- mental health referrals to specialist teams;
- requests for external medical evidence;
- final outcomes of arrangements with customers with mental health problems.

Doing this will allow creditors to identify not only the volume of customers reporting mental health problems, but also the types of adjustments and solutions put into place, and the final outcome of that arrangement. This will give creditors an indication of which of their options ‘work’ for these customers.



**TABLE 1***How often each staff member refers customers to a specialist team, in a typical month*

Excludes respondents who 'did not' or were 'not sure' whether they had a specialist team in their organisation

	Medians
Number of customers/third parties who disclose a mental health problem in a typical month, for each mainstream staff member	<b>5</b>
Number of referrals to a specialist team because of a mental health problem, in a typical month, for each mainstream staff member	<b>1</b>
Number of referrals to a specialist team for any reason, for each mainstream staff member	<b>4</b>

**TABLE 2***"I find it difficult to know what to do when a customer tells me they have a mental health problem."*

	Mainstream	Specialist
Agree (Find it difficult )	<b>27%</b>	<b>15%</b>
Disagree (Do not find it difficult)	<b>50%</b>	<b>68%</b>
Neither	<b>23%</b>	<b>17%</b>
Total	<b>100% (n=1132)</b>	<b>100% (n=133)</b>

**TABLE 3***In terms of your own skills and confidence, do you find it difficult to talk about mental health problems?*

	Mainstream	Specialist
Difficult	<b>33%</b>	<b>18%</b>
Easy	<b>29%</b>	<b>46%</b>
Neither	<b>38%</b>	<b>36%</b>
Total	<b>100% (n=1014)</b>	<b>100% (n=111)</b>

**TABLE 4***"I am reluctant to discuss mental health problems because I don't want to get too bogged down with a customer's personal issues."*

	Mainstream	Specialist
Agree (I am reluctant)	<b>20%</b>	<b>9%</b>
Disagree (I am not reluctant)	<b>57%</b>	<b>73%</b>
Neither	<b>23%</b>	<b>18%</b>
Total	<b>100% (n=1012)</b>	<b>100% (n=111)</b>

## 8. Use medical evidence to aid decision-making

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'Medical evidence' refers to information about a customer's mental health problem provided by a nominated mental health or social care professional that knows the customer.

We recommend that obtaining medical evidence *may not be necessary for every customer who discloses a mental health problem*. Instead, as discussed in **SECTION 2.3** of the evidence report, staff should be able to gather most, if not all, the information needed from the customer or third-party.

Medical evidence should be obtained when there are unanswered questions after discussion with a customer (**BOX 8**). When creditors decide to do this, we recommend that they:

- explain what this involves to the customer;
- only do this with the customer's consent;
- allow a reasonable time for evidence to be collected;
- suspend unnecessary contact with the customer while evidence is collected;
- consider cancelling charges and interest on receipt of evidence;
- only collect relevant evidence (potentially by using a standard tool such as the Debt and Mental Health Evidence Form – see [www.rcpsych.ac.uk/recovery](http://www.rcpsych.ac.uk/recovery));
- use this evidence as part of their decision-making.

To achieve this, creditors will need to ensure that:

- their mental health policy makes it clear who is responsible for requesting evidence, and when they should do so;
- all staff who use medical evidence to make a decision about a customer's account should receive training in doing this.

### Why make these changes?

Creditors need relevant and clear evidence which will directly inform and improve their decision-making about what action to take on a customer's account.

However, our survey results indicate that confusion exists among some staff on whether collecting medical evidence is part of their job:

- 16% reported not being sure, 50% that it was, while 35% indicated it wasn't;
- mainstream staff in the same organisation may hold different views on whether evidence collection is part of their role.

The reported use of medical evidence is low:

- *five disclosures* of a customer mental health problem were reported by mainstream staff as occurring in a typical month;
- *once a month*, on average, respondents reported requesting medical evidence;
- *once every five months*, on average, respondents reported using such medical evidence.

Mainstream staff who did collect medical evidence on mental health as part of their job often did not take steps to assist this process:

- as shown in **TABLE 5**, almost two-fifths of this group (38%) 'rarely' or 'never' told the customer they could suspend telephone calls and/or letters if the customer wished to gather medical evidence (e.g. for 30 days);
- as shown in **TABLE 6**, three-quarters (74%) had 'rarely' or 'never' told the customer they could suspend default interest and/or charges if the customer wished to gather evidence (e.g. for 30 days).

Despite this, where respondents reported using evidence they found it beneficial (**TABLE 7**):

- eighty-four percent agreed that the medical evidence influenced the decisions they made;
- fifty-seven percent agreed that the information was easy to understand;
- three-quarters (76%) agreed that the information was relevant;
- nearly a quarter (24%) agreed that using medical evidence had helped them recover the debt.

### Where can I read more about this?

This is considered in **SECTION 2.3** of the evidence report.

**TABLE 5**

*How often mainstream staff say they can suspend telephone calls and/or letters if the customer wishes to gather medical evidence (e.g. for 30 days). Excludes those who said it was not part of their job to ask for evidence.*

	Percent
Always	<b>21%</b>
Often	<b>18%</b>
Sometimes	<b>24%</b>
Rarely	<b>13%</b>
Never	<b>25%</b>
Total	<b>100% (n=628)</b>

**TABLE 6**

*How often mainstream staff say they can suspend default interest and/or charges if the customer wishes to gather medical evidence (e.g. for 30 days). Excludes those who said it was not part of their job to ask for evidence.*

	Percent
Always	<b>7%</b>
Often	<b>7%</b>
Sometimes	<b>12%</b>
Rarely	<b>15%</b>
Never	<b>58%</b>
Total	<b>100% (n=531)</b>

**TABLE 7**

*Mainstream staff evaluation of using medical evidence. "The medical evidence..."*  
Excludes those who had never used medical evidence.

	"influenced the decisions I made about the customer's account"	"was easy to understand"	"was relevant"	"helped me to recover the debt"
Agree	<b>84%</b>	<b>57%</b>	<b>76%</b>	<b>24%</b>

**BOX 8 When should medical evidence be obtained?**

- when a customer discloses a problem;
- where employees have *already* asked how this impacts on the customer's ability to repay or manage their debt;
- where unresolved issues, complex circumstances, or doubts remain;
- where additional information from a health or social care professional who knows the customer would help creditors decide what action to take;
- where the customer gives their *informed consent* for this;
- where the need for evidence is proportionate to the degree of flexibility being considered (e.g. it may be excessive to seek evidence to change from telephone to written communication).

## 9. Work with third parties

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The relationship between creditors and those individuals providing 'third party' support to an indebted customer with mental health problems is critical. 'Third party' support is defined as support:

- given by relatives, friends, or carers of the indebted customer;
- provided by a money adviser or money advice agency;
- where the third party has contact with the creditor and acts on behalf of the indebted customer with mental health problems;
- where support ranges from: (i) 'one-off' actions; (ii) assistance with specific activities or tasks that the customer may find difficult; or (iii) full representation of that customer;
- but *not* support provided by a health or social care professional about *non-health* related matters (except for the provision of medical evidence).

We recommend that where a customer discloses a mental health problem, creditors should:

- *routinely ask* if they are receiving any support from relatives or friends;
- *signpost* (if appropriate) the customer to third party money advice agencies;
- *signpost* (if appropriate) the customer to health agencies (such as NHS Direct).

Where a customer nominates a third-party individual or agency to deal with their account, creditors should suspend contact with the customer as early as possible.

Creditors should ensure that this is co-ordinated across (a) all other centres within that organisation as well as (b) any debt collection agencies that may receive the debt.

### Why make these changes?

Our survey results indicate that:

- 64% 'always' or 'often' ask if customers who disclose a mental health problem are receiving any third party support (TABLE 8);
- 66% 'always' or 'often' signpost to customers to third-party money advice agencies (TABLE 9);
- 27% suspend calls and letters for customers who make contact with money advice agencies, as soon as the customer tells the creditor about this (TABLE 10).

Furthermore:

- customers who are experiencing mental health problems may have difficulty managing their finances, and may find contact with their creditors very distressing. Individuals such as relatives, friends and carers may be able to contact creditors on their behalf;

- money advisers can provide professional support as case managers, negotiating with creditors;
- in either case, by facilitating a smooth and timely 'hand over' to third party individuals and money advisers, creditors can minimise customers' distress at an already difficult time.

Many staff described the benefits of working proactively with third parties:

*"Dealing with upset or distressed people, who may not understand exactly what you are telling them, makes it hard to communicate and decide what is best for the customer. They may not be able to maintain what they are agreeing to if they do not fully understand. In this case I would try and get details of a family member or advice worker to authorise them to discuss the account."*

### Where can I read more about this?

This is explored in SECTION 2.4 of the evidence report.

**TABLE 8**

*How often do staff ask customers if a third-party carer, family member, or relative are helping with their finances?*

	Percent
Always	<b>28%</b>
Often	<b>36%</b>
Sometimes	<b>25%</b>
Rarely	<b>6%</b>
Never	<b>6%</b>
Total	<b>100% (n=990)</b>

**TABLE 9**

*Signposting customers who reported a mental health problem to third party money advisers and debt management companies.*

	n	Always	Often	Sometimes	Rarely	Never
Free money advice agency (e.g. CAB or National Debtline)	<b>990</b>	<b>32%</b>	<b>34%</b>	<b>21%</b>	<b>6%</b>	<b>7%</b>
Debt management company	<b>976</b>	<b>14%</b>	<b>19%</b>	<b>22%</b>	<b>13%</b>	<b>32%</b>

**TABLE 10**

*Suspending calls and letters to customers who say they are seeing a money adviser, and who have mental health problems.*

	Percent
As soon as the customer tells me they have seen an adviser	<b>27%</b>
As soon as we receive a letter of authorisation from the adviser	<b>25%</b>
As soon as we receive or accept an offer of payment from the adviser	<b>14%</b>
None – calls and letters would continue	<b>8%</b>
Not sure	<b>8%</b>
As soon I have called the adviser and requested a letter of authorisation	<b>6%</b>
Other (unspecified)	<b>12%</b>
Total 100%	<b>100% (n=921)</b>
N/A – This would not be my decision to make (Excluded from count)	<b>n=207</b>

## 10. Focus on sustainability and quality

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A key part of treating customers fairly is taking any relevant financial and personal circumstances into account. Importantly, a number of creditors in our survey reported adopting innovative ways to allow their staff to achieve this.

Among these, some creditors indicated that they were either trialling or implementing incentive structures and performance measures that included the sustainability of arrangements (i.e. 'kept rates') and indicators of call 'quality'. In relation to customers with mental health problems, these arrangements were viewed as potentially offering an advantage over performance measures which squarely focused on call time or the amount of promises-to-pay. Staff explained that this was because such customers often agreed to an unrealistic payment arrangement, which could result in broken arrangements.

Other creditors also underlined the potential advantages of increasing the range of repayment options to offer customers with mental health problems. They explained that such customers often had complex financial and personal circumstances, and that these required a range of options to ensure that repayments were affordable and sustainable. A smaller number of creditors proposed that minimum repayment levels (either monthly or one-off settlements) for this customer group might also be profitably reviewed.

Such changes to decisions about structures and performance measures can have considerable business implications. However, we recommend that creditor organisations should review their practice in this area, and consider whether similar innovations would deliver the benefits already reported by colleagues in the sector.

**We therefore recommend that when working with customers who have mental health problems:**

- creditors consider adopting incentive structures and performance measures that reward (a) the sustainability of arrangements (i.e. 'kept rates') and (b) the quality of calls, rather than (c) call times or (d) cash collected;
- creditors consider giving frontline staff a range of repayment options to offer customers, to ensure these match customers' circumstances and are affordable and sustainable;
- creditors consider reviewing their use of minimum repayment levels for both monthly payments and one-off settlements.

### **Why make these changes?**

A number of staff explained how performance measures related to their ability to deal with customers with mental health problems:

*"Whilst I might be sympathetic to the customer's situation, business pressures don't allow for me to give a more personalised approach. There's pressure to collect the maximum money, and pressure to complete the call within 6 minutes."*

*"We have rigid monitoring which maybe doesn't allow enough common sense around speaking to each person as an individual based on their situation. The monitoring can have a large effect on our take-home pay, so keeping to call structures has too much importance and results in a greater distance between us and the customer."*

### **Where can I read more about this?**

This is explored in **SECTION 2.5** of the evidence report.



## Conclusion: making the right business decision

At the start of this report, we stated that every 30 seconds in the UK, staff working in collections would have to make a business decision: how best to recover a debt from a customer who says they have a mental health problem.

We hope that the results presented in this report will ultimately help to make decisions like this easier for frontline staff, more beneficial for the financial and mental wellbeing of the customer concerned, and profitable in customer care and economic terms for the organisation itself.

Getting to this point, however, will require a further business decision from the hundreds of UK creditor and debt collection organisations working in this sector: *are we willing to invest to improve our operations, and – in doing so – also change customers' circumstances for the better?*

### Closing the gap

Critically, we believe that – with help in places – creditors could make most of the changes suggested in this report with relatively minor investment or disruption, and potentially with considerably higher business returns and savings.

The first step towards this has begun to happen: the creditor sector and those working in mental health have started to identify the gaps between 'best practice' and 'actual practice'. This includes the 19 organisations participating in our survey, and those companies who have decided to undertake an audit of their own practice.

A willingness and belief also exists among the majority of staff that this is possible: 59% of staff, for example, believe that if they could take a customer's mental health fully into account, they would be more likely to recover the debt.

The next step, therefore, is to begin *closing this gap*. Where invited, the Royal College of Psychiatrists, and others in the mental health sector, are willing to help creditors achieve this. Importantly, this will not only involve a transfer of expertise from the mental health to the creditor sector, but also those working in mental health learning about both the opportunities and realities of collections operations within the commercial sector.

However, ultimately, to close such a gap will require the UK's creditors and debt collection agencies to match the positive support received for our initial survey, by taking the proactive steps needed to bring about change in their own organisations.

### Positive support

Some of this will require funding. Without this, time and expertise needed from the mental health sector cannot be drawn upon, nor can training courses or organisational policies on mental health be developed or implemented. Consequently, the Royal College of Psychiatrists would welcome any support that might be provided to meet such broad needs (or the aims of individual organisations).

Secondly, change is also needed in the money advice sector, as well as the NHS. Areas of practice that need improvement are not the sole preserve of creditors and debt collection organisations.

Thirdly, what we will also need is an ongoing commitment to an open debate, and a willingness to change. This may occasionally make for slightly uncomfortable discussions for some within the creditor sector (and possibly ammunition for others outside it). Despite this, such an approach is critically important if the sector is to truly identify what work needs to be undertaken, and how this might be practically achieved.

Without these three developments, we will be unlikely to close the gap in a way which will both help the customer, and also help the business.

Given the difficult times that many predict now lie ahead for the UK's economy and households, creditors may well experience further cases of customers reporting mental health and debt problems. Taking steps to address this issue now, therefore, could represent a key business decision. Whether creditors take this, however, remains to be seen.

Read more...

Our full evidence report can be downloaded at [www.rcpsych.ac.uk/recovery](http://www.rcpsych.ac.uk/recovery)



## References

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# How can you help the Royal College?

The Royal College of Psychiatrists is seeking funding and support to continue its work with the creditor and debt collection sector.

We are currently seeking funding for the following projects:

- 'best practice' guides for mainstream and specialist staff on understanding and dealing with customers with a mental health problem
- developing an e-learning training package for mainstream and specialist staff
- producing generic organisational policies for mental health

We are also interested in discussing funding or support opportunities in relation to the challenges that individual creditor or debt collection agencies might wish to address.

### Contact us to find out more.

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rdavey@cru.rcpsych.ac.uk  
www.rcpsych.ac.uk/recoverynextsteps

## Tell us what you think about this report

If your organisation has been affected by any of the issues or challenges in this report, then we'd like to hear from you. Whether you have a problem, or an example of good practice, we'd like to know more.

### Contact us at:

Ryan Davey  
020 7977 6649  
rdavey@cru.rcpsych.ac.uk  
www.rcpsych.ac.uk/recoveryreport

Every 30 seconds in the UK, staff working in collections will have to make a business decision: how best to recover a debt from a customer who says they have a mental health problem.

Dealing with these situations can be challenging for frontline staff and the organisations they work in.

This summary report outlines ten changes that can help frontline staff overcome these challenges, allow organisations to collect debt more effectively from this customer group, and also help improve both the financial and mental wellbeing of the customer at a difficult time.

Based on research with 1270 frontline staff, in 19 creditor and debt collection organisations, and in association with the major trade membership organisations, the report provides a previously unavailable insight into the challenges and business opportunities facing creditors.

To obtain further copies of this summary report, or to download the full report (which contains more detailed evidence, analysis, and recommendations), please visit: [www.rcpsych.ac.uk/recovery](http://www.rcpsych.ac.uk/recovery)