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StepChange Debt Charity

Mixed messages

Why communications to people in financial difficulty need to offer a clearer, better route to help

September
2022

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Foreword

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The concept of debt predates even currency. For families who couldn't keep their end of a bargain struck, debt slavery was the consequence. Debt bondage was a special category of legal punishment in Roman times. Bailiffs were first instructed by courts in the middle ages. In Victorian times, debt prisons were established[1].

Not paying money owed has consequences: legal consequences. Debt and debtor are well established legal terms, refined over millennia. It's hardly surprising that debtor associations of right and wrong, good and bad, righteous and sinful are reflected today in feelings of embarrassment and despair, anxiety and stress, helplessness and suicide.

Communications from lenders tend simply to confirm people's worst fears. The power balance between creditor and customer has slipped. Once a customer, energetically marketed to and eagerly sought out by a lender; now a debtor, eagerly sought out for repayment and energetically chased.

Approaches to rebalancing the relationship have been attempted through consumer rights, affordability assessments, referrals for money advice and so on. People report regular and intensive communications from creditors. And yet, still over 50% wait over a year before seeking help to resolve debts. People fear the impact on their credit score more than the impact of not getting help. And others report turning to further borrowing, as they seek to regain power over their situation.

Communication is complex. While strides have been made in recent years with behavioural science, there is still much to learn from it and from other studies, e.g. linguistics, semiotics and history.

People in debt have an enhanced sensitivity to the punitive overtones and demands often conveyed in todays' creditor wording and recited in the stories of social history. They miss subordinated, more historically recent messages of help.

Words inform interpretation and the way we make sense of the world around us. If we believe that the purpose of debt communications is to help someone identify their financial difficulty, understand their options and take action[2], it implies a simpler, more action-oriented kind of wording. Talking to people in terms they can understand is more likely to bring reconciliation. Legalistic terms, imbued with judgement, widen the gulf and make it harder for people to resolve their situation.

In the dictionary, a debtor is not only defined as a 'person who owes a debt' but as 'one guilty of neglect or violation of duty'[3]. But today, when consumer credit is freely available, and the majority of us are only a pandemic or cost-of-living crisis away from a life-changing fall from grace, is it time to retire that definition? Should we not talk instead of people who need help to resolve their financial difficulties?

If we are truly striving for balance and people empowered to resolve their situation, then our rules and laws must convey this more effectively. And that starts with words. The review of the Consumer Credit Act and the Consumer Duty offer new opportunities for change.

I commend this report to you. It's the beginning of a new story and a new collaboration between StepChange and Amplified Global, to challenge the status quo and bring about better outcomes for people in financial difficulty.

1 https://debtadvocate.co.uk/the-history-of-debt-collection/
2 https://www.fca.org.uk/publication/policy/ps22-9.pdf, para 8.1
3 https://www.merriam-webster.com/dictionary/debtor

Executive Summary

The FCA's Consumer Duty requires firms to consider the effectiveness of their communications in helping people achieve their financial objectives. Our research assesses the extent to which communications to consumers in financial difficulties helped people take action to resolve their debts. This report highlights people's lived experience of financial difficulties. It raises questions about the **purpose** of communications to people in financial difficulty and the **quality** of outcomes they deliver for them. These experiences should inform further steps by government, industry and regulators to improve consumer outcomes.

StepChange worked with Amplified Global to assess the role communications play in helping people resolve their financial difficulties. A survey and three small focus groups[4] provide insight into perceptions of communications from the financial services sector and debt advice providers, including StepChange and how these perceptions affect how quickly people get help and what they do afterwards.

This is part one of a two-part report. Part one focuses on communications and part two focuses on the effectiveness of StepChange's Personal Action Plan, also known as the Confirmation of Advice Letter and its further work with Amplified Global.

The Financial Conduct Authority's final Consumer Duty rules raise expectations on the consumer outcomes delivered by both communications and support offered to people in financial difficulty. HM Treasury is reviewing the remaining Consumer Credit Act provisions. Now is a good time to reflect on the experiences of StepChange clients to help improve outcomes in this space.

Communications from the financial services sector should play an important role in alerting consumers to their financial difficulty and helping them to take action and seek help. However, around half of StepChange clients surveyed said they had been in financial difficulty for a year or more before seeking debt advice.

For most people, the variety of messages and tone of communications triggered some strong negative emotions and pessimistic views on how their creditors would respond to requests for help. This appeared to hinder some people from getting the help they needed earlier. We asked clients, as part of the survey, if they thought they could have been referred to debt advice at an earlier stage; 69% responded that they could have been. Furthermore, these communications pushed some people towards harmful alternatives. People who did not find the communications they received helpful were more likely to borrow to meet payment requests.

However, the research shows that communications from the financial services sector can be effective. When written communications helped people more easily understand the options available to them and reassured them that they would help them solve their problem, people were more likely to access advice earlier. These positive outcomes are important but not widespread, with only 38% of people feeling that the communications they received helped them understand their options; and only 27.5% of people feeling it reassured them that their creditors would help them solve their problems.

Consumer credit firms' communications about financial difficulty are closely regulated. However, the role communications should play in a consumer protection framework is not grounded in a clear set of principles. Only a small proportion of survey respondents were persuaded by the communications they received to get help in a timely manner.

[4] A survey of StepChange clients for this research was carried out in November 2021, with a total of 478 respondents (although individual questions had a lower number of respondents). Three focus groups were held in March 2022, with three StepChange clients attending each focus group.

Main findings

Communications from lenders could be improved to encourage more people to take up debt advice earlier

- 27% of StepChange clients responding to our survey said they got debt advice within 6 months of starting to struggle with their finances, with over a half (53%) waiting over a year before seeking help
- People held off getting debt advice because they were embarrassed about seeking help, were not aware of the seriousness of their financial situation or needed more explanation about how debt advice could help them and how they could access it. StepChange clients explained how reassurance helped them overcome their embarrassment
- Communications from the financial services sector made people aware that asking for help could have consequences for their credit scores. One in five respondents said worries about their credit scores had held them back from getting advice
- Over a third of respondents said they held off seeking debt advice because they were not in a "fit state" to help themselves, suggesting high levels of vulnerability

People can be embarrassed about their debts but this can be overcome with reassurance.

People need help earlier to understand the extent of their financial difficulties and the credit data information system does not appear to be currently facilitating this. Some view credit scores as punitive and lacking nuance. People may urgently need help from debt advice when they are not yet behind on payments.

Communications from lenders can trigger strong negative emotions and misperceptions about debt recovery action that may be taken, which can be barriers to help for some consumers

- The great majority of survey respondents said that they did open creditor letters, email and texts and answered calls, at least initially
- However, nearly 90% of survey respondents said communications triggered negative emotions including fear, helplessness and being overwhelmed. People experiencing these feelings were less likely to seek debt advice earlier
- People tended to perceive creditor communications as threatening, believing their creditors would take tougher and more aggressive collection action than they went on to experience
- Only a minority of respondents felt that the communications they had received had helped them understand their options or reassured them that help was at hand. But the respondents who did say this were more likely to contact their creditors and seek debt advice earlier

Too often, people in financial difficulty do not take action on the back of creditor communications.

In some positive cases, where communications do help people to understand their options and offer reassurance that help is at hand, consumers take action earlier to get help. There are simple steps that the financial services sector can take to empower consumers and reduce potential harm which we detail in our recommendations.

Legal and regulatory language can act as barriers to seeking help

- Regulations and firms desire to de-risk increases their inclination to use legalistic language which people find challenging to read and understand
- The legal and regulatory language creditors are required to use in their communications, like default notices, can reinforce the negative feelings and sense of powerlessness that can lead people to disengage
- People respond much better to simple language that recognises the difficulty of their situation and focuses on resolving problems and helping them to feel better
- Changes in language, tone and presentation could put people at ease and increase their sense of power and propensity to take action. Language which is simple, alongside more singular messaging and a clear action plan may be more effective than current communications

The detail of language choice, tone and presentation can affect consumer understanding.

Changing the regulatory requirements is slow and cumbersome. It is time to move to a new legislative framework where communications are co-developed with people who have experienced financial difficulty, focusing on their needs to deliver the right consumer outcomes.

Communications encouraged some engagement but engagement did not always lead to help

- Survey respondents who were encouraged and able to contact all their creditors were much more likely to have sought advice within 6 months than people who ignored creditor communications. This applied to only just over one in eight respondents (13%)
- The prompt to contact creditors was the gateway to help for some, with 26% of respondents who contacted some or all of their creditors saying they had been referred to debt advice by a creditor. 16% of respondents felt they did not get help when contacting creditors
- Almost a quarter of respondents said they had responded to creditor communications by borrowing more money to deal with payment requests. Almost 40% of these were vulnerable consumers who said they had not sought debt advice earlier because they were “not in a fit state” to help themselves
- Approximately a third of respondents indicated they weren’t aware debt advice could offer any help to people like them
- Unsurprisingly people who said they were “not in a fit state” to help themselves were much more likely to say they ignored creditor communications

People who contacted creditors were more likely to report that the communications they received were easy to understand, helped them understand their options and take action to get debt advice.

However, the majority of people told us they did not find credit communications empowering. For some the perceived threatening and punitive tone eventually moved people to contact their creditors. But when they did, they believed there was no guarantee that creditors would respond positively. People who are particularly vulnerable appear to be more likely to suffer worse outcomes than average. Organisations engaging with people in financial difficulty need to consider how well their communication and vulnerable customer strategies are aligned to address the poor outcomes for people less able to seek help by themselves.

The research found both helpful and unhelpful examples of customer support

- It was encouraging that 72% of respondents said some or all of their creditors had been helpful. However, only 18% said all their creditors had been helpful, which is important given StepChange clients have about 5 creditors on average; and 30% said some or all of their creditors had been unhelpful
- People who felt helped were more likely to have sought debt advice earlier. This is compared to people who experienced unhelpful practices who were more likely to have waited more than a year before seeking debt advice and were more likely to have borrowed more in response to creditor communications
- There appeared to be a relationship between how helpful the key features of written creditor communications were perceived and how helpful a respondent found their creditors
- Respondents warmly remembered pro-active contact from creditors that focused on their well-being and directed them to help. But some also told us about bad experiences where creditors had not listened to them, not offered help when they asked for it, or not recognised their specific communication or other needs

Creditors can take the following learnings from our research

- Successful engagement requires dialogue. Pro-active contact by the creditor can be a trigger to action for consumers, who may need help before they have started to miss payments
- Communications are more effective when creditors focus on helping people to resolve their situation, rather than on helping the firm resolve its default rate. Empowering people[5] is more likely to trigger consumer action in both the firms' and the consumers' interests
- Communications which recognise the highly emotional impact of problem debt on individuals and are sympathetic to their situation are more effective than those which exacerbate feelings of guilt and anxiety
- Organisations should consistently act on disclosures of vulnerability and tailor their communications to meet the needs of diverse people
- Post advice, automated creditor letters can be confusing and unnecessary leading to contact from consumers which is not required and reduces organisational efficiency

You can find our recommendations to firms and regulators in **Chapter 6**.

[5] As one respondent put it, feeling 'I was able to take control of the situation I am in'.

About us

StepChange Debt Charity is a leading debt advice and debt solutions provider working across the UK. Around 500,000 people contacted the charity in 2021 for help and advice with their debt problems. It offers a range of solutions to consumers and is looking to explore how technology and innovation can be applied to the debt advice journey to help more people in new and better ways.

Amplified Global™ uses technology to help companies communicate more simply with their customers, so their customers understand and act on what they have read and are better off for having done so.

Amplified Global was mentored by StepChange Debt Charity during the FCA's Digital Innovation Sandbox. This work is a continuation of that collaboration to ensure that its product development is informed by consumer experts and people's lived experience of debt.

Introduction

The FCA's Consumer Duty requires firms to consider the effectiveness of their communications in helping people achieve their financial objectives. This report unpacks some of the challenges people face on the journey from financial difficulty to debt advice. It makes a series of recommendations about organisations' communications and support for people in financial difficulty. It suggests regulatory changes that are required to make sure people get the help they need with their debt problems more quickly and with less stress.

Creditor communications play an important role alerting consumers to their financial difficulty and helping them to take action. However, around half of StepChange clients surveyed said they had been in financial difficulty for a year or more before seeking debt advice. Previous research by the Money and Mental Health Policy Institute highlights how creditor communications, including content prescribed by legislation and rules, can overwhelm people and lead them to disengage[6].

Many people feel embarrassed about their debts, they are fearful and lack confidence[7]. StepChange's work on debt advice outcomes shows a large difference in wellbeing between people who feel they are getting their debts under control compared to those who do not[8], suggesting large harm reduction benefits when people get help, including debt advice, more quickly. Without the right help at the right time people can turn to negative coping strategies, like using unsustainable borrowing to keep up with existing commitments. This increases harm and makes debt problems harder to deal with.

Organisations' frequent communications to customers in financial difficulty are not consistently delivering the intended policy purpose: that people take action to resolve their situation. But little research has been conducted into the links between how people feel, their perceptions of creditor communications and the impact this has on the actions that they subsequently take.

StepChange worked with Amplified Global to assess the role communications play in helping people resolve their financial difficulties. A survey and three small focus groups[9] provide insight into perceptions of communications from creditors and StepChange and how these perceptions affect how quickly people get help and what they do afterwards.

Our report highlights that communications can have a positive impact on the speed with which people get help and access debt advice but that the majority of creditor communications are falling short. It demonstrates the important role creditors' communications play in helping or hindering people to get help with their debts once they have made contact.

[6] Money and Mental Health Policy Institute (2018). A silent killer: Breaking the link between financial difficulty and suicide.

[7] Money & Pensions Service (2020). Better Debt Advice Challenge Pack: The 2030 Challenge, How can we get 2 million more people accessing debt advice.

[8] StepChange (2019). Measuring client outcomes: An overview of StepChange Debt Charity's client outcomes measurement pilot project.

[9] A survey of StepChange clients for this research was carried out in November 2021, with a total of 478 respondents (although individual questions had a lower number of respondents). Three focus groups were held in March 2022, with three StepChange clients attending each focus group.

This report forms part one of the research and focuses on creditor communications. Part two, published separately, focuses on StepChange's Personal Action Plan, which also forms the Confirmation of Advice letter to our clients, required by the regulator.

Chapter one of this report looks at when people seek advice and what holds them back from taking action. Chapter Two considers creditor communications to people in financial difficulty and people's perceptions of these communications. Chapter Three assesses how legal and regulatory language affects perceptions. Chapter Four summarises how people respond to creditor communications and Chapter Five highlights people's perceptions of the customer support provided by creditors.

Notes on the Methodology

StepChange worked with Amplified Global to design an online survey which was sent out to a sample of StepChange clients in November 2021. StepChange received a total of 478 responses. We indicate the number of responses to each question in the survey findings. Amplified Global developed stimulus materials and a topic guide for focus group sessions held in March 2022. We commissioned Collaborate Research to facilitate three small focus groups sessions with StepChange clients who had participated in the survey to dig deeper into aspects of their experience. Nine people attended in total.

The relevant stimulus for this report was a default notice. Amplified Global simplified this default notice taking its readability score from 48 to 63. This took the reading score from an advanced level to an intermediate level. It also made changes to the tone of voice.

1. Do creditor communications encourage early engagement with debt advice?

We regularly ask StepChange clients how long they had been struggling with financial difficulties before seeking debt advice. This survey is consistent with previous surveys. Just over a quarter of respondents state they got debt advice within six months of experiencing financial difficulties and over half took more than a year.

Table 1: How long were you struggling with your finances before you asked for or received debt advice?

Up to 6 months	6-12 months	Over a year
27%	20%	53%

N: 358

Given the previous StepChange research on the harm and hardship associated with using negative coping strategies to deal with problem debt[10], we asked respondents about things that may have held them back from getting debt advice earlier. **The results are shown in Table 2.**

Some (but not all) of these reasons are correlated with people waiting longer for advice.

Table 2: If you waited before getting debt advice, what held you back from getting help?

I was embarrassed about asking for help	194	56%
I thought my situation would improve more quickly than it did	121	35%
I wasn't aware debt advice could offer any help to people like me	118	34%
I wasn't in a fit state to get help myself	118	34%
I thought debt advice could only get more drastic solutions, like bankruptcy or insolvency	97	28%
I didn't know which advice providers I could trust	77	22%
I thought debt advice was only for more serious debt problems	72	21%
I was worried that getting debt advice would affect my credit file badly or reduce my access to credit	68	20%
I thought I was on top of my finances	44	13%
I had advice before and didn't get any help	18	5%

N = 345, respondents could give up to three reasons

[10] See page 13

Embarrassment about asking for help

'I was embarrassed about asking for help' was the most common reason (56% of respondents) given for holding back from seeking debt advice. People giving this reason were less likely to have sought advice within 6 months of experiencing financial difficulties. The relationship was not significant after 12 months, suggesting that embarrassment became less of a barrier as debt worries grew.

Later in the report we see over 40% of respondents saying creditor communications made them feel embarrassed. But people who said this were not more likely to seek debt advice later than those who did not. Respondents' comments suggest their feelings of embarrassment were rooted in broader emotions about their financial situation that were triggered by creditor communications.

"I thought that I would be able to pay off my creditors and receiving communications from them gave me a sense of dread. I didn't want to open any letters from my creditors, but I knew I had to face up to my money problems. I also felt embarrassed because I knew that I was no longer in a position to pay off my monthly bills in full. I also felt that I would be judged due to my situation."

"…It was very embarrassing having to speak to strangers about the situation I found myself in. I found some of the letters I received difficult to understand."

It is notable that nearly one in five respondents said receiving information from StepChange also triggered feelings of embarrassment. However, comments from StepChange clients highlight the very different context and resulting emotional outcomes.

"Feeling embarrassed really worried me but they [StepChange] put me at ease."

"I felt really comfortable talking to the advisor and even better felt no judgement. When in debt, it's embarrassing and it was nice to be able to talk about things openly, therapeutic even."

Context matters.
Feelings of embarrassment are not such a barrier to engagement when people are comfortable that they will not be judged and confident they are going to be helped.

Awareness of growing financial difficulty

Four in ten of those giving reasons why they waited before seeking debt advice said this was either because they thought they were on top of their finances (13%), or they thought their situation would improve more quickly than it did (35%). These reasons did not show a relationship with waiting longer before seeking debt advice per se, but some respondents told us how they were not fully aware of their growing financial difficulties until it was too late. For instance, a focus group participant said:

"I think probably I was in denial and almost ignored it and then got in the habit of borrowing again to repay creditors who started demanding. I tried to borrow more at first to try to sort it out that way. It just made it worse and then I couldn't make the repayments. I couldn't ask family; I was so embarrassed to ask."

Another respondent described similar experiences:

> "The fact that I owed so much money, and the letters or e-mails made me extremely worried and had no idea how I managed to get into this financial state. The fact that I was in so much trouble with finances, I was paying everything I had every month but it was not enough the amount just kept getting higher, and I did not know what to do or where to go for advice."

Some respondents told us that they were under pressure, but not behind with payments before approaching StepChange:

> "I contacted StepChange as soon as I knew I had little money left for the month, until then my creditors didn't know I was in trouble. I had always managed to pay their bills each month. I was feeling helpless and very stressed at the time."

> "I didn't get into arrears I always made my payments, but it was becoming difficult."

> "I was making all payments on time. I never received phone calls for late payments at all. As soon as I realised I was now out of my depth I had to get help."

> "The organisations did not know I was struggling before I contacted StepChange."

When asked if their creditors could have done more to help, one person said:

> "Yes, [could have] offered me assistance prior to ending up in the situation, as I informed them that it was going to happen but was informed they couldn't help until I was in debt."

This suggests that creditors are not consistently and pro-actively identifying financial difficulties and offering help at an early stage. The FCA consumer credit sourcebook (CONC) requires firms to monitor and take appropriate action where there are actual or possible signs of financial difficulty[11].

Building up unaffordable credit, particularly when used as a way of trying to cope with existing financial difficulties is harmful. Our 2019 report Life Happens found that people who used credit cards or an overdraft to cope after a life event were ten times more likely to be in problem debt than those who got by without using them[12]. More recently our Falling Behind To Keep Up report found 4.4 million people had borrowed more in the previous 12 months to keep up with existing credit commitments, household bills and make it through to payday[13].

People using credit in this way were more likely than other credit users to have taken negative actions to keep up with credit repayments, such as going without a healthy diet, going without heat, or missing priority payments like utilities, mortgage or rent. They were more likely to say their health, relationships and work had been negatively affected by their financial situation.

[11] There is general conduct guidance (CONC 2.3.3G) and several different worded similar provisions throughout CONC. Arguably the version that has the best scope and least ambiguity is the requirement in CONC 6.7.3C R that 'A firm must establish, implement and maintain an adequate policy for identifying and dealing with customers showing signs of actual or possible financial difficulties, even though they may have not missed a payment'.
[12] StepChange Debt Charity (2019), Life happens; Understanding financial resilience in a world of uncertainty.
[13] StepChange (2022). Falling behind to keep up: the credit safety net and problem debt

Worries about credit scores discouraged help-seeking

The Falling Behind report also found around a third of adults using credit to deal with financial difficulty saying they were reluctant to ask their bank or credit firm for help because of worries it would affect their credit record. The survey for this report found around 20% of StepChange clients saying they had held off seeking debt advice for this reason. Only 15% of them sought advice within 6 months compared to all respondents (27%). 65% held off seeking advice for more than 12 months compared to 53% of all respondents. It is also notable that when we asked survey respondents about the barriers they faced acting on the debt advice they got from StepChange, 10% of those answering this question (6% of all respondents) said that worries about the impact on their credit rating had delayed and stopped them from acting on the advice they received.

People who worry about their credit ratings appear to hold back longer from getting help and are less likely to follow up on advice when they do get it.

Research for this report suggests creditor communications are playing a part in this. Two thirds of survey respondents said that communications from their creditors had made them aware that missing payments, getting additional support (like reduced payments, or a freeze on interest and charges) or receiving debt advice could have consequences for their credit rating. This was about the same proportion of people who said communications from creditors made them aware that they would benefit from independent debt advice.

Messages to contact creditors for help or get debt advice are conflicting with messages focused on payment discipline and recovery of money owed.

When we asked StepChange clients what their creditors could have done differently that would have helped them, one commented that creditors could have:

> "Froze interest payments and told me not to worry about it and seek advice from free debt advice, and not pressure me to make payments or make reference to my name being added to credit reference agency which would then have an effect on my credit rating, when in debt don't need to be reminded of this already aware of this."

The problem of mixed messages is well summed up by one of our focus group attendees describing a default notice (a key consumer credit communication required by legislation):

> "It's confused messaging. It's using that legalistic language about 'credit card agreements', you know, 'a breached agreement', really aggressive legalistic language like 'apply to the Court for an order' and all this. And then it says 'but you could get some help'."

For people receiving these mixed messages, the offer of help can very easily become submerged and subordinated in a way that holds people back from seeking debt advice earlier.

However, it is not simply an issue of communications. The credit information system is not spotting people with underlying financial difficulty using inappropriate coping mechanisms. Nor does it help creditors spot financial difficulties early enough. Its treatment of forbearance is punitive, such that some consumers perceive their credit scores to be more important than getting help with their debts, even when their coping strategies to deal with financial difficulty are harmful.

The premise of data sharing is that people benefit from sharing their data. However, in this case, their data sharing does not appear to be leading to better outcomes for a large minority of customers. It is clear that people understand the risks associated with compromising their credit score. But this message is being prioritised at the expense of explaining the risks associated with putting off help or the benefits of getting advice. In this respect, it exploits people's status quo bias and willingness to stick with the course of action they know, even as this gets increasingly harmful. Firms are not always commercially incentivised to work with their customers to address their debt situation. This creates ineffective, 'mixed messages'.

Awareness of debt advice

Three of the most common reasons people gave for waiting before getting debt advice related to poor awareness of debt advice or perceived barriers to getting to debt advice. StepChange clients responding to the survey explained:

> **"If they would of told me in the beginning that I could of sought help I would not have got in such a mess."**

> **"Letters that I have received more recently offer help and if this had been the case when I first got into financial difficulty I would have sought help earlier."**

> **"Usually the help part is in tiny letters at bottom of page it should be highlighted more."**

Over a third of people said they had held back because they were not aware 'debt advice could offer any help to people like me'. People giving this reason were more likely to have held off seeking debt advice for more than 6 and 12 months than people who did not give this reason. While some clients said a mention of debt advice in a creditor's letter had prompted them to seek advice, other clients pointed out that, without more explanation, merely mentioning that debt advice exists was not particularly helpful:

> **"They put contact details of advice organisations on letters but didn't really explain how they could help e.g., if you are worried about this letter or about setting up a payment plan these organisations could help."**

> **"Eventually one of the companies I owed money to talked about StepChange. There had been general paragraphs about StepChange, but when it was explained to me properly, I realised StepChange could help."**

One of our focus group participants highlighted how limited explanations of debt advice and other help contributed to them delaying seeking help:

> **"Put more emphasis on contacting StepChange, list the options that they could help me themselves. I really wasn't aware of what I should do. I just thought if I didn't have the money to pay my only option was to ignore it."**

Only 35% of respondents said that they were made aware that their creditors could refer them to debt advice. A quarter of respondents said they had held back from getting advice because they 'didn't know which advice providers I could trust'. They were less likely to have sought advice within six months of experiencing financial difficulties.

Again, this highlights that simply mentioning debt advice may not be sufficient to communicate effectively that there is help at hand, especially when combined with the mixed messages noted above. People need help to understand the options available and, importantly, how, they can act on their decisions.

Other reasons people gave for delaying getting advice suggest that messages need to be more tailored to vulnerable consumers.

Over a third of respondents said that they had held back from getting advice because they were not 'in a fit state to get help myself'. People who said this were less likely to have sought debt advice within 6 months or 12 months of experiencing financial difficulties.

We asked these StepChange clients what finally prompted them to seek advice. The results are set out in Table 3.

Table 3: What prompted you to get advice in the end?

I recognised that my debts had become unmanageable	242	68%
Someone I trust encouraged me to get advice	118	33%
I thought my debts were serious enough to make advice worthwhile	99	28%
I was getting more and more threatening letters and calls	94	26%
I was referred for debt advice by one of the organisations I owed money to	68	19%
I'd tried getting help from the organisations I owed money to but wasn't able to get any	43	12%
The organisations I owed money to said I needed advice for them to help me	37	10%
The organisations I owed money to had started court action	26	7%
I needed immediate help with something like eviction or a bailiff	16	4%

N: 357

This suggests it was common for very vulnerable respondents to finally seek advice only when the pressure of their debt problems became very severe, or encouragement from someone they trusted moved them forward. Some respondents told us how the point of realisation that they needed advice came only at the point of serious harm:

> "I started to get severe anxiety and depression when I realised I couldn't maintain the requested payments for much longer once they kept raising my interest levels."
>
> "I knew I was not going to be able to get back to work and I had no other means of paying my debts."
>
> "My debt had begun to have a serious effect on my wellbeing. Including my mental health."
>
> "My interest payments were more than my monthly mortgage."

Creditor communications should encourage earlier engagement with debt advice. People hold back too long before getting help with their debts. People with mental health problems are particularly affected.

On this basis, creditor communications do not appear to consistently meet the FCA's expectations that "communications should be understandable by the intended recipients and enable them to evaluate their options by assessing the benefits, risks and costs associated with those options, and how those options relate to their needs and financial objectives"[14].

Mixed messages and ambiguous offers of support are barriers to getting help.

This is why the consumer understanding outcome will be an important part of the FCA Consumer Duty for people in financial difficulty. The requirement to monitor, test and adapt creditor communications must be focused on creating an environment where people are confident to seek help, knowing what their options are and how they can access support.

[14] Appendix 2, final non-Handbook Guidance for firms on the Consumer Duty (2021). Paragraph 8.11, Financial Conduct Authority

2. How are creditor communications perceived by people in financial difficulty?

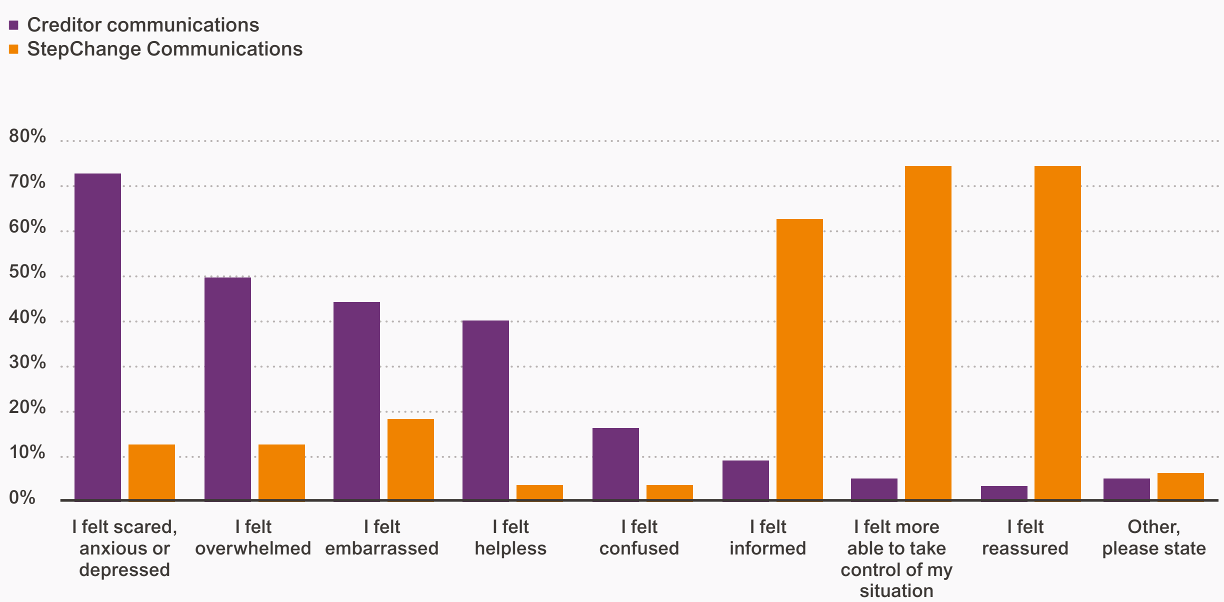
We asked survey respondents whether they opened letters or answered phone calls and texts about late payments and arrears. Over two thirds of respondents said they always opened and read communications from their creditors, with another 13% saying that they sometimes opened and read creditor communications.

Over a third of respondents said they frequently received phone calls and texts about money they owed, with a similar proportion saying they occasionally received these. Nearly 90% said that they usually or sometimes answered calls and opened texts. Only a small proportion (2%) said that they never opened letters and a minority (14%) said that they never answered calls or opened texts.

This suggests people in financial difficulty actively engage with creditor communications, at least initially. This is important as our survey data found people saying they always opened and read letters from creditors were more likely to have asked for or received debt advice early than people who sometimes, never or stopped reading creditor letters. However, only around a quarter of respondents sought debt advice within 6 months. This suggests that simply getting people to read letters, open texts and answer calls is not sufficient to move people to taking action to resolve their situation quickly.

We also asked StepChange clients how the letters, phone calls and other communications from their creditors made them feel. We asked the same question about the information they received from StepChange. **Figure 1** compares the two sets of very different responses.

Figure 1: How did communications make you feel



Nearly 90% of respondents said that creditor communications produced one or more negative feelings. Nearly three quarters said communications from creditors made them feel scared, anxious or depressed and over 40% said these communications left them feeling overwhelmed, embarrassed or helpless.

- People who said creditor communications produced any negative feeling were less likely to say they sought debt advice within 6 months of experiencing financial difficulties
- People who said creditor communications made them feel scared, anxious or depressed were also less likely to have sought advice within 6 months
- People who said they felt overwhelmed or helpless were more likely to have waited more than 12 months before seeking advice

Fewer respondents said creditor communications left them feeling informed, more able to take control of their situation or reassured. In contrast a large majority of respondents said that the information they received from StepChange produced these positive feelings. Much of this difference is likely to be attributable to the context in which the information was received. StepChange clients received information after a debt advice session that an overwhelming majority said left them feeling sure they would get the help they needed and clear about the different options that could help them. In contrast respondents' negative feelings about their financial situation could be triggered or reenforced by their perception of aspects of the language, presentation and tone of creditor communications they received.

Language, presentation and tone

When we asked respondents about their experience of creditor communications around 16% said these left them feeling confused. While over half of respondents agreed that the language and presentation were easy to understand, around a quarter disagreed.

Table 4: Perceptions of language and presentation in creditor communications

Used language that was easy to understand	
Agree strongly	17%
Somewhat agree	41%
Neither agree nor disagree	18%
Somewhat disagree	17%
Disagree strongly	6%

N:364

Were presented in a way that was easy to understand	
Agree strongly	13%
Somewhat agree	39%
Neither agree nor disagree	23%
Somewhat disagree	18%
Disagree strongly	7%

N:363

When we asked StepChange clients what it was that had produced the negative feelings they felt, again and again respondents told us about the tone and frequency of the creditor communications they received.

"The frequency and the tone, also the demands and knowing I could not meet them."

"Language, frequency and lack of supportive information."

"Language used can be perceived as threatening for someone with mental health issues."

"The letters were sent very frequently and became threatening in their language. They frequently demanded full payment and didn't acknowledge that this may be one of many debts. The constant threat of legal action."

Some respondents recalled worrying about communications mentioning court or legal action that they perceived as threatening.

"The way letters were written made you feel like next thing you might end up in court and sometimes person you talked to made me feel like 'well you have to pay now'. No consideration for anything."

"The tone and the wording, along with the possible action that could happen, just adds to the stress that you already feel."

"Didn't have the money to pay. Scared about bailiffs turning up. Or being sent to court. I have anxiety and depression, so it was affecting me a lot."

This issue also surfaced strongly in the focus groups, with participants describing how they read letters from creditors as being more threatening than helpful.

"A lot of letters from them would imply that bailiffs would come to your house. But that's not the case at that stage, I now know that... But the way that they word their letters, it's very ambiguous on that to create anxiety and fear, which is completely opposite to what those companies should be wanting to create in the communications."

"Once those letters started to come through and the demands for payment would be coming more strident, I was just frightened all the time. It was 'oh God' when the postman would come and I could hear the post come through the door; it's like my anxiety went through the roof."

In some cases StepChange clients said these communications left them feeling that there was no way for them to respond.

"Many were unhelpful in what avenues I needed to take, and seemed very focused on demanding on just getting the money which made me feel like I was being backed into a corner."

"The frequency, the tone of their communication, the fact that as a single mum I had to prioritise my children's needs and didn't want to get into debt and had no way out, they would hound me and I felt overwhelmed and helpless."

"Aggressive nature of some of the letters and the threatened consequences. Even though I knew and understood the situation there was nothing I could do."

Focus group participants explained how their way of coping with these strong feelings was to stop reading subsequent creditor communications.

> **"I started to recognise that actually the only post that would come through my door would be debts, you know, nothing nice ever comes through. I didn't actually bin them but I had a drawer where I just kept shoving them in and I just didn't open that drawer unless I was putting another letter in there. It's bad really but that's how you get, that's how it makes you feel."**
>
> **"I think the nature of the communication probably pushed my head further into the sand because it wasn't supportive, it wasn't 'we can help you sort it out'. It was 'we want you to give us the most money you can and we don't care about the rest of the situation'."**
>
> **"It made it made me feel like they didn't care about me at all. All they wanted was my money and they wanted it now. If you've got multiple debts, they don't care that you've got to service that other debt, all they're interested in is getting their debt serviced and that's it. And because of that approach it made me not want to deal with it. It was actually too scary, too threatening."**

The experiences of these StepChange clients shows how the tone and content of creditor communications can create a set of perceptions that generate powerful negative emotions for people in financial difficulties.

It is possible to infer a number of reasons for why the StepChange Personal Action Plan (PAP) made people feel more comfortable:

- When people receive creditor communications, it throws them into a state of flux because, most often, they cannot respond the way they know the creditor would prefer (i.e., repay the amount owed). This creates fear, uncertainty and distress
- A lack of reassurance and clarity about options to resolve the situation, beyond repayment, heightens the emotional state of fear, anxiety and judgement without opportunity to justify their situation

These findings suggest that messaging in Plain English is not by itself enough. The message itself must help people understand their options, the benefits and risks of these, offer reassurance and convey empathetic instruction on how to take action.

On average StepChange clients have around five different debts by the time they come to advice. Given the limited success of early identification and engagement strategies highlighted earlier, it is likely that creditors will be at different stages in their collections cycles and messaging. As a result, people in financial difficulties receive a jumble of mixed messages. As noted above, while people may start reading letters from creditors, the frequency and tone may reduce their willingness to engage. Communications can have the opposite effect to that intended.

The effects of communications might be summarised as follows:

- **Creditor communications manage to alert people about their financial difficulty, typically at a late stage when it is severe**
  Two thirds of respondents agreed that creditor communications had helped them realise they had a problem, and about the same proportion agreed communications had helped them understand that they needed to take some action[15].

- **But communications could do a better job at reassuring people that help is at hand**
  Just over a third (38%) of respondents agreed that creditor communications had helped them understand the options they had to deal with their problems, with a slightly higher proportion (42%) disagreeing with this statement. Just over a quarter (27%) agreed they were reassured that their creditors would help them solve their problems, but over half of respondents (53%) disagreed. A majority did not think help was at hand.

[15] One respondent told us that they viewed 'threats of future action' as a positive thing, for signalling the need to do something different. However, the comments throughout this paper make it clear that people can experience a lot of pain and hardship before their negative experiences outweigh their worries about seeking help. Fear is a poor strategy for engagement.

Table 5: Respondents' views on creditor communication messaging about their financial situation and help

↓	Helped me realise that I had a problem		Helped me understand that I needed to take some action	
Agree strongly	113	30%	128	34%
Somewhat agree	131	35%	127	35%
Neither agree nor disagree	64	17%	60	16%
Somewhat disagree	29	8%	32	9%
Disagree strongly	34	9%	27	7%
	N:371		N:374	

↓	Helped me understand the options I had to deal with the problem		Reassured me that they would help me solve my problem	
Agree strongly	51	14%	28	8%
Somewhat agree	90	25%	73	20%
Neither agree nor disagree	71	19%	73	20%
Somewhat disagree	82	22%	84	23%
Disagree strongly	73	20%	110	30%
	N:374		N:368 (% totals on each answer may not add to 100% due to rounding)	

It is notable that those respondents who agreed that creditor communications helped them understand options to deal with their problem were more likely to have sought debt advice within six months. This was also true for respondents who were reassured their creditors would help them solve their problem.

We asked respondents about the things they thought their creditors would do following the communications they received. We also asked about the actions that creditors actually took.

Table 6 shows the comparison between respondents' perceptions and what actually happened.

Table 6: Respondents' perceptions and experience of creditor responses		Thought creditors would do this	Creditors did this	Was the outcome better than expected
They took further collection or court action against me when I did not make the payments they wanted	All of the organisations I owed money to did this	45%	3%	↑
	Some of the organisations I owed money to did this	40%	35%	↑
	None of the organisations I owed money to would do this	15%	61%	↑
They helped me when I told them their payment requests were unaffordable	All of the organisations I owed money to did this	25%	13%	↓
	Some of the organisations I owed money to did this	44%	43%	↔
	None of the organisations I owed money to would do this	30%	44%	↓
They helped me by agreeing affordable repayments	All of the organisations I owed money to did this	26%	14%	↓
	Some of the organisations I owed money to did this	46%	41%	↓
	None of the organisations I owed money to would do this	28%	45%	↓
They helped me in another way (like freezing further interest, charges and collection action) when I needed it	All of the organisations I owed money to did this	25%	18%	↓
	Some of the organisations I owed money to did this	47%	48%	↑
	None of the organisations I owed money to would do this	29%	35%	↓

Respondents were much more likely to think that creditors would take further collection or court action than creditors did in practice. 45% of these StepChange clients said they thought all their creditors would do this, while only 3% said this had happened. Conversely, a minority of respondents (15%) thought none of their creditors would take court action or further collection action, while over 60% said none of their creditors had done this in practice.

35% of StepChange clients did experience further court or collection action when they were unable to make the payments creditors requested. However, there was a clear and large gap between respondents' perception that all their creditors would take action (45% believed all would) and reality (only 3% did) in respect of tougher debt recovery actions.

We also asked about getting help with unaffordable payments and creditor forbearance like agreeing affordable repayments or agreeing to freeze interest, charges and collection action. The answers were the opposite of the above example.

Few respondents said they **thought all** their creditors would offer help and forbearance, with only around a quarter of respondents saying this for each type of help. Over a quarter said they thought **none** of their creditors would offer this help. This suggests a low general level of confidence about getting help with their financial difficulties. However, feedback from respondents suggests they felt their creditors had generally offered them less help than they expected. Only 13% said **all** of their creditors helped them when they said payment requests were unaffordable, and 44% said **none** of their creditors helped them with this.

From our research, creditor communications convey a low expectation to consumers that creditors will help to resolve their situation. However, people's more positive expectations are not generally met suggesting further efforts are needed by creditors to convey supportive messages to customers in financial difficulty and to deliver on these. However, in cases where communications do help people understand their options and offer reassurance that help is at hand, consumers take action earlier to get help.

3. How does legal and regulatory language affect people's perceptions of creditor communications?

Some creditor communications are required by rules and legislation to include a series of prescribed information that aims to protect consumers. However, the language used may be less familiar or more legalistic.

One respondent pointed out the inherent difficulty for creditors communicating with people newly pitched into financial difficulty:

> "Being unfamiliar with the situation, any information they send or talk about is bound to be overwhelming, confusing and scary."

This insight would seem to be a good starting point for anyone designing communications aimed at people in financial difficulty. We asked StepChange clients to tell us about features of creditor communications that made them feel reassured, informed, or more able to take control of their situation.

Only 50 respondents said they experienced positive feelings (compared to 317 reporting negative feelings) so we received fewer comments in response to this question; but the insight these provide highlights how a positive approach from one or more of their creditors had got people on the path to help.

> "They gave me options and didn't make me feel embarrassed."
>
> "Their acceptance, and my own, that I needed help rather than frightening correspondence was reassuring. Certainly the patience towards me of 90% of their staff was a welcome surprise and no doubt made me less defensive and more inclined to get family help with figures to sort situation out. Although income / outgoings details sounded easy when asked for, my stressful situation made me become almost brain dead."

It is perhaps notable that these comments mostly imply a human contact rather than a written communication. It is possible for written communications to achieve good outcomes but in these instances, it is the verbal communication which people appear to remember.

People's experiences surfaced a deeper problem with the legal framework underpinning many of the communications people in financial difficulty receive. The way that creditors communicate with people in financial difficulty is extensively regulated by the Consumer Credit Act 1974 (CCA) and related secondary legislation. While these legal requirements are an important part of the consumer protection framework, they surround messaging about help with a prescribed and legalistic language that people in financial difficulty can find threatening, off-putting, and hard to understand.

Based on separate testing of creditor communications by Amplified Global, it is clear that firms sometimes choose to copy and paste wording directly from regulations, even where this may not be required. We hypothesise that firms do this to limit their risk. This is backed up by roundtables with industry respondents[16].

Of 51 participants, 20% stated that the primary purpose of Terms and Conditions was to inform the customer. However, more than twice that number (43%) stated that Ts & Cs were to reduce the supplying party risk. The desire to de-risk increases firms' inclination to use legal and regulatory language, reducing the effectiveness of communications.

> **"They tend to be legalistic, impersonal and they're not friendly at all."**

We asked our focus group participants to look at an anonymised reproduced example of a default notice[17]. This is intended as a form of consumer protection regulating the legal steps towards debt enforcement. It gives the borrower information on the payments they need to make to stop further action, explains what that further action might be, and signposts them towards help. The majority of StepChange clients are likely to have seen one or more of these notices before or after seeking debt advice.

Amplified Global measured the readability of this default notice using an enhanced (novel, proprietary) scoring method anchored to the Common European Framework of Reference for Languages. This provided an objective measure of readability of the original default notice at 48 (Advanced).

Document readability score	CEFR label	Learning hours Scale	Equivalent education Scale
85>	Beginner (A1)	*	8 yrs old reading level
75-84	Elementary (A2)	180hrs-200hrs	GCSE A*-C
65-74	Moderate (B1)	350hrs-400hrs	AS Level A*-C
55-64	Intermediate (B2)	500hrs-600hrs	A Level A*-C
35-54	Advanced (C1)	700hrs-800hrs	Undergraduate Degree
<34	Proficient (C2)	1000hrs-1200hrs	Masters Degree

[16] Amplified Global (2021-2022). UK Finance Vulnerability Academy discussions with 3 groups. Total of 51 industry respondents.
[17] A legally required notice that consumer credit providers must send to a customer who is behind on payments before ending a credit agreement and taking action to recover the debt.

Some survey respondents said that receiving a default notice had prompted them to seek debt advice.

"When I started getting default notices, things became real very quickly."

The problem here is that this jolt of reality, delivered with a legalistic tone, can just as quickly re-enforce the negative feelings that stop people in financial difficulty from seeking help. Our focus group participants read the default notice as more threatening than enabling:

"I've noticed in letters that they'll quite often say like 'you must pay like now'. In the default notice, I think it said 'because you've now fallen into default you now owe this, you must pay it now'. And you just think 'Oh my God. Like no way… If I had five grand to give you, I wouldn't be in debt in the first place'."

"The truth is, once you've started to panic after the first couple of paragraphs, you probably won't read the rest… When I first got into financial difficulty and I wasn't as mentally strong as I am now, if I read the first line, that would have put me on the floor and I wouldn't have been able to read anything else."

"This is not facilitative for me… I'm just taking the threat from it. The big bold, the red, it's just a threat."

When we asked focus group participants why the default notice made them feel this way, they highlighted the legal language[18], elements of the presentation and the lack of sensitivity to the situation of the person receiving the notice. Their comments were clear that they found the formal legal language unhelpful and disempowering. The default notice did not speak to them, other than as a perceived threat.

"Tone, implied threats of legal action, emphasising credit unworthiness, making me feel a failure."

"So, when I see default notice, it doesn't mean anything to me. It just means some lawyers told them they've got to do it."

"Get away from using impenetrable legal language and throwing this act and that act and everything at me because all you're doing is frightening me."

"I've never understood what these letters say under the Section 8. Why do we need to know? As the person receiving that letter, we're not knowledgeable about the law. Again, that's just makes it more frightening. It's like 'oh, this is a court thing'."

[18] The notice was headed with the text 'This is a Default Notice served under Section 87 (1) of the Consumer Credit Act 1974'.

Legal language is very much shaped by history and the culture of the English class system. After the collapse of Roman civilisation, Latin remained in common use in the UK. It was the language of the church, education, scientific realms, commerce and contracts. It was the language of intellectuals and scholars[18]. Many words in English have their roots in Latin, especially formal and legal language. Despite an arguably more inclusive and equal culture than in the past, legal language still carries associations of judgement, power and differing social class[19].

We replicated elements of the presentation used in the original default notice to emphasise key points, such as enlarged or bold text and use of colour (in the example we gave participants – red). This provoked a strong negative reaction.

"I just think the 'default notice' heading at the top being in red and that kind of triggers me a little bit because it makes it seem like emergency, you know. I think if I saw that I would have my back up kind of straight away."

"The first thing that worries me in seeing that letter is the red writing. It's scary for me so immediately I don't know if I want to read this and I might put this in the drawer… it doesn't come across like 'we're here to help'. It comes across as a threat with that red writing."

These comments illustrate how the tone and presentation of collections communications can have a negative impact on people in financial difficulty.

Following their research into links between financial difficulty and suicide, the Money and Mental Health Policy Institute (MHPPI) successfully campaigned for changes to the 'decades old laws' that 'force lenders to send intimidating letters to people with problem debt'[20]. Regulations[21] were introduced to 'make debt letters less threatening by restricting the amount of information that must be made prominent and requiring lenders to use bold or underlined text rather than capital letters'[22].

This change was important and welcome, as these comments from StepChange clients highlight how fine design details can trigger harmful emotions for people in financial difficulty. The Government needed to pass a Statutory Instrument to make small changes to design details. This is cumbersome and inflexible. It strongly suggests that the legislative approach to controlling creditor communications is not fully fit for purpose. This finding is reinforced in our report that people in financial difficulty are still finding statutory notices threatening.

[18] Paraphrased from Ristiviki M (2005). Latin: The Common Legal Language of Europe. Juridica International. Page 200
[19] See this article for more information on language and social class: Kerswill, Paul orcid.org/0000-0002-6540-9312 (2009) Language and social class. In: Culpeper, Jonathan, Katamba, Francis, Kerswill, Paul, McEnery, Anthony, Wodak, Ruth and McEnery, Tony, (eds.) English language. Palgrave Macmillan , Basingstoke , pp. 358- 372.

Our focus group participants pointed out communications could be designed to better reflect their needs. They highlighted how the current default notice failed to understand the emotional context of being in financial difficulty or offer any concrete alternative to the headline demand for payment.

> "I think they need to realise there's a reason why the person isn't paying the money... change the language, change the tone of the language and, for me, it's about a supportive approach not a punitive approach. I think if they had come at me in that way, I would have been much more likely to enter into dialogue with them…"
>
> "They aren't offering any sort of advice as such… and it's like [they are] not willing communicate …to try to sort it out."
>
> "You might be helpless and unable to do anything that they asked for in the letter. There should be some sort of alternative."

Here we agree with the conclusions of the Money and Mental Health Policy Institute that the forthcoming CCA remaining provisions review offers an opportunity for a fresh regulatory approach that is better aligned with the needs and experiences of consumers; particularly in respect of information about options, help and how to take the next steps.

Communicating to consumers as equals

To explore how communications can be improved we drafted an alternative version of a default notice to share with focus group participants.

Amplified Global measured the readability of this alternative default notice at 63 (Intermediate) using the same methodology as used for the original default notice. This showed a clear improvement in readability (15 points).

The revised default notice still contained information on missed payments and the actions that the creditor could take if agreement wasn't reached, but it gave much more prominence to an offer of help. Focus group participants were very clear on the difference this made to the way they read the default notice.

> "It's drastically different [to the current statutory notice]. The [first version] is probably what is the tone of the letters that I received before, and this is a far more compassionate way of giving what I understand is a legal requirement of the default notice."
>
> "It's like the complete opposite of what I've had before. I just think the language is a lot more focused on how they can help you sort out the problem rather than just, you know, claiming the money back. It's just a lot softer and it makes it feel like there is something you can do to fix it. It actually talks about helping you to feel better."

[20] Money and Mental Health Policy Institute (2020): Victory for Debt Threats campaign, as Government agrees to end distressing default letters (Press release 07-10-2020)
[21] The Consumer Credit (Enforcement, Default and Termination Notices) (Coronavirus) (Amendment) Regulations 2020
[22] HM Treasury (2020). New debt letters rules will support people in problem debt (Press release 07-10-2020)

> “It talks about getting things sorted out, getting some breathing space... It’s a recognition for me that you are clearly going through some sort of problem and look let’s try and help you to sort it out. I’ve never had one like this and it would have been nice to have.”

Amplified Global’s redrafted version aimed to simplify the language and scale back on the legalistic tone. Focus group participants noted that this made the default notice more accessible, as if the creditors were speaking to them as equals, on their terms.

> “It’s good that they’ve used simple language and there’s no like jargon there that I wouldn’t know what it means. There’s no talking about, like, ‘credit acts’, things like that, that I wouldn’t have any idea about. I think it’s quite simple to understand.”
>
> “It’s using quite colloquial language… in that way it helps feel that actually I’m part of a conversation as opposed to I’m at the end of a punitive stick that’s beating me. I think that’s, for me, one of the major differences with this.”

As a result they told us that they felt more emotionally comfortable and more likely to read through the information and reach out to the creditor.

> “It feels a lot better and you feel more at ease and you carry on reading it, don’t you?”
>
> “It would probably have prompted me to realise that there’s a way through it, while the first legalise-style letter very much makes the problem bigger, and if I think I can’t deal with this I’m going to ignore it. Whereas this one is ‘yes, there is a problem, we’re not going to hide away from the fact that you’ve defaulted on our agreement but there’s a solution’.”
>
> “I think I would have phoned them. It sounds like there is something they can help you with. It’s less of a demand and there’s more of an offer of assistance.”

Our small experiment with default notices shows the impact of legal and regulatory language on people in financial difficulty and reinforces negative feelings, especially among a group of people who are already emotionally sensitive and embarrassed.

Changes in language, tone and presentation could put people at ease and increase their sense of power and agency. Simpler language, alongside more singular messaging and well-articulated routes to help may be more effective than current communications. Further research is required to inform a more flexible and person-centred approach to communications for the CCA remaining provisions review.

4. Did creditor communications encourage engagement or other responses?

We asked StepChange clients about the things that they did in response to the communications they received from their creditors.

Table 7 shows the questions we asked. Respondents were able to select all the statements that applied to their experience.

Table 7: Responses to creditor communications

I contacted every organisation who had contacted me about missed payments	143	36%
I contacted some of the organisations who had contacted me about missed payments	84	21%
I just ignored communications and hoped it would go away	73	18%
I contacted a debt advice agency for help	222	55%
I went online looking for help	126	31%
I borrowed more money to deal with payment requests	94	23%
I asked a friend/family member for help	61	15%
Other, please specify	25	6%

N: 400

46% of all respondents contacted some or all of their creditors[23]:

- Around a third (36%) said they had contacted all of their creditors
- One in five (21%) had contacted some of their creditors
- 18% said they had ignored communications and hoped they would go away

Of those who contacted some or all of their creditors, just over half (53%) said they had also contacted a debt advice agency[24].

Table 8 shows that the way people responded to creditor communications appears to have made a larger difference to **when** they sought debt advice.

[23] Some respondents said they had contacted both all creditors and some creditors, so the total contacting any creditors (46%) is less than the sum of the two categories.
[24] Conversely only around half (52%) of people who said they contacted a debt advice agency also said they had contacted their creditors.

People who contacted (or were able to respond to) all their creditors (36% of the total) were more likely to have sought debt advice within 6 months (37%) compared to people who said they ignored communications (6%). In contrast, respondents who said they had ignored communications were more likely to have held back from seeking debt advice for a year or more (72%) than those who said they contacted all creditors (44%).

The relationship between contacting creditors and seeking advice earlier is made clearer still by looking at this for all survey respondents. People who said they had contacted all their creditors (36%) made up a half of the 27% of all survey respondents who said they sought debt advice in less than six months. In comparison, people who said they had ignored creditor communicators made up only 1% of all the respondents who said they sought advice in less than six months.

The survey data also suggests that people who said they had contacted some or all of their creditors may have been encouraged to do so by some positive features of creditor communications.

- People who agreed that creditor communications **used language that was easy to understand** were more likely to say they had contacted some or all their creditors
- People who agreed creditor communications **helped them understand options to deal with their problem** were more likely to say they had contacted some or all their creditors
- People who agreed they were **reassured that their creditors would help them solve their problem** were more likely to say they had contacted some or all their creditors

Table 8: Contacting creditors and time before seeking debt advice

As a result of receiving creditor communications…	% seeking advice < 6 months	% seeking advice > 12 months
I contacted all my creditors	37%	44%
I contacted some of my creditors	17%	55%
I ignored communications	6%	72%

N: 358

People who responded to creditor communications were more likely to get debt advice earlier. They were also more likely to state that communications were easier to understand, helped them understand their options and reassured them that help was at hand.

The number of respondents who contacted all their creditors is double the number who ignored communications. However, the percentage of people who waited over 12 months for help are similar across both groups (16% for those who contacted their creditors; 13% for those who ignored their creditors).

While a majority (55%) of respondents said they had contacted a debt advice agency after receiving a communication from their creditors, people who said this were no more likely to have sought debt advice **earlier**. Over half said they approached debt advice after a year or more struggling with their finances, about the same as all respondents.

These findings suggest that the way creditor communications are framed can positively influence the propensity of people in financial difficulty to contact their creditors and seek debt advice. However, the influence of creditor communications alone currently does not persuade people to seek debt advice.

Further analysis of the survey data highlights a complex interplay of perceptions, engagement and support shaping multiple help pathways. For instance, while creditor communications provoked both positive and negative feelings in StepChange clients, emotional responses of both kinds could result in people contacting their creditors.

People who said creditor communications made them feel informed were more likely than expected to say they had contacted some or all their creditors, but this was also true of people who said creditor communications left them feeling scared, anxious, or depressed.

Respondents told us about the different outcomes they experienced as a result of contacting creditors. For some, contacting their creditors had been a gateway to help. Over a quarter (26%) of those who contacted some or all their creditors said they had been referred to debt advice by a creditor; significantly larger than the 14% of those who hadn't contacted their creditors. However, for others contacting creditors led to nowhere, with 16% of people who contacted their creditors saying they did not get any help.

Over a third of respondents (34%) said that they had not sought debt advice earlier because they were not in a fit state to get help themselves. Very vulnerable people in this position experienced a range of worse outcomes in response to creditor communications:

- Almost a quarter (23.5%) of respondents said they responded to creditor communications by borrowing more money to deal with payment requests. Almost 40% of this group also said they were not in a fit state to help themselves
- 36% of people saying they were not in a fit state to help themselves also said they had just ignored communications and hoped it would go away, this compares to only 8% of other respondents who ignored communications

Over a third (34%) of people who said they were not in a fit state to help themselves responded to creditor communications by going online looking for help. This compared to 24% of other respondents.

Our focus group participants told us about their experience of looking for debt advice online and the difficulties they had identifying a trusted debt advice provider.

"When I Googled, it was like there was so many you're confronted with and it was trying to find that right one that's like government protected, that sort of thing. Because there's so many that, if you're not careful, actually charge or you find that you might not be getting your finances sorted… it is a big worry when you've got so much going on in your head about all these debts."

"I didn't realise that I could find some help with debt management because many years ago I'd run a debt up for a way smaller amount and gone to a debt management company. It was one of those ones where they say, 'yeah, we'll sort it out for you', but they take a fee. Actually, that arrangement turned out to be massively expensive for me and from that point I think I'd lost all faith in it. So, wherever I saw something that said 'debt management, we can help' I just thought it's a scam. It was only the fact that I got directed through to StepChange by the gov.uk website that gave me some sense of trust in it."

Evidence that StepChange submitted to the Draft Online Safety Bill Joint Committee highlighted the problems that people with financial difficulties can have when misleading online promotions for debt solutions lead to unsuitable debt solutions or scam debt help sites[25].

To summarise, people who contacted creditors are more likely to report that the communications they received from creditors were easy to understand, helped them understand their options and take action to get debt advice. However, this was experienced by a minority. The majority of people do not find creditor communications empowering. For some the direct tone can eventually move people to contact their creditors. But when they do, there is no guarantee that they will reflect on that experience positively. People who are particularly vulnerable appear to be more likely to suffer worse outcomes than average.

[25] Published by the Joint Committee on 18 November 2021 at: https://committees.parliament.uk/writtenevidence/40925/pdf/

5. How do people perceive creditors' customer support?

The next section looks more broadly at survey respondents' perceptions of the help they received and the problems they faced in their interactions with their creditors.

We asked StepChange clients how helpful, or not, they thought their creditors had been. **Table 9** shows the headline findings.

Table 9:
How helpful or unhelpful were your creditors

All of the organisations I owed money to were helpful	65	18%
Some of the organisations I owed money to were helpful	203	56%
None of the organisations I owed money to were helpful	45	12%
Some of the organisations I owed money to were unhelpful	87	24%
All of the organisations I owed money to were unhelpful	22	6%

N: 362

It is encouraging that around 72% of respondents said at least some of their creditors were helpful. However, StepChange clients have around five different creditors on average, so most respondents saying that at least some of their creditors were helpful is not unexpected. It is perhaps less encouraging that only one in six (18%) said that all of their creditors had been helpful, not very much higher than the 12% who said none of their creditors had been helpful, and considerably lower than the 30% who said some or all of their creditors had been unhelpful.

Respondents' views on the help offered by their creditors appeared to be related to when they sought debt advice.

- 42% of respondents who said all of their creditors were **helpful** sought debt advice within six months of experiencing financial difficulties, with 47% saying they had held off seeking debt advice for a year or more
- In contrast only 18% people who said some or all of their creditors had been **unhelpful** sought advice within 6 months and 68% held off for a year or more

This suggests that when people perceive creditors to be helpful they are more likely to access debt advice more quickly than those who find their creditors unhelpful.

Table 10 shows an apparent relationship between respondents' perceptions of creditor helpfulness and borrowing more to deal with payment requests. People who said some or all of their creditors were helpful were less likely to have borrowed more to deal with payment requests, compared to those who said some or all of their creditors were unhelpful.

Table 10:
Creditor helpfulness and further borrowing

	% Borrowing to deal with payment requests
Some or all creditors were helpful	20%
Some or all creditors were unhelpful	38%
All respondents	24%

Taken together, these two findings show how people in financial difficulties could be steered by one or more of their creditors to either a positive outcome like debt advice or to negative coping strategies to deal with payment demands. Further analysis of the survey data suggests creditor communications may play a part in this.

We compared each of the statements about aspects of creditor communications presented in tables 4 and 6 above to respondents' perceptions about the helpfulness of their creditors. **Table 11** shows the results.

Table 11: Perceptions of key features of creditor communications and creditor helpfulness

	Creditors			
↓	Helpful		Not-helpful / Unhelpful	
	Agree	Disagree	Agree	Disagree
Used language that was easy to understand	70%	35%	30%	65%
Presented in a way that was easy to understand	71%	37%	29%	63%
Helped me realise that I had a problem	67%	41%	33%	59%
Helped me understand the options I had to deal with the problem	79%	42%	21%	58%
Helped me understand that I needed to take some action	69%	35%	31%	65%
Reassured me that they would help me solve my problem	85%	41%	15%	59%

In each case, people who said some or all of their creditors were helpful were much more likely to agree with the positive statement about that aspect of creditor communications. Conversely people who perceived some or all of their creditors to have been unhelpful were more likely to have disagreed with the statement.

The differences appear to be significant in each case, suggesting a relationship between the way respondents read creditor communications and their feelings of being helped, or not, by some or all of their creditors.

Helpfulness

The timing and frequency of written communications and real time interactions were also important in creating a feeling of helpfulness.

Respondents commented on moments of support from one or more of their creditors that had a memorable impact on their situation. Some of these highlighted the importance of a pro-active contact from one of their creditors, but also the helpfulness of a conversation that focused on their well-being rather than their debts.

> "I received a phone call from [a lender] who advised me to contact StepChange as they did a lot of work with them. I also received a call from [a credit card provider] who also advised me to contact StepChange."

> "A phone call - gently spoken woman's voice asking how I was - Saying I had been regularly making payments for years and that it was maybe time now to find out what help was from Step Change etc. (short sweet but encouraging me)."

> "Yes one of my credit cards told me to use you and I would be better off health wise and less stressed."

One StepChange client told us how they had benefited from contacting their creditors early, but these benefits flowed from the positive and supportive response from creditors that she got.

> "From the start I was completely honest with the people I spoke to and was open with them. And none of what I said was fictionalised. A little surprisingly, they did appear to listen and handled the conversations well. On that basis I felt I would be able to work with them and resolve the situation I was in, which is a more empowering position."

Another StepChange client made a similar point, but highlighted how not all creditors had shown the support and forbearance they needed.

> "Some of my creditors were very helpful and sympathetic. Because I contacted them as soon as I knew I was in trouble they seemed appreciative and gave me good advice - I made an early, wise I think, decision to contact Stepchange and most of my creditors, again sympathetically, agreed to reducing contact and interest as I was setting [a debt solution] up. The main exception to this was [a lender] who was unsympathetic, unhelpful, and contradictory."

Unhelpfulness

StepChange clients cited numerous examples where they felt their creditors could have been more helpful by listening to them and doing more to understand their situation.

"Be more patient, as kept telling them I could only afford a set amount and they just kept asking me when I could start paying the full monthly amount and the arrears owed. Even though I had explained my situation which is why I contacted StepChange."

"Could of listened and helped me more kindly as they made me feel terrible and after the phone calls I would feel so distressed."

"Could be more considerate and realise that they are dealing with people who cannot see a way out and need reassuring not to be embarrassed or humiliated."

"I had a sort of breakdown and could not understand what they were saying so I went through numerous payment plan applications that I didn't need to as StepChange were sorting everything for me. I told them this, but it was as if they could not hear what I was saying."

In contrast to the helpful examples, it appears creditors were not always mindful of their customers' needs or the possible consequences of their approach. Other StepChange clients told us how some of their creditors could have been more helpful by not responding in ways that made their debt problems worse when they asked for help with payment difficulties.

"Been able to help with reduced payments, most companies said no it had to be a certain amount, they could not take lower. They wanted all debt paid within a year and it had to be a set amount to clear it in that time frame."

"Be more approachable and flexible. I often felt as though I had to agree to unaffordable repayments and could not afford to pay all my debts like that."

"Stopped raising my interest rates when I was already in too much debt."

"Should be more supportive when I contacted the creditors on my own, totally different when a support worker conducts 3-way call."

Some respondents commented on how they thought a different, more helpful, approach from one or more of their creditors earlier in their financial difficulties may have headed off or mitigated enduring problems they experienced later on.

> "By being more proactive and more informative about 'options at the outset' the organisation could have saved myself three years of trying to pay more than I could afford."

> "Yes, by accepting my early communication with them anticipating I was unable to continue with payments and helping me set up a realistic payment plan. My credit score is now seriously affected by my having to seek debt help."

> "One mail order company refused to change their payment date. They used a four-weekly billing cycle and so my account was always a month in arrears and accruing late payment charges."

StepChange clients also told us how they felt some of their creditors could have done more to recognise when they needed additional or tailored support. For instance, some respondents said their creditors could have done more to adapt letters to meet their needs.

> "Put letters into an easy way of understanding, I have dyslexia and they were confusing"

> "I have some reading issues. Shorter sentences and larger type with less information would have helped"

Other StepChange clients said that some of their creditors could have given them more support given their vulnerable situations.

> "Individualise the communications. All my creditors were aware of my physical and mental disabilities and yet I received threats of court or constant contact from different people every time. I pleaded for them to email yet routine calls happened all the time which affected my health."

> "Offered a confidential service to help with financial abuse situations. I would have appreciated some support and understanding to deal with my situation."

One of our focus group participants explained how it had been hard for them to talk to their creditors about vulnerability; but when they did make difficult disclosures it did not seem to make a difference.

> "It's difficult to explain if there is any vulnerability. I had a mental health vulnerability, for example, that creditors ask you about because they have to… It's a question that is asked by every creditor and they want to know all the nitty gritty details of what, where and when which is difficult to talk about sometimes. And therefore, yeah, that is a barrier to you talking to them…And when you did tell creditors about vulnerability their approach doesn't change. Even if they know there are mental health concerns, they don't seem to actually change their approach based on what you tell them."

We saw earlier how the written communications that people received from their creditors could provoke negative feelings and perceptions that prevented or delayed reaching out for help. Some StepChange clients told us how their communications via other channels with one or more of their creditors led to strong negative feelings of threat, pressure and helplessness at a time when they were particularly vulnerable to harm and in most need of help.

"They could have not made me feel worthless and insecure through using threatening language and mannerisms. Made me feel scared to answer the phone and even use my phone, due to countless calls, texts and emails a day, even when speaking to them the same day, they would sometimes still send multiple correspondences the same day requesting the same information we had just discussed. The whole process resulted in my severe depression from my childhood relapsing and I was at one point contemplating suicide due to the way in which I was being treated and made to feel."

"They could have tried to ask and understand my situation, like many people my pay was cut almost in half when the first coronavirus lockdown was implemented, and I was unable to be furloughed. And before that, I had to get into credit card debt in order to escape an abusive partner. These situations were traumatising enough without having a faceless agency calling me every week, during work, to ask about the money I owe."

"I needed more time. More time to stand on my own two feet. Find a place to live. Get stuff I needed for me and the kids. Start to get an income. I needed a lot more breathing space. They pressured me so much and I still didn't even have a home. I had to change my mobile number. It was too much and really pushed me to the edge, I don't know how I coped."

Post advice communications and automated letters

Respondents highlighted creditor communications they received after getting debt advice as a particular activity that provoked feelings of stress and confusion.

> "Communications were always asking for payments I couldn't make, even though the creditors were aware that StepChange were handling my financial affairs. Calls, texts, letters were persistent and frequent."

> "Not before I contacted Stepchange, but afterwards even though I'd told each of them that StepChange were helping me. They still phone text email and send letters. I can't see any end to the depression of debt, I'd been with them for more than 10 years before it all went wrong."

Respondents also commented on difficulties caused by the automated letters they received from creditors before and after getting debt advice, including some possibly related to consumer protection legislation.

> "I received letters saying I owed money and the process they would take and it would make me feel anxious as the situation was meant to be being dealt with, I would then find the courage to call only to be told they were automated letters and not to worry. This left me very confused."

> "I got a statement and they said that if I didn't pay they would be adding more interest and monthly charges on for late payments and that scared me. They still text me and say they have to send me monthly statements and every month I open them and cry…"

> "Tonally the letters were severe, it was also confusing because I always contacted the lenders to tell them about my situation and that I was entering a debt management scheme and a human operative nearly always told me they would look into the issue and that the letters would stop - but the letters and texts didn't stop. My question to them is why can't they just cancel the correspondence if it is automated - how do I know that my situation is properly understood when I get two entirely different messages?"

The issues of automated communications causing problems for people after advice or in active debt solutions is a long standing one that could be substantially addressed by the CCA remaining provisions review.

Creditors can take the following learnings from our research:

- Successful engagement requires dialogue. Pro-active contact by the creditor can be a trigger to action for consumers
- Communications are more effective when they are focused on helping people to resolve their situation, rather than on helping the firms resolve its default rate. Empowering people[26] is more likely to trigger consumer action in both the firms' and the consumers' interests
- Communications which recognise the highly emotional impact of debt on individuals and are sympathetic to their situation are more effective than those which exacerbate negative feelings
- Firms must consistently act on a disclosure of vulnerability they have identified and tailor their communications to meet the needs of diverse people
- Post advice, automated letters which are not consistent with the customer's situation lead to confusion and upset. Unnecessary contact from consumers to address inconsistencies reduces firms' efficiency

[26] As one respondent put it, feeling 'I was able to take control of situation I am in'.

6. Recommendations

The following recommendations are aimed at improving customer outcomes for people in financial difficulty

Better, earlier identification of financial difficulty

This report highlighted examples of people who needed debt advice but had not missed a payment, and examples of people who had asked for help with payment difficulties from their creditors but did not receive the help they needed. We also saw a number of respondents stating they had borrowed more to meet payment demands from creditors and a high proportion of the people who said this were vulnerable customers.

Our findings suggest that current rules and practices for early identification of financial difficulties are not working to make consumers aware of their financial situation and start a dialogue about help before debt problems become severe.

We recommend:

- The FCA review the early identification rules in CONC and firms' implementation of them
- Firms improve their communications for borrowers in financial difficulty and align these more closely to the requirements of the Consumer Duty

Address the barriers to seeking help created by the credit information system

This report found evidence that people are being deterred from seeking help at every stage of financial difficulty by worries about the possible impact on their credit report.

The credit information system is not spotting people with underlying financial difficulty using negative coping strategies that lead to harm. Nor does it help creditors spot financial difficulties early enough.

Its treatment of forbearance is punitive, such that consumers perceive their credit scores to be more important than getting help with their debts, even when their coping strategies to deal with financial difficulty are harmful.

The premise of data sharing is that people benefit from sharing their data. However, in this case, their data sharing does not appear to be leading to better outcomes for a large minority of customers.

The FCA's response to the covid pandemic[27] demonstrates that it is aware that worries about credit scores can stop people seeking help with their debts. This report shows credit scores to be an ongoing barrier that needs a new policy response.

We recommend:

- The FCA credit market information study addresses this barrier to help by reducing the impact on credit records of asking for help with payment difficulties, especially given the principle that consumers should benefit from their data sharing. Dialogue to resolve difficulties should be incentivised

Simplify creditor communications and give people a plan of action

The FCA has been reviewing firms' approaches to borrowers in financial difficulty and is expected to report on this shortly. We expect the FCA will find examples of firms' good practice, as this report does. But the evidence presented in this report shows firms still have more work to ensure people in financial difficulty get the help they need.

The implementation of the Consumer Duty should raise expectations on the way firms communicate with consumers in financial difficulty (the consumer understanding outcome) and on the support they receive as a result (customer support outcome).

We recommend that firms should:

- **Review pre-arrears and early identification policies and practices**
- **Co-design their communications with people who have lived experience of financial difficulty**
- **Simplify and improve the tone and presentation of text so people feel confident creditors can and will help them**
- **Give people a clear plan of action so people understand their options and feel confident and empowered to resolve their debts quickly**
- **Ensure when people contact their creditors, they get the help they need**
- **Personalise communications for people with specific vulnerabilities (e.g. dyslexia)**
- **Develop objective measures to evaluate the readability and effectiveness of communications for people in financial difficulty**

Support vulnerable customers through financial difficulties

Experiencing financial difficulties makes people more vulnerable to harm. The report highlights the third of respondents who said they were not in a fit state to help themselves and the poor outcomes some of them experienced as a result. The report also cited cases where firms had not supported consumers with specific vulnerabilities in addition to the financial difficulties.

We recommend:

- **We recommend firms review their strategies to communicate with and support people in financial difficulty based on the requirements of the Consumer Duty and Vulnerability Guidance. In particular they should focus on the outcome the customer achieved rather than the firm's simple compliance with the rules**

[27] The FCA's coronavirus guidance for firms introduced payment deferrals that included a provision that 'Firms should ensure that there is no negative impact on the customer's credit file because of the payment deferral'. The reasoning was to ensure temporary financial difficulties caused by pandemic conditions should not have longer term consequences for consumers' credit files. This reassurance might partially explain the rapid and large take up of payment deferrals by consumers.

Review the Consumer Credit Act (CCA) requirements on creditor communications and ensure language required by rules and legislation does not create barriers to engagement and help

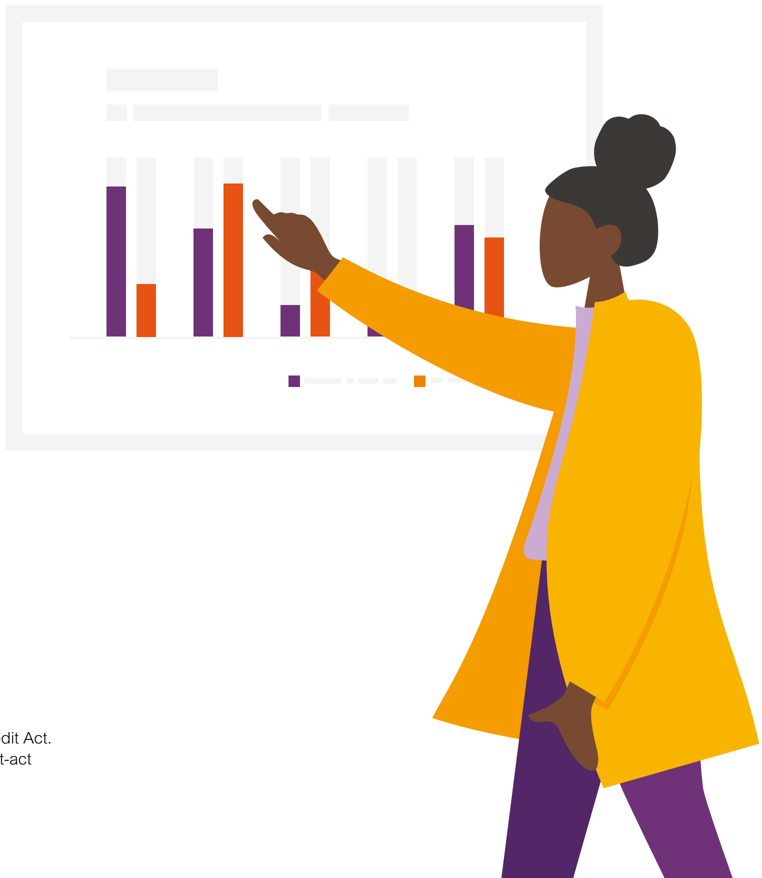
Previous work by the Money and Mental Health Policy Institute found creditor communications including content prescribed by legislation and rules can overwhelm people and lead them to disengage. This report also found the legalistic language required by legislation and the presentation of this disempowers rather than protects people in financial difficulty. We welcome the government's announcement of reforming the CCA[28], which creates the opportunity to address the problems highlighted in this report.

StepChange clients have around 5 debts on average and not all of these are FCA regulated. The issues we found with creditor communications and support to people in financial difficulty will also apply to non FCA regulated debt.

Other sector regulators, firms and public sector bodies with debt recovery functions should take note of this report's findings and consider how similar recommendations might apply in their areas.

We recommend:

- **HM Treasury should move quickly to review the CCA provisions and regulations relating to creditor communications to people in financial difficulty**
- **Regulators, lawyers and industry should undertake further testing of communications using objective measures of readability and consider the likely interpretation of messages in different contexts in their design and delivery**
- **The process of updating the CCA provisions into the FCA rulebook should include a policy review seeking views from people with experience of financial difficulty to better understand how rules on creditor communications can be better framed to meet their needs**



[28] HM Treasury announcement 16 June, 'UK commits to reform of the Consumer Credit Act. https://www.gov.uk/government/news/uk-commits-to-reform-of-the-consumer-credit-act

Appendix 1:
Adapted default notice text used as a stimulus for focus group discussions

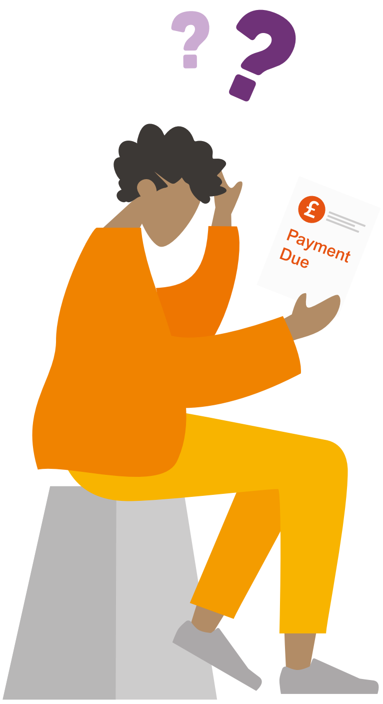
Original text:
This is a default notice served under Section 87 (1) of the Consumer Credit Act 1974

You are required to make payments under your credit card agreement on the dates outlined on the agreement. You have breached the agreement by failing to make the payments outlined below:

Arrears on the Account: £400
Credit Limit: £4,350
Balance: £4,400
Amount to repay: £400

To stop further action being taken, you must make a payment of £400 by 20 November 2021.

If the action required by this notice is taken before this date shown, the action below will not be taken in respect of the breach. If you do not take the action required by this notice then the further action set out below may be taken against you:



Further action:

- We will terminate the agreement and demand immediate repayment of the full balance on your card, not just the overdue payment
- Your account will be reported to the credit reference agencies as in default and this may seriously affect your ability to gain credit in the future
- We may pass your account to a debt collection agency
- We may sell your account to a debt purchaser.
- We may take court action to recover the balance outstanding and you may be liable for any court costs

If you are not sure what to do, you should get help as soon as possible. The government's Money Advice Service can help you find free debt advice and support, or you can contact the organisations listed in the Financial Conduct Authority's Information sheet, which is provided alongside this letter. This information sheet also contains important information about your rights. If it is not included, you should contact us to get one.

If you have difficulty in paying any sum owed under this agreement, you can apply to the court for an order to give you more time to pay any sum owed or take any other action required by this notice. The free advice services referred to in this notice and in the Financial Conduct Authority's information sheet can help you explore this option.

Revised text:
This is a default notice served under Section 87 (1) of the Consumer Credit Act 1974

We have an agreement with you because we lent you money and you agreed to pay it back. We haven't heard from you about the money you owe us so we have to send you a legal update. We are giving you this default notice to let you know you've broken our agreement.

We can help you sort things out. If you contact us or a debt adviser we can arrange for you to have some breathing space to get free, professional help. We can stop extra fees and charges. And talk to you about affordable repayments that work for you. People tell us they feel much better when they get help.

To get things sorted out you need to contact us and talk to a debt adviser. The sooner you do that the better you'll feel. If you can afford to keep up with your repayments then please pay £400 straightaway. But if you can't, please give us a call before the 20th November 2021. If you don't call us, it could have a serious impact on you.

If you choose not to contact us then we could:

- Stop our agreement with you to borrow money
- Demand that you pay us back everything you owe and not just the late payment
- Tell credit reference agencies that you haven't paid. Your credit score will go down and you'll struggle to get credit in future
- Take you to court to try and get our money back
- Ask a debt collection agency to see if they can help us get our money back from you
- Sell your debt to another company so they can get your money back

The amount you need to pay us before November 21st 2021 to stop us taking any action: £400

The overall amount we agreed to lend you at the beginning: £4,350

The total that you owe us now: £4,400

Please pay us £400 or contact us or a debt adviser so we can help.

Authors:

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For more information, visit the **StepChange Debt Charity website**.

For help and advice with problem debts call (Freephone) 0800 138 1111 Monday to Friday 8am to 8pm and Saturday 8am to 4pm, or use our **online debt advice tool.**

Get in touch:

0800 138 1111 (Freephone)

policy@stepchange.org

www.stepchange.org

@stepchange

amplifiedglobal

StepChange Debt Charity