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Press Release

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UK's largest debt charity welcomes new advertising codes

The UK's largest debt charity, the Consumer Credit Counselling Service (CCCS), has welcomed advertising rules introduced from today (September 1) which will make it more difficult for fee-charging debt management companies to mislead the public by advertising their services as "free".

Hitherto the emphasis which for-profit debt management companies have placed on the provision of "free" help and advice in their advertising has encouraged many people, desperate for help with debt problems, to contact them without realising that genuinely free charitable services are available. A typical 'free' plan from a fee-charging debt management company could cost around £5,000.

Under changes to the advertising codes¹, companies will be unable to advertise a product or service as "free", "without charge" or similar, if the consumer has to pay anything other than unavoidable costs such as response and delivery costs. In addition, the codes require offers of financial products to be presented in a way that can be easily understood by the audience, rather than take advantage of consumers' inexperience. Debt management companies must also comply with the Guidance for Debt Management Companies published by the Office of Fair Trading (OFT).

Malcolm Hurlston, CCCS chairman says: "We know that when it comes to debt advice desperate consumers tend not to shop around rather it is the first port in a storm. Those marketing debt management plans have been clever at taking advantage of this and enticing customers in with the offer of a free service.

¹ Committee on Advertising Practice (CAP) and Broadcast Committee of Advertising Practice (BCAP) codes

“Our research shows that clients on debt management plans with fee chargers, not only pay through the nose but also take a lot longer to pay off their debts.

“We will be observing these siren companies even more closely from September 1 and reporting any breach of the new CAP and BCAP guidelines as we see them.”

The CCCS free phone helpline 0800 138 1111 is open 8am to 8pm, Monday to Friday. Its online counselling tool *CCCS Debt Remedy* is available at www.cccs.co.uk.

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Notes to editors:

1. CCCS is self-funding. Unsecured lenders share with the charity the benefit they receive from its operation, making a donation from the money repaid to them through debt management plans. This allows CCCS to retain its independence and ensure that its advice is always in the best interest of the client. CCCS aims to separate the “can’t pay” from the “won’t pay”.

Media enquiries:

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