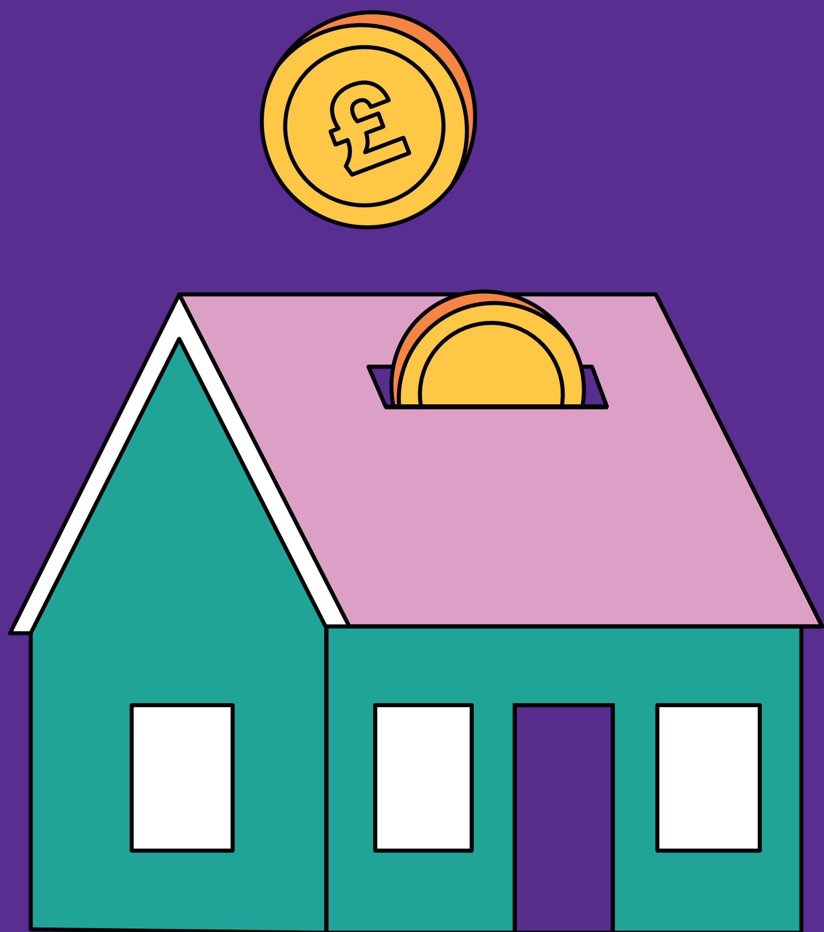
Too close to home:

StepChange debt advice clients' experiences of coerced debt



StepChange Debt Charity

February 2025

Methodology

This report is based on research from StepChange's debt advice client data, a client survey, national polling, interviews with six current or former clients, and a focus group with six StepChange debt advisors.

1. We conducted an online survey of clients across the UK between 27th November 2023 and 30th January 2024. The survey was sent to a random sample of 15,000 clients who first received debt advice between June 2022 and July 2023. We received 370 unique responses.

2. We sent an interview invitation to three groups of clients:

   a) clients who had indicated that they had experienced coerced debt in the above client survey;

   b) clients we had referred to our partner organisation, MAP, who offer a specialist helpline to victim-survivors of economic abuse; and

   c) client case studies who were sourced prior to the production of this report and who agreed to take part on the basis of the subject matter. They have previously shared their personal stories publicly via media and events and, therefore, these two clients go by their real names.

Please note: this report contains details of domestic abuse, including violence and attempted murder, as well as mentions of suicidal ideation and suicide attempts, which some readers may find distressing.

All clients had agreed to be contacted regarding StepChange's research. We offered a £50 shopping voucher as a thank you to participants.

Interviews were arranged with six clients and took place between July and October 2024. These were conducted by members of the StepChange Policy, Public Affairs and Research team. We interviewed four women and two men, including one transgender man, from across England and Wales.

All participants' names, except our case studies Liz and Katherine, have been changed. Some quotes have been edited lightly for length and clarity.

3. We commissioned YouGov to conduct nationally representative polling into the prevalence and impact of coerced debt, as well as people's level of awareness and understanding. Fieldwork took place between 2nd and 4th November 2024, with a total sample size of 2,138 UK adults. The survey was carried out online. The figures have been weighted and are representative of all UK adults (18+).

4. On 16th December 2024, we held a focus group with six StepChange debt advisors who were selected on the basis of their experience as debt advisors handling complex cases. This focus group was carried out online and facilitated by the report's author. The advisors are referred to anonymously in the report. Some quotes have been edited lightly for length and clarity.

Executive summary

Coerced debt is a form of economic abuse where the perpetrator uses coercive and controlling behaviours to make a victim-survivor carry out transactions that lead to debt. Coerced debt and economic abuse exist in the context of domestic abuse where abusers control and dictate a victim-survivor's choices and everyday actions, using pressure and violence. Such patterns of coercive and controlling behaviour are now a criminal offence under the Serious Crime Act (2015). Women are significantly more likely to be victims of domestic abuse than men, and more likely to experience consequences of greater severity, impact and risk to life.

Based on national polling, we estimate that 1.6 million UK adults have experienced coerced debt in the last 12 months, most commonly involving consumer credit. Among those who have experienced coerced debt, almost a third (31%) are experiencing problem debt, compared to just 6% of UK adults. It is unsurprising, therefore, that coerced debt also affects a significant minority of StepChange clients: according to a recent client survey, we estimate this figure to be 12%.

Coerced debt is an important issue not only because it affects a considerable number of people in the UK, but also because it causes and compounds harm to victim-survivors, including the burden of dealing with debt, diminished financial resilience, low confidence in their ability to manage their money and in their financial future, and poor wellbeing. Coerced debt can also deepen debt problems, and extends the control of the perpetrator. Where there are joint debts, these tie the victim-survivor to the perpetrator, potentially for years after separation.

Controlling or coercive behaviour is a high-risk factor of future violence, and is a known risk factor in domestic homicides and suicides. Coerced debt is one result of a perpetrator of abuse exercising control and coercion. Tackling coerced debt is therefore inextricably linked to reducing the prevalence of abuse, reducing harm, and improving outcomes for those affected.

Yet, economic abuse remains a poorly understood form of domestic abuse, surrounded by low levels of understanding, stigma and shame. What's more, coercive and controlling behaviour describes a pattern of behaviours that individually may seem non-abusive, but together cause fear and intimidation, which underscores the importance of context when understanding and identifying coerced debt.

To support this report, we asked a series of questions about coerced debt in a survey of StepChange clients and later conducted in-depth qualitative interviews with six clients who had indicated they had experienced coerced debt. We also commissioned polling by YouGov Plc. to get a national picture of the prevalence of coerced debt, and to better understand attitudes to coerced debt and economic abuse among the population at large. Finally, we held a focus group with StepChange debt advisors to understand their experience of advising clients with coerced debts. This report is the product of this research.

This report is intended as an initial exploration of the issue of coerced debt from a debt advice perspective. It seeks to examine the experiences of those affected, identify barriers to good outcomes for victim-survivors, and set out next steps. We ground our understanding of good outcomes in the concept of **economic justice**, by which we mean financial or legal remedies that support a victim-survivor to achieve economic safety and stability so they do not have to pay the price for the abuser's behaviour. Recognising the complexity of the challenges raised by coerced debt and economic abuse, we acknowledge that we do not have all the solutions. Our report welcomes and reiterates recommendations made by organisations including Surviving Economic Abuse (SEA), Refuge, and UK Finance, and seeks to build on their important work.

Key findings

1. The prevalence of coerced debt among the UK population and among our clients is significant.

We estimate that almost one in eight (12%) of our clients are impacted by coerced debt. Based on national YouGov polling, we estimate that 1.6 million UK adults have experienced coerced debt at the hands of a current or former partner, family member or friend in the last 12 months.

2. Coerced debt is closely associated with financial difficulty and debt problems.

Among those who have experienced coerced debt, we estimate that almost a third (31%) are experiencing problem debt (conversely, our figures indicate 17% of UK adults experiencing problem debt have experienced coerced debt in the last 12 months). Almost two-thirds (62%) of victim-survivors affected by coerced debt report negative impacts (see appendix), such as going without essentials to keep up with debt repayments, and are more likely to report severe indicators of financial difficulty than others experiencing problem debt.

3. Support for victim-survivors affected by coerced debt is patchy and inconsistent.

Our national polling reveals that the majority of people who had experienced coerced debts (58%) in the last 12 months did not seek help with their debts. More respondents to our survey of clients reported unhelpful than helpful support from creditors and suppliers to which they owed debts. Likewise, qualitative interviews with clients and debt advisors highlighted mixed experiences, including a lack of compassion, inconsistent practice and insufficient support for victim-survivors.

4. Victim-survivors rarely have coerced debt written off. Which is for multiple reasons, including low awareness, reluctance to disclose, and varying decisions by creditors.

Our national polling indicates that 13% of those affected by coerced debt had any of these debts written off. The figure was 12% for our clients. Write off goes a long way in victim-survivors achieving economic justice, so it is positive to see this being done to some extent, but without credit file restoration, a vital step is missing.

5. It is currently very difficult to access specialist support for coerced debts and economic abuse.

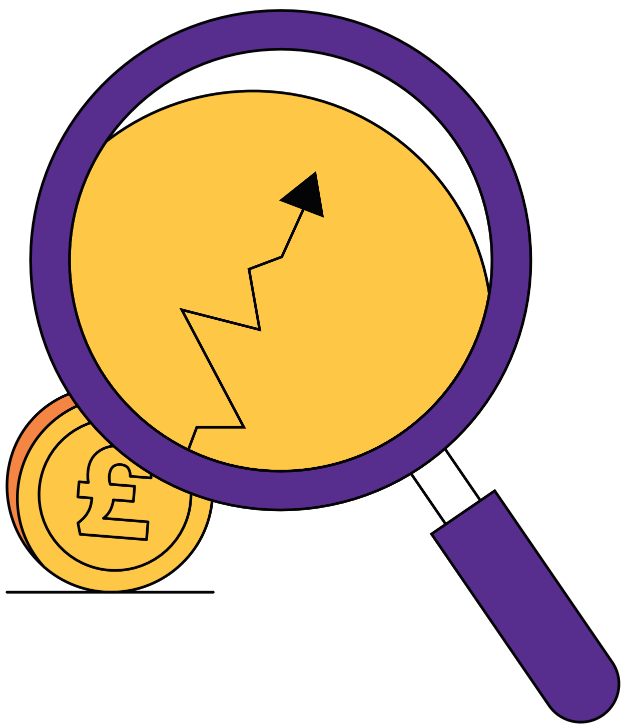
A lack of a consistent approach to coerced debt means that victim-survivors may receive advice and support that is ill-suited to them, particularly when they lack awareness of the possible support available and/or do not disclose that they have experienced coerced debt.

6. Awareness and understanding of coerced debt and economic abuse among the general population is low.

In national polling, 62% of people stated that they had never heard of the term economic abuse before. 68% of people had never heard of the term coerced debt.

7. Among the general population, support for a principle of economic justice. Among the general population, support for a principle of economic justice is high.

In national polling, when asked about a hypothetical situation involving coerced debt, the majority (67%) did not think the victim-survivor should be responsible for repaying the debts that had been accrued in her name.



Key findings

Debt advice can achieve positive benefits for victim-survivors, such as reducing collections pressures and debt repayments, and improving wellbeing by reducing anxiety and worries about debt. Some victim-survivors will have access to insolvency solutions that ultimately deal with their debts.

But debt and insolvency solutions can come with downsides for victim-survivors; they typically involve repaying debts in part or in whole and require a restricted budget, sometimes for extended periods of time. They can also affect a victim-survivor's credit record, potentially causing financial exclusion and affecting employment opportunities.

And for those who do not have access to insolvency, while industry good practice guidance has helped, creditor and supplier responses are inconsistent. As a result, victim-survivors often do not have access to economic justice.

Specific barriers to better debt advice outcomes for victim-survivors include:

- The need for specialist knowledge and training in the debt advice sector and more effective disclosure environments in debt advice
- The lack of agreed expectations of creditors in supporting victim-survivors with coerced debts and accountability for meeting those expectations
- Legislative (Consumer Credit Act) and regulatory guidance barriers to separating joint unsecured debts (either so that victim-survivors are pursued only for part of a joint debt, or so that the debt can be written off)
- Victim-survivors being locked into a joint mortgage after they have fled a perpetrator
- Credit information reporting inflexibilities and conventions that mean victim-survivors' credit records often cannot be reset or repaired
- The lack of funded casework-based debt advice for victim-survivors of economic abuse

StepChange is committed to being part of the solution. However, no organisation can overcome the barriers to economic justice for victim-survivors alone. A key part of the solution is collaborative work led by government, complementing its work to reduce violence against women and girls and as part of the Financial Inclusion Committee (which includes a focus on economic abuse).

Recommendations

1. Alongside UK Finance and SEA, we are calling for the Government to convene a cross-government economic abuse taskforce, led by HM Treasury and the Home Office. The taskforce objectives should include identifying and taking forward the legislative and regulatory changes necessary to overcome barriers to economic justice and write off, where appropriate, for victim-survivors with coerced debts, including unsecured debts and mortgages.

2. The Financial Conduct Authority (FCA) should take steps to create a consistent, industry-wide approach to economic abuse and coerced debt, building on the SEA 'How the Consumer Duty can transform responses to economic abuse' briefing, and the UK Finance Financial Abuse Code of Practice. This should include ensuring firms take steps to prevent foreseeable harm arising from economic abuse.

3. The Money and Pensions Service (MaPS), the FCA and wider stakeholders should support the continued roll out of the Economic Abuse Evidence Form (EAEF), devised by Money Advice Plus (MAP) and piloted in partnership with SEA, and its extension to non-financial services creditors, such as local authorities, central government departments, and utility providers. Creditors should work proactively to deliver support for victim-survivors that is as accessible, joined-up and compassionate as possible.

4. The rollout of the EAEF should be facilitated by work by government and MaPS to develop and commission sufficient specialist advice, including casework-based advice, and support for the free debt advice sector to ensure advisors are adequately trained in identifying economic abuse and advising victim-survivors.

5. The new Credit Reporting Governance Body and its precursor working groups should co-ordinate work on a credit restoration and repair framework for victim-survivors of economic abuse and coerced debt as a priority, within its work to take forward the FCA Credit Information Market Study remedies.

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We want to create a society free from problem debt.

For more expert debt research and insights, visit the StepChange Debt Charity website.

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