

Locked out

Examining the impact of problem debt on people's housing situations



This briefing looks at how StepChange Debt Charity's clients' problem debt affected their access to housing and the security, quality and affordability of their homes, at a time when they were trying to stabilise their finances and/or repay their debts. It was prepared by StepChange, the largest specialist debt advice charity in the UK. In 2017 620,000 people contacted us by phone or online for support.

Overview

The proportion of our clients living in the private rented sector is increasing

82% of our clients are now renting, and 40% are private sector renters.

Problem debt negatively affects our clients' housing situations

Problem debt has caused issues for many of our clients, including being made homeless (11%) to being unable to move (39%), feeling forced to move from their current home (12%) or simply putting up with problems because of the worry of eviction (38%).

Having a poor credit rating affects access to housing

Over one-third (36%) of those surveyed said a poor credit rating had negatively affected their ability to rent or buy a property. This rose to almost half amongst those renting privately.

Our clients renting in the private sector were more likely to be vulnerable

The proportion of vulnerable clients was highest in the private rented sector and this had increased from 26 to 29% over two and a half years.



Our key findings

Lack of access to housing

Over half (56%) of surveyed clients said that either being in debt and/or having a poor credit rating had negatively affected their access to housing, and this was a particular issue for clients who were currently renting privately.

Insecurity of housing

Although more clients renting in the social sector had been threatened with eviction, it is those who are currently renting in the private sector who are much more likely to have been evicted for rent arrears (over one in five) or forced to move (17%). Over half of our clients renting privately had not reported problems to their landlord because of fear of eviction.

Lack of affordable housing

A poor credit rating and little money for a deposit, as well as a lack of available social housing, mean many of our clients are forced to continue renting in the private sector, although this is much more expensive in the long term.

Poor quality housing

Those renting from a housing association or in the private sector rated the quality of their homes lower than those with a mortgage or renting from a local authority. Almost one in three (29%) of clients said problems with their home had meant they had to spend more on energy bills, rising to almost four in ten (38%) of our clients renting in the private sector.



Who is most vulnerable to housing problems?

Our clients who were struggling to access housing were more likely to have a deficit budget where their income did not cover the costs of essentials such as food and heating.

They were also more likely to be young, rent in the private sector, be self-employed, unemployed or working part-time.



Other key issues to consider



The effect of welfare reforms

Almost three-quarters (72%) of our clients claiming housing benefit said that it did not cover the full cost of their rent and this was a particular problem for those renting in the private sector (90%). Further problems with claims were caused by the complexity of the welfare system, delays in payments, overpayments, the “bedroom tax” and changes in circumstances or fluctuating incomes. These resulted in some clients taking out more credit or not paying essential bills.

The wider social impacts

Issues to do with lack of access to, affordability, insecurity and quality of housing all had negative impacts on our clients' health, relationships and ability to work or find work, resulting in higher economic costs through reduced employment and productivity at the same time as their reliance on other public services increased.

Affordability of housing had the greatest impact and the highest proportion of clients reporting negative impacts were private sector tenants.



Our recommendations



Using good rent payment records
to improve credit reports



A cross government review
of the use of the private rented sector for housing vulnerable people



Including protections
from eviction for rent arrears in the Government's new Breathing Space and statutory debt repayment plan schemes



Evaluating the impact of introducing open-ended private tenancies
and an end to “no fault” grounds for possession in Scotland

For more information and to read the full report please visit www.stepchange.org/lockedout Email: policy@stepchange.org