

## Brian's story



Posed by model © Justin Proeger

Brian\*, 54, found himself falling deep into a spiral of debt after he took out three payday loans to top up his part-time salary. Owing over £3,000 and finding himself unable to make the repayments, Brian sought help from his local CAB.

Bureau staff helped Brian identify his key debts as well as his income and expenditure. Then his adviser spoke to his creditors to negotiate a repayment plan that he could stick to.

Brian says "Citizens Advice was really helpful. Since then I've lost my job and so have an even smaller income, but because of the help they gave me I'm keeping my head above water. They helped me get back on track."

\*name has been changed

## We help people like Brian with their problems

Being in debt, and having poor finances, can be a difficult cycle to break:

- People go further into debt to repay creditors.
- Reduce other expenditures below acceptable levels to try to make repayments.

Approximately 65 per cent of UK adults require some level of financial capability support.

Experiencing financial trouble has wide-reaching impact on individuals' lives, including their:

- mental wellbeing
- ability to maintain relationships, housing, and their employment.

Debt issues also impact on us all, with an estimated cost to society of £1,000 per typical problem.

An estimated 5.3 million households would have benefitted from free debt advice in 2011, but not everyone seeks or accesses help.

### And look at tackling what's causing it...

We know that the prevalence of high cost credit and lack of consumer awareness of its impact, is leaving people unable to manage their debt.

Our evidence showed that payday loan companies were:

- not treating their customers fairly
- breaking regulations and guidance regarding responsible lending.

## What we do...

### Debt advice



Via our bureaux we saw:

**450,000 people with 1.6 million debt issues**

We provided crisis debt management, ensuring clients understand income and expenditure, and prioritise rent and council tax bills.

### Financial capability education

**At least 163,000 people received education**

We also trained 8,200 frontline workers who teach an estimated 132,000 people how to maximise their income.

### Campaign for change



**Issue on radar of millions thanks to our extensive media work**

Built awareness and pressure for reform using our clients' evidence.



**Simplified process to complain to Advertising Standards Authority about misleading payday loan adverts.**

## ...and achieve



2 in 3 debt clients had their problem partly or completely solved.



4 in 5 could not have resolved problem without CAB.



2 in 3 reported a positive impact on their finances.



on average better off a week following financial capability education.

New stricter rules for payday lenders.



increase in complaints to Financial Ombudsman.



Trusted relationship with regulators, providing our insight and evidence.

## This improves our client's lives...

Getting debt under control is like removing a weight hanging over people's lives.



9 in 10 debt clients felt less stressed, depressed or anxious.

Our advice and education also means that people are less likely to have the same problem again:

**9 in 10**

have a better understanding of their rights and responsibilities.

**And helps all the people that will take out an estimated 10 million payday loans this year...**



Consumers are more aware of the implications of taking out payday loans, thanks to our resources.

Fewer people will be misled about payday loans thanks to complaints made by our campaigners about irresponsible adverts.



The cost of credit will be capped by 2015.

## ...and benefits society



**Reduces societal cost of debt**

Stopping debt problems from escalating means local and national government do not incur the cost of resolving the potential consequences of debt: poor mental health, loss of employment and homeless.



**Reduce chance of future debt crisis**

By building people's financial capability, they are less likely to fall into debt in the future. Society benefits from not having to resolve these debts, and individuals instead can invest in their local economy.



**Financial services are better and fairer**

Ensuring creditors act reasonably, and that people can access financial services not only makes society fairer, but also reduces financial exclusion and further debt.