

Together Against Debt

People's Manifesto



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This manifesto presents the words, experiences and demands of people in debt. It contains three key demands together with policy recommendations to help meet them. Whoever is in government after the next UK general election must take action to end the debt crisis.

Debt Justice (formerly Jubilee Debt Campaign) is a campaigning organisation working with others to end unjust debt and the poverty and inequality it perpetuates, in the UK and across the world.

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Introduction

The UK is in the grip of a household debt emergency and the cost of living crisis has led to a rapid growth in levels of over-indebtedness. Almost 13 million people are now struggling to pay bills or finding their debt repayments a heavy burden, that's a 60% increase since 2017.¹

At this year's general, mayoral and local elections, politicians at all levels need to prioritise tackling this debt crisis to have any hopes of leading a genuine economic recovery.

The manifesto presents the words, experiences and demands of people in debt. It contains three key demands together with policy recommendations to help meet them. These have been developed with people most affected by this crisis, through a co-production process.

This document also includes Debt Justice's analysis, polling insights and suggestions for implementing the recommendations.

A nationally representative poll conducted as part of this project shows that there is widespread public support for the key manifesto demands. The demands are supported by people in debt and people who are not currently weighed down by debt - across all ages, classes, regions and amongst voters of all political parties.

There is also evidence that any political party that committed to ensuring everyone who has been pushed into unmanageable debt had access to fair debt solutions would be attractive to voters. 49% of the public say it would make them more likely to support a party, just 3% say it would make them less likely.

This manifesto demonstrates that people who have been heavily weighed down by debt have unique insight into the causes of and solutions to the UK household debt crisis, and it is crucial that their voices are heard.

Debt Justice is hugely thankful for the time that participants put into this project as well as their openness and expertise.

Process

- **Distributed an online survey** inviting people to share their experiences of debt. 400 people completed the survey.
- **Hosted two in person events** where 20+ participants discussed key debt issues and solutions in depth.
- **Convened an online event** exploring debt issues and solutions.
- **Commissioned nationally representative polling** to test whether the experiences and views of the people in debt involved in the manifesto process were representative of the wider population.
- **Gathered feedback** on the final demands and recommendations from participants involved in the process.

The demands of people in debt

WE BELIEVE:

- People in debt should receive the support they need to enable them to reset their finances and rebuild their lives.
- People in debt should be treated with respect, not stigmatised for the debts they have been burdened with because of an economy in crisis.
- No one should be pushed into debt to pay for the essentials.

WE DEMAND:

- Fair debt solutions so everyone can have a fresh start.
- To be treated with dignity, and protected from exploitation and harassment by creditors, debt collectors and bailiffs.
- An end to people being pushed into debt just to pay for the food, energy and housing they need.

We demand fair debt solutions so everyone can have a fresh start

84% of people weighed down by debt support this recommendation.²

Once in debt and poverty, it is difficult to get out. Debt has a devastating impact on health and weighs people down.³ Poor mental health makes it harder to work and earn money, manage tight budgets, and navigate life.⁴ Debt also increases the risk of poor physical health which can drag people further into debt through lost income and higher costs of living.



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National Together Against Debt meeting to discuss manifesto priorities

Some debt collection processes such as council tax collection can incur additional court and bailiff fees, leaving people deeper in debt.⁵

Accessing clear information, support and debt advice can be challenging during a debt spiral, especially as demand for debt advice currently outstrips supply.⁶

It is increasingly difficult to access many basic services including debt advice without broadband and a smartphone. However, not everyone is able to use these technologies and digital exclusion exacerbates the feeling of isolation people in debt can feel.

Even when people receive debt advice, they can still be faced with a lack of suitable options to reset their finances. Most people who are heavily in debt are expected to repay their debts in full, on top of the high interest and fees they may have already paid back.

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Member of South London Together Against Debt group holding Lambeth Council to account

RECOMMENDATION 1: Everyone with unmanageable debt should have a suitable avenue available to them so enough of their unpayable debt is written off over a reasonable period of time.

Reform of the UK's personal insolvency landscape is necessary to ensure it facilitates a fresh start for everyone with unmanageable debt.


Only around 7% of people who receive debt advice are currently able to begin the process of having their debts written off through insolvency because of the overly restrictive barriers to accessing debt relief.⁷ This means that most people that are heavily in debt are expected to repay their debts in full through Debt Management Plans or negotiate 'full and final settlement' with their creditors, an option which is only available to people with some access to funds.⁸

Warped incentives and large fees lead to Individual Voluntary Agreements (IVAs) being heavily marketed over more suitable solutions.⁹ Nearly a third of IVAs fail, meaning that some people are in a worse financial position afterwards, having paid thousands of pounds in fees.¹⁰

Bankruptcy comes with a £680 fee, another cost for people in debt levied at a time when they can least afford it.¹¹

The UK government has recently conducted a wide-ranging call for evidence into the personal insolvency framework. After analysing the responses, they accepted *"that some individuals are not able to deal with their debt by easily accessing and entering an appropriate solution because (i) barriers to entry are too high; (ii) there are shortfalls in the current procedures; and (iii) there are inconsistencies in the treatment of individuals and the quality of service provided, across the framework."*¹²

To widen access to insolvency and improve the outcomes for people in debt, Debt Relief Orders (DROs) should be expanded, or a new statutory solution established for people with low incomes and some assets. The recent expansion of Debt Relief Order thresholds and removal of fees are welcome but more is needed. Retaining a home throughout insolvency gives people a platform for a fresh start. This outcome can be achieved by raising DRO maximum asset limit thresholds to the level of the average home. Restrictions on repeated use should also be dropped as people in debt need insolvency to remain available to them based on need, without arbitrary cut off dates.

 **I am on benefits and these decades old debts are never going to get paid. Repayments barely improves my credit score. What's the point?**

Nicole, East Sussex

Seeking fees from people in debt during insolvency is a false economy. A well-functioning personal insolvency system also has significant economic benefits.¹³ Procedures should therefore be funded through general taxation and seen as a necessary part of the architecture of a modern economy and an extension of the social security system.

In the medium term, the government should also be working towards a more ambitious single set of tiered statutory insolvency options based on differing levels of assets and income. This would facilitate easier transfer between statutory solutions in response to changing financial circumstances.



Three members of the Unfair Debt Group planning for the Together Against Debt Manifesto

RECOMMENDATION 2: All debt solutions should allow people in debt to maintain a decent income and standard of living. No insolvency procedure or repayment plan should push anyone into poverty or destitution.

Millions of people in debt are put under pressure to make unaffordable repayments. The importance given to, and the interpretation of, people’s ability to afford repayments differs widely across different types of debt and creditors.

One in four people with energy debts are currently unable to pay and one in five report that their supplier had not accepted an affordable offer of repayment.¹⁴

A recent report from the Levelling Up, Housing and Communities (LUHC) Committee of MPs highlighted concerns that council tax repayments are being demanded from people that cannot afford them, leading to them putting payments ahead of heating and eating.¹⁵ The level of support available for working age people struggling to pay council tax also differs across local authorities.¹⁶

Around 45% of people claiming Universal Credit have some form of deduction from their payment.¹⁷ Deductions from Universal Credit are used to collect repayment of advances, utility arrears and benefit overpayments.¹⁸ Deductions

of up to 25% of the standard allowance are taken inflexibly and automatically, which causes hardship for millions.¹⁹

🔥 I am in debt constantly.
Gillian, Devon

All creditors should be instructed to use the ‘Standard Financial Statement’ to assess whether people in debt can make repayments, before making unrealistic demands on them.²⁰

84% of people weighed down by debt support this recommendation.

Genuine affordability must be embedded across government debt collection. The government must also ensure that essential services regulators including the FCA, Ofgem, Ofwat and Ofcom are instructed to enforce genuine affordability across all types of debt collection.

RECOMMENDATION 3: Free, impartial, high quality debt advice must be accessible everywhere. Face-to-face debt advice, walk-in support hubs and community outreach efforts are vital to cut through the isolation and exclusion that often accompanies a debt crisis.

86% of people weighed down by debt support this recommendation.

The Money and Pensions Service calculates that around 9.3 million people need debt advice, but it was able to fund just 442,721 debt advice sessions in 2021/2.²¹ Community-based money advice services do not have the capacity to meet demand for complex issues, local authority budgets are under severe pressure and there are long waiting lists for support.²²

Despite the clear value of high-quality debt advice for people in debt, the economy and wider society, it remains woefully underfunded.²³ Unrealistic workloads and poor terms and conditions have led to a crisis in the profession.²⁴

🔥🔥 More access to quality debt and money advice for those struggling - and I don't mean online and telephone, access to face to face advice is vital for those facing exclusion.

Mel, Barnstaple

Whilst digital tools should be utilised to reduce the barriers to accessing advice, this cannot be at the expense of face-to-face community-based support.

The Money and Pensions Service should undertake a review of the funding needed for debt advice over the next five years, making clear any funding shortfall in their projections. Sufficient resources must be allocated by raising the Financial Conduct Authority levy and/or finding alternative revenue sources, such as through extending the levy to utility companies.²⁵

RECOMMENDATION 4: High-quality public health and social services must be readily available in every community. Bespoke mental health support is vital to ensuring many people in debt can rebuild their lives after a crisis.

There is a strong link between mental and physical health issues and debt. They can all feed off each other, creating a vicious cycle of worsening health and increasing debt.²⁶ To break this cycle, we need high quality health services, free at the point of use, in every community.

🔥🔥 The government needs to know that debt is driving people to death.

Angela, East London

People in heavy debt are three times more likely than others to have thought about

suicide in the past year. More than 100,000 people with heavy debt in England attempt suicide each year.²⁷

Last year the National Audit Office (NAO) found that "NHS mental health services are under continued and increasing pressure and many people using services are reporting poor experiences."²⁸

Without tackling underfunding and workplace shortages in NHS mental health services, people will continue to go without the support they need, and this will have a disproportionate impact on people in debt.

We demand to be treated with dignity, and protected from exploitation and harassment by creditors, debt collectors and bailiffs

76% of people weighed down by debt support this recommendation.

Being in debt makes people feel vulnerable and isolated, and feelings of shame exacerbate this isolation. People in debt are susceptible to exploitative lenders and others targeting them with phoney debt 'solutions'.²⁹

Interacting with creditors and debt collectors is often a painful experience. People in debt are often fearful of their creditors and feel harassed by them. They can be subject to threats, intimidation and unreasonable repayment demands.

RECOMMENDATION 5: A legal duty of care should be introduced for all public sector creditors. This duty of care should guide how local authorities and government departments interact with people in debt and serve as a legal redress mechanism to hold them accountable for collection practices which cause foreseeable harm.

A barrage of contacts from collectors can leave people in debt feeling bullied and trapped.³⁰

People in heavy debt are under severe strain, so creditors have a responsibility to behave in a way that recognises the impact of their collection processes. Creditors and debt collectors should always treat people in debt with respect and start from the assumption that they are acting in good faith.

A duty of care would put a legal obligation on public sector creditors to avoid causing foreseeable harm when conducting their collection activities.³¹

👊👊 I've been classed as disabled and I've no way of paying any debt back and the debt companies constantly hound you to the point where I'm scared to open mail or answer the door or even go out at all.

Tracey, Lancashire



National Together Against Debt meeting to discuss manifesto priorities

RECOMMENDATION 6: There should be enhanced legal protection against harassment from debt collectors. This would set limits to the number of times people in debt can be contacted by creditors.

75% of people weighed down by debt support this recommendation.

For consumer debts, the Financial Conduct Authority issues guidance that creditors should not contact people at 'unreasonable intervals' but this definition is open to interpretation. It is time for the UK government to enhance and widen these protections by directing regulators, government departments and local authorities to limit how often debt collectors can contact people.³²

🔥 It's horrible, frightening and demeaning to be living under debt.

Debbie, Kent

Interacting with bailiffs is one of the most distressing experiences for people in debt and Enforcement Agents (as they are now known) break the rules on a "massive scale".³³ There is no independent regulatory body for bailiffs in the UK and the Enforcement Conduct Board has only recently been set up to provide oversight of the industry and raise standards.³⁴ The board should be given the statutory powers and funding needed to compel all bailiffs to adhere to high standards.

We demand an end to people being pushed into debt just to pay for the food, energy and housing they need

83% of people weighed down by debt support this recommendation.

Alongside fair debt solutions and better protections, we need to deal with the root cause of the debt crisis: the gap between people's incomes and the cost of food, transport, energy, water and housing.³⁵



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At the same time as relentless upward pressure on the cost of living, there is downward pressure on pay, job security and benefits. Large corporate profits derived from trading in essentials like food and energy have intensified the crisis.³⁶

Many disabled people, racialised communities, carers, people with chronic health problems, pensioners, single parents, larger families and people on low pay and benefits (including Universal Credit) are under intolerable pressure.³⁷

Household finances are so precarious for millions that work absence due to sickness or bereavement, a parking notice, a change in immigration status, a boiler breakdown or a dentistry bill can have a devastating effect.³⁸ These events can lead to expensive and unmanageable borrowing and arrears, beginning a debt spiral which can take years to recover from.

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Member of South London Together Against Debt holding council to account

RECOMMENDATION 7: The next government should eliminate low and insecure incomes. A decent and stable level of wages and benefits, that guarantees that everyone can afford the essentials such as housing, energy, water, food, and transport, is necessary for tackling the debt crisis.

There is no solving the household debt crisis without tackling the financial insecurity that millions of people in the UK are now wrestling with.

An estimated 6.8 million people in the UK are now in insecure work and are being paid an average of £63 per week less for doing the same jobs as workers employed on a more secure basis. 55% of workers on Universal Credit are in severely insecure work.³⁹ Low and insecure incomes set people up for a debt crisis with lower income households four times more vulnerable to being pushed into unmanageable debt.⁴⁰

To tackle precarious work and low wages, the UK should strengthen rights at work, alongside bolstering trade union rights to expand collective bargaining coverage across

the economy. It should also raise the minimum wage to 75% of median hourly pay to provide a higher floor for all paid work.⁴¹ Statutory sick pay must also be available for all and raised to the level of the real living wage, so periods of ill health do not push people into a debt spiral.⁴²

🔥 I am having to use credit cards to live on because the roughly £11 a day universal credit I receive is no way near what I can realistically live on.

Ewan, Sheffield

As well as raising pay, social security payments must be raised to the Minimum Income Standard.⁴³ This would ensure everyone, whether in paid employment or not, can afford the essentials needed to live a dignified life.

RECOMMENDATION 8: The social safety net should be designed to support people through life changes. Discretionary grants are needed to prevent people being pulled into a debt spiral when they are impacted by a change of circumstances.

🔥 Budgeting is HARD - where do people get the extra money from when food prices increase, energy price hikes, new shoes for school age children. Those unforeseen emergencies?

Claire, Liverpool

Big life changes such as relationship breakdowns can incur significant costs. More common challenges like replacing failed home appliances can still push people into a debt spiral, as nearly half of people in the UK are forced to borrow to cover these types of expenses.⁴⁴

Budgeting Loans are provided by the Department for Work and Pensions to help people claiming benefits manage these kinds of challenges, but this borrowing needs to be repaid from benefits. The basic Universal Credit payment of £85 per week is already insufficient for many people to afford for the essentials so repayments can cause further hardship.⁴⁵

Until social security provides a level of income that allows people to save enough to navigate changing life circumstances, discretionary grants must be available to fill the gap and prevent more people being pushed into a debt spiral.

RECOMMENDATION 9: Essential services such as energy, water and public transport should be run for the good of the public, not shareholder profit.

People weighed down by debt are under intense pressure due to the high prices of essential services and relentless profit-seeking from these private providers is adding to that pressure. Thames Water lobbying the UK government to allow them to increase customer bills by 40% illustrates this dynamic clearly.⁴⁶

Despite falling wholesale energy costs, average household bills are forecast to remain 50-60% higher during winter 2024/2025 than they were in 2021/2022.⁴⁷ Water bills will rise by 6% in 2024⁴⁸ and could rise by 50% by 2030 to finance historic underinvestment in infrastructure.⁴⁹ Regulated rail fares increased by 6% in 2023⁵⁰ and have increased by 4.9% again this year.⁵¹

Privatisation of these natural monopolies is calculated to be costing the public around £13 billion per year through shareholder dividends and higher borrowing costs.⁵²

“ A home, energy, food, water, are a basic human need. No one should be able to grow wealthy on the backs of those who cannot afford to live.

Michael, Gloucestershire

Ensuring essential services function for the primary benefit of the public is a complex process that may require implementation of different models of governance, ownership and regulation. This would be best achieved through taking a gradual sector-by-sector approach, increasingly raising standards and providing better value for the public.

Taking back control of essential services is not a quick fix, but it is necessary to alleviate some of the unsustainable pressure that communities are being placed under.

RECOMMENDATION 10: Rent caps should be introduced to protect people in private rented accommodation from unfair increases in housing costs.

For private renters, the challenges of unaffordable rents, insecure tenancies and poor housing conditions are pervasive.⁵³ To add insult to injury, the Office for National Statistics recently documented the biggest ever annual increase in private rents.⁵⁴

In the short term we need to see emergency measures to cap rent increases. A call for evidence should be issued by the Department for Levelling Up, Housing and Communities to explore the best way to protect tenants in the private rental sector from unjustifiable rent rises.

Tackling the housing emergency also requires further ambitious measures including higher minimum home standards, a greater role for social housing and increased rights for social and private renters.⁵⁵



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RECOMMENDATION 11: A social tariff for energy should be introduced that makes the minimum necessary amount of energy affordable for all.

The cost of living crisis, poor quality housing and a broken energy system have pushed UK households into a record £2.9 billion of energy debt and arrears.⁵⁶ Around £1 billion of the debt is held by households with pre-pay energy accounts - leaving them at increased risk of energy disconnection and the deadly effects of cold, dark, and damp homes.⁵⁷

🔥🔥 It's unfair that I stay cold in winter yet pay the same standing charges as people who use lots of energy.

Patricia, Bristol

Rather than raising the 'bad debt' allowance⁵⁸ to enable energy retailers to recoup these missed payments through higher household bills, a Help to Repair scheme would provide

targeted financial support to people with unpayable energy debt.⁵⁹

More broadly, our privatised energy production, transmission and supply system has clearly failed to deliver affordable energy, so we need alternative pricing models. Energy For All or a new social tariff could deliver fairer prices in the medium term. Energy For All would offer a free allocation of energy to meet households' basic needs, paid for in part by higher tariffs for excessive use of energy.⁶⁰ A social tariff would auto-enrol a defined set of households on a subsidised energy tariff, providing lower unit costs.⁶¹

The UK government has previously committed to launching a consultation into a social tariff for energy and must explore a range of progressive pricing options.

RECOMMENDATION 12: Windfall taxes should be levied when there has been proven profiteering from suppliers of essential goods.

Suppliers extracting excess profits from the sale of essential goods has a direct negative impact on people in poverty and debt. The government should instruct all regulators to conduct investigations into the profit margins currently being derived from essentials. Where clear profiteering has occurred at the expense of the public, windfall taxes should be levied. This would stabilise prices, disincentivise profiteering and fund much-needed investment in public services.

Businesses have been accused of using the supply chain disruption from coronavirus, military conflict and climate change to fuel inflation and boost their profit margins.⁶² A recent investigation by the Competition and Markets Authority found that three quarters of branded goods makers had increased their profitability during the recent period of higher food price inflation.⁶³

During the cost of living crisis, BP and Shell posted record annual profits of £32.2 billion and £23 billion respectively.⁶⁴ In response the UK government introduced the Energy (Oil and Gas) Profits Levy.

The levy has a significant loophole that allows tax relief on capital investment, delaying decarbonisation of the energy supply as well as reducing the income raised from the tax by up to £22 billion.⁶⁵ Despite the shortfalls, it is an important tacit acknowledgement that profiteering has pushed up energy prices. The levy raised £2.6 billion in the first year.⁶⁶ A proper windfall tax could raise significantly more and speed up the transition away from fossil fuels.

Take Action

This manifesto shows that people who have been heavily weighed down by debt have unique insight into the causes of and solutions to the UK household debt crisis.

You can elevate these demands and support this manifesto by doing the following:

1. Add your name to the list of public supporters: debtjustice.org.uk/manifesto
2. Send it to your MP and the parliamentary candidates where you live. Find your MP at members.parliament.uk/FindYourMP and PPCs at whocanivotefor.co.uk/ppcs/
3. Join our National Organising Network if you are interested in being a spokesperson, planning campaigns or influencing policy. Email: richard@debtjustice.org.uk
4. Sign up to the Debt Justice email list for news and updates: act.debtjustice.org.uk/get-latest-news

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Debt Justice is a campaigning organisation working with others to end unjust debt and the poverty and inequality it perpetuates, in the UK and across the world.

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