Better Debt Advice and COVID-19:
A rapid evidence review

Evidence review

May 2021

Executive Summary

The impact of the pandemic on people's finances has been very variable, with some groups experiencing a greater financial shock, and being less financially resilient than others. In aggregate terms, savings have increased and the overall amount of debt has gone down. However, this is far from the case for everybody and the period since the pandemic began has seen a widening of existing inequalities.

Thanks to reduced opportunities to spend, making it possible for those with spare money to pay down debts, many people who were financially secure prior to the pandemic are actually better off financially than they were before.

But many others are struggling to manage COVID related income shocks and face an uncertain employment future.

Those who were financially vulnerable prior to the pandemic have typically suffered most from the economic impact of the pandemic and the social measures introduced to counter it. They are the most likely to have drawn down on any reserves they had, and/or to have borrowed to cover everyday costs.

Minority groups disproportionately likely to be financially disadvantaged prior to the pandemic, including ethnic minority communities and those with physical or mental disabilities, have been hit harder financially than the population as a whole. The same is true for tenants relative to owner occupiers. Young people have also suffered financially more than older age groups – the opposite of these groups' medical experience during the pandemic.

Although there was a dip in debt advice enquiries when the first lockdown began, this may just reflect a general pause in activity of all kinds at the time, and the fact that face to face advice was suddenly unavailable. The financial cushions in the form of financial support from the government and forbearance measures are also likely to have contributed to this pause.

Requests for debt advice have risen steadily since, and there are widespread fears that financial resilience will be hit sharply once financial support measures and forbearance schemes end. Additional arrears will have accrued, while the means to clear them will, for many, be non-existent. The demand for debt advice is therefore likely to increase, potentially creating what some agencies have described as a 'tsunami of debt'. Whether this tsunami materialises or not, the pandemic's ultimate impact on debt and debt advice will probably not be fully appreciated until life returns to some sort of normal and will depend heavily on the future path of the labour market over the next few years.

1. Introduction

On 21st January 2020, MaPS published 'The UK Strategy for Financial Wellbeing, 2020-2030'[i].

Within the strategy were five 'Agendas for Change'. One of these was 'Better debt advice', under which "people will access and receive high quality debt advice when they need it, because of stronger and earlier engagement, and because funding, supply and services more closely match need."

At the time of the strategy launch, MaPS said:

"In our most recent survey 1.7 million people said they had received debt advice, and we estimate (from the same survey) that a further 3.6 million people needed debt advice because they had been regularly missing payments throughout the last six months. Our National Goal is to see the number receiving the debt advice they need increase by 2 million."

"Our latest figures show that 5.3 million adults in the UK need debt advice. Around half of those that need debt advice are younger (just 26% of the UK population is aged 18–34, but 48% of the 5.3 million are within that age group). They are more likely to be struggling with their mental health, with 51% saying they have had mental health problems within the last 3 years (21% in the whole population). And they are more likely to have a disability (42% of those that need debt advice, 27% across the UK). Many of the 5.3 million are working (75%), and within the 5.3 million the majority have lower household income (earning less than £20,000). They are much more likely to be renting (33% in social rented accommodation and 20% in private rented, compared to 14% and 13% across the UK population)."

Within two months of the Strategy's publication, the UK was in lockdown.

The impact of coronavirus across society has been huge, but what has been its specific impact to date on the aim for 'Better Debt Advice'? This report reviews the evidence available to start answering that question.

It has been compiled through examination of research papers, press coverage, comment and other information published online since the onset of the pandemic, with some additional pre-COVID information gathered to help set the scene immediately prior to the arrival of the virus. Sources include debt advice providers, market research companies, universities, charities, and government and official bodies.

In some evidence reviewed as part of this paper we have found that the term debt has been used when borrowing would have been the more correct term, we have chosen to use the language of the original report author.

About the authors

This report was written by Claire Labrum and Dave Skelsey of Strictly Financial who MaPS commissioned to do this work.

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2. The Wider Context: A seismic shock to the system

The arrival of the virus, and consequent lockdown, led to the most sudden and extreme changes most people had experienced in their lifetimes. Personal contact was severely limited. Travel, unless essential, was banned. Non-essential shops were required by law to close. Workers in 'non-essential' jobs were asked to work from home if at all possible.

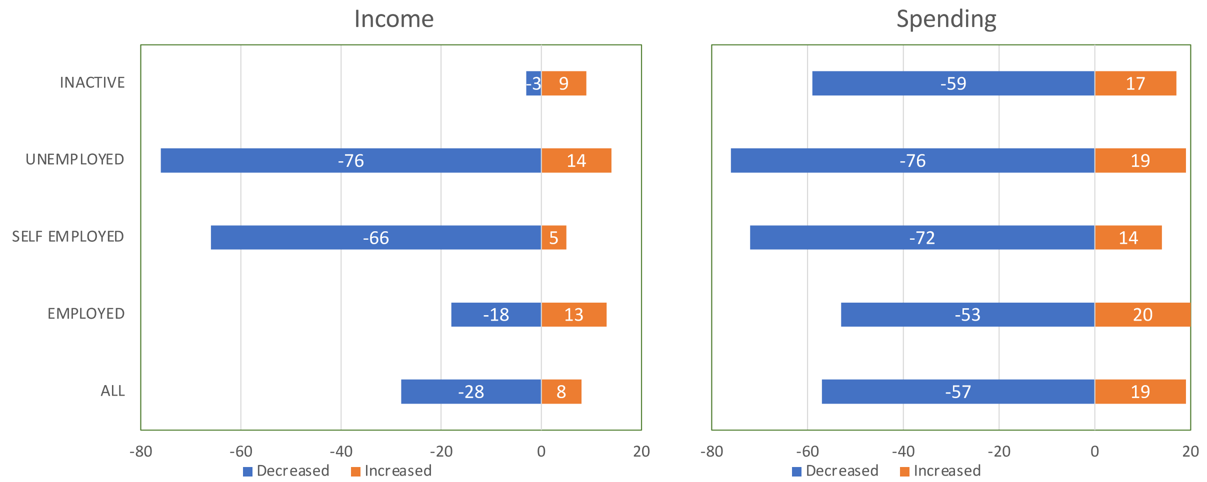
The rapid shutdown of most of the economy – leading to the sharpest ever reduction in GDP and the UK going into a brief but severe recession[ii] – left many facing serious financial consequences. The Government quickly introduced a wide range of financial support mechanisms to mitigate financial hardship associated with the virus. These included subsidising the incomes of furloughed employees and, a little later, of the self-employed through the Self-Employment Income Support Scheme (although the rules for these schemes left some people outside their ambit). In addition, people struggling to repay debts were protected by a ban on evictions and the introduction of repayment holidays.

Based on data from the Department for Work and Pensions (DWP)[iii], there was an unprecedented increase in the number of claims for Universal Credit at the start of the lockdown, with 1.1 million claims made between 20 March 2020 and 2 April 2020. This was more than ten times the weekly average for 2019 and prior to 12 March 2020 of 54,000 claims. Following the initial surge, the number of claims gradually reduced and returned to a pre-pandemic level around the end of June 2020. There were 6 million people on Universal Credit on 14 January 2021. This is a 98% increase since 12 March 2020[iv].

The overall level of debt fell, but the impact on individuals varied greatly

In the absence of open shops and hospitality and sports venues, opportunities for discretionary spending were limited. Although aggregate income fell, aggregate spending fell by even more[v].

Impact of Covid-19 on household income and spending - % change

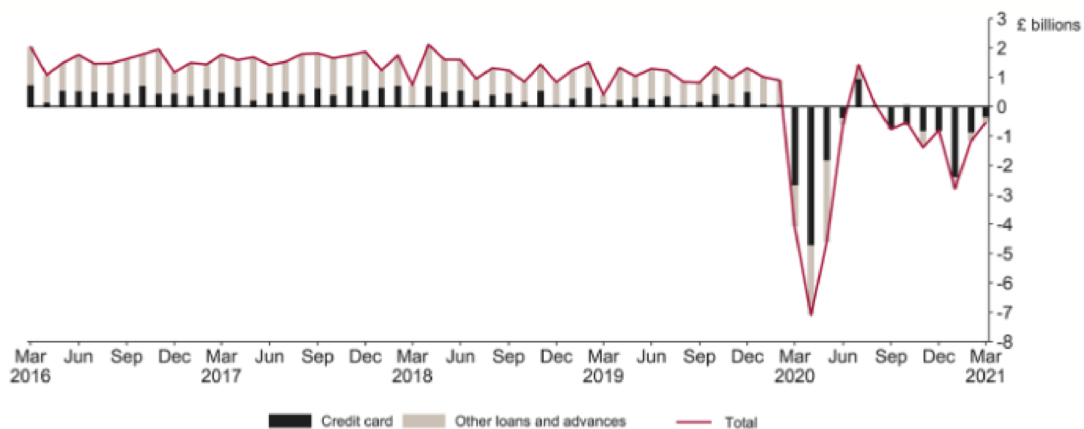


Source: Bank of England 2020 H1 NGM survey (6 April – 1 May)

As consumer spending reduced the overall level of debt fell sharply. Those with spare money took the opportunity to start paying debts down (please see the Nation of Savers and COVID-19 evidence review which explores this behaviour in more detail[vi]), with the aggregate effect shown vividly in this Bank of England chart of consumer credit[vii].

Consumer Credit

Seasonally adjusted



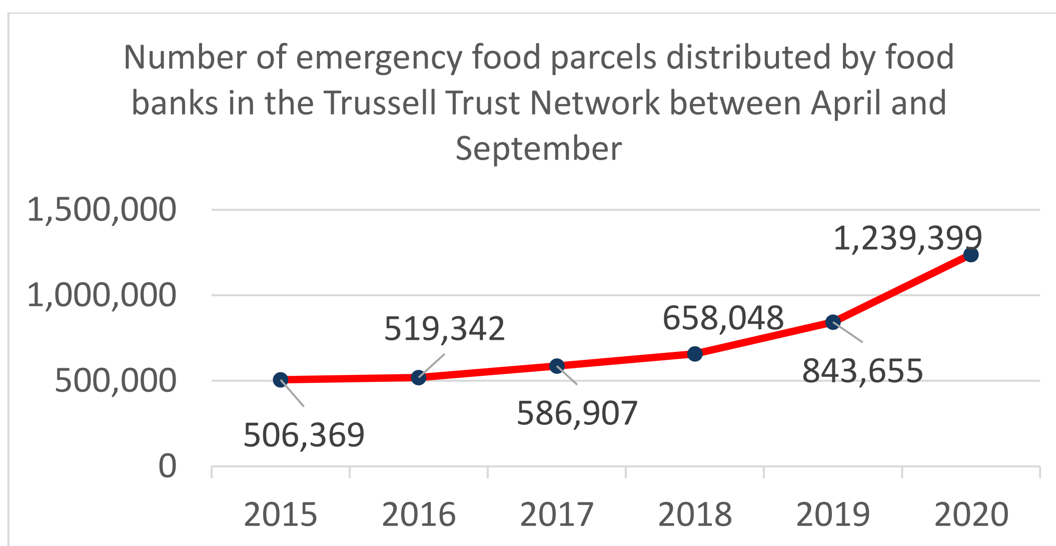
Source: Bank of England

From the beginning of March up until October, households repaid £15.6 billion of consumer credit[viii].

Thus, for many, the pandemic has actually had the effect of increasing their financial assets. Pensions, both private and state, have continued to be paid uninterrupted for those who remain in work or on furlough, although possibly with smaller contributions for those on furlough. While the elderly have been most at risk from the virus's medical effects, as the Institute for Fiscal Studies noted, "Through 2020, pensioners have on average reported becoming financially better off, whilst the young have borne the brunt of job and income loss"[ix].

Those on higher incomes before the pandemic were also less likely to have suffered financially from its impact. The Office for National Statistics reported that of those people who had not been able to work during the pandemic (either because of being on furlough or for another reason), 52% of people in the top income quintile continued to be paid in full, while this was the case for only 28% of those in the lowest income quintile[x]. Figures from UK Finance indicate that consumer repayments on credit cards are continuing to outstrip new lending and they conclude that consumers with significantly reduced outgoings are opting to pay down debt[xi].

Conversely, those who were already struggling financially – and therefore most likely to need debt advice – prior to the pandemic are most likely to have been adversely affected. Not only have their incomes declined but, in many cases, their outgoings have increased. The Resolution Foundation found several reasons for this, including higher food expenditure (fewer in-store promotions and often reduced options for where shopping could be done) and higher energy bills from homes being more constantly occupied[xii]. The Trussell Trust noted that 47% of people using its food banks in the summer were in debt to the Department for Work and Pensions due to loans and overpayment of benefits[xiii]. They also reported growing overall numbers of people visiting their food banks.



Increased use of food banks is suggestive of rising levels of poverty and Legatum Institute research backed this up: their estimate was that the overall number of people living in poverty had grown by 690,000 by winter 2020 than pre pandemic, in spite of 270,000 people being lifted out of poverty through the increases in benefits[xiv].

As well as exacerbating existing levels of financial inequality, the pandemic also impacted those who fell through cracks between the government's different financial support schemes. Such people included those:

- between jobs or about to start new jobs after 19 March,
- who had only recently become self-employed,
- whose self-employed incomes made up less than 50% of their income,
- on parental leave,
- on PAYE freelance short-term contracts, and
- who were small limited company owner-directors.

Attention was drawn to their plight by a new group, ExcludedUK, who estimated that 3 million people were affected[xv]. Although it is not yet clear how many of this group have sought debt advice, the specific financial problems facing this group, combined with the existing problems for people who were already financially vulnerable, suggests the need for debt advice will both grow and become more complex, presenting additional challenges to debt advice agencies.

Similarly, research by the Standard Life Foundation estimates that as many as 3.8 million adults are living with reduced income as a result of the pandemic and are not furloughed, or getting help from the SEISS, around half of these have lost a third or more of their total household income. Among the 'excluded' group nearly two thirds are struggling to pay household bills, and 29% are falling into arrears on bills[xvi].

Increasing digitisation

While spending money in physical locations was largely off-limits, online spending grew quickly. Online shopping had already been growing rapidly but became the norm for many consumers in 2020. Online shopping accounted for 30% of retail in December 2020 having peaked at 33% in June 2020. Online sales for the whole of 2020 were up by 46% on 2019 values – the largest annual increase since 2008.

For many, online services have enabled work and education to continue in the home. Perhaps the single biggest difference in online behaviour in 2020 was the wholesale adoption of video calling. Previously used primarily by business, video calls became mainstream. Users saw them as the best alternative for staying in touch with friends and family during bans on in-person visits. One platform reported a 30-fold increase in users globally between December 2019 and April 2020[xvii].

Given the important role online services have had for many since the start of the pandemic, the 10% of the population who are digitally excluded [xviii] – mainly the elderly, and especially those living alone – have suffered a distinct disadvantage.

The 'debt' environment at the end of 2020

The overall picture reported is of debt levels steadily rising again after a drop during the first lockdown. For many, debt has been incurred simply as an essential means of covering everyday living expenses.

Research by money.co.uk suggested that such expenses were the single biggest cause (35%) of debt[xix], while the Resolution Foundation found 42% of working age adults were borrowing – from both formal and informal sources, including credit cards and family members – to cover their everyday living costs. Among the lowest income working age families this percentage rose to 54%[xx]. This need to borrow for everyday costs was particularly acute among those whose income was affected both in lockdown and during re-opening[xxi].

The ONS reported that, by December 2020, nearly 9 million people had needed to borrow more money, whether through formal or informal sources, because of the coronavirus pandemic, and that the proportion borrowing £1,000 or more had increased from 35% to 45% since June 2020[xxii]. StepChange estimated that 2.87 million people are now at high risk of long-term debt problems. Estimates of the total amount of debt

incurred directly as a result of COVID were around the £10 billion mark[xxiii].

The overall extra debt incurred by many since the pandemic hit would no doubt have been higher still were it not for the financial support and forbearance measures available. Originally intended as temporary measures to get people through the initial lockdown, the ongoing impact of the virus has led to the various schemes being extended several times. Figures from UK Finance reveal that 1.8 million people have taken the option to defer mortgage repayments and 1.18 million have deferred credit card repayments[xxiv]. The enforcement of new/ extended local or national lockdowns has the potential to trigger further material increases in customers requesting payment deferrals. While the breathing space provided has been necessary and welcome, repayment deferrals have added to the amounts people will ultimately have to repay, potentially adding further to the burden of people already struggling with debt.

The government also introduced a moratorium on most court possession proceedings for homeowners and Section 21 eviction for tenants which has remained in place throughout the crisis, and has recently been extended to coincide with the extension in the payment deferral scheme. Bailiff actions were also paused for an initial five months and are now only able to be used to recover unpaid fines or bills if they adhere to social distancing guidelines.

However this does mean that when things get back to normal, there will be a backlog of repossessions, evictions and debt collections that had been paused in the crisis. UK Finance predicts a spike in mortgage possession activity, although initially the majority of these will not be related to payment problems triggered by COVID-19 as they were already in the pipeline[xxv]. Longer term, possessions will be shaped by the state of the labour market over the next couple of years.

Towards the end of 2020, COVID cases climbed steeply again and full lockdown was in force everywhere in the UK as 2021 began. This time around, a sustained return to some sort of normality is in sight, thanks to the rapid development and deployment of COVID vaccines. Welcome as that prospect is, it will probably also mark the point at which the true impact of the pandemic on the economy, personal finances, debt and debt advice starts to be realised.

3. Impact on debt advice

As noted above, while some people took the opportunity to pay down their debt, many were in no position to do so and actually needed to borrow further just to cover basic living costs.

When the pandemic first hit and lockdown was introduced in March, the number of debt advice consultations actually fell[xxvi]. Face-to-face consultations became impossible and, like everybody else, advice agencies had to adapt quickly to an unprecedented situation.

However, after the drop during the first lockdown, agencies reported that the number of requests for debt advice rose steadily during the rest of 2020[xxvii]. Unemployment climbed steeply, in spite of the furlough scheme[xxviii]. Many companies, including major employers like British Airways, Marks and Spencer, John Lewis and Debenhams[xxix], faced severe problems and laid off thousands of workers as their custom and cashflow disappeared.

Their ex-employees found themselves reliant on state benefits, many for the first time, and sought help from agencies like Citizens Advice to understand their employment and benefits rights.[xxx] Such enquiries could be a precursor to a subsequent need for debt advice.

The pandemic has exacerbated problems for many people who were already struggling financially. Those groups who were likely to be in financial difficulty prior to the pandemic have continued to suffer disproportionately since.

The groups who suffered disproportionately

Before COVID-19, while 10% of people across the UK reported being behind on bills or housing payments, the figure for people from ethnic minority groups was 20%[xxxi], and within black communities, the proportion was more than a third. The COVID crisis has exacerbated these existing disparities.
For example, the FCA found that while 31% of all adults had seen a decrease in income, for those from a ethnic minority background the figure rose to 37%[xxxii]. Research by the Institute for Public Policy Research (IPPR) '*during the first lockdown showed that people from BAME communities felt at much greater risk of falling into arrears due to the pandemic*'[xxxiii]. This was at least partially explained by another finding in the same report showing that while around 5% of all those employed in January/February were no longer working in June, amongst ethnic minority groups, the equivalent figure was 13%. Ethnic minority groups have suffered more from labour market disruption as they are more likely to work in shut down industries or have had their working hours reduced[xxxiv]. For example, a third of Bangladeshi men work in catering, restaurants and related businesses, while one in seven Pakistani men work in taxi, chauffeuring and related businesses[xxxv]. These occupations were among the hardest hit by lockdown restrictions.

In August, YouGov's Debt Tracker reported: "In every financial circumstance asked about, people from a BAME background were more likely than White respondents to have been negatively affected." In their research 45% of people from BAME communities reported their personal finances had suffered as a result of the pandemic, compared with 34% of White respondents. 27% of those from BAME communities are now concerned about repaying debts compared to 18% of White respondents[xxxvi].

The following chart shows ethnic groups and their views on the likelihood of not meeting financial commitments in the following three months.

Source: IPPR analysis of Understanding Society Covid Wave 2. "Not meeting financial commitments" refers to individuals saying that they expect to "have difficulty paying their usual bills and expenses".

The differential impact has also been noted by those providing debt advice. Debt Free London said "Since black communities have been disproportionately affected by the coronavirus crisis and are over-represented in the frontline workforce, we expect the unequal debt impact to continue to rise."[xxxvii]

StepChange reported that women continued to seek debt advice in higher numbers than men, although the gap between them was slightly smaller compared to before the pandemic. The proportion of single parent clients also fell, although at 21% is still much higher than in the general population[xxxviii].

A report by the Women's Budget Group found that women made up 61% of people getting into debt to buy everyday necessities. 30% of women report being negatively affected financially by the pandemic compared with 26% of men. Mothers, lone parents, ethnic minority women, young and disabled women were identified as most at risk[xxxix].

Those with a disability also fared worse than the population as a whole. In August, a Citizens Advice report found that, across the UK, one in four disabled people have faced redundancy, compared to one in six of the overall population[xl]. Citizens Advice Cymru reported that people in Wales "living with a disability are more than three times as likely to have fallen behind on a bill since the start of the pandemic"[xli].

StepChange noted that 52% of their new telephony clients were in a vulnerable situation (defined as experiencing a physical health or mental health issue, a learning disability, vision or hearing loss, or other situations which impact someone's ability to deal with problem debt) in addition to their financial difficulty at the time of advice between April and October. This compared to 44% in 2019[xlii].

Looking particularly at those with a disability which limits day to day activities a lot, the Standard Life Foundation reports they are more likely to have missed three or more payments (13%) and more likely to have three or more types of payment holiday in place (5%)[xliii].

Mental health generally suffered during the crisis, with money worries playing a major part. The Money and Mental Health Policy Institute found that among those with experience of mental health problems, one in ten had missed a debt repayment compared to less than one in twenty of those who had never experienced a mental health problem[xliv]. The Mental Health Foundation reported in May that roughly a third (33%) of UK adults were worrying about their finances, including bill payments and debt[xlv]. Among those seeking debt advice, the proportion was understandably higher: StepChange research found that 66% of their clients were struggling with anxiety, while 62% reported having depression[xlvi]. Mental health charity Mind reported that they had been contacted by many people "anxious about the prospect of losing work or coping with reduced pay. And isolation, uncertainty and even less access to support are all having a knock-on effect on how people are managing their mental wellbeing and their money." In a survey they ran, 76% of people whose employment status had changed said that financial concerns had made their mental health worse (compared to 47% of people overall)[xlvii].

Another Mind survey later in the year highlighted how existing inequalities were creating disproportionately high rates of poor mental health among ethnic minority communities. Concerns about finances worsened the mental health of 52% of people who identified as from an ethnic minority group, compared to 45% of those who identified as White[xlviii].

In medical terms, the COVID-19 virus itself had by far the most serious impact on the elderly. Conversely, elderly people have been least likely to suffer financially, and many bodies noted the disproportionate economic effects on young people. The IPPR found that 11% of those aged 16 to 29 had lost their jobs or otherwise left the labour market

compared to 5% across all ages[xlix]. A growing number of younger people sought debt advice. 61% of StepChange's new clients between April and October were aged 18 – 39 while this age group as a whole makes up 36% of the UK adult population[l].

Younger people were also very likely to be tenants, another group highlighted as particularly affected. Research by Shelter published in July 2020 estimated that 227,000 adult private renters had fallen into arrears since the start of the pandemic[li]. In Northern Ireland, between March and June, 72% of all crisis-related enquiries to charity Housing Rights were from clients who were in private rented property. Just 10% were from owner-occupiers[lii].

With the cost of housing highest of all in London, 88% of Debt Free London's clients live in rented accommodation[liii]. The proportion stays high nationwide: 83% of StepChange's new clients between April - October were renting their accommodation, of whom 56% were renting from a private landlord, 23% from a housing association and 21% from a local authority[liv].

The types of debt creating problems

Debt Free London reported that the most common types of debt they had to provide advice on were council tax bills (36%) and rent arrears (36%)[lv].

StepChange have consistently had to provide more debt advice in relation to council tax than in relation to any other single cause of debt. The proportion of their clients who had fallen behind with council tax payments rose from 20% in April to 29% in October 2020[lvi].

Citizens Advice estimated that debt arrears incurred during lockdown could be up to £1.6 billion. Of this, the largest source of arrears is rent, where consumers were estimated to have fallen nearly £909 million behind[lvii]. They noted that private renters were particularly hard hit, with half a million being behind on rent payments because of the pandemic, 58% of whom had not been in arrears prior to the pandemic[lviii]. Citizens Advice Cymru estimated for Wales specifically that there was £44 million of rent arrears and £13.3 million of council tax arrears[lix]. In Wales, and in Scotland, the bureaux called for local authorities to relax their pursuit of these debts (council tax is a devolved issue)[lx].

Debt advice has adapted to COVID

Thus far, debt advice agencies have managed to continue providing a service during the COVID crisis. This is in spite of them facing growing demand for other guidance on employment and benefits, as well as the general pressures advisers have had to live with alongside the rest of the population. Understandably, reported levels of stress among advisers have increased[lxi].

The Government has recognised that free debt advice is a vital service, more crucial than ever during the COVID crisis. In June, MaPS secured an additional £37.8 million for debt advice providers in England. This was in addition to MaPS' existing £64.6 million budget for debt advice. A further £5.9 million (under the Barnet formula and existing levy allocation model) was provided to Scotland, Wales and Northern Ireland[lxii].

Much of the additional funding has been distributed to various debt advice agencies, who have used it to bolster their services. More staff have been recruited[lxiii] and more IT supplied[lxiv] to enable remote advice delivery.

The growth of advice delivered via technology, already something aimed for prior to COVID[lxv], has often been the only option possible during 2020. As a result, the proportion of consultations delivered remotely has grown, while face-to-face ones have declined. While remote advice is both efficient and appropriate for many people, concerns remain for those without online access. Prior to the crisis, nearly three-quarters of Citizens Advice's debt consultations had been conducted face to face[lxvi].

There have been innovations to help people manage their debt. Citizens Advice Scotland has produced a new online tool, Money Map, that clients can use for self-service analysis of their options[lxvii]. Stepchange has introduced a new product designed specifically to manage debt arising from COVID[lxviii]. However, for the digitally excluded, who may lack computer skills or the money to buy the necessary hardware to benefit from online help, debt advice has been limited to that offered over the telephone. The face-to-face option that many need has been unavailable or limited according to the social distancing measures in place at the time.

Fears for the future

Debt advice agencies and others have expressed real fears that once the government's support measures are withdrawn many clients will be overwhelmed by debt. This in turn could lead to debt advice agencies themselves being overwhelmed[lxix].

For many, the issue of problem debt has been postponed rather than addressed.

MaPS estimated in June that the number of people needing help with debt would increase by over 60% and peak around the end of 2021[lxx]. This was before the advent of the second wave and new variants of coronavirus took hold. Government has announced further extensions to the support given to businesses and individuals, but at some point its support will end. Currently payment deferral schemes have been extended, with new applications and extensions available until the end of March 2021 with a long stop date of 31st July. If no mitigating measures replace it, problem debt is expected to increase.

In research published in March 2021 the Standard Life Foundation estimated that 5% of households had sought advice about their financial situation since March 2020. On top of this 8% said they would like details about where to get advice, but hadn't yet sought it, this is approximately 2 million households, who may still be in need of help[lxxi].

Conclusion

Although many activities have been stopped in their tracks by the pandemic, provision of debt advice to those that seek it has continued. The availability and rapid adoption of new technologies (by consumers as well as advice agencies), along with more use of telephone consultations, has enabled a reasonable service to be maintained for many. However, it is unclear exactly who has been excluded by the loss of face to face services, and concerns remain for the many people who would normally seek face to face debt advice. The effects of them not being unable to obtain such advice are yet to emerge.

Additional government funding has been provided and used to bolster debt advice services through recruiting more staff, acquiring additional IT and improving processes.

Other financial support provided by government for the population at large has been vital in suppressing debt problems in the short term. The cushion provided has helped to slow the immediate need for debt advice.

However, there are major threats building up that will challenge the 'Better debt advice' agenda for change. The overall UK economy is in a poorer shape than it was prior to the pandemic having shrunk by 10% over the course of 2020[lxxii]. Unemployment has grown. Further economic problems will arise as lockdowns and other restrictions continue.

In addition, the problem of debt repayment has been postponed for many people by the financial support and forbearance measures provided. Once these protections are removed, many will have accrued new or increased problem debts. The threat of debt-related court action and evictions will return.

These circumstances will likely lead to a growth in debt and the need for debt advice.

Many of the inequalities already present in society have worsened due to coronavirus. As the New Year's Message from The IFS Deaton Review of Inequalities put it, COVID-19 "…has cruelly exposed huge variations in how easily we are able to weather threats to livelihoods, to educational progress, to physical and mental health. These disparities have been closely correlated with pre-existing inequalities between groups according to their education, income, location and ethnicity – in ways that are often hard to disentangle, but depressingly familiar[lxxiii]."

Those without online access have been at a severe disadvantage. People from ethnic minority groups and the disabled have been more badly affected by Covid than the population as a whole. The pandemic has also had a disproportionately severe impact on young people, many of whom live in rented property. Tenants generally have fared far worse than homeowners.

Calls for action to deal with the build-up of debt have come from debt advice agencies, think-tanks and devolved government. The measures called for include:

- the retention of the £20 per week uplift to Universal Credit[lxxiv] - this has now been confirmed until September 2021[lxxv]
- improvements to debt collection practices, especially by local government around the non-payment of council tax debt[lxxvi]
- the creation of a Jubilee Fund to cover debts incurred as a direct result of COVID[lxxvii]
- co-ordinated action by government and debt advice agencies to develop responses to the post-COVID implications[lxxviii]

The COVID crisis is still ongoing. How long the crisis continues and future government policy will both have a big say in determining what levels of debt accrue and the need for debt advice. The full implications for the achievement of the goal of providing debt advice to 2 million more people are unknown. However, it is clear that following the pandemic the provision of free and impartial debt advice will be more important than ever.

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[xviii] Ofcom, Ofcom publishes digital exclusion analysis, June 2020

[xix] Money.co.uk, *The Covid-19 Debt Index - How you can get support*, December 2020

[xx] Resolution Foundation, *Caught in a (Covid) trap*, November 2020

[xxi] Ibid

[xxii] ONS, *Personal and economic well-being in Great Britain: January 2021*, January 2021. Borrowing or using credit includes credit cards, overdrafts, or taking out loans, borrowing from friends, family, neighbours or other personal connections.

[xxiii] StepChange, *Tackling the coronavirus personal debt crisis*, November 2020, estimated £10.3 billion while money.co.uk, *The Covid-19 Debt Index*, estimated £9.73 billion.

[xxiv] UK Finance, *Household Finance Review 2020 Q3*, 4 December 2020

[xxv] *UK Finance, Household Finance Review 2020 Q3, December 2020*

[xxvi] For example, Citizens Advice, *Issues by people profiles: last 12 months*, November 2020, (page regularly updated) – Debt clients fell 24% to 259,403. Also, StepChange, *Covid-19 Client Data Report*, December 2020: Between April and October 2020, StepChange Debt Charity provided full debt advice to over 95,000 clients. This is lower than numbers advised in 2019, partly due to temporary forbearance measures such as payment holidays, government intervention and other means of support. These measures provided households experiencing financial difficulty with some level of respite; many delayed seeking debt advice in the earlier months of the pandemic. However, there was a notable increase in the number of new clients seeking full debt advice from September onwards.

[xxvii] *Ibid*

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[lvii] Citizens Advice, *Lockdown debts*, October 2020

[lviii] Citizens Advice, *New year, same arrears*, January 2021

[lix] Citizens Advice Cymru, *Coronavirus debts: Estimating the size of lockdown arrears in Wales*, November 2020

[lx] Ibid, "…there is capacity for the Welsh Government to act within the current devolution settlement to protect Welsh households from financial crisis. Council tax debt — the most common debt problem that our clients seek help for — is devolved to Wales. But council tax collection practices in Wales disproportionately impact the vulnerable and push many families into further debt.

Also, *Citizens Advice Scotland, A personal debt crisis looms - unless we are willing to take action*, July 2020, Efforts to pursue arrears should take into account ability to pay and ideally re-payments should be spread as thinly as possible. Meanwhile, local authority debts over five years old, such as council tax or rent, should be written off altogether where recovery is unlikely or uneconomical."

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