



# ADVANCED CUSTOMER SUPPORT TEAM, SOUTH EAST

## 7-MINUTE BRIEFING

### FINANCIAL HARDSHIP

#### What is financial hardship?

Financial hardship typically refers to a situation in which a person cannot keep up with debt payments and bills or if the amount needed to pay each month is more than the amount that is earned/received, and normally due to a circumstance beyond their control.

#### Causes of financial hardship

Financial hardship often results from a change in your financial circumstances. The stress and fear of financial hardship and the resulting loss can have both an emotional impact and physical impact. People who have problem debt are twice as likely to have serious depression. Common reasons for a hardship include:

- Loss of a job
- Significant cut in hours or pay
- Divorce, separation, or death of a partner
- Illness or injury
- Unexpected expenses
- Rental, interest rate increases
- Poor budgeting
- Increase in the cost of living

#### Did you know?

- 69% of people who are in debt don't talk to anyone about it
- Key attitudes and behaviours to money (money habits) are developed by the age of seven
- 39% of adults (20.3 million) don't feel confident managing their money
- 11.5 million have less than £100 in savings
- Nearly nine million of us are in serious debt, and only around a third receive help



#### Fear of not knowing what you owe

There are many reasons why people fall into Debt. It is never too late to take control of your finances and seek help. If you don't know how to deal with the debt specialist organisations can offer free advice and support. Talk to your creditors and explain your situation, because they may be able to offer an affordable repayment plan. It is also a good idea to make a plan and by sticking to it, any debt problem can be managed.

- Make a list of everything you owe
- Put debts in order of priority (priority and non-priority)
- Work out your monthly budget
- Talk to someone e.g. family, friends, or professional debt organisations

#### Warning signs someone could be in financial hardship

- Large outstanding debts on Credit cards
- Using credit to pay for everyday expenses when you can't pay off balances monthly
- Not paying, juggling monthly bills, utilities
- Utilizing high-interest loans or cash advances to make ends meet
- Borrowing money from family, friends, Loan Sharks
- Repeat benefit advances
- Making only minimum payments on balances
- Late or over the limit fees piling up
- Reduced credit score resulting from high balances and / or late payments
- Inability to qualify for needed credit

# How can DWP colleagues identify potential debt

- Have the conversation with claimants
- Remember people can feel embarrassed about their debt and may not open up immediately
- How have they accrued their debt?
- Do they have outstanding Advances?
- Can they afford to repay an additional Advance?
- If there is a short fall in their rent Discretionary Housing Payments (DHP) from their local council may be available
- Is an APA appropriate to help safeguard the claimant and the landlord
- Are Split Payments be appropriate?
- If they are using someone else's bank account are they receiving their benefit
- Signpost them to specialist debt charities
- Debt management if other deductions are being taken from their benefit
- Do they have fines? They make contact the court regarding monthly deductions
- Endeavour to check in on every interview if there are changes to someone's financial situation

## Coping with financial stress

Feeling low or anxious is a normal response when you've lost your job, been made redundant, or you're struggling with debt. You may be feeling, behaving, or thinking in ways that are unfamiliar. But that does not necessarily mean you're suffering from depression or anxiety.

### Stay active

Keep seeing your friends, keep your CV up to date, and try to keep paying the bills. If you have more time because you're not at work, do some form of exercise – physical activity can improve your mood if you're feeling low.

### Do not give up your daily routine

Get up at your normal time and stick to your usual routine. If you lose your routine, it can affect your eating – you may stop cooking, miss breakfast, or eat snacks instead of having proper meals.

### Do not drink too much alcohol

For some people with money worries, alcohol can become a problem. You may drink more than usual as a way of dealing with your emotions or just to fill in time. But alcohol will not help you deal with your problems and could add to your stress.

## Support organisations

- [gov.uk](https://www.gov.uk)
- Help for Households ([helpforhouseholds.campaign.gov.uk](https://helpforhouseholds.campaign.gov.uk))
- Citizens Advice Bureau ([citizensadvice.org.uk](https://citizensadvice.org.uk))
- National Debtline ([nationaldebtline.org](https://nationaldebtline.org))
- StepChange ([stepchange.org](https://stepchange.org))
- Turn2Us ([turn2us.org.uk](https://turn2us.org.uk))
- Christians Against Poverty ([capuk.org](https://capuk.org))
- Local Foodbank Advocacy Services
- Grants / government support



References; CAB, Debt Advice Line, NHS, Money Saving Expert, Gov.uk, StepChange