

# MONEY

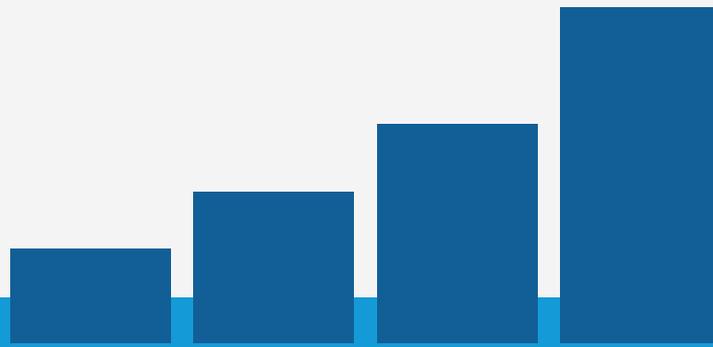
## ADVICE TRUST

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BUSINESS  
DEBTLINE

NATIONAL  
DEBTLINE

WISER  
ADVISER



## Outcomes Report

2021

Making a difference  
to people in debt

# Money Advice Trust

**Helping people across the UK to tackle their debts and manage their money with confidence**

The Money Advice Trust is the charity that runs National Debtline, which provides free independent advice to individuals in debt, and Business Debtline, the UK's only free, dedicated debt service for people who are self-employed and small business owners.

As well as our frontline debt advice services, we also train the free debt advice sector through Wiseradviser. We use our knowledge and expertise, gathered over 30 years of working with people in debt, to improve the money and debt environment. We do this by providing training and consultancy to creditor organisations to improve support for customers in vulnerable circumstances, and by influencing policy and practice on matters that affect the people we help.

# Foreword

**Welcome to our Outcomes Report, which provides an insight into the impact of our work in 2021. In what was a year like no other in our 30-year history, we continued to do all we could to help people and small businesses to tackle their debts.**

In this report we show the crucial role our services play in helping people in these particularly difficult times, and the direct impact our advice has on people's lives.

Our National Debtline and Business Debtline services provided a vital line of support for hundreds of thousands of people, many of whom continue to feel the financial effects of the Covid-19 pandemic and now the rising cost of living.

Beyond our frontline services, we continued to support the free-to-client debt advice sector through our Wiseradviser training. In a year where we had to adapt our offering to the changing circumstances, we were able to train more advisers than ever before.

Our work with creditors to improve support for customers in vulnerable circumstances took on even greater importance. Firms had to adapt to the needs of customers affected by the pandemic, and regulatory changes rightly placed further emphasis on consumer protection.

As the money and debt landscape continued to be shaped by the pandemic, we made progress on our influencing priorities. This included working with stakeholders to bring into being a new

Enforcement Conduct Board – which will bring independent oversight to the bailiff industry for the first time.

None of this, however, would be possible without the backing of our partners and funders. We have been pleased to work with the Money and Pensions Service, and the devolved administrations in Northern Ireland, Scotland and Wales on a range of projects and plans. At a time when the debt landscape is changing considerably, this continued engagement and support is even more important.

With the effects of the pandemic still being felt and the impact of rising costs hitting budgets hard, households and business finances are evermore squeezed and there is little respite in sight for millions of people.

Our services and the work we do to improve the money and debt environment are needed more than ever, and we will do all we can to improve the lives of people and small businesses in financial difficulty.



*Joanna Elson*

**Joanna Elson CBE**  
Chief Executive

# Our year in numbers

In 2021 we helped more people to deal with their debts, through National Debtline and Business Debtline.

## Helping people to tackle their debts

**130,250**

by phone and our digital advice tool

**40,170**

by webchat

**1.63 million visits**

to our advice websites

## As a result of our advice

**9 in 10**

clients' debts reduce or stabilise

**8 in 10**

are more confident in managing their money

**7 in 10**

report a positive impact on their emotional or mental health

## Improving the money and debt environment

We use our knowledge to help improve the money and debt environment. We do this by training the free money advice sector through Wiseradviser, working with creditors to improve support for vulnerable customers, and by influencing debt policy and practice.



**3,690**

staff trained in 45 creditor organisations



**26,780**

training places provided to debt advisers in 1,010 organisations



**1,600**

items of media coverage and 25 consultation and policy responses

A major focus of this report is on data and statistics. Behind each of these statistics is a personal story much like Dan's.

Dan\* contacted National Debtline after defaulting on his payments over a number of months. At the time of contacting us he owed £28,000 on three credit cards and had a personal contract purchase (PCP) on his car, with the final lump sum due next year.

*"I was furloughed for over six months and therefore received lower pay. Unfortunately, the debts had been accruing over a number of years and I got to the stage where I could not afford them. I went into a bit of a breakdown and stopped paying them so that I could afford my rent and food."*

Linda\*, the adviser he spoke to, reassured him that he had done the right thing in prioritising his rent and food, and that support was available should his mental health worsen.

The six months he was off work had taken their toll on not just his finances. He felt under a lot of stress and was concerned about his mental health.

Linda advised Dan to contact his creditors, using our sample letter, and to request that his accounts be put on hold to stop any further interest or charges being added while he tried to resolve his situation.

Linda explained the debt solutions available, and the implications for each potential option. This included looking at offering repayments to his creditors that were affordable and would ensure he could pay for essential costs, like rent and food.

*"What a wonderful service. Linda was very informed and helped me more than words can say. It is such a relief to be able to talk about this and get some help...I am really grateful."*

After our advice Dan felt more positive about his next steps and was able to start paying off his debts in an affordable way.

\*Names have been changed

# Helping people in financial difficulty

Last year, National Debtline helped **107,510** people by phone and our digital advice tool, **27,430** by webchat and had **1.3m** visits to our advice website.

**NATIONAL DEBTLINE**

Our clients' situations are often very complex, with multiple debts involved and a range of challenges faced.

## The cost of living starts to bite

Increasingly, we are hearing from people with deficit budgets, where income is not enough to cover essential costs. With the cost of living continuing to rise, this issue is set to grow in 2022, affecting more people in the process.

For the first time, income being too low to cover essentials is now the main reason for debt. Job loss or an income shock continues to be one of the main reasons for financial difficulty.

## Main reason for debt

<b>24%</b>	<b>20%</b>	<b>16%</b>	<b>16%</b>
Income too low to cover essentials	Received an unexpected bill	Mental health problems	Job loss or an income shock

The majority of people we help are on low incomes. Our clients' average household income is £18,348. Although more than half of our clients are struggling to pay £5,000 or less, the average amount owed is £12,483.

In 2021, we saw a continuing trend of people struggling with arrears for household bills, whilst credit-related difficulties remain a common problem.

Increasingly, more people contacting us are struggling to pay household debts, including council tax, rent, and energy arrears, where the consequences are often more serious.

## Energy arrears surging

For the first time, energy arrears became the most common priority debt we are hearing about. In 2021, a quarter (23%) of all clients were in energy debt, up from 16% in 2018, and this has surged even further in 2022.

The average amounts owed by our clients are also increasing. Even before the energy price rises forecast in 2022, average energy debts increased by over £200 from 2018 to 2021.

	% of callers	Average amount owed
Energy	23%	£1,418
Council tax	22%	£1,205
Rent arrears	14%	£1,929

## Credit-related problems remain

Despite the rise in household debts, credit-related problems remain common. One in four (26%) callers to National Debtline had credit card arrears.

We have seen the average amount owed for water debts rise by almost half (46%) since 2018.

	% of callers	Average amount owed
Credit card arrears	26%	£6,009
Overdraft	18%	£1,605
Water arrears	15%	£1,025

## Deficit budgets becoming even more common

**2 in 5** people contacting National Debtline do not have enough coming in to cover essential costs.



The gap in our clients' finances is widening. The average budget shortfall is now £4,000, up from £3,000 in 2018.

Year	2018	2019	2020	2021
Average budget shortfall	-£2,962	-£3,005	-£3,671	-£3,889

## Council tax arrears

The proportion of callers struggling with council tax arrears fell during the pandemic (22% in 2021) - as a result of support measures introduced by government. However, as debt collection activity picked up during 2021, the proportion of callers with council tax arrears also rose and affected 27% of all callers by December 2021.

## Cost of living pressures

Worryingly, we are seeing more people using credit to cover day-to-day costs. Last year more than one in four (28%) callers surveyed used credit to pay for essential household costs, up from one in five (19%) in 2020. Half (49%) said they had gone without essentials, such as food, toiletries and clothing in the past six months to cover costs.

# Helping small businesses

Last year, Business Debtline helped **22,740** people by phone, **12,740** by webchat and had **323,500** visits to our advice website.

**BUSINESS DEBTLINE**

The majority of small business owners we advise are sole traders with either no employees or only a small number. Common issues we see include the mixing of personal and business finances and the use of personal credit to cover business costs.

## Who we help

68% of people contacting Business Debtline are sole traders.

**35%**

Administrative and support service activities e.g. cleaners, gardeners, office admin staff and security guards

**19%**

Construction workers

**17%**

Accommodation and food service activities

The average amount owed for business debts is £30,484. The percentage of callers owing £50,000 or more has increased sharply to 23%, up from 15% in 2016.

We have also seen a drop in the number of people owing lower numbers of debts, whilst those owing six or more has increased.

In 2021, the financial impact of Covid continued to be felt by our Business Debtline clients. Many are still trying to get their businesses back on their feet and are worried about how they will afford the increasing cost of essentials.

## Covid-19 impacts continue

The pandemic continued to be the main reason our clients cited for their financial difficulty. More than half said Covid-19 was the main reason for being in debt.

**54%**

Covid-19

**18%**

Job loss or an income shock

**14%**

Business failure

**12%**

Received an unexpected bill

**10%**

Income too low to cover essentials

## More struggles with household bills

We saw an increase in small business owners struggling with household bills, including council tax and energy arrears. We have also seen an increase in the proportion of people struggling with essential trading costs like income tax.

## Credit filling the gap

Credit card debt remains the most common debt type we help with at Business Debtline. More than half of all callers (54%) are struggling with their credit card bill.



**1 in 5**

have used credit to pay for essential household bills

**1 in 10**

have used credit to cover energy costs

## Priority debts

% of callers

Council tax	<b>23%</b>
Income tax	<b>22%</b>
Energy	<b>18%</b>
Vehicle finance	<b>16%</b>
Benefit overpayment	<b>16%</b>

## Income not keeping pace with outgoings

**4 in 5**

Business Debtline callers have a deficit budget (personal finances), where they do not have enough coming in to cover essential outgoings.



As we are seeing at National Debtline, the gap between peoples' incomes and their outgoings is widening.

2018 <b>-£5,860</b>	2021 <b>-£8,000</b>
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## Worries about the future

8 out of 10 callers said they have already seen increases in their essential living costs.

**54%**

had gone without essentials such as food, toiletries or clothing.

**47%**

said they are worried about how they will be able to afford rising energy costs.

## A note on Bounce Back Loans

The introduction of emergency loans from government to help small businesses through the pandemic provided a lifeline to many. However, almost half (48%) who took government support in the form of a bounce back loan (22% of Business Debtline callers), said they were due to make payments but had not been able to afford to do so.

# Our impact

**NATIONAL  
DEBTLINE**

**At National Debtline we have been helping people in financial difficulty for over 30 years. We do this through our ‘assisted self-help’ approach, using our expertise, to help people to help themselves and building financial resilience in the process.**

Our approach provides people in financial difficulty with the support and tools they need to understand their options and gives them the confidence to take the next steps to deal with their debts. This allows people to manage their own situation and can result in better longer-term outcomes.

## 1. We help people to find their next steps

**94%**

of callers are clear on their next steps

**95%**

of webchat users are clear on their next steps

## 2. People are empowered to take action

**95%**

of callers followed all or some of our advice

**3 in 4**

are now more likely to open their post

## 3. Debts reduce and wellbeing improves

**4 in 5**

callers saw their debts reduce or stabilise

**7 in 10**

saw a positive impact on their emotional and mental wellbeing

*“I was in a mess financially. National Debtline guided me through it all. I don’t know what I would have done without you - truly a life saver.”*

*“I now sleep better at night and am not so anxious when the post arrives. I am grateful for the help - I was drowning and National Debtline was amazing.”*

*“The support was absolutely crucial, and I am so grateful for you being there. Everyone gave me so much time, was so patient, and gave me so much hope.”*

Quotes taken from callers and webchat users

**BUSINESS  
DEBTLINE**

**We have been helping small business owners in financial difficulty since 2005. During this time, we have expanded our service to help even more people and have used our expertise to grow our free advice resources.**

The Covid pandemic hit the finances of many small businesses hard. We have helped thousands during this difficult time, developing our advice to cover the emergency support that was made available. While many businesses are feeling a slow return to normality, a significant proportion continue to feel the financial effects.

## 1. We help people to find their next steps

**96%**

of callers are clear on their next steps

**94%**

of webchat users are clear on their next steps

## 2. People are empowered to take action

**98%**

of callers followed all or some of our advice

**86%**

of callers made contact with their creditors

## 3. Debts reduce and wellbeing improves

**9 in 10**

callers saw their business debts reduce or stabilise

**4 in 5**

callers felt better at business budgeting

*“After the advice I had a clear understanding of a way forward, the implications of each issue I was faced with and how to approach them.”*

*“It transformed my life. I felt I could trust all of your advice and you’ve taught me how to budget and about my rights. I could not have done this without you.”*

*“Your help allowed me to see that what happened to me happens to others and that it is possible to get through it. You helped me understand the priorities and what needed doing, one step at a time.”*

Quotes taken from callers and webchat users

# Our training

WISER  
ADVISER

MONEY  
ADVICE TRUST

**Wiseradviser provides free training and resources to the free-to-client advice sector in England and Wales and we work in partnership with Advice NI in Northern Ireland.**

In 2021, we trained more advisers than ever before, providing 26,780 training places to 4,300 advisers in 1,010 free-to-client agencies in the UK.

Our training is delivered face-to-face and online, focusing on the key subjects affecting people in debt. Courses and content are developed by our team of learning and subject matter experts and draws upon insight from advisers registered with Wiseradviser.

## 1. We train advisers to improve their knowledge

**98%**

said our training improved their knowledge

**94%**

were able to share their knowledge with colleagues

## 2. Advisers apply their learning

**97%**

said our training helped them to do their job

**99%**

felt better at helping people with their debt problems

## 3. Outcomes for people in debt improve

**9 in 10**

were helped to improve outcomes for their clients

**9 in 10**

were helped to meet or exceed clients' expectations

Find out more about Wiseradviser at [www.wiseradviser.org](http://www.wiseradviser.org)

*"Wiseradviser is a fantastic resource that offers training that smaller organisations, such as the one I work for, would otherwise not be able to benefit from."*

*"It has been really fantastic the way that Wiseradviser has stepped up to provide different ways for us to access training during lockdown. Thank you all at Wiseradviser and well done!"*

*"Wiseradviser is a fab resource and as a new debt adviser I have found the e-learning modules a great help as I can do them in my own time and own pace plus revisit modules as a refresher."*

Quotes taken from people we trained

**We have worked to improve policy and practice for people in vulnerable circumstances since 2011. During this time, we have trained 300 firms, and more than 29,000 staff.**

Our team of vulnerability experts work across a range of sectors, including financial services, water, energy and retail. In 2021, we delivered training to 3,690 staff in 45 creditor organisations to help them improve how they work with people in vulnerable circumstances.

The income generated from our training and consultancy work is re-invested into our frontline advice services and helps us to continue to deliver free, independent debt advice.

### Drawing on the best expertise and sector knowledge

Our training and consultancy draws on the expertise of our Vulnerability Lead Consultant Chris Fitch and our wider team of experts, with experience across a range of creditor sectors.

In response to the pandemic, we adapted the way in which we deliver our training including developing our 'Working in a crisis' resources to support customers and staff through the pandemic.

### Developing staff understanding

**98%**

of face-to-face (virtual classroom) learners rated their tutor good or excellent

**99%**

of users rated their knowledge as very good or excellent after our e-learning

Find out more about our free vulnerability resources at [www.moneyadvicetrust.org/vulnerability-resources](http://www.moneyadvicetrust.org/vulnerability-resources)

*"The [vulnerability] sessions have allowed our adviser teams to sit back and evaluate their approaches to vulnerability and resulted in them feeling empowered to suggest changes to our current processes."*

Quotes taken from people we trained

*"I've found the suite of Vulnerability workshops invaluable - not only has it given us hands on, practical tips and approaches to use, it's encouraged us to think longer, and more deeply, about how to identify and respond to vulnerabilities."*

# Influencing policy and our wider work

We use what we learn from our debt advice services to bring about changes to policy and practice for the benefit of people in financial difficulty.

In 2021, we continued to make progress on our key influencing priorities.



## Securing improvements to debt options

We helped secure changes to Debt Relief Orders (DROs) so that more people in financial difficulty can access these. As a result of our and others' campaigning, the Insolvency Service committed to a wider review of the current insolvency framework, including a public consultation in 2022, while the Government also set out plans for a single, independent regulator of Insolvency Practitioner firms.

Through our work on the Financial Services Act, we secured a firm timetable for the introduction of Statutory Debt Repayment Plans by 2024.

## Shaping understanding of problem debt

During the year, we responded to 25 policy consultations from the FCA, other regulators and government departments to advocate for the interests of people in debt, sharing our evidence and insight with policy and decision makers. We also published [Building back business: Tackling small business debt in the wake of Covid-19](#), our report into the experiences of callers to Business Debtline who continue to feel the financial effects of the Covid-19 pandemic.

## Improving government debt collection

We worked with other stakeholders to develop and negotiate an agreement for a new Enforcement Conduct Board – which will bring independent oversight to the bailiff industry for the first time. We also published our [Council Tax after Covid](#) report making the case for changes to debt collection rules, and increased support for people struggling to pay.

## Promoting the Trust and its services

We raised public awareness of free debt advice and problems affecting the people we help, by securing 1,600 items of media coverage in outlets with an average monthly reach of 10.8 million people.

## New Money Advice Trust website

In 2021 we launched a new and improved Money Advice Trust website to enhance the experience of users, including partners, funders and prospective staff. Working with our in-house developers, the new site is designed to be easier to navigate, more accessible and is now integrated with our popular 'Thoughts at the Trust' blog.

## Working across the devolved administrations

We continued to work closely with colleagues in Scotland, Wales and Northern Ireland. This included launching our free 'How to deal with debt guide' for people in Scotland, and our Welsh language version of our guide. In Northern Ireland we continued our work with Advice NI in supporting the training of advisers.

Our research, reports and consultation responses are available online at [www.moneyadvicetrust.org/research-policy](http://www.moneyadvicetrust.org/research-policy)



# Supporting our people

**Supporting our people remains one of our top priorities. We have taken a range of steps to support all colleagues through the pandemic, and to prioritise wellbeing.**

We have developed our ways of working, built on our equity, diversity and inclusion strategy and continued to invest in staff wellbeing.

## Investing in staff wellbeing

We are committed to the wellbeing of colleagues and have invested in a range of benefits, training and support. This included understanding staff concerns and challenges during the pandemic to assess how we can best offer support. All managers received training in mental health first aid, and we developed advice around managing a work-life balance.

We have also refurbished our offices with wellbeing in mind, prioritising space and facilities for collaboration. We are taking forward this work through our Wellbeing and Resilience at Work project, which includes providing individually tailored guides to support staff on managing demands and developing workplace resilience.

## Our equity, diversity and inclusion strategy

We continued our equity, diversity and inclusion (EDI) journey to ensure that EDI is integrated into all aspects of our culture. Working with our EDI Forum, our progress has so far included implementing an inclusive recruitment system to eliminate unconscious bias and better understanding colleagues' experiences of working at the Trust.

## Developing our ways of working

With colleagues working from home during the pandemic we undertook a project to minimise the impact of no face-to-face contact and to improve collaboration and efficiency. We have introduced new systems and channels to provide ease of contact and information sharing. We are taking forward this work and applying it as we move to a hybrid model of working across home and offices.

**We benefit from the knowledge and experience of our Trustees, President and Ambassadors who set our strategic direction and offer their time to help us achieve our vision.**

The role of our President is to bring important issues of relevance to government and other key sponsors, as well as to represent and raise the charity's profile. The role of our Ambassadors is to champion our work amongst a range of key stakeholders.

## Our Trustees

Adam Sharples CB (Chair)  
Rebecca Wilkie (Vice-Chair)  
Anna Bennett  
Laurence Burgess  
Adrian Keasey  
Lucy Malenczuk  
Vineeta Manchanda  
Lawrence Slade  
Paul Smee

## Our President and Ambassadors

Baroness Tyler of Enfield (President)  
Sir Sherard Cowper-Coles KCMG LVO  
Baroness Coussins  
The RT Hon. Sir Ian McCartney  
Sir Brian Pomeroy CBE  
Carol Sergeant CBE  
Otto Thoresen  
Simon Walker CBE

# Working in partnership

**We believe that by working in partnership we can help more people tackle their debts and manage their money with confidence.**

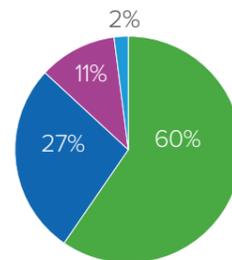
We work with a range of organisations that have a role to play in the debt and credit environment.

The partners we work with include, government departments, banks and building societies, utility providers, a range of charities and debt advice providers.

Thank you to all our partners and funders for their continued support, without which it would not be possible to carry out our work.

## How our funding was used in 2021

- National Debtline
- Business Debtline
- Supporting the sector
- Influencing policy and practice



**If you are interested in partnering with us, please contact:**

Ian Robinson

Head of Business Development

07785425631

[ian.robinson@moneyadvicetrust.org](mailto:ian.robinson@moneyadvicetrust.org)

## We are enormously grateful to our partners and funders, who include:

Accountant in Bankruptcy  
Advice UK  
Advice NI  
Affinity Water  
American Express  
American Express Foundation  
Barclays Bank  
Barclaycard  
Business Energy Solutions  
British Business Bank  
Building Societies Association  
Business Energy Solutions  
Capital One  
Cabinet Office  
Cabot Financial  
CDER Group  
Citizens Advice  
Consumer Finance Association  
Credit Services Association  
Department for Communities Northern Ireland

Department for Business, Energy and Industrial Strategy  
Department for Work and Pensions  
Energy UK  
Experian  
Finance and Leasing Association  
Financial Conduct Authority  
Haven Power  
Home Retail Group (Argos Financial Services)  
HMRC  
HM Treasury  
HSBC Bank UK plc  
Indigo Michael (Account Technologies)  
Institute of Money Advisers  
JP Morgan Chase  
Lending Standards Board  
Lloyds Banking Group  
MBNA  
Ministry of Justice

Money Advice Scotland  
Money and Pensions Service  
Nationwide Building Society  
NatWest  
Northumbrian Water  
Ofcom  
Ofgem  
Ofwat  
Opus Energy  
PayPlan  
Provident Financial  
Santander UK  
Scottish Government  
StepChange Debt Charity  
Tesco Bank  
Tesco Mobile  
UK Finance  
Vanquis Bank  
Welsh Government  
Wescot Credit Services  
Wessex Water  
Yorkshire Building Society

## Money Advice Trust

The Money Advice Trust is a charity formed in 1991 to help people across the UK tackle their debts and manage their money with confidence.

# MONEY ADVICE TRUST

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[www.moneyadvicetrust.org](http://www.moneyadvicetrust.org)

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