



Press Release

23 April 2010

Call for Government debt advice strategy overhaul

A damning report into the failings of the Government's multi-million pound debt advice strategy has highlighted the need for a new approach in tackling the UK's consumer debt crisis.

As a national debt charity that has demonstrated the benefits of sustainable, self-funded [debt advice](#), which does not rely on public funding, [Debt Advice Foundation](#), is calling on the Government to rethink its initiative.

Back in 2004, the Government launched a strategy to improve support and reduce the number of people with unmanageable debt. However, six years on and with more than £130 million invested, the initiative is struggling to meet the growing demand for debt advice.

Coordinated by the Department for Business, Innovation and Skills (BIS), the project has incorporated the services of a number of not-for-profit organisations, including Citizens Advice and the National Debtline, but has been criticised for its lack of management and thorough evaluation of the UK's debt advice landscape.

The report, published by parliament's Public Accounts Committee, has highlighted waiting lists of up to five weeks, with some debt advice organisations involved in the initiative said to have no capacity for new cases.

According to the report, it is claimed that the BIS needs to gain a better understanding of consumer needs and the effectiveness of different methods of debt advice delivery, in order to identify the most cost effective ways of providing support.

David Rodger, Managing Director of Debt Advice Foundation said: “With 11 per cent of the country’s population finding it difficult to manage their debts and personal insolvency at record levels, demand for debt advice is at an all time high.

“Consumer debt now stands at around £1,500 billion and the Government is faced with tough questions as to why household debt has continued to spiral, despite millions being invested in its debt advice strategy.”

Funds for the Government strategy are confirmed until 2011, but future funding is subject to the outcome of its next spending review.

However, Debt Advice Foundation believes there is a sustainable way for the non-for-profit sector to deliver debt advice, based on a self-funding model.

David continues: “We believe a sustainable debt advice service can be achieved without relying on public funding, and the relationship between debtor, creditor and debt adviser is the key to this.

“By providing debt advice and solutions, our charity receives funds from creditors, who I think we all agree should bear some of the cost of the solution, which in turn allows us to continue to provide support for consumers – a method that is currently being used within the not-for-profit sector, but could and should be more widely adopted.”

“As long as we can achieve consensus as an industry on what constitutes appropriate advice and develop a joined up ethical debt advice framework, then why should the taxpayer foot the bill for this when there is a genuine and workable alternative that that doesn’t compromise the appropriateness of the advice?”

Debt Advice Foundation is currently campaigning for better debt advice legislation in the UK and the creation of an [Ethical Debt Advise Framework](#) to underpin the country’s debt advice industry.

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Notes to editors

House of Commons Committee of Public Accounts: The Department for Business, Innovation and Skills: Helping over-indebted consumers report, 8 April 2010.

<http://www.publications.parliament.uk/pa/cm200910/cmselect/cmpubacc/475/475.pdf>

About Debt Advice Foundation

Debt Advice Foundation's telephone helpline service is available six days a week on 0800 2922077, lines are open from 8am-8pm Mon-Fri and 9am – 5pm on Saturdays.

Debt Advice Foundation is a registered charity, with the following objectives:

- Provide free, impartial and appropriate advice to people with unaffordable debt.
- Help people with debt problems to gain free access to solutions that will help them.
- Promote the education of young people in money management so as to reduce the likelihood they will mis-use debt later in their lives.
- Undertake or fund research to understand why problem debt happens and its effect on individuals, families and the wider UK economy.
- To use this evidence to become a force for beneficial change within the credit and debt solutions industry and to work with government to bring about legislative change to benefit UK consumers.

Debt Advice Foundation features on the FSA (Financial Services Authority) consumer website – Money Made Clear (www.moneymadeclear.fsa.gov.uk) and Direct Gov (www.direct.gov.uk) as a source of free and impartial debt advice.