



Press release

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How will parliament hang with UK consumer debt?

As the nation prepares for its first hung parliament since 1974, a national debt charity is asking how the Government will tackle the country's growing consumer debt crisis – with figures released today showing personal insolvency at a record level¹.

On the dawn of the general election result, the nation woke to an uncertain economic outlook – and with individual insolvencies reaching an all-time high, Debt Advice Foundation, a national consumer debt charity, is calling on the new Government to take a fresh approach.

Despite the lack of an overall majority win, the Conservative party has swayed the polls, and its pre-election manifesto has indicated a battle against excessive interest rates and a national financial advice service could be its chosen way forward in the consumer debt issue.

However, previous attempts to create a Government-led strategy have been branded a failure, with an official report published last month highlighting a lack of management by the Department for Business, Innovation and Skills (BIS), who had been tasked with coordinating the latest debt advice initiative².

David Rodger, Managing Director of Debt Advice Foundation, comments: "Today we've seen personal insolvencies reach a record high, and with consumer debt standing at £1500 billion it is essential for the new Government to look at fresh ways to tackle the problem.

“Hundreds of millions of pounds have been invested in the Government’s consumer debt strategy, yet many people are still facing long waiting lists in order to access free and impartial debt advice.

“We believe there is a sustainable way for the not-for-profit sector to deliver debt advice, based on a self-funding model. By utilising the creditor funding methods that commercial debt advice companies use, the third sector can provide free advice and solutions, without relying on public funding or compromising appropriateness or quality.”

Debt Advice Foundation is committed to helping bring about legislative change to benefit UK consumers, and is campaigning for an Ethical Debt Advice Framework to be enforced across the financial industry.

David adds: “This is a new era for politics, which we hope will bring positive change to the financial sector and a new approach to debt advice support in the UK.”

For further information visit: www.debtadvicefoundation.org/help

Ends

Photo Caption: David Rodger, Managing Director of Debt Advice Foundation

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Editors Notes

¹ There were 35,682 individual insolvencies in England and Wales in the first quarter of 2010. This was an increase of 17.9% on the same period a year ago.

Source: The Insolvency Service, 7 May 2010.

<http://www.insolvency.gov.uk/otherinformation/statistics/201005/index.htm>

² 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.