

Tackling problem debt in the next Parliament



Around 8 million people in the UK are struggling with problem debt and in need of debt advice. We want to work with the next Government, and Parliamentarians from all parties to ensure that people are supported to get out of debt safely, as well as taking action to prevent people falling into debt in the future.

Helping people out of debt now

To ensure everyone has a safe route out of debt, we think the next Government should:

- **Introduce statutory, independent regulation of the bailiff sector** to ensure that people who have their debts passed to bailiffs – as commonly happens for council tax arrears – are treated fairly. The creation of the Enforcement Conduct Board is a welcome step, but we need the next Government to give it statutory powers to ensure it can deliver effective, independent oversight of the bailiff industry. This could be done at no cost to government, as it is funded by an industry levy.
- **Introduce a Help to Repay scheme to bring down energy debt**. Energy debt is at a record high – with more than £3bn owed (an increase of more than £1bn in the last year alone). A Help to Repay scheme would offer repayment matching and limited debt write-off to reduce energy debt and help people get back on track with their bills. Our modelling suggests the scheme would lift more than half a million households out of energy debt within three years (please get in touch for more information on costings and benefits).

Three quarters of UK adults (73%) think people who have fallen into energy debt due to high prices should be given help to reduce what they owe.

- **Improve the debt options available to people**, to deliver a modern and fair insolvency system that better fits with the current context for household finances, incomes and employment. This should build on work already underway by the Insolvency Service, to ensure everyone who needs a debt solution – such as Bankruptcy or a Debt Relief Order – can access this, as well as looking at wider reform or new options needed.

Preventing people falling into problem debt

Across the debt advice sector, we're seeing more people who are struggling to afford the basics. More than 2 in 5 (43%) people coming to National Debtline for help have a negative budget, meaning their income is not enough to cover their essential costs, even after receiving budgeting advice from us.

We want to work with the next Government and Parliamentarians from all parties to ensure everyone can afford the essentials, and that there is an effective safety net when people fall on hard times.

We're calling on the next Government to:

- **Ensure the social security system provides adequate support** – including developing and delivering a plan to increase and maintain support at a level that ensures everyone can afford the essentials.
- **Increase protection for private renters** – including ending section 21 evictions, committing to uprating Local Housing Allowance annually in line with local rents and improving support for people who fall into rent arrears.
- **Introduce an energy social tariff** to ensure people on lower-incomes or with high energy use due to a health condition or disability can afford the energy they need, and are not left in fuel poverty.

For more information, please contact policy@nationaldebtline.org.

About us

National Debtline is a free, impartial debt advice service run by the charity, the Money Advice Trust. Our expert advisers help people to take the steps they need to deal with their situation. Call 0808 808 4000 or visit www.nationaldebtline.org.

We also run **Business Debtline**, the UK's only dedicated free debt advice service for small business owners and self-employed people. Call 0800 197 6026 or visit www.businessdebtline.org.