MaPS consultation response

Shelter Specialist Debt Advice Service's (SDAS) response to the Consultation on MaPS proposals for the delivery of its debt advice strategy

April 2024

About SDAS

Shelter's Specialist Debt Advice Service (SDAS) has been operating since 2017 and is funded by the Money and Pensions Service (MaPS) and the Welsh Government to provide expert consultancy advice and technical content to Citizens Advice, free-to-client advice agencies, local authorities and housing associations across England and Wales.

The accessible, responsive, expert advice service is delivered by a telephone advice line, webchat, and an online portal. The service handles a broad range of debt topics, including debt relief orders, breathing space, bankruptcy, County Court money judgments, and mortgage possession.

The service also develops and publishes a range of legal and technical updates, including a monthly e-bulletin, contributions to the Institute of Money Advisers (IMA) Quarterly Account publication, and ad hoc articles. The updates are made available to SDAS subscribers, as well as being published on Shelter Legal.

Additionally, the service has developed and implemented a strategy for raising awareness of debt issues amongst debt advice providers. We attend Money Advice Group meetings, lead discussion forums to share good practice, plan policy initiatives and attend quarterly meetings with the Insolvency Service to discuss themes, trends and suggest changes to debt solutions guidance.

Introductory note

We are broadly supportive of MaPS taking the opportunity to obtain valuable input from the debt advice sector and the various methods or changes that could be implemented with the goal of improving access, quality and working conditions in the debt advice sector. We do, however, wish to highlight that these additional services should not impact the overall funding made available for essential front-line debt advice.

Chapter 1: The debt advice service MaPS funds now and what we could commission in the future

Question 1: Do you agree that MaPS continuing to commission a range of debt advice service models is the best way to make debt advice accessible and available for those who need it? (Please provide supporting evidence where appropriate)

In 2023/2024 MaPS funded approximately £80m (a slight increase from February 2022 of £76m) via multiple contracts and grant agreements to debt advice services (page 44). The number of individuals in debt has continued to increase from 8.5 million people in 2021 and 9.3 million people in 2022 (according to the 2022 Debt Need Survey). While available data is limited on the increased need for debt advice services, due to the significant growth in deficit budgets as evidenced by Citizens Advice in July 2023, it is clear the demand for advice has continued to increase in line with the increasing number of individuals in debt. Anecdotally, debt advice providers have recorded a growing trend of seeing clients who own property (both mortgaged and outright). This increase also shows how essential second tier, specialist advice is to the debt advice sector due to the increasing complexity of debt advice and limited time first-tier adviser have for more detailed research. Moreover, the recently announced removal of the £90 Debt Relief Order (DRO) fee will likely result in further demand on debt advice services. Clients who previously obtained debt advice but struggled to raise the DRO fee and clients who have not sought advice before may be encouraged by the removal of this fee barrier, both increasing demands on the debt advice sector.

It is difficult to see any alternative funders at this time, especially as local council budgets continue to be significantly stretched. In principle, the 'FairShare' funding model is a good alternative to more traditional funding, but the scheme is flawed because more contributions are made when people are in a better position to afford payments towards their debt and less contribution when times are tough (as we have seen with the cost-of-living crisis in 2023 onwards). Moreover, this funding model may be inconsistent with providing 'impartial advice' as solutions that raise an income for the advice provider may be promoted over other debt solutions that do not.

In short, we agree that MaPS should continue to commission a range of debt advice services, but it's vitally important to focus on key areas and to ensure that funding isn't spread too thin across the debt advice sector. This could have the potential to dilute the support for those in need of free debt advice and they may turn to fee paying services, which could result in clients being in debt for longer or not being able to find or afford debt advice.

Question 3: Should MaPS change the scope of the services that it funds (see Appendix A) given increased debt advice case complexity? If so, how? (Please provide supporting evidence where appropriate)

It is understood that discussion of funding levels is not part of this consultation, but in answering this question, funding is a key consideration to ensure that funding for debt advice services is not watered down when looking at a possible change of scope. A useful metric would be estimated costs of each initiative and whether adding more initiatives will have an impact on the amount of money available for debt advice services.

MaPS accept, throughout the consultation document, that debt advice case 'complexity has increased markedly since 2019'. As a debt sector, debt advisers increasingly have fewer options or tools to assist clients in debt, especially with a growing number of clients presenting with more priority debts. Anecdotally, our service has noted an increase in advisers contacting our service to check whether they have missed any possible debt options, as they are spending more time with clients and feel they have fewer debt solutions available. This is becoming far more difficult with the cost-of-living crisis and a greater number of clients presenting with deficit budgets, partly driven by energy and housing costs. These deficit budgets remain despite benefit checks and other income maximisation techniques (e.g., reviewing financial statements to establish whether clients can reduce expenditure), though this is becoming more difficult with clients frequently being unable to cover the basics. This means that there should be a focus on technical support and training.

Question 4: Do you have any views on how this work should be prioritised or additional views you want to share? (Please provide supporting evidence where appropriate)

MaPS have accepted, throughout the consultation documents and in the foreword from Caroline Siarkiewicz, that clients are presenting with increasingly complex financial situations and vulnerabilities (including people with deficit budgets and complex mental health issues). This highlights the continued need for face-to-face advice to be properly prioritised and funded by MaPS. Connected to the increasing complexity of debt advice, funding should be ring fenced and prioritised to allow continued training and development of debt advisers with a view of retaining good quality advisers.

MaPS accepts that the 'requirement for more experienced staff to support trainees can create pressure for their own capacity and workloads', and that training new debt advisers takes 'between 4 – 6 months' to obtain the required level of competency to deliver debt advice independently, meaning the newly trained debt adviser is no longer a 'trainee'. In practice, due to the complexities of debt advice, while no longer being considered a 'trainee', a debt adviser's training never really stops, as they require Continued Professional Development (CPD) points. Furthermore, the requirement of CPD as a profession is in line with other professional sectors, including teaching and legal. This demonstrates the high level of training, knowledge and commitment required to deliver quality debt advice, so retaining experienced advisers is a key consideration for funding the debt advice sector.

Question 5: Do you agree that MaPS should continue to provide these services? (Please provide supporting evidence where appropriate)

Business Debt Advice

As part of our service remit, we do not routinely advise on business debts. Where enquiries are presented that cover both business and personal debts, we can assist with the latter, and signpost to Business Debtline for assistance with the business aspect.

Where we can assist with enquiries covering both business and personal debts, we rely on content created by the Business Debtline team including Quarterly Account publications and the Business Debt handbook. We also meet regularly with the wider sector (including representatives from Business Debtline) to discuss developments in the debt sector (such as the quarterly Insolvency Discussion Forum).

In a sample of 1750 enquiries, 49 signposts were made to Business Debtline to deal with elements of enquiries that fell outside of our service remit. However, as our service is a second-tier service that supports advisers (rather than their clients directly), we expect that signposts to Business Debtline are considerably higher in frontline organisations. This is particularly true as self-employment makes up 13% of the total employment market in the UK.

Without a specialised business debt hub, advisers and their clients would be forced to signpost to other organisations (which are often fee-bearing), and this would likely see a reduction in client engagement. Therefore, we believe that the ongoing support of the business debt advice service is an important requirement in the overall debt advice picture.

Debt Relief Order Hubs

While individual insolvencies have fallen for both bankruptcy and IVAs, applications for DROs have continued to rise (as confirmed in the Insolvency Service December 2023 monthly report – see paragraph 3.2). We expect this to continue given the changes to DROs as part of the Spring 2024 budget, making DROs more accessible than ever before.

As a second-tier advice service, DROs remain the most common topic we deal with, making up 33.3% of our total enquiries in 2023/24.

Guidance on DROs alone can be found in numerous places (such as the Insolvency Service guidance, the DRO Toolkit, Shelter Legal, National Debtline, and based on the DRO Team's policy decisions on individual cases) and is a huge amount of detail for a frontline adviser to recall or have access to alongside their other casework. This guidance grows constantly considering new types of debts, and the changing laws and policy around DROs (such as the 2021 uplift in debt, asset and surplus income limits, and further changes to debt limits and fees in 2024).

In theory, the DRO Hub should serve an important purpose in streamlining the DRO process and making it so that each client journey is largely the same in terms of quality. Because the DRO application process is technically laborious, the bulk of this work could be taken over by DRO Hubs. In this sense, a first-tier adviser would still need a basic knowledge of DROs to ascertain if it is a suitable option for a client (and thus avoiding being completely deskilled), and then refer those clients onto the DRO Hub for the remainder of the client journey.

The advantage of a first-tier adviser then referring the case to a DRO Hub is that it frees up adviser time to take on other tasks including seeing new clients, outreach work, or dealing with complex cases, whilst the DRO Hub focused solely on the DRO for the client.

Mental Health Crisis Breathing Space Service

Since the introduction of the Debt Respite Scheme Regulations 2020, Breathing Space enquiries have made up 14.0% of our enquiry volumes. Of these, 12.7% are specifically in respect of the mental health crisis moratorium (MHCM) scheme.

Although Breathing Space (both standard and mental health crisis) is available to access for any debt adviser, there are several reasons why the MHCM scheme is better served by a single service:

- Under the MHCM scheme, advisers must contact the approved mental health practitioner every 20-30 days. Given that the MHCM could last for months or years, this inflates an adviser's caseload as they are unable to close cases whilst reviews are ongoing.

- MHCM often leads to high value litigation (such as *Brakes v Guy* and *Kaye vs Lees*) which can go on for several years. This level of detail can fall outside of the expertise of a front-line debt adviser, whereas a single service can more effectively resource time and expertise for these complicated cases. This may require separate 'litigation funding' to ensure that legal advice can be obtained and to empower the debt advice sector to be included in litigation and be heard to help shape the scheme through case law.

- Debt advice providers can be joined to litigation as respondents, this exposes organisations to costs (as detailed in this article by Luke Oliver). This could force organisations to act defensively (which may not always be in the best interest of the client). While this risk remains present even with a central MHCM hub, the expertise and funding can be allocated in a way to mitigate this (which is unlikely to be possible for each front-line organisation to sustain individually).

Based on our close working relationship with Rethink over the previous two years, including our technical support with high value litigation cases, we believe that a central MHCM hub remains a key requirement of debt advice moving forward.

We also believe that due to the time-consuming nature and complexity of the scheme, the use of the Mental Health Crisis Moratorium gateway (currently operated by Rethink) should be mandatory for the sector, in all but the most exceptional of cases.

MaPS should also provide funding for the general debt sector to ensure that training can be procured to stay abreast of the rapidly changing landscape around Breathing Space (particularly the Mental Health Crisis Moratorium).

Question 8: Do you have views on whether MaPS should explore the need for these services? (Please provide supporting evidence where appropriate)

The consultation brief highlights that debt advice is not in a vacuum and overlaps with other areas of law.

Housing Overlap

One common link we see is an overlap with housing law; debt issues can be caused by housing issues (such as increasing rents and mortgages) and can lead to housing issues (such as arrears and eventual homelessness). This in turn can lead to time off work and potential unemployment, health issues, and further debt. As part of a leading housing charity in the UK, our consultation response will focus on this area.

With that said, the co-designing of a 'specialist service' is unlikely to solve these housing issues. Debt advisers are already equipped to handle many housing issues including possession and eviction and have access to specialist support teams (such as Shelter's Specialist Debt Advice Service and Expert Housing Advice Service – formerly known as NHAS). Additionally, drawing in more specialist services is likely to dilute the expertise that exists already within the sector.

Instead, the underlying issue is one of funding (which fall outside of the scope of the consultation) and availability of client income. The unfortunate fact is that clients often simply do not have money available to pay their ongoing living costs, and so falling into arrears can be inescapable without intervention (from welfare benefits, a charity, or a change in financial circumstances).

Instead, the most effective remedy would be early intervention where clients do fall behind. This could involve landlords (ranging from local authorities to housing associations to private landlords) being required to signpost to debt advice organisations as soon as arrears accrue.

The sector is also seeing an increase in mortgage-related debts, due to the knock-on effect of Covid, the general increase to the cost of living (including the doubling of interest rates in the past two years), and an increasing number of end-of-term mortgages.

Mortgage debts appear to be complex, mainly because they were (until recently) relatively rare (perhaps delayed by COVID-related forbearance, the introduction of the Mortgage Charter and the sharp rise in interest rates). Client options are very different, ranging from time orders to financial advice (such as remortgaging or even selling the home due to unaffordability), and we often see that front-line advisers are unfamiliar with these options, or simply not regulated to provide the advice (particularly financial advice).

With that said, mortgage debts can be dealt with by frontline advisers without the need for a specialist service. Indeed, the benefit of being dealt with by frontline advisers is that clients can work with a single point of contact for all their debts, rather than being split across multiple organisations (e.g. one for mortgage help, one for consumer debt help, etc). Additionally, support with mortgage debt is available to advisers from existing teams such as the Specialist Debt Advice Service.

However, some areas of mortgages are difficult to advise upon, largely because the options available to clients are so limited, and where legal advice is prohibitively expensive for clients who are already in debt. This includes mortgage prisoners, Buy-to-Let mortgages, and unregulated mortgages.

A co-designed service specifically for these types of mortgage enquiries could be useful as it would allow a considerable group of clients (who either are not accessing advice currently or are unable to effectively be advised) to access advice on their mortgage arrears. This overlap would likely require the involvement of mortgage advisers, as debt advisers tend to not be regulated to provide financial advice (such as remortgaging). There are examples where lenders work closely with advice organisations to refer borrowers for advice, when they first fall into difficulties with arrears. Shelter provides such a service to clients of a large lender.

Question 9: Do you have any views on how this work should be prioritised or additional views you want to share? (Please provide supporting evidence where appropriate)

Rather than the creation of new specialist teams (specifically for areas of law such as housing which are largely within the expertise of the debt advice sector), efforts should be focused instead on two issues:

(1) driving clients towards debt advice
(2) retaining talented people within debt advice.

It is no secret that clients are often ashamed of debt. Combined with the fact that debt clients are often vulnerable, it is understandable why clients may leave seeking debt advice until the last minute (which often limits their options). Client engagement and early access to services should therefore be paramount, and this can be achieved in several ways (many are likely to fall beyond the scope of this consultation) including:

1. Financial education in schools.
2. Wider messaging to debtors about options available – this could include adverts, TikTok, etc to ensure reach to all generations.
3. Early intervention by creditors in signposting to debt advice, this could include direct referral pathways with debt charities.
4. Closer working with communities who are most vulnerable, including social prescribing with local NHS services for example.
5. Wider understanding with other support services (particularly the NHS) on the benefit of debt advice, and particularly the use of things like the Mental Health Crisis Moratorium scheme where appropriate.
6. Firmer regulation on organisations providing ineffective debt solutions – these have been referred to in the January 2024 Parliamentary committee meeting as "predatory" by debt advice providers (see paragraph 22).
7. Closer working with communities who are most vulnerable. This could include the creation of a nationwide team who can work with local authorities and community groups to provide debt advice proactively. Even then, this is something that should be *in addition* to existing debt services, rather than created through dilution of existing funding.

Question 10: Do you have any alternative suggestions the types of debt advice services with a specialism that MaPS should commission in the future? (Please provide supporting evidence where appropriate)

Extension of the financial levy to energy providers. This is a point raised by Dame Siobhan McDonaugh in the January 2024 Parliamentary committee (see question 34). With energy prices still at an all-time high despite the decrease in wholesale costs after the energy crisis, it would seem that energy firms are able to afford to pay a levy.

There are dozens of news articles and reports (such as https://www.independent.co.uk/news/business/energy-bills-profits-british-gas-b2388968.html by the Independent) highlighting the large profits turned over by energy firms. This would suggest that there are funds available which could be tapped to create an energy levy by which to support the debt advice sector.

The same can apply to mortgage firms who could fall under the existing FCA levy, especially considering the increase in mortgage arrears in the sector (see answer to question 8).

Chapter 2: MaPS' role as a commissioner and funder

Question 11: Do you agree on the commissioning approach and principles that MaPS has set out? What feels most important to you? In your opinion is there anything we have not considered? (Please provide supporting evidence where appropriate)

We agree that the commissioning approach should involve input from the debt advice sector, with no commercial or financial incentive for providing debt advice or referring to fee paying services such as debt management plans or an IVA. The miss selling of IVA's and DMP's has been widespread leading to the FCA taking action in July 2021. Also, the Insolvency Service has recently announced it is launching an investigation to understand the experience of some consumers when taking out an IVA, see here.

The previous proposals on debt advice funding which aimed to reduce the level of funding provided for local and community-based services resulted in significant concerns amongst the charity debt advice providers and probably led to highly skilled and experienced debt advisors leaving the sector. We at SDAS have recognised this due to an increase in basic type queries, often from smaller advice providers unable to provide up to date resources for their advisers.

In February 2023 three organisations were contracted to provide national services by MaPS with a combined value of £111m (page 44) with £65.1m for community-based services award to four organisations. Whilst we appreciate MaPS' position in aiming to have a service available for anybody, a concern reported to us by our users has been a perceived focus on quantity over quality. Measuring the success of debt advice can be challenging. An outcome-based approach may help towards a longer-term strategy. It should be recognised that a positive 'outcome' can be related to for example a health benefit e.g. mental/physical health.

Being able to provide good quality debt advice must be at the forefront of any commissioning exercise. Furthermore, the commissioning process should not be solely reliant on value for money considerations. Before awarding contracts, MaPS should assess the providers ability to deal with complex cases, how they empower clients, the expertise of their advisers along with staff retention rates. Also, a provider's links with other organisations who provide advice not specifically related to debt but can aid advisers and their clients when exploring options and developing strategies to deal with their debts and related issues, e.g. housing advice providers, benefit advisers, social services and even care providers. Debt advice services should be commissioned as part of a connected system and not standalone services.

The consultation document on page 20 mentions the Debt Advice Reference Group (DARG) who many debt advisers and providers are unfamiliar with. We believe MapS should also consult with We are Debt Advisers (WADA), who champion the views of front-line debt advisers.

Debt advice is not just about having a clients debt written off or negotiating a repayment. Complex cases can be more than what has been described on page 47 at Appendix C. There is a significant difference between a debt advice provider and a facilitator of a debt option. This should be recognised by MaPS when 'Undertaking detailed market engagement activities' to 'Understand how the opportunities should best be structured in terms of overall value, geographic reach and other eligibility criteria'. A debt advice provider can also be a facilitator of a debt option, but a facilitator of a debt option may not be able to provide full and detailed debt advice.

Historically, debt advice providers have aimed to empower their clients. A client should be empowered where practical and possible to discuss/negotiate with their creditors or even challenge liability, perhaps make an application to court to stop an action and it is skilled debt adviser who can assess the capacity of their clients and can also understand the importance of knowing/recognising what an urgent matter is. MaPS will need to consider which organisations are best suited to empowering clients when commissioning debt advice contracts in the future.

An organisation assisting clients with financial education including budgeting skills should also be considered when commissioning. An argument for increasing funding for community-based providers is that such skills tend to be best delivered face to face. In 2017, the Money Advice Service awarded a total of £51m to Citizens Advice to provide digital and budgeting support in 2019 (see here) with the aim of prevention and this was delivered via face-to-face services.

MaPS should explore investment in some kind of financial education type programme nationwide working with local authorities and schools/colleges to ensure local communities can benefit.

The expansion of DRO Hubs has been welcomed by many smaller debt advice providers, and although it has been argued that advisers have become de-skilled since their introduction, it is how they are managed which remains key in ensuring advisers are not de-skilled. Insolvency and DRO's are within themselves a specialist area, therefore taking on more of the work involved such as exploring antecedent transactions, establishing assets/property should be done. This can then allow for advisers who are not approved intermediaries to gain skills in specialist areas such as consumer credit, mortgages etc. The Spring 2024 Budget announcement should not result in DRO Hubs becoming 'DRO factories' where applications are submitted solely on what the referring organisation has assessed. Also with this announcement, it is hoped that money can be made available to increase the number of approved intermediaries within smaller debt advice providers.

Question 12: Do you agree with MaPS' broader intent around collaboration, and do you have any ideas on how we should best deliver on this? (Please provide supporting evidence

and examples that you consider to be best practice of this way of working where appropriate)

We suggested that MaPS should engage with organisations such as We Are Debt Advisers (WADA), Advice UK members and IMA members, which should give MaPS a good indication of views from the 'front-line' and across the debt sector.

MaPS could go further with collaborating with other organisations including, but not limited to, the Money and Mental Health Policy Institute, the Joseph Rowntree Foundation and the Trussell Trust. Approaching these types of organisations should give MaPS a broad understanding of the levels of poverty currently, which have increased in England and Wales according to this report: UK Poverty 2024: The essential guide to understanding poverty in the UK | Joseph Rowntree Foundation (jrf.org.uk)).

Also see answer at Question 11.

Question 16: Do you agree with the opportunities MaPS has set out in working with other funders of advice? What feels most important to you? In your opinion is there anything we have not considered or downsides we have not thought of? (Please provide supporting evidence where appropriate)

It is understandable and reasonable to explore all options to create/increase funding and pooling funds from other sources. However, this should not detract from the Government's commitment to a sustainable and acceptable level of funding for debt advice. Having gone from the Covid pandemic to a cost-of-living crisis, being able to deliver debt advice should remain a priority for government spending.

Funders of advice such as local authorities and utility/energy companies who provide trusts and grants cannot always prioritise these due to the constraints placed upon them. For local authorities, elements of the Spring 2024 Budget will be challenging. Although there was an extension to the Household Support Fund its resources are still very limited and no replacement for this appears to have been explored. Soaring costs in adult social care, children's social care and homelessness services ultimately leads to a limited pot becoming available to assist with advice services. With regard to utility and energy firms who offer trusts and grants for those facing financial hardship, although these are welcomed, we do not feel this can be a reliable and consistent source of funding.

One option we feel is suitable and workable is to increase the levy placed on certain firms including mortgage lenders. In the period ending 2023 over £158m was raised from the levy placed on creditors. The government did respond to the extraordinarily high profits made by oil and gas companies by reviewing the levy placed upon them with the introduction of the Energy (Oil and Gas) Profits Levy Act 2022. In January 2023 the Electricity Generator Levy was introduced. Can funds raised from these be invested into MaPS and debt advice?

For the period Oct-Dec 2023, mortgage possession claims increased by 39%, see here. There should be consideration of an increase on the levy placed on mortgage providers especially due to the ongoing housing crisis which is a major contributor to families in debt. Although the Legal Aid introduced 'Early Legal Advice' with their Housing Loss Prevention Advice Service contracts in August 2023 for those notified of a lenders intent to proceed with possession action there are limits on an advisers remit to assist with a client's debts issues. Debt advisers have previously advocated for their clients which is something due to de skilling, time, and funding restraints they are unable to do. We are of the opinion this will not sufficiently reach the number of affected people and intervention at such a point is not early enough.

Chapter 3: Focusing on adviser wellbeing and supporting the debt advice workforce

Question 18: Do you agree that MaPS should continue with these activities?

We agree that MaPS needs to continue engagement with debt advisers across the debt advice sector. There should be a significant focus on adviser wellbeing - anecdotally advisers have cited a lack of support as a reason for leaving the sector.

MaPS should collaboratively work with funded organisations to ensure that proper measures are in place to support advisers, this could include flexibility regarding targets and additional funding for team building days, which could include team training. This type of work could build on the 'Workloads and Wellbeing reports' commissioned by the IMA since 2019. The most recent report published in January 2024.

Overall, MaPS should play a role to bring examples of best practice of support from across the sector to encourage all organisations to take an active role in adviser wellbeing.

Question 20: Do you have views on whether MaPS should progress these additional activities to improve how the sector supports the debt advice workforce? How should MaPS prioritise these activities against the other areas where we could have an impact i.e. funding debt advice delivery? (Please provide supporting evidence where appropriate)

The additional activities are welcome and can ensure that commissioned organisations are aware that MaPS has an active interest in the workforce it essentially funds. The increase in complex debt matters has slowed down the development of case work. Debt advisers have become overloaded with casework, they have limited time for regular training. Often debt advisors no longer attend court hearings with their clients due to time restraints and sometimes limited skills and knowledge. Many are also unable to attend regional Money Advice Groups which are essential for their continued development. These group meetings are an excellent source for 'participating in sector wide initiatives linked to workforce issues' as well as debt advice related matters. Increased funding in such areas would allow for more content to be produced by SDAS and recognise the working community of debt advisers attending such groups. They are also a networking opportunity where debt advisers can share experiences, talk tactics, and raise issues and concerns with their sector, all of which can alleviate stress.

Debt is a broad topic and the legislation around it is vast and complex. Although some debt caseworkers have studied Law many enter the sector having gained experienced from a voluntary role. Also, the role of a debt adviser requires empathy, resilience and compassion which are skills generally gained through life experiences. It is not uncommon for a debt adviser to 'wear different caps' such as benefit adviser, housing adviser, social worker even a counsellor. It can be difficult to recruit debt advisers due to this. The IMA surveyed its members between May – September 2018 on the role of debt advisers and salaries and found that employers were paying their staff what was then below the national average wage, see here. It's arguable that salaries within the charity/voluntary sector for debt advisers remain low for the work they do. It's important that MaPS understands and appreciates the level of skill required in being a debt adviser.

There seems to be a shortage of debt advisers in the charity/voluntary sector. There is perhaps little incentive for anyone leaving education or seeking a career change to become a skilled debt adviser. Recognising debt advice as a career path can be achieved by making the role more appealing. This could be done by offering an adequate salary, ensuring that workloads are managed, and staff are not working overtime. The example given on providing financial education to schools and colleges can lead to young people recognising the role/job. Most people only become aware of the role of a debt adviser upon receiving debt advice.

MaPS could also assist with ensuring various government departments are required to work with debt advisers such as local authorities, HM Courts and Tribunal services, the DWP and the Insolvency Service. It has very often been the case such organisations view debt advisers as a hindrance and an obstacle to the outcome they seek. This should not be the assumption. MaPS could encourage these government departments to align themselves with the Standard Financial Statement (SFS). This would bring these departments in-line with the debt advice sector and would improve consistency when debt advisers are negotiating with these departments.

Chapter 4: Helping to make debt advice easier to deliver and looking to the future

Question 22: Do you agree that MaPS should continue with these activities?

We are broadly supportive of MaPS continuing with the activities listed at 4.1.1. Some additional points to note are as follows:

- Improved case management systems

It is essential that Debt Advice Providers are supported (via additional funding) to develop connected case management systems. These systems could be used to securely share information between debt charities (or organisations providing free debt advice services). This would be useful to ensure that clients aren't 'lost' (i.e., if an organisation isn't able to support a client due to a conflict or capacity issues, they could seamlessly transfer the client to another organisation). These systems should also be connected to the insolvency service portals, which would enable advisers to smoothly enter clients into Breathing Space, from there into a Debt Relief Order or Bankruptcy, and eventually the Statutory Debt Repayment Plan (SDRP). This would limit the number of times that a client's information would need to be entered into an application (though this should still be checked at each stage). The secure connection with other debt advice organisations could be used to offer Debt Management Plans (DMP) as, if deemed the appropriate debt solution, could transfer to a non-fee charging DMP company. We have seen work start with AdviceUK and Trustfolio with their 'Debt Adviser Support Portal', this is the type of initiative that could be enhanced and developed further.

Overall, improving the case management system across the debt advice sector, should positively impact the client journey and reduce administrative tasks for advisers, freeing them up for other casework or seeing additional clients.

- Insolvency Service Portals

These portals should be updated and made more user friendly with an option for debt advice providers to integrate these portals into existing case management systems. One example of an improvement to the Breathing Space portal is to implement an automatic conflict check. This check would ensure that the client isn't already in a moratorium or already had a moratorium in the last 12-months. This could also check whether the client is in a DRO, bankruptcy or IVA and therefore not eligible for Breathing Space. This automatic check would save the adviser time and should prevent incorrectly entering the client into a moratorium when they aren't eligible.

- Increasing the availability of Open Banking

Since 2018, Open Banking rules have allowed banks to let customers (our clients) share their financial information with 'authorised providers'. This access granted these providers 'read-only' access to useful details regarding spending transactions and regular payments. These types of details are exactly what is needed by debt advisers when completing financial statements.

Open Banking doesn't require clients to complete a form to enable third parties to have access to the data. The data can usually be accessed directly after the correct permissions have been provided, usually via the client's bank's mobile or online banking applications. This isn't currently an option for debt advice providers and would, again, be a way to streamline the debt advice process. Open Banking would allow an adviser to access information quickly and easily. Furthermore, debt advice providers funded by MaPS require FCA regulation, so it may not be that difficult for debt advice providers to be granted 'authorised' status (Directory Archive - Open Banking). This could accompany an improved case management system which would allow information to populate a financial statement. Open Banking has been used by several 'money management websites' which demonstrates the practical application discussed.

Clients still appear wary of Open Banking as there doesn't seem to be much knowledge regarding this type of option and some clients may be reluctant to allow such access or find it difficult to allow access. We note that MaPS Money Helper does not provide any explanation to clients about Open Banking. This information should be included as it becomes more widely available and used. Furthermore, this will continue one of MaPS aims of providing better financial education.

Overall, this would be a good option that could keep clients engaged with the debt advice process, rather than being asked to provide bank statements, wage slips and other methods to verify a financial statement. Another consideration would be whether this type of open banking integration would assist advisers in 'pre-verifications', meaning that the information from the bank statements would be deemed accurate as part of the debt advice verification process. This is the type of initiative that could be considered at the same time as improvised case management systems.

- 'Robo advice' services

There is a growing trend of clients having access to 'robo advice' services, especially for people looking for investment advice. This type of advice is becoming popular because of the recent developments in 'large language model' Artificial Intelligence' (AI) (e.g., ChatGPT). This means that it is becoming easier for organisations to offer this option to customers /clients.

One example, though this doesn't appear to be run by a large language model, in the debt advice sector is from StepChange where typical questions relate to a client's debts, income, assets, and expenditure. With this basic information, the program then creates an income and expenditure form to determine the clients' *possible* options. These options are then given to the client. These responses are fixed and, at present, the 'robo adviser' cannot learn from previous interactions. Therefore, the type of service is limited and does not replace the need for face to face or advisers providing telephone and online advice.

Positives for investing in this type of advice service, are that it would likely increase the number of people that would be able to access debt advice, as there are still limited numbers of debt advice services and advisers in England and Wales. The information provided to the 'robo adviser' could be used by an adviser, if referred, thus reducing the amount of time needed for an adviser to complete an initial budget, therefore, this could be time saving.

There are, however, draw backs to the current offering of 'robo' debt advisers. These services are best suited for 'simple' debt advice matters. Though, with the growing number of complex enquiries, these types of cases seem to be more uncommon than ever. A debt adviser will have a much better idea of the type of client they are assisting and therefore change the language used, as there is debt advice terminology that may be confusing for clients, especially if they are relying on a 'robo' service only and this is the first-time seeking debt advice. One major downside of AI is that there have been reports of false information being produced. Sara Williams at Debt Camel explains the situation in detail: Robo advice - can it deliver good quality debt advice? · Debt Camel

Overall, there is an argument for 'robo' advice services as demand in debt advice continues to grow and there is a place to enable advisers to gather basic information. However, due to how difficult and costly it would be to develop an accurate debt advice model, we cannot see a good case for funding to be put into this type of initiative.

To summarise, there are ways that MaPS could continue to enhance the Standard Financial Statement (SFS) and improve the debt advice process via open banking and better case management systems. With improvement in technologies, it is important that MaPS does not limit funding for debt advice services at a grassroot level, with secondary technical support. It is understood that any new technologies would be subject to pilot testing (see question 25) with the sector and there should be greater involvement from the debt advice sector to ensure any changes meet the needs of the service and its users.

Question 23: Do you have any views on how these activities should be prioritised or additional views you want to share on these activities? (Please include any supporting evidence to illustrate your reply)

In our view, one of the first considerations should be better and simpler integration with the Insolvency Service portals (for example, the DRO and Breathing Space portals). As stated above, integration with case management systems will save advisers time as they will not be required to enter the same information multiple times. In addition, ensuring that an automatic search is completed to ensure that a client is eligible - for Breathing Space, they have not had a moratorium in the last 12 months or in an insolvency option and for DRO applications, to check that the client hasn't had a DRO in the last six years, as this information is not available via the Insolvency Register.

Question 24: Do you have views on whether MaPS should progress these additional activities to help make debt advice easier to deliver in the future? How should MaPS prioritise these activities against the other areas where we could have an impact i.e. funding debt advice delivery? (Please provide supporting evidence where appropriate)

We have highlighted some areas that MaPS could consider when horizon scanning to bring together debt advice providers, financial services, and the public sector. We agree that funding needs to be consistent to allow the sector to keep up with other industries including in debt recovery and commercial companies, who may have access to greater funding in this area.

Any additional activities need to be funded as well as funding debt advice delivery, not instead of. Additional activities should support the function of debt advice delivery, ideally introducing time saving options that enable more clients to access effective debt advice services.

See suggestions in our answer to question 22.

Question 25: Do you have any alternative suggestions about activities MaPS could be undertaking to drive continuous improvement and support the sector to adopt new and emerging technologies?

One idea that we have, is that there should be a way for debt advice providers in the sector to discuss new and emerging technologies. This would allow organisations to discuss whether changes would be worthwhile and to see whether any other organisation have attempted to use any new technologies. If so, whether they were successful, user friendly and cost effective. Once a provider has identified a possible new technology, an application or discussion could be had with MaPS to establish whether there is any funding available for a pilot project or a trial. If successful, then the change could be made permanent with the potential of roll out to other organisations, if appropriate.

Chapter 5: Increasing public awareness and engagement with debt advice

Question 26: Do you agree that MaPS should continue to provide these activities?

Yes, as highlighted in other sections of our response, it is vital that people experiencing debt, seek advice at as early a stage as possible. MaPS have a key role to play in making people aware of the debt advice options that are available to them. However, sufficient funding of a range of effective advice services needs to be in place to ensure demand for debt advice can be met.

Chapter 6: Building evidence and influencing others

Question 30: Do you agree that MaPS should continue to provide these activities?

As stated in the consultation, debt advice can be life changing. Debt itself not only creates financial pressure but can cause health issues (particularly for a client base that is already prone to vulnerability), and social issues.

There is a risk with a multi-year longitudinal study that it could lead to the sector being shaped towards 'outcome-based' advice, where only tangible outcomes are seen as positive. We have highlighted (see answer 11) the risk of outcomes being put before client best interest, particularly with the way that new contracts are put out to both charity and commercial providers. Even where clients do not achieve the outcome of becoming debt-free, the sector provides auxiliary assistance such as signposting to support organisations, income maximisation, and financial education for clients to tackle their problems later. A focus on outcome-based performance (which might be encouraged by such a study) could see these options overlooked in lieu of results which may not be in the best interest of clients.

Based on feedback from the general sector, our understanding is that the relationship between MaPS and debt advice providers has faced challenges in recent years. This is based on comments we have received around increasing targets, more stringent file reviewing processes, possible reductions in face-to-face advice, and issues around contracts (which we believe led to an exodus of advisers in 2021/22). Indeed, we have seen the impact of these changes in our own service, with an influx of new and trainee advisers accessing the service whilst more experienced advisers have moved on.

While we welcome MaPS communications that these issues are being worked on, this is likely to take time. While the consultation has asked about MaPS unique position as an influencer in the sector, efforts may be better spent on continuing to rebuild relationships between MaPS and the sector at large first.

As a starting point, MaPS could commit to increased communication, as a way of rebuilding sector trust. We are aware that MaPS provides a monthly newsletter which covers all their activities. However, a newsletter specific to the debt sector could be created for MaPS to talk about their debt-specific activities, as well as information around the sub-committees and the work they do. This could include invitations to debt advice providers to engage and collaborate as part of these activities, such as the Debt Advice Reference Group and the Affordability and Forbearance sub-group.

This bulletin could also be used as an opportunity for MaPS to provide positive feedback about the work the sector is undertaking, such as the exceptional work undertaken by Rethink or success stories from the wider sector.

Lastly, a 'looking inward' approach could see MaPS take steps to combat the issues around adviser wellbeing, the Independent File Review (IFR) process, and the confirmation of advice process, which can at times lead to lengthy, time-consuming written letters/emails that are not always useful for clients.

Question 32: Do you have views on whether MaPS should progress these additional activities to better understand the value of advice and/or to drive more UK wide collaboration? How should MaPS prioritise these activities against the other areas where we could have an impact i.e. funding debt advice delivery? (Please provide supporting evidence where appropriate)

MaPS has an opportunity to use its links to other government sectors to share the benefit of early debt advice. The is particularly relevant in areas such as social care and healthcare, where tools such as the Mental Health Crisis Moratorium scheme may not be fully understood or utilised. Signposting information to advice organisations can also be shared more widely.

As mentioned earlier, these additional activities should be is support of funding debt advice delivery, not instead of.

Question 33: Do you have any alternative suggestions about activities MaPS should be undertaking to through our policy and influencing work?

We agree that MaPS does have a unique position as an influencer in the sector but feel that MaPS should act in the capacity of a facilitator, as well as an influencer.

Various advice organisations have incredibly skilled and influential policy teams, but sometimes struggle to reach the right people. By acting as a facilitator to the sector rather than its own influencing body, MaPS is in a prime position (with its government links) to put existing policy teams in touch with organisations such as the DWP or legislators.

Additionally, acting as a facilitator rather than an influencing body allows MaPS to avoid conflicts of interest, as they will not be expected to feed back to the same creditors who fund them. This avoids the issues of feedback being 'watered down' to keep the peace and allows the policy teams to continue with their excellent work, whilst MaPS ensures that the feedback is heard by the right people.