

An example of how Direct Debt Line can help

Mrs M was left by her husband with four teenage children and arrears on her housing association rent, council tax, gas, electricity and two water companies. To make matters worse there was an overpayment of benefit to repay and money owed to a door-step lending company and various catalogues. Without any support from her absent husband, the only income Mrs M could rely on was from Income Support.

Direct Debt Line was able to arrange for full payment of three of the utility debts by making an application to a charitable trust fund. We arranged payments to the remaining water company through a special arrears reduction scheme and negotiated regular payments towards the rent arrears which helped avoid eviction (costly to both Mrs M and the housing association). Similar arrangements were made with the local authority over the Council Tax arrears and overpayment of benefit and a visit from the bailiffs was prevented.

Token repayments of £1 per month were arranged with all other non-priority creditors. Now Mrs M no longer feels under threat. DDL's intervention and support has enabled her to manage her finances, planning and budgeting for the future even though she has a very low income.

Contact Us

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Tailored and highly cost-effective money advice services for tenants of Registered Social Landlords from an organisation with a proven track record.

Dealing with Debt - Fighting Poverty



Invest to Save

Housing providers are quickly beginning to recognise that the provision of debt advice can have a positive impact on their own business. The principle of 'invest to save' is simply another way of thinking about recovering rent arrears. Its aim is to achieve a successful outcome, for both tenant and landlord, by adopting sustainable solutions to the financial exclusion faced by tenants on low incomes.

The need for money advice

From our experience, the majority of households with rent arrears also have other debts. The most common scenario is that people get caught in a debt spiral, leading to further indebtedness as the gap between income and expenditure increases every month, with the shortfall being made up from further borrowing. People in this situation find themselves in an unfamiliar and threatening world. Their usual action is to continue making payments on loans and credit cards but allow themselves to fall into arrears with utilities, rent and Council Tax.

Debt and financial exclusion

Many tenants are excluded from accessing mainstream financial services because of limited financial capability and low income. Often this will mean being without a bank account, relying on high cost credit and having no capacity to build up savings for the future. Without access to banking services tenants are unable to benefit from direct debit discount schemes and may be using expensive cheque cashing companies. Borrowing from high-cost loan companies puts further pressure on an already stretched budget as repayments can represent a high proportion of weekly income.

Direct Debt Line can:

- Offer a dedicated money advice service to tenants helping them prioritise expenditure to ensure the most important bills, including rent, get paid
- Help people maximise income, including obtaining support for tenants from grant-giving bodies
- Negotiate with creditors to reduce repayments on non-priority debts
- Help tenants access basic banking facilities, including third sector savings and loans facilities

A solution

The solution to this problem is straightforward and, with few exceptions, the outcome is successful. Direct Debt Line, the well-established debt counselling and money advice charity, can help people prioritise their debts and maintain a working budget. This means that any disposable income is paid to creditors in order of priority.

The result is that the client is motivated because they can see an end to the problem, alleviating the stress which can cause illness, loss of work and family break up, all of which can reduce available income and exacerbate the original problem.

From the priority creditor's point of view, the outcome will be that normal monthly or quarterly bills will be paid because they have been budgeted for and there will also be a structured repayment of the arrears.

Direct Debt Line is able to tailor services to meet the budgetary and organisational needs of local authorities and housing associations.

We can also provide robust monitoring systems to help you assess the impact the service has on your 'double bottom line.'