

The Royal College of Psychiatrists and the Money Advice Trust

# Debt collection and mental health: the evidence report



Research findings from a national survey of 1270 frontline staff  
working in creditor and debt collection agencies

## Authors

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## Acknowledgements

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## Introduction

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This report presents the findings from research on the experience and views of UK creditor staff on working with indebted customers who report a mental health problem.

Primarily based on an anonymous survey of 1270 frontline collections staff working in 19 different creditor organisations, the report provides a previously unavailable

insight into the challenges and business opportunities facing creditors.

The methodology for the survey is described in **BOX 1**, while the types of participating organisations and staff are broken down in **BOX 2**. Further details on the research methodology can be found at [www.rcpsych.ac.uk/recovery](http://www.rcpsych.ac.uk/recovery).

## Mental health in an economic downturn

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Our research ran over a period during which the UK economy endured, exited, and attempted to recover from reportedly the deepest recession since the 1930s. This difficult climate – as noted in October 2010's Spending Review – will continue.

During this period, creditors and debt collection organisations worked to take into account the challenging situations that indebted customers often found themselves in. Importantly, this included customers who reported that a mental health problem was affecting their ability to repay or manage their debt. For these individuals, such a situation often represented both a financial and a health crisis.

Working with such customers can be challenging for all involved. While we believe that creditor staff can

meet these challenges by continuing to improve their knowledge, skills and confidence, this report does not aim to provide a generic 'introduction to mental health problems'. Nor does it explain the nature of the relationship between indebtedness and mental health. (Readers interested in these issue are advised to consult our programme website at [www.rcpsych.ac.uk/recovery](http://www.rcpsych.ac.uk/recovery).)

*Instead, this report considers the working practice of frontline staff in creditor organisations, with an emphasis on helping the creditor sector identify ways which allow it both to meet its commercial obligations, and improve the service it gives to indebted customers with mental health problems.*

## In this report

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**SECTION 1** starts by outlining a business case for why creditors should seek to improve the way they work with customers with mental health problems. We put forward ten steps that creditors can take to improve their recovery of debts from this group, and their customers' recovery from financial and mental difficulties.

In the subsequent sections we expand on this by presenting our survey findings in depth, along with detailed recommendations for improving practice.

**SECTION 2** addresses five key areas of frontline debt collection that are relevant to the treatment of customers with mental health problems: disclosing and discussing mental health problems; handling sensitive personal

information; using medical evidence provided by health and social care professionals; working with third parties such as relatives and money advisers; and being responsive and flexible to the individual circumstances that customers present. We begin each sub-section by summarising our key findings, our recommendations and our case for change.

In addition to these five areas of standard debt collection practice, we end the report by looking at the 'specialist' teams who deal with customers in particularly complex or sensitive circumstances (**SECTION 3**). We examine the responses of these specialist staff in comparison to those of the 'mainstream' and also look at the added value that such teams can bring to the rest of their organisation.

## Looking Forward

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Finally, we want to recognise the enormous support received from a large number of people working in the creditor and debt collection sector, including the unprecedented access we were given to 1270 collections staff. We are also very grateful to each and every person who completed the survey.

We hope this report provides clear messages and guidance to bring about the practical changes that are needed. While the mental health sector will no doubt hold creditors to critical account about the nature and pace of such change, we are moving in the right direction. Together, we must now keep this momentum going.

## BOX 1 Methodology

### Overview

The research project ran from August 2009 to October 2010, while the survey took place between March and June 2010.

- 19 different organisations participated. These included creditors (high-street banks, credit card companies, and mortgage lenders) and debt collection agencies and debt purchasers. In this report we use the term 'creditor' as a catch-all term for both credit-providing bodies and debt collection agencies.
- Within these 19 organisations, 1448 individuals were randomly selected to take part in the survey. 178 did not respond to our invitation.
- 1270 respondents completed the survey. This represents a response rate of 88%.

### Survey

- The survey consisted of 28 questions.
- The survey asked collections staff about their experience of working with customers with a range of mental health problems. These included common conditions (such as depression and anxiety), rarer problems which can affect perceptions of reality (such as schizophrenia), and conditions often associated with shifts between high, normal, and low mood (such as bipolar disorder). The survey also included diseases such as dementia. It did not cover everyday stress. It also did not cover drug, alcohol, or gambling problems.
- The survey questions covered 7 areas: working in collections and recovery; customers with mental health problems; talking to customers and third parties; support from third parties; specialist teams; medical evidence; and reflection and improvement.
- The survey was developed in partnership with our Steering Group. The group had membership drawn from the British Bankers' Association, Finance and Leasing Association, Council of Mortgage Lenders, Credit Services Association, Money Advice Liaison Group, Citizens Advice, Advice UK, Money Advice South West, Sheffield CAB, Springfield Law Centre, Rethink, Mind, the Institute of Psychiatry and individuals with personal experience of indebtedness and mental health problems.

### Limitations

- All respondents completed the surveys at their place of work. Managers and team leaders were generally responsible for administering surveys and reminding non-respondents to complete these. While we worked to ensure that completed surveys were directly and anonymously passed from respondents to the Royal College of Psychiatrists via an online survey mechanism, respondents may still have had concerns about being individually accountable for their responses or being collectively accountable for their team's responses.

## BOX 2 Sample

- 19 different creditor organisations participated. These included creditors (banks, credit card companies, and mortgage lenders) and debt collection agencies and debt purchasers.
- No sufficiently detailed sampling frame was available from which to take a random sample of organisations. Therefore organisations were approached by the research team on the basis of their 'market share' and/or their availability to participate.
- *Within* each organisation, we selected a random sample from debt collection units' staff lists. Where organisations had more than one debt collection unit, we attempted to randomly select units. Where this was not possible we assumed that no significant differences existed between units.
- The 1270 staff who participated in the survey all worked in the collection and recovery of arrears on financial products, and had direct interaction with customers by telephone or in writing.
- The survey was conducted with 1136 frontline staff (those working in mainstream collections and recoveries) and 134 staff working in a specialist team dealing with vulnerable customers. *Unless specified, all data presented in this report is based on the responses of mainstream staff.*
- In terms of the type of financial product that respondents dealt with, 696 staff dealt exclusively with unsecured products (such as credit cards, unsecured loans and current account overdrafts), 423 staff exclusively with secured products (such as mortgages and secured loans), and 151 with a mixture of both.



# 1 Ten steps to improve recovery

**This section outlines a business case explaining why creditors should take mental health fully into account. Premised on two inseparable factors – customer care and economic considerations – we identify ten changes which every creditor should consider making to their practice:**

1. Deal with disclosure: a basic drill
2. Encourage disclosure, improve recovery rates
3. Include mental health in organisational policies
4. Give staff the skills to deliver these policies
5. Make informed consent a 'standard practice'
6. Use your specialist team or staff member
7. Improve monitoring
8. Use medical evidence to aid decision-making
9. Work with third parties
10. Focus on sustainability and quality

## Why should creditors care about mental health?

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Every 30 seconds in the UK<sup>1</sup>, staff working in collections will have to make a business decision: how best to recover a debt from a customer who says they have a mental health problem.

Creditors are *not* doctors. Nor are they counsellors or an NHS helpline. They are not trained to diagnose health problems, and cannot put the pieces of people's often complex and difficult lives back together again.

However, creditors should still care about mental health. Firstly, because it will enable them to treat their customers sensitively, fairly, and with a better understanding of their circumstances. Secondly, because it can – as the majority of surveyed staff believe – allow them to recover more debt. These two factors – customer care and economic rationale – are inseparable.

## Better for customer care

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One in two British adults with a problem debt also has a mental health problem (**BOX 5, PAGE 10**). Such mental health problems can affect the way people think, feel or behave, and can negatively impact on their lives (**BOX 3**).

When combined with problem debt or other financial difficulties, mental health problems can pose additional and serious difficulties for the individual, their friends and family, and those working with them (**BOX 4**). Critically, this includes staff in collections and debt recovery.

Although staff knowing the 'basic statistics' about mental health can help, a deeper understanding of how this impacts on a person's ability to manage their finances is far more critical for enabling staff to practically work with such customers. Creditors who

invest in staff developing a genuine appreciation of these issues will be well-placed to understand their impact on customers' financial wellbeing, and more able to treat these customers fairly and sensitively.

### Findings from our survey:

**59% of staff report if they could take customer mental health fully into account, they would be more likely to recover the debt**

**Only 18% of staff agree with the statement "many customers who claim a mental health problem are saying this as an excuse to avoid repaying a debt"**

## Better for business

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The economic rationale is simple. If creditors:

- do not know customers have mental health issues;
- do not encourage customers to tell them this (e.g. reassuring customers how this information will be used);
- do not ask basic questions about the impact of a customer's mental health problem on repayment;

### They will be missing:

- a vital piece of information;
- an opportunity to impress upon customers that this can be taken into account;
- an opportunity to impress upon customers that they *can* clear their arrears;
- an opportunity to identify, anticipate and manage any related challenges;
- an opportunity to refer customers with complex needs to a specialist team/staff member;

### Which could result in:

- *a broken repayment arrangement;*
- *additional costs* of negotiating a new arrangement for the creditor;
- *a financial impact on the customer* in the form of penalty charges, further arrears, and legal action;
- *a potential worsening* of the customer's mental health (e.g. due to distress and anxiety);
- *a reduced likelihood* of the customer engaging with the creditor or addressing their financial problems.

The importance of such information and insight, combined with an organisational policy on what action and steps to take, could make the difference between successful and unsuccessful debt recovery.

<sup>1</sup> This is based on the average number of customer/third-party disclosures reported in a typical month by mainstream collections staff in the 19 organisations in the survey (see: **SECTION 2.1**).

## BOX 3 What is a mental health problem?

A mental health problem is where negative changes occur in a person's thinking, emotional state and behaviour, and where these disrupt a person's ability to work, carry on their normal personal relationships, and function in everyday society. Some mental health problems can be so severe that they are viewed as diagnosable mental illnesses. One in six British adults has a mental health problem, such as:

- **Depression** - a long-lasting, low mood that interferes with the ability to function, feel pleasure, or take interest in things. It affects **3%** of the population.
- **Anxiety** is where normal feelings of concern, worry and fear are felt at a far higher and more debilitating level, and can include physical symptoms such as heart palpitations and pain – these affect just under **5%** of the population. *Combined depression and anxiety affect just over 9%.*
- **Panic disorder** means having repeated and frequent panic attacks. A panic attack is a sudden episode of intense fear or discomfort accompanied by symptoms such as nausea, chest pains, unbearable fear, shortness of breath. Attacks last for 5-10 minutes. These affect just under **1%** of the population.
- **Obsessive compulsive disorder** is the name given when someone has obsessions, compulsions, or both. The individual is usually aware of these being excessive or unreasonable. This affects **1%** of the population.
- **Bipolar disorder** (formerly known as manic depression) is a severe mood disorder which causes shifts in a person's mood characterised by extreme highs (mania) and lows (depression) often with normal periods of mood in between. It affects **1%** of the population.
- **Schizophrenia** can be thought of as experiencing episodes during which reality is perceived differently. This might mean hallucinating, seeing or hearing things that others might not, or having a delusion such as an unfounded belief that they are being persecuted or they are famous. It affects **1%** of the population.

People with a diagnosable mental health problem may be on medication. Side-effects of this can include feeling drowsy or sedated, dizziness, disinterest in anything (dysphoria), nausea, headaches, confusion, and memory loss. Our survey asked collections staff about working with customers with a range of mental health problems. However, we asked respondents to *exclude* everyday stress, or drug, alcohol, or gambling problems.

Adapted with permission from Debt and Mental Illness, A Training Resource for Money Advisers, Rethink 2010.

## BOX 4 Difficulties associated with customers with mental health problems

- A customer's mental health problem may be the result or cause of unemployment, reduced hours, salary or debt. While a mental health problem may qualify people for benefits, they may have difficulty claiming these, or experience delays and disruptions in receiving money. Lengthy hospital admissions may make it difficult to meet debt repayments, and may also result in reduced levels of benefit. Medication side-effects can make it difficult to get 'on top' of finances, while the condition itself can severely affect motivation.

### **Disclosing or identifying a problem:**

- Staff may find it difficult to distinguish between those with mental health problems, and those perceived as using mental health as an 'excuse'.
- Customers may have difficulties or fears talking about their mental health to staff, including its impact on their ability to manage their finances – this can mask underlying problems staff need to know about.

### **Discussing a problem:**

- Customers may become anxious when contacted, disengage, and not respond to calls or letters, while staff may have difficulty communicating with customers and understanding how their mental health problems are relevant – it can take longer to establish what needs to be done.

### **Information and decision-making:**

- The collection and storage of sensitive personal information about mental health may raise important questions for creditor organisations and staff, and prompt concerns and worries for customers.
- Using information to make decisions about what to do in relation to a debt is not always easy for creditors.

### **Unsustainable payment arrangements**

- Customers may agree to unrealistic payment arrangements simply to get off the phone; conversely, staff may have difficulty identifying what a customer can afford to pay without key information about the customer's mental health problem.

# What should creditors *do* about mental health?

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There are ten actions that creditors should consider taking to improve their levels of customer care and recovered debts.

## 1. Deal with disclosure: a basic drill for frontline staff

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All staff should know and be able to follow a basic 'drill' for dealing with customers disclosing a mental health problem (DIAGRAM 1):

ACKNOWLEDGE the disclosure

INFORM the customer how this will be used

REQUEST their consent

ASK three questions to get key information

SIGNPOST or refer to internal and external help

We would expect that all creditors could introduce this drill without difficulty.

### Why make this change?

Our survey found that:

- every 30 seconds, a customer will disclose a mental health problem to a member of collections staff;
- despite this, 33% of mainstream staff we surveyed 'rarely' or 'never' asked basic questions about a customer's mental health problems following a disclosure;

- without knowing how a customer's mental health problem affects their ability to repay a debt, staff are missing vital information to inform effective recovery, and provide good customer care.

- staff say that such an approach is needed:

*"Although I fully understand customers' situations due to family members suffering from mental health problems, I have no idea about how to approach this over the phone and what the process is."*

- staff indicate that such an approach can work:

*"When working with customers that have a mental health problem, it is often clear that they are distressed and that it has taken a lot for the customer to talk to us about how their health issues have affected their ability to pay. Once the customer has opened up to you it is easier to establish their circumstances and offer them the best support."*

## 2. Encourage disclosure, improve recovery rates

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For every customer who discloses a mental health problem, there will be others who hold back. For example, a 2007 survey by the Royal College of Psychiatrists and Mind found that for every customer who disclosed, *two did not* (BOX 5). Their reported reasons for not disclosing included:

- worrying how this information would be used;
- fears that disclosure would affect future credit;
- feeling they would not be believed;
- thinking staff would not understand;
- believing it would make no difference;
- expecting they would be treated unfairly;
- feeling debts would be recovered from benefits.

Not knowing how these customers' mental health problems might affect their ability to repay represents a missed insight for creditor staff. **We therefore recommend that creditors take steps which encourage customers with a mental health problem to disclose this.** These include:

- explaining how information about customers' mental health will be collected, used, and stored;

- such an explanation being included in: (a) standard 'How we use your information' leaflets; and (b) Privacy Notices produced to meet the Data Protection Act;

- inviting customers on letters to inform you about any relevant health difficulties: *"are there any health issues we should know about, as we will treat these confidentially and they will help us to provide you with a better service?"*

- giving frontline staff the skills to identify the 'warning signs' of mental health problems and to broach the issue sensitively with customers.

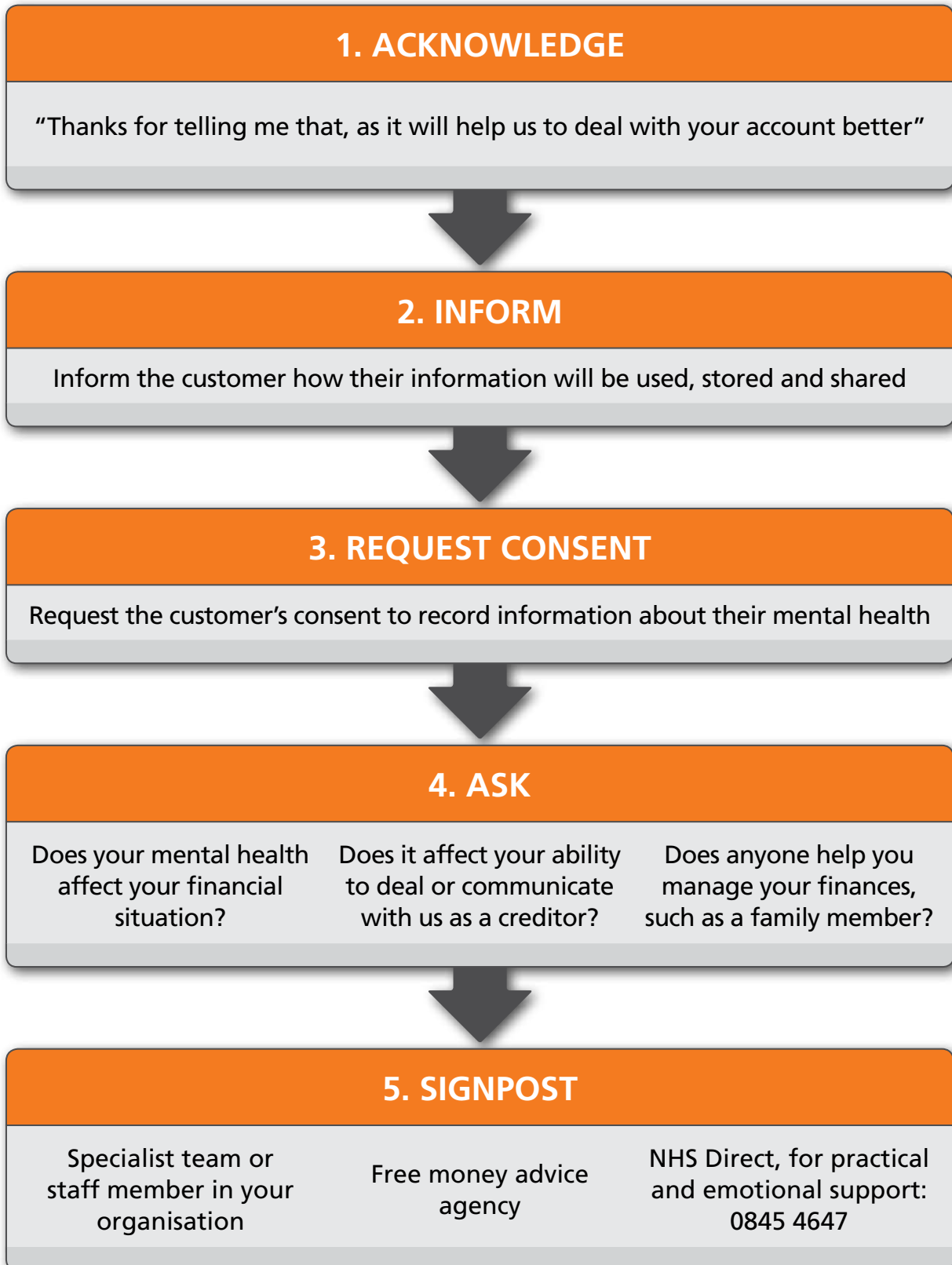
### Why make this change?

- Taking the above steps will also help staff avoid breaching the Data Protection Act – 39% of staff surveyed may be doing this.

### Where can I read more about this?

This is explored in SECTION 2.1.

## DIAGRAM 1 Dealing with disclosure: a basic drill for frontline staff



### 3. Include mental health in organisational policies

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Developing an organisational policy on mental health, (or reviewing existing organisational policies to include a section on mental health) is not necessarily difficult or expensive, and can have benefits both in terms of customer care and wider business aims.

We therefore recommend that:

- creditors should have a written mental health policy (either standalone, or incorporated into existing customer care policies);
- this policy should address *each of the ten issues contained in this section*;
- this policy reflects other legal or professional frameworks that need consideration.

This recommendation drills down from the principles of the Lending Code and MALG Guidelines which provide a broad and excellent foundation for good practice. This 'drilling down' is important as 69% of creditor staff say they need specific guidance on what steps to take in their own workplace, each of which has its own systems, processes and culture.

**Such is the importance of this, that the Royal College of Psychiatrists is willing to develop generic or (upon request) bespoke organisational policies if our basic costs can be covered. We invite the creditor sector to respond to this offer.**

#### Why make this change?

- 69% of staff indicated that they worked in an organisation where a clear mental health policy did not exist, and where they would like one;
- when a customer disclosure is made, 44% of staff reported finding it difficult to know what to say;
- staff say such an approach is needed:

*"For me, the greatest challenge is provided [not by these customers but] by our organisation. There is no clear process or procedure to follow when we encounter this sort of person. We are left to our own devices in this sense, so the approach can be very inconsistent."*

### 4. Give staff the skills to deliver these policies

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In order to deliver an organisational policy on mental health, staff need to have the relevant skills, knowledge and confidence.

We recognise that individual creditors may not have the time, resources, or current skill-base to develop in-house training programmes or materials to raise staff competency levels. We also understand the training needs of staff will vary – mainstream collections staff, for example, may require brief training interventions, while specialist staff may require detailed guidance.

Consequently, we recommend:

- creditors visit [www.rcpsych.ac.uk/recovery](http://www.rcpsych.ac.uk/recovery) to access free materials on mental health;
- creditors understand that generic mental health awareness resources and training (where individuals are told, for example, about the general meaning and prevalence of different conditions) will help, but is probably insufficient in itself;
- creditor staff would instead benefit most from training interventions which embed knowledge and develop skills *through showing how this relates to the everyday situations and tasks that mainstream and specialist staff actually undertake.*

This would equip staff 'for the job', rather than providing general knowledge that isn't directly or easily applicable.

**Again, such is the importance of this, that the Royal College of Psychiatrists is willing to develop such a training programme for the creditor sector if our basic costs can be covered. We invite the creditor sector to respond to this offer.**

#### Why make this change?

Seven out of ten staff in our survey reported that they wanted training on:

- how customers' financial situations can be affected by mental health problems, and vice versa;
- the different types of mental health problem;

#### Where can I read more about this?

This is explored further in SECTION 2.5.

## BOX 5 How many customers will have a mental health problem?

In order to calculate the impact and cost of taking mental health into account, it is important to estimate just how many customers might have mental health problems. As none of the creditors surveyed were able to provide such data, we can draw on three sources:

- results from our survey on the number of monthly customer disclosures reported by staff;
- results from a large-scale, representative Government survey on mental disorder among British adults;
- the only dedicated survey – to our knowledge – of people with experience of mental health problems and indebtedness (conducted by Mind and Royal College of Psychiatrists in 2007).

No single source of data is perfect – each has its own strengths and weaknesses. However, together they provide the best indication available of the numbers of customer who might be affected.

### Staff reports

As shown in **SECTION 2.1**, our survey asked front-line collection staff about the number of disclosures of mental health problems made by customers and representative third-parties in a typical month. This found, on average, that:

- approximately 10,000 disclosures were made each month in a large, multi-sited collections and recovery operation (around 2,000 staff);
- around 1,000 monthly disclosures were made in large collection centres (around 200 staff);
- an estimated 500 disclosures were made in medium-sized collection centres (around 100 staff);
- an average of five disclosures were made per month per member of staff.

Disclosure rates measure the instances when a customer or third-party tells a member of staff about a mental health problem. They *do not* reflect the number of *individual customers* with mental health problems. A customer or third-party could tell more than one member of staff in the same organisation about a mental health problem.

Customers with multiple debts could also disclose mental health problems to several creditors.

### Indebted adults with mental health problems

The Government's Adult Psychiatric Morbidity Survey screened over 8,000 adults to establish the level of mental health problems in the British population in 2000. This survey also collected a range of other data, including information on problem debts. Analyses of these data indicate that:

- one in twelve adults had problem debts (being 'seriously behind' with at least one commitment);
- one in two adults with problem debt also had a mental health problem.

The survey also found that one in six British adults were living with a mental health problem.

### Customer reports

Research conducted by Mind and The Royal College of Psychiatrists in 2007 provides an alternative perspective: that of the customer. A non-random sample of 924 UK adults with experience of mental health and debt problems, this found that:

- for every respondent who told the organisation they owed money to that they had a mental health problem, there were two respondents who decided not to disclose;
- those that did not disclose cited a number of reasons why, including concerns about how their information would be used, their access to future credit, and a perception that creditors would not understand.

The Mind study demonstrates – for the sample studied – that creditors who wait for customers to take the responsibility to disclose may ultimately end up working with a *minority* of this group.

## 5. Make informed consent a 'standard practice'

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Customers with a mental health problem may be unlikely to disclose this if they have concerns about how the creditor will use, store, and share this information.

Earlier in this report, we recommended that creditors tell customers how they will use any information disclosed about mental health.

However, we also recommend that creditors *obtain the informed consent* of customers who disclose sensitive personal information about a mental health problem. This involves customers:

- receiving an explanation of why information about mental health is being recorded, and how it will be used, stored, or shared;
- confirming they understand these conditions;
- *and* giving permission for their information to be used under those conditions only.

### Why make this change?

There is a customer care rationale:

- customers may not *disclose* a mental health problem if they are concerned about how this information could be used;
- once consent has been obtained, creditors may share health information with colleagues and save customers from repeatedly disclosing or re-explaining their situation.

### There is also an economic imperative:

- if all relevant information about a customer is available to creditor staff, it can improve the efficiency of collections.

### And also potentially good legal reasons:

- under the Data Protection Act 1998, creditors have a legal duty to collect, use, retain, or dispose of information provided about a customer's mental health problem *fairly*;
- this legal duty requires creditors to explain how they will use the information customers provide, unless it is obvious to, or could be reasonably expected by, a customer;
- however, we believe *it is not always clear nor obvious* to customers how a creditor will use, retain, or dispose of information about their mental health problem – research undertaken by the Royal College of Psychiatrists and Mind in 2007 underlines this lack of understanding among such consumers (see **SECTION 2.2, BOX 2**);
- finally, under the Data Protection Act, creditors may have a legal duty to seek the explicit consent of customers to process sensitive personal data, including information about mental health (see **SECTION 2.2**).<sup>2</sup>

### What did our survey find?

Our survey results indicate that some staff may be inadvertently breaching the Data Protection Act:

- 80% of frontline staff reported 'always' or 'often' making a note about a disclosed mental health problem on the customer's file – as noted before, sharing such information can be good practice;
- however, 39% of staff who made a note *never explained* to customers why the information was being recorded or how it would be used;
- and nearly half (47%) of staff who made a note *never asked* the customer for their consent;

Critically, it should be acknowledged that the collection and recording of such information about a customer's mental health usually represents good practice. This is because it can enable collectors on subsequent dealings to proceed as efficiently as possible because all the information is readily available, allows creditors to be more responsive to a customer's circumstances, and can save customers from having to repeat the information to different members of staff (which can be traumatic, difficult, and runs the risk of a disclosure not being recorded).

However, failing to explain to customers what purposes information is being recorded for (even where there is no intention to use this unfairly) means that creditors are contravening the Data Protection Act, and running counter to the recommendations made in Section 176 of the Lending Code, and sections 4.1-4.2 of the MALG Guidelines.

### Where can I read more about this?

This is considered in **SECTION 2.2**.

<sup>2</sup> While the Data Protection Act uses the term 'explicit consent', we use the term 'informed consent' to emphasise the importance of informing and telling customers how information about their mental health will be used, so they can make an informed decision on whether to give their consent.

## 6. Use your specialist team or staff member

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All members of collections staff should have the basic skills and confidence to work with customers who report a mental health problem.

However, it is unrealistic to expect mainstream collections staff to be able to work with every customer with a mental health problem. In certain situations, *help will be needed from a specialist team or staff member*, whose role is to work with vulnerable customers and complex cases. This would include mental health problems, alongside other sources of vulnerability such as terminal illness.

We recommend that:

- every large creditor organisation should have a specialist team trained to help deal with customers with mental health problems;
- smaller organisations should have at least one staff member with the same specialist function;
- clear and established referral procedures (including monitoring of these procedures) should exist so mainstream staff are able to pass on customers to such specialist support – this is not always happening at present;
- specialist teams and staff should be given the authority to manage a customer's account (and co-ordinate other activity across the creditor organisation) to ensure the best commercial and customer outcomes;
- specialist teams and staff should receive training on working with customers with mental health problems.

### Why make this change?

Specialist input can only be as effective as the mechanisms which refer customers from mainstream collections:

- 50% of all mainstream staff reported a specialist team existed in their organisation;
- however, 20% of all mainstream staff *did not know* whether their organisation had a specialist team;
- on average, while five disclosures were made each month to mainstream staff about a customer's mental health problem, only one monthly referral was made to a specialist team;
- critically, colleagues within the same *organisation* often had differing views on whether a specialist team existed and this could mean that specialist input is not being provided on the basis of when it is most needed, but rather where staff are aware of it.

Establishing a specialist team may also have other benefits. Our survey found that, compared to mainstream staff, specialist staff were more likely to<sup>3</sup>:

- report knowing what to do when a customer disclosed a mental health problem;
- indicate lower levels of difficulty in discussing a customer's mental health problem;
- state a willingness to engage and discuss a customer's mental health, and less concern about getting bogged down in personal issues while doing this.

### Where can I read more in the report about this?

This is considered in SECTION 3.

<sup>3</sup> These were all statistically significant associations (see SECTION 3).

## 7. Improve monitoring

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In order to introduce effective arrangements for managing accounts where customers have a mental health problem, creditor organisations should monitor the basic number of:

- customers and third-parties who disclose;
- the types of conditions disclosed;
- broken arrangements involving such customers;
- mental health referrals to specialist teams;
- requests for external medical evidence;
- final outcomes of arrangements with customers with mental health problems.

Doing this will allow creditors to identify not only the volume of customers reporting mental health problems, but also the types of adjustments and solutions put into place, and the final outcome of that arrangement. This will give creditors an indication of which of their options 'work' for these customers.

## 8. Use medical evidence to aid decision-making

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'Medical evidence' refers to information about a customer's mental health problem provided by a nominated mental health or social care professional that knows the customer.

We recommend that obtaining medical evidence *may not be necessary for every customer who discloses a mental health problem*. Instead, as discussed in SECTION 2.3, staff should be able to gather most, if not all, the information needed from the customer or third-party.

Medical evidence should be obtained when there are unanswered questions after discussion with a customer.

**When creditors decide to do this, we recommend that they:**

- explain what this involves to the customer;
- only do this with the customer's consent;
- allow a reasonable time for evidence to be collected;
- suspend unnecessary contact with the customer while evidence is collected;
- consider cancelling charges and interest on receipt of evidence;
- only collect relevant evidence (potentially by using a standard tool such as the Debt and Mental Health Evidence Form – see [www.rcpsych.ac.uk/recovery](http://www.rcpsych.ac.uk/recovery));
- use this evidence as part of their decision-making.

To achieve this, creditors will need to ensure that:

- their mental health policy makes it clear who is responsible for requesting evidence, and when they should do so;
- all staff who use medical evidence to make a decision about a customer's account should receive training in doing this.

### Why make these changes?

Creditors need relevant and clear evidence which will directly inform and improve their decision-making about what action to take on a customer's account.

However, our survey results indicate that confusion exists among some staff on whether collecting medical evidence is part of their job:

- 16% reported not being sure, 50% that it was, while 35% indicated it wasn't;
- mainstream staff in the same organisation may hold different views on whether evidence collection is part of their role.

The reported use of medical evidence is low:

- *five disclosures* of a customer mental health problem were reported by mainstream staff as occurring in a typical month;
- *once a month*, on average, respondents reported requesting medical evidence;
- *once every five months*, on average, respondents reported using such medical evidence.

Mainstream staff who did collect medical evidence on mental health as part of their job often did not take steps to assist this process:

- almost two-fifths of this group (38%) 'rarely' or 'never' told the customer they could suspend telephone calls and/or letters if the customer wished to gather medical evidence (e.g. for 30 days);
- three-quarters (74%) had 'rarely' or 'never' told the customer they could suspend default interest and/or charges if the customer wished to gather evidence (e.g. for 30 days).

Despite this, where respondents reported using evidence they found it beneficial:

- eighty-four percent agreed that the medical evidence influenced the decisions they made;
- fifty-seven percent agreed that the information was easy to understand;
- three-quarters (76%) agreed that the information was relevant;
- nearly a quarter (24%) agreed that using medical evidence had helped them recover the debt.

### Where can I read more about this?

This is considered in SECTION 2.3.

## 9. Work with third parties

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The relationship between creditors and those individuals providing 'third party' support to an indebted customer with mental health problems is critical. 'Third party' support is defined as support:

- given by relatives, friends, or carers of the indebted customer;
- provided by a money adviser or money advice agency;
- where the third party has contact with the creditor and acts on behalf of the indebted customer with mental health problems;
- where support ranges from: (i) 'one-off' actions; (ii) assistance with specific activities or tasks that the customer may find difficult; or (iii) full representation of that customer;
- but *not* support provided by a health or social care professional about *non-health* related matters (except for the provision of medical evidence).

We recommend that where a customer discloses a mental health problem, creditors should:

- *routinely ask* if they are receiving any support from relatives or friends;
- *signpost* (if appropriate) the customer to third party money advice agencies;
- *signpost* (if appropriate) the customer to health agencies (such as NHS Direct).

Where a customer nominates a third-party individual or agency to deal with their account, creditors should suspend contact with the customer as early as possible.

Creditors should ensure that this is co-ordinated across (a) all other centres within that organisation as well as (b) any debt collection agencies that may receive the debt.

### Why make these changes?

Our survey results indicate that:

- 64% 'always' or 'often' ask if customers who disclose a mental health problem are receiving any third party support;
- 66% 'always' or 'often' signpost to customers to third-party money advice agencies;
- 27% suspend calls and letters for customers who make contact with money advice agencies, as soon as the customer tells the creditor about this.

Furthermore:

- customers who are experiencing mental health problems may have difficulty managing their finances, and may find contact with their creditors very distressing. Individuals such as relatives, friends and carers may be able to contact creditors on their behalf;

- money advisers can provide professional support as case managers, negotiating with creditors;
- in either case, by facilitating a smooth and timely 'hand over' to third party individuals and money advisers, creditors can minimise customers' distress at an already difficult time.

Many staff described the benefits of working proactively with third parties:

*"Dealing with upset or distressed people, who may not understand exactly what you are telling them, makes it hard to communicate and decide what is best for the customer. They may not be able to maintain what they are agreeing to if they do not fully understand. In this case I would try and get details of a family member or advice worker to authorise them to discuss the account."*

### Where can I read more about this?

This is explored in **SECTION 2.4**.

## 10. Focus on sustainability and quality

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A key part of treating customers fairly is taking any relevant financial and personal circumstances into account. Importantly, a number of creditors in our survey reported adopting innovative ways to allow their staff to achieve this.

Among these, some creditors indicated that they were either trialling or implementing incentive structures and performance measures that included the sustainability of arrangements (i.e. 'kept rates') and indicators of call 'quality'. In relation to customers with mental health problems, these arrangements were viewed as potentially offering an advantage over performance measures which squarely focused on call time or the amount of promises-to-pay. Staff explained that this was because such customers often agreed to an unrealistic payment arrangement, which could result in broken arrangements.

Other creditors also underlined the potential advantages of increasing the range of repayment options to offer customers with mental health problems. They explained that such customers often had complex financial and personal circumstances, and that these required a range of options to ensure that repayments were affordable and sustainable. A smaller number of creditors proposed that minimum repayment levels (either monthly or one-off settlements) for this customer group might also be profitably reviewed.

Such changes to decisions about structures and performance measures can have considerable business implications. However, we recommend that creditor organisations should review their practice in this area, and consider whether similar innovations would deliver the benefits already reported by colleagues in the sector.

**We therefore recommend that when working with customers who have mental health problems:**

- creditors consider adopting incentive structures and performance measures that reward (a) the sustainability of arrangements (i.e. 'kept rates') and (b) the quality of calls, rather than (c) call times or (d) cash collected;
- creditors consider giving frontline staff a range of repayment options to offer customers, to ensure these match customers' circumstances and are affordable and sustainable;
- creditors consider reviewing their use of minimum repayment levels for both monthly payments and one-off settlements.

### **Why make these changes?**

A number of staff explained how performance measures related to their ability to deal with customers with mental health problems:

*"Whilst I might be sympathetic to the customer's situation, business pressures don't allow for me to give a more personalised approach. There's pressure to collect the maximum money, and pressure to complete the call within 6 minutes."*

*"We have rigid monitoring which maybe doesn't allow enough common sense around speaking to each person as an individual based on their situation. The monitoring can have a large effect on our take-home pay, so keeping to call structures has too much importance and results in a greater distance between us and the customer."*

### **Where can I read more about this?**

This is explored in **SECTION 2.5**.





# 2 Five key areas of practice

**In SECTION 2 we address five key areas of frontline debt collection that are relevant to the treatment of customers with mental health problems:**

- 2.1 Disclosure and discussion
- 2.2 Sensitive personal information
- 2.3 Medical evidence
- 2.4 Third-party support
- 2.5 Being responsive to customers' circumstances



# 2.1 Disclosure and discussion

## FINDINGS

- Every 30 seconds a customer or third party disclosed a mental health problem to one of the nineteen organisations participating in the research.
- 90% of staff 'rarely' or 'never' asked customers whether they had a mental health problem even when they suspected a customer may be experiencing this.
- Mental health is the single most difficult issue that staff reported as having to discuss with customers (coming above physical disability and family issues such as bereavement).
- Following disclosure, one in three respondents 'rarely' or 'never' asked a customer basic questions about how their mental health problem affected the customer's ability to repay their debts.

## What staff said

*"It is often clear that they are distressed and that it has taken a lot for the customer to open up about how their health issues have affected their ability to pay or get on with everyday life. Once the customer has opened up to you it is easier to establish their circumstances and offer them the best support."*

## RECOMMENDATIONS

- Disclosure is a common event, but staff report problems in handling this once a disclosure has been made. Creditors should ensure all staff know and follow a basic 'drill': ACKNOWLEDGE, INFORM, REQUEST, ASK and SIGNPOST.
- Staff report lacking the knowledge and skills to deal with customers with mental health problems. Creditors should provide training on mental health that relates to the everyday situations and tasks that staff undertake.
- The Royal College of Psychiatrists offers to develop such a training programme for the creditor sector if our costs can be covered. We invite the creditor sector to respond to our offer.
- Those customers who disclose may represent the minority. Creditors should work to create an environment where customers are more willing to disclose their mental health problems.
- All creditors should have a written mental health policy (either standalone, or incorporated into existing customer care policies). This will ensure all staff are clear on what is expected of them, and where their boundaries and responsibilities lie.

## THE CASE FOR CHANGE

**If creditors do not know customers have mental health issues, or do not find out basic information about the impact of a customer's mental health problem on their ability to repay their debt, this may result in:**

- broken repayment arrangements;
- additional costs of negotiating a new arrangement for the creditor;
- a financial impact on the customer in the form of penalty charges, further arrears, and legal action;
- a potential worsening of the customer's mental health (e.g. due to distress and anxiety);
- a reduced likelihood of the customer engaging with the creditor or addressing their financial problems.

By following our recommendations, creditors can work more constructively with customers with mental health problems, improving both customer care and business revenue.

# 1. Introduction: what is disclosure?

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It is often baldly asserted that unless a creditor knows about a customer's mental health problem they cannot be expected to take action.

However, this statement is frequently misunderstood: it does not automatically mean that the customer is solely responsible for telling the creditor about their mental health problem.

## Disclosure as a process

This is because disclosure is a process. It is as much about the steps and responsibilities that creditors can take, as it is about customers 'speaking up'. It involves creditors taking the responsibility to:

- recognise that a sizeable number of their indebted customers will have mental health problems;
- acknowledge that these mental health problems can affect customers' abilities to manage or repay their debt;
- create environments (where they do not already exist) which encourage customers to disclose, by making it clear that any information they share will be treated sensitively, seriously, and securely;
- take the initiative and ask customers about mental health problems where they have a strong reason to suspect a problem exists;
- fully discuss with customers who do disclose, what relevance and effect their mental health problem may have on the repayment of that debt;
- give creditor staff the skills and confidence they need to ask and talk about mental health problems with customers.

This may be a difficult idea for some to take onboard. Many will argue they are not trained to do this, that 'mental health' is only a small part of their business, or it is 'too sensitive' an issue to raise with customers.

However, we need to consider the alternative: unless a creditor talks with customers about a mental health problem, they cannot expect to take action which is informed, appropriate or commercially effective.

## Business case: why is disclosure important?

The rationale seems clear. If creditors:

- do not know customers have mental health issues;
- do not encourage customers to tell them this (e.g. reassuring customers how this information will be used);
- do not ask basic questions about the impact of a customer's mental health problem on repayment.

## *They will be missing:*

- a vital piece of information;
- an opportunity to impress upon customers that this can be taken into account;
- an opportunity to impress upon customers that they can clear their arrears;
- an opportunity to identify, anticipate and manage any specific challenges;
- an opportunity to refer customers with complex needs to a specialist team/staff member.

## *This could result in:*

- a broken repayment arrangement;
- additional costs of negotiating a new arrangement for the creditor;
- a financial impact on the customer in the form of penalty charges, further arrears, and legal action;
- a potential worsening of the customer's mental health (e.g. due to distress and anxiety);
- a reduced likelihood of the customer engaging with their creditors or addressing their financial problems.

The importance of such information and insight could make the difference between successful and unsuccessful debt recovery.

## **This section**

In this section, we address this by: (a) outlining how many customer disclosures were made to survey respondents; (b) considering whether respondents asked or discussed mental health issues with customers; (c) identifying the barriers to such discussion; and (d) proposing strategies to overcome these.

## BOX 1 How many customers will have a mental health problem?

In order to calculate the impact and cost of taking mental health into account, it is important to estimate just how many customers might have mental health problems. As none of the creditors surveyed were able to provide such data, we can draw on three sources:

- results from our survey on the number of monthly customer disclosures reported by staff;
- results from a large-scale, representative Government survey on mental disorder among British adults;
- the only dedicated survey – to our knowledge – of people with experience of mental health problems and indebtedness (conducted by Mind and Royal College of Psychiatrists in 2007).

No single source of data is perfect – each has its own strengths and weaknesses. However, together they provide the best indication available of the numbers of customer who might be affected.

### Staff reports

As shown in **SECTION 2.1**, our survey asked front-line collection staff about the number of disclosures of mental health problems made by customers and representative third-parties in a typical month. This found, on average, that:

- approximately 10,000 disclosures were made each month in a large, multi-sited collections and recovery operation (around 2,000 staff);
- around 1,000 monthly disclosures were made in large collection centres (around 200 staff);
- an estimated 500 disclosures were made in medium-sized collection centres (around 100 staff);
- an average of five disclosures were made per month per member of staff.

Disclosure rates measure the instances when a customer or third-party tells a member of staff about a mental health problem. They *do not* reflect the number of *individual customers* with mental health problems. A customer or third-party could tell more than one member of staff in the same organisation about a mental health problem.

Customers with multiple debts could also disclose mental health problems to several creditors.

### Indebted adults with mental health problems

The Government's Adult Psychiatric Morbidity Survey screened over 8,000 adults to establish the level of mental health problems in the British population in 2000. This survey also collected a range of other data, including information on problem debts. Analyses of these data indicate that:

- one in twelve adults had problem debts (being 'seriously behind' with at least one commitment);
- one in two adults with problem debt also had a mental health problem.

The survey also found that one in six British adults were living with a mental health problem.

### Customer reports

Research conducted by Mind and The Royal College of Psychiatrists in 2007 provides an alternative perspective: that of the customer. A non-random sample of 924 UK adults with experience of mental health and debt problems, this found that:

- for every respondent who told the organisation they owed money to that they had a mental health problem, there were two respondents who decided not to disclose;
- those that did not disclose cited a number of reasons why, including concerns about how their information would be used, their access to future credit, and a perception that creditors would not understand.

The Mind study demonstrates – for the sample studied – that creditors who wait for customers to take the responsibility to disclose may ultimately end up working with a *minority* of this group.

## 2. How often do customers disclose a mental health problem?

### Number of disclosures per organisation

As shown in TABLE 1, a customer or third party reportedly made a disclosure of a mental health problem:

- once every 30 seconds across the nineteen organisations in our sample;
- once every 2 minutes in a large, multi-sited collections and recovery operation of around 2000 staff;
- once every 17 minutes in a collection centre of around 250 staff;
- once every 43 minutes in a medium sized collection centre of 100 staff.

### What do these estimates measure?

The estimates measure the number of disclosures of mental health problems made by customers and third parties in a *typical month*. When providing this estimate, staff were asked to exclude customers reporting stress, drug, alcohol or gambling problems. For further information, please see our methodology document at [www.rcpsych.ac.uk/recovery](http://www.rcpsych.ac.uk/recovery).

### What these estimates do not measure

Reported numbers of customer or third-party disclosures of a mental health problem *do not* always straightforwardly reflect the number of *actual customers* with mental health problems.

For example, for every customer who discloses a mental health problem, previous research indicates there could be at least two other customers who decide not to disclose a mental health problem (see PAGE 25). Alternatively, a customer or third party could disclose a mental health problem to more than one member of staff in the same organisation. Customers with multiple debts could equally disclose mental health problems to several creditors.

Whichever interpretation is made, however, there appears to be a sizeable enough number of disclosures being made for creditors to take action.

### Number of disclosures per employee

Finally, survey respondents reported that on average, for a single employee:<sup>1</sup>

- *five* customers or third parties disclosed a mental health problem each month;
- *two* customers disclosed a mental health problem each month;

- *three* third parties disclosed that a customer had a mental health problem each month;
- *individual* staff members dealt with 25 customers per day, and five third parties.<sup>2</sup>

The above figures mean that the average debt collection employee probably deals with a reported mental health problem on at least a weekly basis.

As explained below, each time this happens it can prove to be a challenging experience for employees.

### What should creditors do?

#### Recommendation:

What should staff do if a customer discloses?

All frontline staff should know and be able to follow a basic 'drill' for dealing with customers disclosing a mental health problem (DIAGRAM 1):

**ACKNOWLEDGE** the disclosure

**INFORM** the customer how this will be used

**REQUEST** their consent

**ASK** three questions to get key information

**SIGNPOST** or refer to internal and external help

<sup>1</sup> The figures reported above are *median averages*. The median is the 'middle' value in a set of data (when this data set has been placed in numerical order). We use the median as our 'average' because it ignores very high or very low values (unlike the 'mean'), and provides a more meaningful and less skewed statistic. The median reported here is therefore a *conservative estimate*.

<sup>2</sup> The median number of customers and third parties dealt with per day is 35, which is greater than the sum of the other two medians. This is because it is calculated by working out for each survey respondent how many customers and third parties they deal with per day, then selecting the median of these values.

**TABLE 1**

*How often mainstream staff report that customers or third parties disclose a mental health problem*

	Estimated number of employees	Disclosures per month	Frequency of disclosures
All 19 participating organisations	<b>7774 employees</b>	<b>38870</b>	<b>Every 30 seconds</b>
Large multi-sited collections operation	<b>2000 employees</b>	<b>10000</b>	<b>Every 2 minutes</b>
Medium collections operation	<b>800 employees</b>	<b>4000</b>	<b>Every 5 minutes</b>
Large call centre	<b>250 employees</b>	<b>1250</b>	<b>Every 17 minutes</b>
Medium call centre	<b>100 employees</b>	<b>500</b>	<b>Every 43 minutes</b>
Small department	<b>50 employees</b>	<b>250</b>	<b>Every 86 minutes</b>

Note: Estimated number of employees at small, medium and large call centres based on interviews. Frequencies of disclosure calculated using 30-day month and 12-hour day, based on interviews.

**DIAGRAM 1 Dealing with disclosure: a basic drill for frontline staff**



### 3. Reluctant to ask, reluctant to tell

If creditors cannot take action about customers' mental health problems unless they know about this, this raises the question: *do they ever ask?*

#### Do staff ask customers about mental health?

Consequently, survey participants were questioned on whether they had ever asked a customer if they had a mental health problem *before* being told by the customer.

We asked, first, whether they asked *all* customers about having a mental health problem as a matter of routine. We then asked whether they asked this question of those customers who they suspected of having a mental health problem (TABLE 2).

- over 70% had 'never' asked customers about a mental health problem as a matter of routine, and 20% had 'rarely' done this.
- even where staff believed a customer may be experiencing mental health problems, 90% 'rarely' or 'never' asked customers about this.

Such a decision not to ask – even where staff believe a problem exists – raises questions for creditors. How can creditors ensure they obtain the information they need to set up successful repayment arrangements? Is failing to ask a customer about suspected mental health problems treating them fairly, sensitively, and sympathetically? Are staff being equipped with the skills, knowledge and confidence to engage with this sizeable segment of the customer base?

#### Are customers willing to disclose?

We also asked survey participants how willing they thought customers were to disclose mental health problems.

- almost 60% of creditor staff believed customers would usually be willing to tell them about a mental health problem, without customers having to be asked (TABLE 3).

However, in a separate survey undertaken by the Royal College of Psychiatrists and Mind, *fewer than one in three* indebted customers with a mental health problem said they disclosed this to their creditors (32% disclosed, 67% did not disclose, 1% 'don't know').

#### Why are staff and customers reluctant to talk about mental health?

While creditor staff are reluctant to ask, waiting for individuals to disclose a mental health problem will probably leave creditors in the dark about the majority of this group of customers.

BOX 2 presents selected quotes from mainstream staff,

while TABLE 4 provides an overview of reasons given in a separate Royal College and Mind survey of indebted customers with mental health problems.

This indicates that creditor staff may lack confidence in their own abilities to address this issue. Meanwhile, customers may lack confidence in the ability of staff and creditor organisations to understand their mental health problem, or to use this to meaningfully inform decision-making. Significant concerns are also reported about how such sensitive personal information would be used.

#### What should creditors do?

##### Recommendation:

Creditors should work to create an environment where customers are more willing to disclose. They can do this by:

- explaining how information on mental health will be used in (a) any general 'How we use your information' leaflets and (b) Privacy Notices produced to meet Data Protection Act requirements.
- inviting customers on written correspondence to inform you if they have any health difficulties that might be relevant: "Are there any health issues we should know about, as we will treat these confidentially and they will help us to provide you with a better service?"
- providing training to staff on how to deal with distressed callers, including:
  - how to spot the warning signs of mental health problems.
  - broaching the issue sensitively with customers.

The Royal College of Psychiatrists offer to develop such a training programme for the creditor sector if our costs can be covered. We invite the creditor sector to respond to offer.

## TABLE 2

*Asking customers whether they have a mental health problem, before being told.*

Includes asking a third party whether the customer they represent has a mental health problem.  
Includes only mainstream staff who work with customers or third parties by telephone.

	Percent	
	Ask all customers	Ask those customers who you believe may have a mental health problem, but who haven't told you this
Always	<b>0.1%</b>	<b>0.4%</b>
Often	<b>1%</b>	<b>2%</b>
Sometimes	<b>5%</b>	<b>8%</b>
Rarely	<b>20%</b>	<b>20%</b>
Never	<b>74%</b>	<b>70%</b>
Total	<b>100% (n=990)</b>	<b>100% (n=956)</b>

## TABLE 3

*"Customers who have a mental health problem are usually willing to tell me about it, without me asking first."*

Includes only mainstream staff who work with customers or third parties by telephone.

	Percent
Agree	<b>58%</b>
Disagree	<b>14%</b>
Neither	<b>28%</b>
Total	<b>100% (n=1015)</b>

## TABLE 4

*Reasons customers with problem debt gave for not disclosing mental health problems to creditors*

From Mind (2007). Based on 924 respondents; people were asked to tick all statements that applied.

Statement	Percent
I did not believe they would understand my mental health problem	<b>63%</b>
I wasn't aware that it would make any difference to how the organisation dealt with the debt	<b>59%</b>
I do not like telling people about my mental health problems	<b>57%</b>
I did not think I would be believed	<b>47%</b>
I was concerned about what they would do with the information about my mental health	<b>41%</b>
I thought I would be treated unfairly if I did	<b>32%</b>
I was worried that it would stop me getting credit in the future	<b>27%</b>
I thought they would take money from my disability benefits to repay the debt	<b>12%</b>

## 4. Asking basic questions

Creating the necessary conditions for disclosure is only worthwhile if staff can proceed to talk with customers in an informed and relevant way.

Without this, they cannot take action which is appropriate or commercially effective.

### How often did staff ask basic questions?

The survey asked participants how frequently they discussed a selected range of issues with customers following such a disclosure (TABLE 5).

Eight possible issues were selected on the basis that they provided basic insights into the relationship between the customer's mental health problem and their ability to manage or repay their debt.

While all eight topics were relevant to debt collection, *two were essential questions that should be asked whenever a mental health problem is disclosed:*

- how the customer's mental health problem affects their ability to pay their debts;
- how the customer's mental health problem affects their ability to communicate with creditors.

### How mental health affects 'ability to pay'

- one in three respondents (33%) 'rarely' or 'never' discussed how the customer's mental health problem affected their ability to pay.
- 38% 'often' or 'always' discussed this.

This topic is the basic piece of information that creditors need to know: what does the customer's mental health problem mean for their financial situation, and for their ability to clear their arrears?

Asking this question is important, as it allows creditors to be responsive to a customer's mental health, while ensuring that discussions about mental health remain relevant. It is therefore disappointing that one in three respondents never or rarely discussed it.

### How mental health affected communication

- more than forty percent of respondents 'rarely' or 'never' discussed how the customer's mental health problem affected their ability to communicate with their creditors;
- twenty eight percent often or always discussed this;
- nineteen percent of participants 'rarely' or 'never' asked customers if they understood what was being said.

This is important, as depending on their condition, customers with mental health problems may experience difficulties with communication. This may take the form of

finding written correspondence too difficult to deal with, or experiencing difficulties in managing or understanding telephone calls.

For example, people with schizophrenia, bipolar disorder or severe depression may simply be unable to answer the telephone, open their post, or leave their house when they are unwell or experiencing a crisis. Such difficulties may become especially pronounced when indebted individuals are dealing with their creditors. Indeed, if asked, some customers may wish to nominate a third party to act on their behalf. (We explore issues around working with third parties in SECTION 2.4.)

### Recommendation:

All staff should know and be able to ask at least three basic questions after a customer discloses a mental health problem:

- does your mental health affect your financial situation?
- does it affect your ability to deal with us as a creditor?
- does anyone help you manage your finances, such as a family member?

The third and final question is added to ensure that any third party (such as a family member, friend or other individual in an informal or formal role) is included in discussions where appropriate.

See also our basic 'drill' for frontline staff (DIAGRAM 1).

## BOX 2: Why don't staff ask customers about mental health?

*"I'm often aware that customers have different mental health problems but I don't have the confidence to ask questions. I would like more training and support in this area as I'm embarrassed about my inability to provide positive solutions for people."*

*"I feel uncomfortable about directly asking the question, due to its sensitive nature. However, I will try and encourage a customer to offer as much information as possible by using an open-question approach, if I feel that there is an underlying issue."*

*"As the subject can be sensitive and there may be some stigma attached to mental health problems, some people may be unwilling or unable to provide relevant details about their current situation."*

### TABLE 5

*How frequently mainstream staff discussed each topic with a customer or third party, following disclosure of a mental health problem.*

*Excludes respondents who had never spoken by telephone to a customer or third party who disclosed a mental health problem.*

Topic	n	Always	Often	Sometimes	Rarely	Never
How their mental health problem affected their ability to pay	920	13%	25%	30%	18%	15%
How their mental health problem affected their ability to communicate with collectors	914	7%	21%	29%	23%	20%
How their financial situation affected their mental health problems	922	11%	25%	31%	18%	16%
Whether they fully understood what you were saying	919	27%	31%	23%	9%	10%
How long the mental health problem had been going on for	916	11%	22%	27%	20%	21%
How much longer the mental health problem was likely to last	910	7%	13%	17%	25%	38%
Whether the customer was getting medication, care or treatment from a mental health professional - such as a nurse, doctor or social worker	916	16%	23%	26%	15%	21%
How their medication or treatment affected their ability to pay	905	10%	16%	25%	21%	28%

## 5. Barriers to discussion

Given that one in three respondents reported 'rarely' or 'never' discussing how a customer's mental health problem affected their ability to pay (TABLE 5), it would seem clear that barriers to discussion exist.

The survey found that these barriers fell into four categories. In this section we draw on quantitative and qualitative data to illustrate some of these barriers.

### Sensitivities and minefields

- over half of respondents (57%) agreed that talking about mental health could feel like a minefield, because it was such a sensitive topic (TABLE 6).

Qualitative responses indicated that staff had a range of concerns (BOX 3). These included: not knowing what to say immediately following a disclosure; worries over saying the 'wrong thing'; or perceiving customers with mental health problems as being more likely to become upset, distressed, or agitated. Some even voiced fears that this could lead to a crisis or suicide attempt.

### Lacking knowledge

- more than 40% of surveyed staff said that not knowing enough about mental health was a key barrier to discussion (TABLE 7).

Qualitative responses (BOX 4 - overleaf) highlighted that this not only related to knowledge of the different types of mental health condition, or the language and terminology surrounding this, but more specifically to how mental health problems can affect the debt collection process. Many staff raised a need for training to address this.

### Time pressures

- fifty-seven percent of respondents felt that calls with customers who had a mental health problem took longer than with other customers (TABLE 8 - overleaf).
- one in five respondents indicated they were reluctant to discuss mental health problems because they 'did not want to get bogged down in personal issues' (20%; 57% disagree; 23% neither agreed or disagreed).

Our survey data show a clear signal from mainstream staff of the potential need for flexibility in working conditions – to be able to take longer on particular calls where appropriate, in order to ensure a consistent level of quality. We explore such commercial pressures in detail in SECTION 2.5.

### Mental health: the most difficult issue

Finally, we asked respondents to consider a range of personal circumstances that might be discussed with customers and third parties (TABLE 9 - overleaf). For each issue, we asked participants to indicate how difficult they found this.

Mental health problems were identified most often as the most difficult type of circumstance to discuss with customers and third parties.

- one in three respondents said they find it difficult to discuss mental health problems;
- in comparison, 28% of respondents said they found physical disability or illness difficult to discuss, 25% for family situation, 13% for income and expenditure, 11% for employment and benefits situation and 9% for housing situation.

While staff deal with a large variety of personal circumstances every day in their conversations with customers and third parties, mental health is the issue that most commonly presents the greatest difficulty.

### What should creditors do?

#### Recommendation:

Frontline staff should follow a 'basic drill' for managing initial disclosures (DIAGRAM 1, PAGE 24).

Creditors should develop staff knowledge, skills and confidence within their organisation to overcome key barriers. To do this, we recommend:

- creditors understand that generic mental health awareness resources and training (where individuals are told, for example, about the general meaning and prevalence of different conditions) will help, but are probably insufficient in themselves;
- creditor staff would instead benefit most from training interventions which embed knowledge and develop skills through *showing how this relates to the everyday situations and tasks that mainstream and specialist staff actually undertake.*

This would equip staff 'for the job', rather than providing general knowledge that isn't directly or easily applicable.

All creditors should have a written mental health policy (either standalone, or incorporated into existing customer care policies) which:

- addresses each of the ten steps contained in SECTION 1 of this report;
- reflects other legal or professional frameworks that need consideration.

**TABLE 6**

*“Talking about mental health can feel like a minefield, because it’s such a sensitive topic.”*

Includes only mainstream staff who work with customers or third parties by telephone.

	Percent
Agree	<b>57%</b>
Disagree	<b>18%</b>
Neither	<b>25%</b>
Total	<b>100% (n=1015)</b>

### **BOX 3 What staff say about the sensitive nature of mental health**

*“I’ve found it particularly difficult when a customer, who has made it clear that they are suffering with a mental health issue, has started crying and screaming down the phone. Although we are well trained to deal with confrontational customers, dealing with customers with mental health issues is obviously a much more sensitive issue.”*

*“You have to be very careful how you word things, being cautious that you don’t upset the customer so that it doesn’t lead to a complaint.”*

*“I dealt with a call where the customer stated he was going to kill himself then hung the phone up. I found this very distressing as I had no training on how to deal with such customers.”*

*“Having guidelines for how to handle certain situations – i.e. when to escalate the case and when to feel secure the customer is in no harm – would be helpful.”*

*“If a debtor says something to a collector such as ‘my father died’ or ‘my mother died’, they may completely ignore it because they don’t want to address it. I think that’s especially true with young collectors. It’s to do with personal life experience. You or I would say ‘I’m really sorry to hear that’, but they may completely ignore it. And I think that’s the same thing with ‘I’ve got a mental health problem.’”*

**TABLE 7**

*“I find it difficult to talk to customers about their mental health problems, because I don’t know enough about mental health.”*

Includes only mainstream staff who work with customers or third parties by telephone.

	Percent
Agree	<b>44%</b>
Disagree	<b>36%</b>
Neither	<b>21%</b>
Total	<b>100% (n=1014)</b>

**TABLE 8**

*“Telephone calls with customers who have a mental health problem tend to take longer than with other customers.”*

Includes only mainstream staff who work with customers or third parties by telephone.

	Percent
Agree	<b>57%</b>
Disagree	<b>12%</b>
Neither	<b>31%</b>
Total	<b>100% (n=1011)</b>

**TABLE 9**

*Customer circumstances that mainstream staff find it difficult to discuss.*

Includes only mainstream staff who work with customers and/or third parties by telephone. Respondents were asked to say how difficult they found each issue, hence the total is greater than 100%. n=1014.

Issue	Percent finding it difficult to discuss
Mental health problem	<b>33%</b>
Physical disability or illness	<b>28%</b>
Family situation (including caring, bereavements and children)	<b>25%</b>
Income and expenditure	<b>13%</b>
Employment and/or benefits	<b>11%</b>
Housing situation	<b>9%</b>

## **BOX 4 What staff say about their knowledge of mental health.**

*“Customers tell me they’re depressed or suicidal and I don’t know what to say to them.”*

*“Personally, I feel that I am not giving these customers the right service or maybe even treating them fairly as I do not know myself how to handle such calls. Thorough training on what mental health problems are, how they affect customers and a step-by-step guide on how to deal with these circumstances would overcome such challenges.”*

*“Not knowing enough about mental health problems makes it difficult to ask the right questions, in order to make an informed decision about whether the customer is able to pay and the effects their mental health problem has on day-to-day life and financial matters.”*





# 2.2 Sensitive personal information

## FINDINGS

- 80% of frontline staff reported 'always' or 'often' making a note about a disclosed mental health problem on the customer's file.
- Among those staff who did make a note of customers' mental health problems:
  - 39% never explained to customers why the information was being recorded or how it would be used;
  - and nearly half (47%) never asked the customer for their consent to record the information.
- These findings indicate that some staff may be inadvertently breaching the Data Protection Act 1998.

## RECOMMENDATIONS

Creditors should instruct individual staff to:

- record information about a customer's mental health whenever this impacts on their ability to repay their debts – this is good practice;
- clearly explain to the customer why this data is being recorded, and how it will be used;
- ask the customer to confirm they understand these conditions;
- ask the customer for their consent to use their information under those conditions only.

Organisationally, creditors should:

- have a written policy on mental health, which includes a section clearly outlining how they use, store and share data about a customer's mental health problem;
- only use data collected about a customer's mental health for the purposes that were explained to the customer (e.g. data collected in relation to debt recovery should not be used for future credit applications unless specified).

Whenever creditors record information about a customer's mental health problem, they must ensure it is up-to-date. To do this, they should either undertake to update the information regularly (which may not be practical), or refrain from using the information to make a decision until it has been updated.

## THE CASE FOR CHANGE

- Many customers report that they will not disclose a mental health problem where they are not sure how this information will be used. If creditors do inform all customers how such information would be used, this would encourage customers to disclose.
- If collections staff know about such problems, they can make adjustments to their service which may improve the likelihood of debt recovery.
- Where customers disclose a mental health problem, staff may share this with colleagues and save customers from repeatedly having to re-explain their situation (which can be difficult), enabling more efficient practice in subsequent dealings.
- Changing practice will ensure creditors comply with the Data Protection Act.
- These improvements can be made at very little cost, by developing an organisational policy on mental health.

# 1. Introduction

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In **SECTION 2.1**, we urged creditors to create environments which encouraged customers to disclose mental health problems, and to give staff the skills to ask and talk about mental health.

However, this alone is not enough: to encourage customers to disclose and discuss mental health problems, creditors should also (a) explain how information about their mental health will be used, stored, shared, and ultimately disposed of; and (b) obtain informed consent to process this information.

## However, this is not common practice

Our survey found that:

- while 80% of frontline staff reported 'always' or 'often' making a note about a disclosed mental health problem on the customer's file (which we believe is *good practice* and should continue);
- 39% of staff who made such a note *never explained to customers why the information was being recorded or how it would be used*;
- and nearly half (47%) of staff who made such a note *never asked the customer for their consent*.

As explained below, these results – outlined in **TABLES 1 to 3** on **PAGE 38** - may contravene key principles underpinning 'good practice' and the Data Protection Act 1998.

## First principle: explain how data will be used

*We believe it is both good practice and a legal duty* (under the Data Protection Act 1998) for creditors to clearly tell their customers how any information disclosed about their mental health problem will be collected, used, retained, or disposed of (**BOX 1**). *Such principles of transparency and fairness should be key aspects of all creditor practice.*

We do not believe that it is currently obvious or clear to customers how information about their mental health status or problem will be processed. (This would, under the Data Protection Act, exempt creditors from providing such an explanation.) There are two reasons for this:

- a separate survey conducted in 2007 by Mind and the Royal College of Psychiatrists (**BOX 2**), found that people with mental health problems were both unclear and concerned about how information relating to their mental health status would be used by creditors;
- our survey shows that creditor staff themselves also report lacking knowledge about how mental health information should be collected and used - it follows that if this process is unclear to staff, it is unlikely to be apparent to customers.

## Second principle: obtain informed consent

*Again, we believe it is good practice and in some circumstances a legal duty* (again under the Data Protection Act 1998), for creditors to obtain consent from customers to record and use information about their mental health (**BOX 3**). We believe this involves:

- giving customers an explanation of why data about their mental health is being recorded, and how it will be used;
- asking customers to confirm that they understand these conditions;
- and obtaining permission from customers for their data to be used *under those conditions only*.

## The benefits of changing practice

There are at least four benefits for creditors:

- many customers report that they *will not disclose* a mental health problem where they are not sure how this information will be used (**BOX 2**); if creditors do inform *all* customers how such information would be used, this would encourage customers to disclose;
- if collections staff know about such problems, they can make adjustments which may improve the likelihood of debt recovery;
- where customers disclose a mental health problem, staff may share this with colleagues and save customers from repeatedly having to re-explain their situation (which can be difficult), enabling more efficient practice in subsequent dealings;
- changing practice will ensure creditors comply with the Data Protection Act;

These improvements can be made at very little cost, as creditors who develop an organisational policy on mental health should already have a clear outline of how they manage and use such customer data.

## BOX 1 What does the Data Protection Act say about transparency and fairness?

Under the Data Protection Act 1998, there is a requirement for organisations to collect, use, retain, or dispose of personal data both fairly and legally. One aspect of this requires the organisation receiving the data to tell individuals providing such information how it will be used (using a 'Privacy Notice'). The only exception to this is in situations where it would be obvious to the customer how that data will be used, or in ways that customers might reasonably expect. To quote guidance from the Information Commissioner's Office:

"When deciding how to draft and communicate a privacy notice, try to put yourself in the position of the people you are collecting information about. Ask yourself:

- *do they already know who is collecting the information and what it will be used for?*
- *is there anything they would find deceptive, misleading, unexpected or objectionable?*
- *are the consequences of providing the information, or not providing it, clear to them?*

...The Code explains that the duty to give a privacy notice is strongest when the information is likely to be used in an unexpected, objectionable or controversial way, or when the information is confidential or particularly sensitive. It also says there is no point telling people the obvious when it is already clear what their information will be used for." [http://www.ico.gov.uk/for\\_organisations/data\\_protection/the\\_guide/principle\\_1.aspx](http://www.ico.gov.uk/for_organisations/data_protection/the_guide/principle_1.aspx)

## BOX 2 What do customers say?

The only survey of customers with debt and mental health problems was conducted by Mind and the Royal College of Psychiatrists in 2007. A non-random study, its results cannot be generalised, but it provides data on the experience of 924 individuals with problem debts and mental health problems. This indicates:

- two-thirds of participants did not tell creditors about their mental health problem. When asked why, 40% reported being concerned about how this information would then be used by creditors, and 27% felt sharing mental health information could stop them obtaining credit in the future.
- among the one-third of participants who did tell creditors about their mental health problem, 15% reported being asked for consent to record information about their mental health problem; 4% were told what would happen to this information; 59% had to explain their mental health situation to several people in the same organisation.

## BOX 3 What does the Data Protection Act say about consent?

The Data Protection Act requires data which is of a very private nature to be treated with greater care than other personal data. Physical or mental health is classed in this way as 'sensitive personal information', sitting alongside data, for example, on race or ethnicity, religious beliefs, sexuality, offending and criminal history. Such sensitive personal information can only be processed if the organisation receiving the data (a) meets at least one of nine specific conditions; and (b) processes that data in a fair and legal manner (see BOX 1).

The nine conditions are listed at [www.ico.gov.uk/for\\_organisations/data\\_protection/the\\_guide/conditions\\_for\\_processing.aspx](http://www.ico.gov.uk/for_organisations/data_protection/the_guide/conditions_for_processing.aspx). The first condition in the list is that the individual who has provided the sensitive personal data has given their explicit consent for it to be processed. Meeting this condition may be the simplest way to ensure that creditor organisations meet the requirements of the Data Protection Act.

## Recommendations

Creditors should instruct individual staff to:

- record information about a customer's mental health whenever this impacts on their ability to repay their debts - this is good practice;
- clearly explain to the customer why this data is being recorded, and how it will be used;
- ask the customer to confirm they understand these conditions;
- ask the customer for their consent to use their information in the way described.

This corresponds to our basic 'drill' for frontline staff on how to deal with a disclosed mental health problem (see PAGE 8.)

Organisationally, creditors should:

- have a written policy on mental health, which includes a section clearly outlining how they use, store and share data about a customer's mental health problem;
- only use data collected about a customer's mental health for the purposes that were explained to the customer (e.g. data collected in relation to debt recovery should not be used for future credit applications unless specified).

## 2. Processing sensitive personal information on mental health

Our main recommendations on changing practice are listed above. However, in order to help creditors develop a strategy on handling sensitive personal data about a customer's mental health, this section briefly considers four issues:

- why collect mental health information?
- how long should information be stored for?
- what purposes should it be used for?
- what about consent and mental capacity?

We would also underline the importance of the creditor sector itself developing and elaborating on this guidance, potentially in collaboration with the Information Commissioner's Office.

### Why collect mental health information?

We begin by strongly contending that creditors should collect information about a customer's mental health problem when this is disclosed or discussed. This is good practice as it:

- allows 'creditors' to make informed decisions;
- enables collectors in subsequent dealings to proceed as efficiently as possible because all the information is readily available;
- is especially beneficial with an issue such as mental health where customers and collectors may have greater difficulty disclosing or identifying the key information;
- allows creditors to be more responsive to a customer's circumstances;

- saves customers from having to repeat the information (which can be traumatic, difficult, and runs the risk of a disclosure not being recorded). As indicated in **TABLE 4 on PAGE 40**, a previous survey found that 59% of indebted customers who disclosed a mental health problem to creditors reported having to explain their situation to several members of staff.

However, as we note below, collecting mental health information should be a means to an end (to make informed and effective decisions), rather than an end in its own right.

### How long should information be stored for?

It is often asserted that, under the Data Protection Act, a creditor organisation can keep any disclosed information about a customer's mental health problem as long as it is up-to-date, relevant and accurate.

This could potentially include being able to keep information even after arrears have been cleared. However, what the Data Protection Act *does not* do is explicitly define what these terms mean when working with customers who disclose a mental health problem. The MALG guidelines (**BOX 4**) do underline the importance of having up-to-date information, but do not provide any additional guidance.

We understand 'up-to-date' information as data which reflects the customer's current situation, rather than a past state. This is particularly important in relation to mental health because conditions can 'fluctuate'

**TABLE 1***How often mainstream staff reported making a note about a mental health problem on a customer's file.*

	Percent
Always	<b>68%</b>
Often	<b>12%</b>
Sometimes	<b>10%</b>
Rarely	<b>4%</b>
Never	<b>6%</b>
Total	<b>100% (n=1006)</b>

**TABLE 2***How often mainstream staff reported asking customers (or third parties) for their consent to make a note about the customer's mental health problem.*

Includes only frontline employees who work with customers or third parties by telephone.

	Percent
Always	<b>23%</b>
Often	<b>7%</b>
Sometimes	<b>10%</b>
Rarely	<b>14%</b>
Never	<b>47%</b>
Total	<b>100% (n=992)</b>

**TABLE 3***How often mainstream staff reported telling the customer (or a third party) why disclosed information about the customer's mental health problem was being recorded, and how it would be used.*

Excludes respondents who never made a note about a customer's mental health problem.

	Percent
Always	<b>26%</b>
Often	<b>10%</b>
Sometimes	<b>13%</b>
Rarely	<b>13%</b>
Never	<b>39%</b>
Total	<b>100% (n=899)</b>

and vary in their effects over time, and a number of people will also recover from a mental health problem. Consequently, stored information can become out-of-date. We would recommend that data held by creditor organisations about mental health is either updated regularly, is updated when a decision needs to be taken, or is deleted.

### Recommendation:

Whenever creditors record information about a customer's mental health problem, they must ensure it is up-to-date.

To do this, they should either undertake to update the information regularly (which may not be practical), or refrain from using the information to make a decision until it has been updated.

### What purposes should it be used for?

Creditors should share customer information internally to ensure consistency of service. This makes broad sense in terms of debt collection activity. However, it does raise a separate question of whether information collected for one purpose (i.e. collections activity) can be subsequently used for a different reason (i.e. a sales or loan application agreement).

## 3. Conclusion

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In this section, we have contended that creditors will benefit from taking two simple steps to encourage customers to disclose and discuss mental health problems: (a) explaining how such information will be used, stored, shared, and ultimately disposed of; and (b) obtaining

This is an important issue because, as noted earlier in **BOX 2**, previous research with indebted customers indicates they may not disclose a mental health problem where they have concerns about this information affecting their future access to credit.

We believe that *unless creditors clearly inform* customers that the information they provide about their mental health could be drawn upon to make a decision about a future credit application, subsequently using this information in the process of making a lending decision would not constitute good practice and could run counter to the Data Protection Act.

While creditors can decide not to provide credit to a customer on the basis that they lack the mental capacity to make a decision to enter into a contract, there is a clear difference between lacking such capacity and having a mental health problem. We await forthcoming guidance from the Office of Fair Trading on the issue of mental capacity.

### Consent and mental capacity

In our interviews, creditor representatives were concerned that some customers who disclose a mental health problem may not have the capacity to consent to this information being recorded.

On this issue, we again wait forthcoming guidance from the Office of Fair Trading. This addresses mental capacity and initial lending decisions, and may also contain general principles applicable to this situation.

consent to process this information. Doing this will ensure that creditors not only improve practice and the efficiency of recovery activity, but also work within the legal requirements of the Data Protection Act.

**TABLE 4**

*Experiences of customers with problem debt who informed creditors of their mental health problem.*

Topic	Agree	Disagree	Can't say
I was clearly told what would happen to any information I provided about my mental health problems	<b>4%</b>	<b>80%</b>	<b>16%</b>
I was asked for my consent to record details about my mental health problems	<b>15%</b>	<b>71%</b>	<b>14%</b>
I had to explain my situation to several people in the same organisation	<b>59%</b>	<b>32%</b>	<b>9%</b>
Once I had told the organisation about my mental health problems, staff treated me sympathetically and sensitively	<b>16%</b>	<b>74%</b>	<b>9%</b>
Staff asked questions about how my mental health problems were affecting my financial situation and ability to make repayments	<b>28%</b>	<b>64%</b>	<b>8%</b>
I felt that my mental health problems were taken into account when a decision was made about my financial difficulties	<b>10%</b>	<b>79%</b>	<b>11%</b>
I felt I was treated unfairly by the organisation because of my mental health problems	<b>51%</b>	<b>23%</b>	<b>27%</b>
Despite telling the organisation about my mental health problems, I felt as though I was harassed about my debt repayments.	<b>83%</b>	<b>13%</b>	<b>5%</b>

Note: Based on 291 respondents. Mind (2007) In the Red

## BOX 4 MALG guidelines

- 4.4** Creditors should follow the [Data Protection] Act's requirement that information must be accurate and, where necessary, kept up to date. Some further information regarding the Act and issues of relevance and currency is provided in the guidance to the Debt and Mental Health Evidence Form, referred to in the introduction to the Guidelines, which is available at any of the following three websites: [www.malg.org.uk](http://www.malg.org.uk), [www.moneyadvicetrust.org](http://www.moneyadvicetrust.org), or [www.rcpsych.ac.uk/debt](http://www.rcpsych.ac.uk/debt).
- 4.8** The requirement to keep account records up to date is particularly relevant in the case of consumers who have accrued debt as the result of the onset of a mental health problem (which may have been temporary), or where the mental health problem fluctuates over time.



## 2.3 Medical evidence

### KEY FINDINGS

- *One in two frontline staff* reported it was potentially part of their role to ask for medical evidence if a customer disclosed a mental health problem (50%).
- However, among these employees, one in four had 'never' or 'rarely' asked a customer or third party to provide supporting evidence of their mental health problem (25%).
- Those respondents who had used medical evidence to make a decision generally found it to be relevant (76%), easy to understand (57%), and to have influenced their decisions (84%).
- Staff who did collect medical evidence as part of their job often did not take steps to assist this process:
  - almost two-fifths of this group (38%) rarely or never told the customer they could suspend telephone calls and/or letters if the customer wished to gather medical evidence;
  - three-quarters (74%) rarely or never told the customer they could suspend interest and/or charges if the customer wished to gather evidence;
  - six in seven (85%) rarely or never directly contacted a mental health professional for supporting evidence about the customer's mental health problem.

### RECOMMENDATIONS

- Medical evidence should be obtained when there are unanswered questions after discussions with a customer, and when the need for evidence is proportionate to the to the degree of flexibility being considered (see BOX 3).
- When creditors decide to request evidence, we recommend that they:
  - inform the customer of how the evidence will be used;
  - allow a reasonable time for evidence to be collected;
  - suspend unnecessary contact with the customer while evidence is collected;
  - cancel charges and interest on receipt of evidence;
  - only collect relevant evidence, for example by using the Debt and Mental Health Evidence Form;
- Creditors should ensure that their mental health policy makes clear:
  - who is responsible for requesting evidence, and when they should do so (see BOX 3);
  - who is responsible for using medical evidence to make decisions about customers' accounts.
- Creditors should provide training to all staff who use medical evidence to make decisions about customers' accounts.
- If a customer declines to provide medical evidence, the creditor should be sensitive to their reasons for doing so wherever possible.
- All relevant health and social care professionals should be accepted as sources of medical evidence.

### WHAT STAFF SAID ABOUT EVIDENCE

*"Just getting the evidence sent to us helps us to understand and go that extra mile when dealing with the customer. We give customers time to get this information to us."*

# 1. What is 'medical evidence'?

---

'Medical evidence' refers to information about a customer's mental health problem provided by a health or social care professional who knows them.

## This section

In this section of the report, we begin by briefly introducing the key principles that should guide the collection of medical evidence, before drawing on findings from our survey on:

- the extent to which creditor staff currently collect medical evidence (**PAGE 45**);
- whether evidence is actually being used to inform and shape decisions taken about customers (**PAGE 47**);
- whether opportunities are being taken to assist customers while evidence is being collected (**PAGE 49**).

## Key principle: knowing when to collect evidence

Firstly, it may not be necessary to obtain medical evidence for every customer. Instead, as discussed in **SECTION 2.1**, staff should be able to gather most, if not all, of the information needed through asking customers or third parties basic questions.

Secondly, medical evidence should be obtained:

- when a customer has disclosed a problem;
- where staff have already asked how this impacts on the customer's ability to repay or manage their debt;
- where unresolved issues, complex circumstances, or doubts remain;
- where additional information from a health or social care professional who knows the customer would help creditors decide what action to take;
- where the customer gives their informed consent;
- and where the need for evidence is proportionate to the degree of flexibility being considered (e.g. it would normally be excessive to seek evidence to change from telephone to written communication) (see also **BOX 3**).

## Key principle: deciding how to collect evidence

There are at least four methods of collection:

- (a) the money *adviser initiates the process* by requesting evidence from a health or social care professional with the customer's consent;
- (b) the *creditor initiates* the process by asking the customer, a family member or friend, or a money adviser, to gather and submit evidence from a health or social care professional;
- (c) the *creditor directly contacts* a health or social care professional (after customer consent);

- (d) the *customer directly contacts* the professional, before sending written evidence to creditors.

Of these, (a) and (b) are probably the most common.

## Key principle: deciding what evidence to collect

Creditors need relevant and clear evidence which will directly inform and improve their decision-making about what action to take on a customer's account.

To achieve this, some creditors will therefore send a set of standardised questions – taken from tools like the Debt and Mental Health Evidence Form (see [www.rcpsych.ac.uk/recovery](http://www.rcpsych.ac.uk/recovery) or **BOX 2**) - to the health or social care professional. However, others may use their own questions or letter.

To our knowledge, few creditors offer to compensate health or social care professionals for taking the (potentially considerable) time to provide medical evidence about indebted customers.

## Key principle: using evidence to make decisions

Collecting medical evidence is rarely worthwhile unless it is used to inform decision-making. Doing this requires staff to use the evidence to establish the ways in which the customer's mental health problem affects their ability to repay their debt, and then formulate any actions or adjustments that could be made in response to this.

## Summary

In general, the decision to collect medical evidence should only be made following an initial discussion with the customer or third party, and where unanswered questions or doubts remain. It may follow that organisations who invest in providing mental health training to staff may reduce the need to collect additional medical evidence. However, where medical evidence is collected, an imperative is placed on staff to actually use this information.

## BOX 1 Codes of practice relating to medical evidence

### MALG guidelines

- 1.3 The creditor will need to take steps to establish whether the mental health problem affects a consumer's ability to manage money and debt, based on relevant testimony to be provided by the consumer and/or their representative.
- 3.1 It is important that members of each agency helping to resolve a person's debt problems work together, [and] exchange information (with clients' consent).
6. Where a mental health problem has been notified, creditors should allow a reasonable period for advisers to collect relevant evidence and present it to the creditor.
- 6.9 Appropriate courses of action might include agreeing to impose a stay of action, not charging default interest and/or charges for unauthorised borrowing while information is being gathered by an adviser.
- 13.2 Creditors will accept evidence provided from an agreed list of practitioners [including] care coordinators, clinical psychologists, GPs, mental health nurses/psychiatric nurses, occupational therapists, psychiatrists, social workers, and other approved mental health professionals.

### Lending Code

175. Where it is appropriate and with a customer's consent, subscribers should work with advice agencies and health and social care professionals in a joined-up way to exchange information and ensure an effective dialogue.
178. If a customer informs a subscriber that they have a mental health problem that is impacting on their ability to manage their financial difficulties, the subscriber should allow the customer a reasonable period (e.g. 28 days) of time to collect and submit relevant evidence to the subscriber. This evidence will help the subscriber to work with the customer, advice agencies and health/social professionals where appropriate to determine the most appropriate action to deal with the customer's financial difficulties.
179. The Money Advice Liaison Group (MALG) has produced a Debt and Mental Health Evidence Form (DMHEF) which provides a standardised methodology for advisors and creditors to share relevant information about the customer's condition from health and social care professionals.
180. Subscribers are encouraged to consider the DMHEF if it is presented by the customer or their adviser (with the customer's consent).

### Finance and Leasing Association Lending Code

- 1C Lending you money - We will take particular care if you are suffering from health problems, including mental health difficulties, when we are made aware of this ... In order to do this we may need to ask for appropriate evidence of your health problem and may need your permission to record this information on our system.
- 1D4. If we are aware you have a long-term health difficulty [we will] make sure that we accept appropriate evidence of your condition when considering your financial difficulties and the options available to you.

### OFT Guidance on Irresponsible Lending

- 7.4 In the OFT's view, creditors should consider reducing or stopping interest and charges when a borrower evidences that he is in financial difficulty and is unable to meet repayments.

## BOX 2 Standardised questions used in the Debt and Mental Health Evidence Form

- Does the person have a mental health problem?
- Does the person have a mental health problem which currently affects their ability to deal with money? How?
- What was the approximate first date of the onset / first treatment / most recent episode of the mental health problem?
- If the person is receiving treatment or support, is there any aspect of this which affects their ability to manage money?
- Are there any other relevant impact/effects that the person may experience due to their mental health problem?
- Does the person have any difficulties with communication?
- Can the answers to the above questions be shared with the person?

## 2. Collecting evidence

As shown in TABLES 1 and 2:

### Half of all staff report that asking for medical evidence is part of their job

- one in two frontline staff reported it was part of their role to ask for medical evidence if a customer disclosed a mental health problem (TABLE 1);
- one in six were not sure (TABLE 1);
- however, among those who said it was part of their job, one in four had 'never' or 'rarely' asked a customer or third party to provide supporting evidence of their mental health problem (25%) (TABLE 2).

### For every five disclosures of a mental health problem, one request is made for medical evidence

Where evidence collection was part of an employee's role:

- respondents reported (on average) asking for medical evidence once each month;
- this was despite respondents reporting (on average) that in a typical month, five customers or third parties would disclose a mental health problem (see SECTION 2.1).

### Staff are more likely to ask third parties

When asked about which factors might make respondents more likely to ask:

- almost two-thirds (62%) of respondents identified situations when they were dealing with a family member, friend or carer rather than the customer directly;
- over half (55%) pointed to situations where they were working with a money adviser or debt management company.

### Collecting evidence: an unclear picture

The survey results prompt more questions than they provide answers. Firstly, from the overall sample, one in six respondents (16%) were 'not sure' whether asking for medical evidence fell within their job role.

This is in contrast to the one in two participants who reported it was (50%), and 35% who indicated it wasn't. There appears to be confusion among staff about whether asking for medical evidence is actually part of their job.

Secondly, returning to the overall sample, even where employees indicated that asking for medical evidence was part of their remit, there was considerable variance in how often this occurred when a customer reported a mental health problem. For example, equal proportions of the sample reported 'always' requesting medical evidence (25%), as did those who 'never' or 'rarely' asked (25%).

Thirdly, where asking for evidence was part of a respondent's job, there was a low level of requests (on average once per month) relative to the number of disclosures of mental health problems (on average five per month). This figure in itself does not tell us whether evidence is being requested in an effective and appropriate way. On the one hand, it may be unnecessary to request evidence for the majority of customers with mental health problems if staff are able to obtain information from them and respond accordingly. On the other, it is likely that many staff feel uncertain about when and how to request evidence.

This latter possibility is suggested by the fact that staff seem less reluctant to ask money advisers or families acting as third parties for evidence, than actual customers. Finally it could be that creditors do not ask for medical evidence as they have a sceptical view of its benefits or relevance.

### Recommendation:

- Medical evidence should be obtained when there are unanswered questions after discussions with a customer, and when the need for evidence is proportionate to the degree of flexibility being considered (See BOX 3).
- Creditors should be willing to contact a nominated mental health professional directly. The customer must provide their clear, explicit consent in this situation.
- Creditors should ensure that their mental health policy makes it clear who is responsible for requesting evidence, and when they should do so (See BOX 3).

## BOX 3 When should medical evidence be obtained?

Medical evidence should be obtained when the following criteria are met:

- when a customer discloses a problem;
- where employees have already asked how this impacts on the customer's ability to repay or manage their debt;
- where unresolved issues, complex circumstances, or doubts remain;
- where additional information from a health or social care professional who knows the customer would help the creditor decide what action to take;
- where the customer consents to this;
- and where the need for evidence is proportionate to the degree of flexibility being considered (e.g. it would be excessive to seek evidence to change from telephone to written communication).

### TABLE 1

*"Is it part of your job to ask for medical evidence if a customer tells you they have a mental health problem?"*

	Percent
Yes	<b>50%</b>
No	<b>35%</b>
Not sure	<b>16%</b>
Total	<b>100% (n=1129)</b>

### TABLE 2

*How often mainstream staff ask customers (or third parties) who report a mental health problem to provide medical evidence*

Excludes mainstream staff who said it was not part of their job to ask for evidence.

	Percent
Always	<b>25%</b>
Often	<b>23%</b>
Sometimes	<b>28%</b>
Rarely	<b>14%</b>
Never	<b>11%</b>
Total	<b>100% (n=671)</b>

### 3. Using evidence

As shown in TABLES 3-5:

#### The reported use of medical evidence is low

Where evidence collection was part of an employee's role:

- respondents reported (on average) requesting medical evidence once a month;
- however, respondents reported (on average) using such medical evidence once every five months (TABLE 3);
- meanwhile, nearly 60% of frontline employees said they had never used medical evidence to make a decision about a customer's account (TABLE 4).

#### However, respondents generally reported a positive experience of using medical evidence

Where respondents reported using evidence (TABLE 5):

- eighty-four percent agreed that the medical evidence influenced the decisions they made;
- fifty-seven percent agreed that the information was easy to understand;
- three-quarters (76%) agreed that the information was relevant;
- nearly a quarter (24%) agreed that using medical evidence helped them recover debt.

#### Using evidence: why are the rates so low?

Among those respondents indicating that evidence collection was part of their role, there were low reported rates of using medical evidence that had been collected to make a decision about a customer's account. While, on average, staff requested evidence once per month, they only *used* evidence to aid decision-making once every five months.

Why might this be? It is possible to speculate that some creditor staff could find medical evidence difficult to understand, irrelevant, or not practically useful (see TABLE 5). It could also be the case that there are hindrances in the process of collecting evidence: customers may have concerns about providing evidence to their creditors, requests for medical evidence may be taking too long to fulfil, and some professionals may request a fee for providing medical evidence. Alternatively, it could be that although respondents are able to ask for medical evidence as part of their job role, making actual decisions using such information is undertaken by a much smaller proportion of staff, such as specialist teams or staff (who are not included in the data presented).

What is clear, however, is that all mainstream collections staff need to know either:

- how to read, interpret and make decisions on the basis of medical evidence; or
- which appropriately qualified colleague to refer the customer to, in order for this to happen.

#### Recommendation:

- Creditors should ensure that their mental health policy makes it clear who is responsible for using medical evidence to make decisions about customers' accounts.
- Creditors should provide training to all staff who use medical evidence to make decisions about customers' accounts.

#### Using evidence: improving the quality

In terms of experience of mainstream staff in using medical evidence, it appears that staff have less difficulty in identifying the relevance of the medical information than in understanding it. This would suggest a need for information that is in plain, non-jargonistic language; and mental health awareness training for those staff who are responsible for using medical evidence. Almost a quarter of respondents agreed that the use of medical evidence had helped to recover the debt; and the majority (57%) neither agreed nor disagreed with this statement. This supports the principle that collecting medical evidence can have business benefits, rather than necessarily leading to a write-off.

**TABLE 3**

*“In a typical month, how many times do you use medical evidence about a customer’s mental health problem to help you make a decision about their account?”*

Excludes mainstream staff who had never used medical evidence. n=293.

	Number of uses of evidence per month
Median	<b>0.20</b>

**TABLE 4**

*“Have you ever used medical evidence about a customer’s mental health problem to make a decision about their account?”*

	Percent
Yes	<b>29%</b>
No	<b>59%</b>
Not sure	<b>12%</b>
Total	<b>100% (n=1136)</b>

**TABLE 5**

*Mainstream staff’ evaluations of using medical evidence.*

*“The medical evidence...”* Excludes those who had never used medical evidence.

	<i>“influenced the decisions I made about the customer’s account.”</i>	<i>“was easy to understand.”</i>	<i>“was relevant.”</i>	<i>“helped me to recover the debt.”</i>
Agree	<b>84%</b>	<b>57%</b>	<b>76%</b>	<b>24%</b>
Disagree	<b>2%</b>	<b>9%</b>	<b>2%</b>	<b>18%</b>
Neither	<b>15%</b>	<b>35%</b>	<b>22%</b>	<b>57%</b>
Total	<b>100% (n=330)</b>	<b>100%(n=330)</b>	<b>100%(n=330)</b>	<b>100%(n=330)</b>

**BOX 4 What staff said about collecting and using evidence**

*“If someone has a mental health issue that seriously affects their ability to pay or to understand the repercussions of not paying, then we would require proof that they do have problems. This can sometimes be difficult to broach with them.”*

*“If they stated they had some form of mental health problem then I would try and find out how this has affected them in terms of maintaining their payments. Once this has been discussed I would work with the customer on the best way to go forward on their account. Depending on what actions we take to help we may ask for written confirmation from their doctor.”*

*“Many customers do not provide evidence of their medical condition and as this is a sensitive subject on most occasions this is not asked for.”*

*“The biggest challenge is usually decoding the medical evidence when provided.”*

*“The amount of time it takes to obtain medical evidence can be a problem. However, we have found that once we have established this fact it certainly does influence the decision we make.”*

## 4. Missed opportunities

Clearly, where employees do not consider it part of their job to ask customers to provide medical evidence, this leads to missed opportunities in terms of creditors accessing all the relevant information they need about customers' mental health.

However, even where employees *are* willing to ask customers to provide medical evidence, very often they are failing to take steps to facilitate this process. The relatively low rates of using (as compared to requesting) evidence could be explained by customers having concerns around providing evidence to their creditors. When dealing with customers who reported a mental health problem:

- almost two fifths (38%) 'rarely' or 'never' told the customer they could suspend telephone calls and/or letters if the customer wished to gather medical evidence (e.g. for 30 days) (TABLE 6);
- three quarters (74%) had 'rarely' or 'never' told the customer they could suspend default interest and/or charges if the customer wished to gather evidence (e.g. for 30 days) (TABLE 7);
- six in seven (85%) 'rarely' or 'never' directly contacted a mental health professional for supporting evidence about the customer's mental health problem (TABLE 8).

### Suspending telephone calls and letters

Customers may be reluctant to assist with evidence collection if they expect to continue to receive collections calls while doing so. Creditors, too, need not expend resources on contacting customers while evidence is being collected.

The MALG Guidelines recommend creditors "allow a reasonable period for advisers to collect relevant evidence" (point 6) during which time it may be appropriate to "impose a stay of action" (point 6.9). We recommend that creditors take similar action for customers who are managing their own cases, and give advance notice that this option is available.

### Charges and interest

Customers may be wary of gathering evidence if they anticipate that further charges or interest will be applied because of delays to the arrears process. The MALG Guidelines recommend "not charging default interest and/or charges for unauthorised borrowing while information is being gathered" (point 6.9). The OFT Guidance on Irresponsible Lending also recommends that creditors "consider reducing or stopping interest and charges when a borrower evidences that he is in financial difficulty and is unable to meet repayments" (point 7.4).

Again, we recommend that creditors inform customers or their representatives about this process in advance. This will ensure that the provision of medical evidence will hinge on creditors' decisions about its appropriateness, and not on customers' unfounded fears about charges being applied.

### Telling customers how information will be used

In SECTIONS 2.1 and 2.2 we showed that customers' concerns as to how information about their mental health would be used by creditors – specifically with regards to being treated unfairly or having credit declined in future – could act as a barrier to disclosure. Such concerns may equally be a barrier to customers providing useful medical evidence. To overcome this, collectors should inform customers of why and how evidence would be used.

### Creditor-driven processes of collecting evidence

In this section, we assume that evidence is collected by money advisers or customers, even if it is the creditor who initially requests evidence be provided.

However, in many cases it may be more expedient for a creditor to drive this process, by writing to a health or social care professional after obtaining the customer's consent to do so. The minority of respondents who had done this show that it is both possible and useful; while current work being undertaken by MALG and others will lead to more effective and streamlined processes for achieving this.

### Recommendation:

Creditors should:

- suspend unnecessary contact with the customer while evidence is collected;
- cancel charges on receipt of evidence;
- cancel or reduce interest while evidence is collected, where applicable;
- inform the customer of these measures in advance.

**TABLE 6**

*How often mainstream staff tell customers and third parties they can suspend telephone calls and/or letters if the customer wishes to gather medical evidence (e.g. for 30 days).*

Excludes mainstream staff who said it was not part of their job to ask for evidence.

	Percent
Always	<b>21%</b>
Often	<b>18%</b>
Sometimes	<b>24%</b>
Rarely	<b>13%</b>
Never	<b>25%</b>
Total	<b>100% (n=628)</b>

**TABLE 7**

*How often mainstream staff tell customers and third parties they can suspend default interest and/or charges if the customer wishes to gather medical evidence (e.g. for 30 days).*

Excludes mainstream staff who said it was not part of their job to ask for evidence.

	Percent
Always	<b>7%</b>
Often	<b>7%</b>
Sometimes	<b>12%</b>
Rarely	<b>15%</b>
Never	<b>58%</b>
Total	<b>100% (n=531)</b>

**TABLE 8**

*How often mainstream staff contact mental health professionals directly for supporting evidence about a customer's mental health problems.*

Excludes mainstream staff who said it was not part of their job to ask for evidence.

	Percent
Always	<b>2%</b>
Often	<b>4%</b>
Sometimes	<b>9%</b>
Rarely	<b>11%</b>
Never	<b>74%</b>
Total	<b>100% (n=531)</b>



## 2.4 Third-party support

### KEY FINDINGS

- In this section we look at both third-party individuals (such as relatives and carers) and third-party money advice agencies.
- *Nearly two-thirds (64%)* of staff indicated they 'always' or 'often' asked customers who reported a mental health problem if a carer, family member or friend was helping them with their finances.
- Where participants were asked about what kind of permission they would request to deal with a third-party individual on one occasion, more than *four-fifths (83%)* said they would ask for the customer's verbal permission over the phone.
- Where participants were asked about what kinds of permission they would accept in order to deal with a third-party individual over a longer period of time:
  - *nearly nine out of ten (87%)* said they would accept a written letter from the customer;
  - *two-fifths* of respondents (40%) would accept verbal permission given over the phone;
  - *nearly one in five (19%)* said they would not or were unsure whether to accept Power of Attorney.
- Two-thirds (66%) of respondents indicated they 'always' or 'often' signposted customers to a free money advice agency after a mental health problem was disclosed.
- *More than one in four (27%)* respondents said they could suspend calls and letters as soon as a customer verbally told them they were seeing a money adviser, rather than waiting for a letter of authorisation from the adviser.

### RECOMMENDATIONS

- Where a customer discloses a mental health problem, creditors should follow our 'basic drill' (see PAGE 8):
  - routinely ask if they are receiving any support from relatives or friends;
  - consider signposting the customer to a free money advice agency;
  - consider signposting the customer to health agencies (such as NHS Direct).
- Where a customer nominates a third-party individual or agency to deal with their account, creditors should suspend contact with the customer as early as possible:
  - suspend contact with the customer as soon as they tell the creditor they are seeing a money adviser; rather than waiting for a letter from the adviser.
  - accept customers' verbal permission to deal with a third-party individual on one occasion only;
  - creditors should share practice around what level of permission – written or oral – is sufficient to authorise a third-party individual to act on a long-term basis.
- Creditors should ensure, if an agent in one of their centres suspends contact with a customer temporarily while they are seeing an adviser, that this is co-ordinated across (a) all other centres within that organisation as well as (b) any debt collection agencies that may receive the debt.

### THE CASE FOR CHANGE

**By working proactively with third-party individuals and money advisers, creditors can:**

- secure engagement, and payments, from customers who have difficulty dealing directly with creditors;
- avoid expending resources on unnecessary or unproductive calls to customers;
- minimise the distress experienced by customers with mental health problems.

# 1. Introduction

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The opening three sections of this report have primarily focused on the disclosure, collection and use of information from individual customers or the health and social care professionals who know them.

In this section, we consider a different, but equally important, relationship: that between creditors and those individuals providing 'third-party' support to an indebted customer with mental health problems.

In doing this, we contend that creditors should: routinely ask customers with mental health problems if they are receiving any third-party support; signpost them to third-party money advice agencies; and suspend direct contact with customers who nominate a third party to deal with their account.

## What is 'third-party' support?

Third-party support is defined in this report as support:

- given by relatives, friends, or carers of the indebted customer, or provided by a money adviser or money advice agency;
- where the third party has contact with the creditor and acts on behalf of the indebted customer with mental health problems;
- where support can range from: (i) one-off actions; (ii) assistance with specific activities or tasks that the customer may find difficult; or (iii) full representation of that customer;
- but not support provided by a health or social care professional (except for the provision of medical evidence).

For the purposes of this report, we did not consider support provided by a health or social care professional to an indebted customer. While such forms of support do exist, they are relatively less common than the forms outlined above, and do not normally fall within the working responsibilities of NHS health or social care professionals.

## Why is third-party support important?

Customers who are experiencing mental health problems may have difficulty managing their finances, and may find contact with their creditors very distressing.

Individuals such as relatives, friends and carers may also be able to support them by contacting their creditors on their behalf. Money advisers may be able to provide professional support as case managers, negotiating with creditors.

In either case, by facilitating a smooth and timely 'hand over' to third-party individuals and debt advisers, creditors can help to minimise customers' distress at an already difficult time.

## Codes of practice and guidance

**BOX 1** provides a summary of relevant points from the MALG Guidelines, Lending Code, and FLA Lending Code.

As can be seen, few specific recommendations currently exist on how creditors should work with the families, friends, or carers of indebted individuals with mental health problems<sup>1</sup>. However, general guidance does exist on sensitively managing communications which naturally extends to work conducted with third parties.

In contrast, more guidance is provided on the working relationship between creditors and third-party money advice agencies.

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<sup>1</sup> The exception to this is the available guidance on mental capacity and individual Powers of Attorney.

## BOX 1 Codes of practice and guidelines relating to third parties

### MALG guidelines

- 1.3 The creditor will need to take steps to establish whether the mental health problem affects a consumer's ability to manage money and debt, based on relevant testimony to be provided by the consumer and/or their representative.
- 1.5 [This includes] sensitively managing communications with the consumer (for example preventing unnecessary and unwelcome mailings).

### Lending Code

- 157. Where a not-for-profit debt advice agency has formally notified a subscriber that the customer is in serious discussion with them on a draft debt repayment plan, the credit card provider should suspend collections activity while these discussions continue, provided that they are concluded within 30 days.
- 158. In exceptional circumstances where discussions are progressing but have not been concluded within the initial 30 days, the debt advice agency can ask the subscriber for an additional 30-day breathing space.
- 159. Communications with customers and/or their advisers should, wherever possible, acknowledge and reflect any previous discussions that have taken place. Subscribers should be willing to communicate with customers and/or their advisers by phone, post, secure email or fax. Normally, the subscriber will communicate through the adviser, if an authority has been received. This does not preclude subscribers from copying correspondence to customers if they choose. In certain circumstances it may be beneficial for discussions (either face-to-face or over the telephone) between the adviser and subscriber to take place with the customer present.

### FLA Lending Code

- 1C.5 We will take particular care if you are suffering from health problems, including mental health difficulties, when we are made aware of this. This includes ... being sensitive to your condition and responding appropriately when dealing with you or someone authorised to act on your behalf.
- 1D.4 If we are aware you have a long-term health difficulty [we will] make sure that we accept appropriate evidence of your condition when considering your financial difficulties and the options available to you.

## BOX 2 What staff said about third-party support: Good practice

*"It can help for third parties to deal with accounts – speaking as someone who has suffered a period of depression I know how the decision-making process can be affected."*

*"I had a customer who stated clearly that he had some mental health issues. This was preventing him from working in his former profession, being a physics teacher. He felt there was no way of clearing his debts on the property. We finally came to the agreement that selling the property will need serious consideration, but I sent him away to speak with the CAB firstly before going down this route. It was quite a difficult, long conversation with the customer but we ended with a positive outcome."*

*"I would usually ask if there was a third party who was dealing with their affairs such as a family member, friend or debt management company and would offer to contact them directly with authority and hold the customer's account. In most cases an arrangement can be made by being patient with the customer and trying to understand their situation."*

## 2. Working with carers, friends and family members

As shown in TABLES 1-3:

### The majority of staff ask about third-party support

- nearly *two-thirds* (64%) of respondents indicated they 'always' or 'often' asked customers who reported a mental health problem) if a carer, family member or friend was helping them with their finances (TABLE 1).

### Verbal permission from customers is normally accepted for one-off actions

Where staff were asked about what *kind of permission* they would accept in order to deal with a third party on one occasion only (TABLE 2):

- more than four-fifths of respondents (83%) said they would ask for the customer's verbal permission over the phone;
- one in ten respondents (10%) said they would ask for a written letter.

### Longer-term permission to deal with an account

Where participants were asked about what *kinds of permission* they would accept to deal with a third party over a longer period of time (TABLE 3):

- nearly nine out of ten respondents (87%) said they would accept a written letter from the customer;
- four out of ten respondents (40%) would accept verbal permission given over the phone.

### Some frontline staff are unsure about Power of Attorney status

Again in relation to permissions for long-term handling of accounts, among those who gave a response regarding Power of Attorney (n=963):

- nearly one in five (19%) said they would not or were unsure whether to accept Power of Attorney.

### Asking about third-party support

It is encouraging that, where customers disclose a mental health problem, nearly two-thirds of staff report enquiring about carer, family member, or friends providing support.

#### Recommendation:

Where a customer discloses a mental health problem, creditors should routinely ask if they are receiving any support from relatives or friends.

See our 'basic drill' on PAGE 8 for more details.

### Permission for third-parties to act

Verbal permission for a one-off permission is potentially the most efficient transfer of contact from the customer to the third-party individual, while also meeting security safeguards.

Where longer-term authority was sought, the vast majority of respondents said they would accept a written letter from the customer.

However, in interviews with creditors and advisers (as well as in the survey), opposing views existed about whether verbal permission for a third-party individual to have authority for a customer's account provided sufficient safeguards against abuse of third-party authority.

On one level, letters were often considered a far more reliable form of permission since they can more easily be recorded and retrieved by all parties. However, it was also stated that permission was not only more convenient for customers and those wishing to manage their financial affairs, but that verbal permission over the phone could be secure if done in the correct manner, for example if security information (date of birth, occupation, address) is recorded for the third-party individual in addition to that for the customer.

#### Recommendation:

Where a customer nominates a third-party individual to deal with their account, creditors should suspend contact with the customer as early as possible:

- accept customers' verbal permission to deal with a third-party individual on one occasion only;
- creditors should share practice around what level of permission – written or oral – is sufficient to authorise a third-party individual to act on a long-term basis.

**TABLE 1**

*How often mainstream staff ask customers if a third-party carer, family member, or relative are helping with their finances.*

	Percent
Always	<b>28%</b>
Often	<b>36%</b>
Sometimes	<b>25%</b>
Rarely	<b>6%</b>
Never	<b>6%</b>
Total	<b>100% (n=990)</b>

**TABLE 2**

*Permission for third-party individual to deal with an account on one occasion only.*

Mainstream staff were asked to select the one option they would ask for.

	Percent who would ask for it
Verbal permission, over the phone	<b>83%</b>
A written letter from the customer	<b>10%</b>
Other (not specified)	<b>3%</b>
Not sure	<b>2%</b>
Special form (in branch or by post)	<b>2%</b>
I would not let the third party deal with the account.	<b>0.1%</b>
Total	<b>100% (n=1131)</b>

**TABLE 3**

*Permission for a third-party individual to deal with an account on a longer-term basis.*

n=1136. Mainstream staff could select "would accept", "would not accept" or "not sure" for each type of permission; hence the sum is greater than 100%. The data shows the percentage of the sample (including non-responses) who said they would accept a given type of permission.

	Percent who would accept it
A written letter from the customer	<b>87%</b>
Power of Attorney	<b>69%</b>
Verbal permission, over the phone	<b>40%</b>
A special form from my company to be sent by post.	<b>39%</b>
A special form to be filled out at a local branch.	<b>24%</b>
Other (not specified)	<b>4%</b>

### 3. Working with money advisers

As shown in TABLES 4-5:

#### The majority of staff report 'signposting' customers to free money advice

- two-thirds (66%) of respondents indicated they 'always' or 'often' signposted customers to a free money advice agency, after a mental health problem was disclosed (TABLE 4);
- one-third (33%) reported 'always' or 'often' signposting the customer to a debt management company<sup>2</sup>.

#### Suspending calls and letters – good practice

We asked staff when they would suspend calls and/or letters for a customer who told them they were seeing a money adviser, and who had mental health problems (TABLE 5). Among those staff who indicated they were able to make such a decision:

- over one in four (27%) said they would suspend calls and/or letters as soon as the customer told them they had seen an adviser;
- a further one in four (25%) said they would do so upon receipt of a letter of authorisation from the adviser.

#### Suspending calls and letters – weaker practice

Three in ten (30%) gave responses which we consider to indicate weaker practice, since they could lead to the customer being contacted unnecessarily:

- 14% would only suspend calls and letters when they received or accepted an offer of payment from the adviser;
- 8% would not suspend calls and letters to the customer even upon receipt of a letter of authorisation or an offer of payment from a money adviser;
- 8% were not sure when they might suspend calls and letters.

#### Signposting

In terms of working constructively with customers who have sought advice from money advisers, again our respondents gave encouraging answers, with two thirds having always or often signposted customers who reported a mental health problem to a free money advice agency.

#### Recommendation:

Where a customer discloses a mental health problem, creditors should consider signposting the customer to free money advice, such as a CAB or National Debtline.

See our 'basic drill' on PAGE 8.

#### Suspending calls and letters

When a customer is seeing an adviser and has reported a mental health problem, it is best practice to suspend contact with that customer as soon as they have verbally notified the creditor of this.

That this was the most popular response is highly encouraging and also demonstrates that this approach is workable. However, three-quarters selected other options, and so we recommend creditors that adopt this approach more consistently, extending current agreements around 'breathing space' where necessary.

#### Recommendation:

Creditors should suspend contact with customers as soon as they tell the creditor they are seeing a money adviser, rather than waiting for a letter of authorisation from the adviser.

Creditors should ensure, if staff in one of their centres suspends contact with a customer while they are seeing an adviser, that this is co-ordinated across (a) all other centres within that organisation as well as (b) any debt collection agencies that may receive the debt.

<sup>2</sup> We did not define "debt management company" in the questionnaire, but typically it is understood to refer to both fee-charging companies and non-fee-charging companies, such as PayPlan and CCCS.

## BOX 3 What staff said about money advice agencies

*"In the majority of cases the customer claims to be suffering from depression. Occasionally they say they feel or have felt suicidal. Generally in these cases I try to explain how they can best address their arrears situation but if they feel they are unable to cope, I suggest they obtain free assistance from an agency such as the CAB."*

*"Sometimes customers with mental health problems are reluctant to discuss. It might be more helpful if from disclosure they are referred to an agency like CAB, PayPlan etc. Sometimes they won't speak to the lender or a lot of debt has been built before action is taken – there are a lot of cases where things could have been nipped in the bud earlier."*

*"Company policy is such that we do not give details of debt advice or debt management companies to those who do not explicitly say they are in financial difficulties. I feel this is wrong. Anybody who doesn't respond to questioning regarding their circumstances should be told verbally what help is available for certain situations, so that if they feel unable to discuss the matter [with creditors] they still have the information and hence are given a better chance of getting the support they need."*

### TABLE 4

*How frequently staff signposted customers who reported a mental health problem to third-party money advisers and debt management companies.*

	n	Always	Often	Sometimes	Rarely	Never
Free money advice agency (e.g. CAB or National Debtline)	<b>990</b>	<b>32%</b>	<b>34%</b>	<b>21%</b>	<b>6%</b>	<b>7%</b>
Debt management company	<b>976</b>	<b>14%</b>	<b>19%</b>	<b>22%</b>	<b>13%</b>	<b>32%</b>

### TABLE 5

*Suspending calls and letters to customers who say they are seeing a money adviser, and who have mental health problems.*

	Percent
As soon as the customer tells me they have seen an adviser	<b>27%</b>
As soon as we receive a letter of authorisation from the adviser	<b>25%</b>
As soon as we receive or accept an offer of payment from the adviser	<b>14%</b>
None – calls and letters would continue	<b>8%</b>
Not sure	<b>8%</b>
As soon I have called the adviser and requested a letter of authorisation	<b>6%</b>
Other (unspecified)	<b>12%</b>
Total	<b>100% (n=921)</b>
N/A – This would not be my decision to make (excluded from count)	<b>n=207</b>



# 2.5 Being responsive to customers' circumstances

## KEY FINDINGS

- Three fifths (59%) of respondents agreed that, if they could take a customer's mental health problem fully into account when making decisions, they were more likely to be able to recover the debt.
- Yet two fifths (41%) of our sample felt that, due to commercial pressures, it is not always possible for collectors to consider a customer's personal circumstances.
- Fifty-seven percent of mainstream staff agreed that telephone calls with customers who have a mental health problem tend to take longer than with other customers.
- One in five (20%) said they are reluctant to discuss mental health problems because they 'don't want to get too bogged down' with a customer's personal issues.
- If employees feel unable to take personal circumstances into account, they are more likely to be sceptical about customers who report mental health problems.

## RECOMMENDATIONS

- Creditors should consider adopting incentive structures and performance measures that reward (a) the sustainability of arrangements (i.e. 'kept rates') and (b) the quality of calls, rather than (c) call times or (d) cash collected.
- All staff, including frontline staff, should have the flexibility to take more time with customers and third parties where appropriate.
- Staff should be encouraged to take more time with customers who have difficulty dealing with their creditors or managing their finances, rather than being discouraged from doing so by concerns around call time targets. This includes, but is not limited to, customers with mental health problems.
- Creditors should consider giving frontline staff a range of repayment options to offer to customers, to ensure these match customers' circumstances and are affordable and sustainable.
- Creditors should consider reviewing their use of minimum repayment levels for both monthly payments and one-off settlements.

## THE CASE FOR CHANGE

- **Increase 'kept rates' and therefore revenue.** Customers with mental health problems may be more likely to "say anything to get off the phone." If staff take affordability and sustainability as their starting point, a greater proportion of arrangements will be kept.
- **Staff satisfaction.** Many staff in our survey voiced frustrations about feeling unable to respond to vulnerable customers in the way they wanted to, because of time pressures, targets and inflexible repayment options.

### What staff said

*"All customers are just that to me to start with, but their individual circumstances are what helps me to be able to make the right decisions and be able to deal with them effectively. There are some customers that need just a little extra help and assistance to be able to get the right and best solution for all parties."*

# 1. Introduction

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A central element of treating any customer fairly is demonstrating that any relevant financial and personal circumstances have been taken into full account. Consequently, collectors need to not only collect relevant information about a customer's situation, but ensure they are also able to respond to those circumstances.

In principle, this view is widely accepted. However, in practice, the extent to which a customer's situation is actually taken into account may depend on at least three closely interlinked factors:

- commercial pressures (most notably time);
- staff incentive structures;
- available repayment options (that staff can offer).

## Commercial pressures

Firstly, it is important to remember that debt collection centres are commercial environments and are driven by the need to maximise revenue. Generally speaking, employees have to deal with accounts as swiftly and effectively as possible to achieve this.

However, it is likely that some customers with mental health problems will require more time in order to explain their situation to staff. Equally, staff may need to spend more time identifying and explaining what repayment options are available to customers.

## Staff incentive structures

Secondly, when aiming to maximise revenue and performance, most creditors use performance measures, targets or reward structures for their frontline collections staff.

However, where targets are solely premised on the amounts of money that customers promise to pay, or the number of customer calls that staff make, this can act as a barrier to staff appraising a customer's circumstances and responding accordingly. This can mean frustration for collectors, poorer outcomes for customers, broken payment arrangements, and creditors' resources being wasted.

## Repayment options

Thirdly, as noted later in this section, creditor organisations may give mainstream collections staff a set number of repayment options for customers. This may be accompanied by a comparatively limited scope for staff to be flexible or tailor these options. However, customers who have mental health problems may have particular difficulties which could – if not taken into account – affect their ability to maintain repayments.

## Creditors are expected to be responsive

As shown in **BOX 1**, several industry codes echo the general need for the individual circumstances of the customer to be taken into account. These also observe that an organisation's 'reward framework' and their interaction with customers should be premised on transparency, quality, and fair treatment, rather than solely on productivity and profit. Three sets of industry guidance also make reference to customers with mental health problems and the need to respond to their circumstances.

## Staff believe there are commercial benefits

Despite the many perceived challenges of working with such customers, creditor staff still believe that there are commercial benefits to taking a customer's mental health problem into account. As shown in **TABLE 1**, nearly 59% of mainstream staff agreed they would be more likely to recover a customer's debt if they were able to fully take into account any related mental health problems.

## This section

In this section we expand on these themes and contend that making changes to practice in these areas can potentially deliver benefits to both creditors and their customers. To achieve this, we recommend the following steps.

### Recommendation:

- All staff, including frontline staff, should have the flexibility to take more time with customers and third parties where appropriate.
- Creditors should consider adopting incentive structures and performance measures that reward (a) the sustainability of arrangements (i.e. 'kept rates') and (b) the quality of calls, rather than only (c) call times or (d) cash collected.
- Creditors should consider giving frontline staff a range of repayment options to offer to customers, to ensure these match customers' circumstances and are affordable and sustainable.

## BOX 1 Codes of practice relating to being responsive to customers' circumstances

### FSA Treating Customers Fairly

Outcome 1 requires that "fair treatment of customers is central to the corporate culture".

Indicator: The firm's reward framework (including incentive schemes) throughout the business is transparent, recognises quality and supports the fair treatment of customers.

Contra-indicator: The firm's reward framework concentrates on sales, volumes and profit without consideration of quality (i.e. the framework drives behaviours which may result in customers being treated unfairly) and there are no controls that mitigate the risks that arise from this framework.

**CML Guidance on MCOB 13:** Your policy states –

- how you ensure that the individual circumstances of each customer are taken into account and a 'one size fits all' approach is not used.
- how you treat customers with serious or terminal illness, mental health problems (consider referring to the Money Advice Liaison Group's guidelines) or disabilities.

**Lending Code 173:** Subscribers should consider their processes and systems to ensure that they can be responsive to a customer in financial difficulties, from the point at which they are made aware of a mental health problem.

**FLA Lending Code 1C.5:** We will take particular care if you are suffering from health problems, including mental health difficulties, when we are made aware of this. This includes: being sensitive to your condition and responding appropriately when dealing with you or someone authorised to act on your behalf.

**CSA Code of Practice 4.** Have due regard and deal sensitively with individuals where evidence has been given, or it is apparent, that the individual is incapacitated by mental or physical disability. Encourage debtors in financial difficulties to inform members of their difficulties and then respond sympathetically and positively on the evidence provided.

TABLE 1

*"If we can take a customer's mental health problem fully into account when making decisions, we are more likely to be able to recover the debt."*

	Percent
Agree	<b>59%</b>
Disagree	<b>11%</b>
Neither	<b>30%</b>
Total	<b>100% (n=1127)</b>

## BOX 2 What staff said about being responsive to customers' circumstances

*"Whilst I might be sympathetic to the customer's situation, business pressures don't allow for me to give a more personalised approach. There's pressure to collect the maximum money, and pressure to complete the call within 6 minutes. Pressure to say specific things on the phone, whilst being listened to, whilst also managing varying customer abuses and irregularities."*

*"It is not a matter of treating people differently - it is a case of treating everyone as an individual."*

## 2. Commercial pressures

As shown in TABLES 1-5:

### The majority of staff believe that taking mental health into account will improve recovery

- as noted earlier, nearly 60% of mainstream staff agreed they would be more likely to recover a customer's debt, if they were able to fully take into account any related mental health problems (TABLE 1, PAGE 62).

### However, divided opinion exists about the ability of staff to overcome commercial pressures

- two-fifths (41%) of mainstream staff felt that, due to commercial pressures, it is not always possible for collectors to consider a customer's personal circumstances;
- however, about the same proportion (38%) disagreed with this statement (TABLE 2).

### Staff are willing to try and discuss customer mental health problems

- one in five staff members (20%) said they were reluctant to discuss mental health problems because they 'don't want to get too bogged down' with a customer's personal issues;
- nearly a quarter (23%) neither agreed nor disagreed (TABLE 3);
- fifty-seven percent agreed that telephone calls with customers with mental health problems took longer than with other customers (TABLE 4);
- the average telephone call length for any customer (whether they have mental health problems or not) is nine minutes (TABLE 5).

### There may be a will, but is there a way?

Although the majority of mainstream staff perceive benefits to debt recovery if they are better able to take into account a customer's mental health problem, a majority view did not exist on whether it was possible to achieve this in the context of current commercial pressures (38% disagreeing and 41% agreeing with this statement). This is echoed by the qualitative data in BOX 3 (PAGE 66).

### Willing to discuss, but will take longer

It is encouraging that only one in five members of mainstream staff reported a reluctance in discussing a customer's mental health problem due to the potential complexity of their situation. Clearly, a customer's mental health may have a great relevance to what they can afford to pay.

Based on the survey data, we estimate that the average telephone call with *any* customer (whether they have a mental health problem or not) will last *nine minutes*. However, as the majority of our sample indicated, many customers with mental health problems will require more time if they are to be dealt with effectively.

This does not mean that spending more time with *every* customer who reports a mental health problem necessarily makes for more constructive negotiations. Rather, we recommend the **pairing of increased staff competency in dealing with customers with mental health problems, with the flexibility for staff to take longer doing so if that is appropriate and useful**. Staff should not feel that doing this will reflect badly on them when their performance is measured and rewarded. Instead, staff should have the flexibility to obtain basic information about how a customer's mental health affects their ability to pay, and to assess whether a customer should be referred to the specialist team, or signposted to debt advice or mental health support.

### Recommendation:

- All staff, including frontline staff, should have the flexibility to take more time with customers and third parties where appropriate.
- Staff should be encouraged to take more time with customers who have difficulty dealing with their creditors or managing their finances, rather than being discouraged from doing so by concerns around call time targets. This includes, but is not limited to, customers with mental health problems.

**TABLE 2**

*“Due to commercial pressures, it’s not always possible for collectors to consider a customer’s full personal circumstances.”*

	Percent
Agree	<b>41%</b>
Disagree	<b>38%</b>
Neither	<b>21%</b>
Total	<b>100% (n=1130)</b>

**TABLE 3**

*“I am reluctant to discuss mental health problems because I don’t want to get too bogged down with a customer’s personal issues.”*

	Percent
Agree	<b>20%</b>
Disagree	<b>57%</b>
Neither	<b>23%</b>
Total	<b>100% (n=1012)</b>

**TABLE 4**

*“Telephone calls with customers who have a mental health problem tend to take longer than with other customers.”*

	Percent
Agree	<b>57%</b>
Disagree	<b>12%</b>
Neither	<b>31%</b>
Total	<b>100% (n=1011)</b>

**TABLE 5**

*Number of customers and/or third parties dealt with in a typical working day per single employee.*

	n	Median: customers and third parties per working day	Average time spent per customer or third party (based on 7 hours worked per shift)
Overall	<b>1082</b>	<b>35</b>	<b>12.0 minutes</b>
Phone only	<b>518</b>	<b>45</b>	<b>9.3 minutes</b>
Correspondence only	<b>44</b>	<b>24</b>	<b>17.5 minutes</b>
Both	<b>461</b>	<b>30</b>	<b>14.0 minutes</b>

### 3. Incentive structures

**BOX 3** presents comments made by respondents in response to the open-ended question: *what challenges have you faced when working with customers who have a mental health problem?*

Among these comments, many respondents indicated a concern that incentive structures based upon the amounts of money that customers promise to pay, and the speed with which they deal with customers, could act as a barrier to understanding and responding to a customer's circumstances.

In addition, our interviews with senior creditor representatives raised two alternative ways of measuring and rewarding the performance of frontline staff:

- **kept rates** - rather than focusing on the amount that customers promise to pay, many creditors' incentive structures include the proportion of payment arrangements that are actually kept to, several months after the initial agreement. This approach recognises the sustainability of payment arrangements.
- **quality** - creditors should consider incorporating further measures of call quality into reward structures. Quality could include treating customers fairly, compliance with any internal and external policies on mental health, and appropriate referral (to specialist teams) and signposting (to money advice and health agencies).

Increasing numbers of creditors have successfully adopted incentive structures based on sustainability and quality. Our research participants reported that these can solve some of the challenges staff raised about working with customers who have mental health problems, in particular, being able to negotiate solutions that match a customer's circumstances, and ensuring that payment arrangements can be maintained.

Our anonymous interviews with senior creditor staff highlighted how incentives based on sustainability and quality could motivate staff to work with customers in ways that encouraged customers to open up about their circumstances, that responded to those individual circumstances, and that were ultimately better for business. Echoing this, in a recent trade press publication, a director of collections and recoveries argued:

*"Incentives based just around the amount of cash collected do not incentivise staff to rehabilitate the customers. What we are saying to staff is: if you help the customer get out of arrears and stop the customer coming back into arrears at a later date, then we will pay you more money."*<sup>1</sup>

<sup>1</sup> Credit Today (2009). 'Getting In Line: Call Centre Compliance'.

Such changes to decisions around how staff are incentivised can have considerable business implications, beyond the treatment of customers with mental health problems. However, we recommend that creditor organisations should review their practice in this area, and consider whether similar innovations would deliver the benefits already reported by colleagues in the sector.

#### Recommendation:

- Creditors should consider adopting incentive structures and performance measures that reward (a) the sustainability of arrangements (i.e. 'kept rates') and (b) the quality of calls, rather than (c) call times or (d) cash collected.

### BOX 3 What staff said about targets, incentives and time pressures

*"Collectors, by the target-driven nature of their work, are under immense pressure and do not always give these customers the extra time and attention they perhaps deserve."*

*"We have rigid monitoring which maybe doesn't allow enough common sense around speaking to each person as an individual based on their situation. The monitoring can have a large effect on our take-home pay, so keeping to call structures has too much importance and results in a greater distance between us and the customer."*

*"Should I, or anyone, miss their monthly collections target I very much doubt that 'I spent time dealing with vulnerable people' would be accepted as an excuse by management."*

*"The problem we have is the length of time we spend with customers is strictly monitored so if an advisor feels the call will 'go nowhere' they will often interrupt and hurry the call along."*

*"Average calls times are priority and raised in reviews, if your performance is low, rather than content/type of call received. To overcome this, any customer who has mental health issues should be dealt with by a specialised team who are given the necessary training and sufficient time on phone to give the customer the best service."*

*"Account-focused collections often means that you want to end calls with people with mental health problems as soon as possible rather than discussing any of their circumstances in detail. As soon as a customer becomes 'difficult' you're taught to try to end the call in a polite way."*

### BOX 4 What staff said about broken arrangements

Many respondents reported that the challenge of working with customers with mental health problems was that "any payment plan is more likely to default." Employees need the flexibility to offer customers payment plans that are affordable, and provide any support in setting up payments.

*"Sometimes [customers with mental health problems] are more inclined to agree to something unrealistic and just agree with whatever I say to get off the call ASAP. To overcome this I make sure I give them the opportunity to say if they can't adhere to it through appropriate questioning. This then ensures an arrangement is made which is realistic."*

*"These customers could be in a state such that they are unable to cope with their finances or with speaking to us, hence will agree to anything to get off the phone to us."*

*"More options of [payment] arrangements to assist these customers might help."*

*"In this type of industry we take income and expenditure details when making any arrangement and these are all set on the basis of affordability for the person concerned."*

*"It is important when dealing with accounts in arrears how long their financial problems will last, but establishing this detail with customers who have mental health problems is always difficult as it's a sensitive matter. I believe that this sometimes means we are unable to set up a realistic arrangement that the customer can maintain."*

*"Sometimes it's difficult to set arrangements in good faith as more often than not they are not kept. I have encountered several customers who request calls and letters to remind them to make regular payments but this is not a service that we offer."*

## 4. Repayment options

As can be seen in comments made by survey respondents in **BOX 4**, many staff reported that customers who have mental health problems often had difficulty fulfilling payment arrangements.

Reasons for this included:

- **Too few options** - staff may not have a broad enough range of payment options to offer customers, for example if minimum repayment levels are too high for customers to afford;
- **Pressure** - some customers with mental health problems may be at risk of “agreeing to anything to get off the phone”, perhaps because they feel under (real or perceived) pressure;
- **Identifying what the customer can afford** - if customers have difficulty explaining their full situation – or if staff are unsure of the key information they need – then it will be more difficult for staff to assess how much the customer can afford to pay;
- **Support in setting up payments** - taking more time to ensure the customer will be able to make the payments (for example, clarifying how to set up a standing order) could make the difference between receiving payments from them, or expending further resources contacting them.

### Recommendation:

- Creditors should consider giving frontline staff a range of repayment options to offer to customers, to ensure these match customers’ circumstances and are affordable and sustainable.
- Creditors should consider reviewing their use of minimum repayment levels for both monthly payments and one-off settlements.

## 5. Using mental health as an excuse

Creditors have often stated a concern that some customers who disclose a mental health problem may do so as an excuse to avoid repaying their debts, rather than because they have a genuine medical complaint (**BOX 5**).

Whilst such scepticism is possibly an understandable strategy for a debt collector to adopt, unchecked it could impede effective communication with customers and an understanding of their personal circumstances. However, our survey found:

- **only one in six employees (18%) agreed that many customers who claim they have a mental health problem are saying this as an excuse to avoid repaying their debts (TABLE 7);**
- **the most popular response was “neither agree nor disagree” (41%) (TABLE 7).**

While there may be a small number of customers who do report mental health problems in order to evade their responsibilities, our research highlighted two other factors which may influence the extent to which staff perceive mental health as ‘an excuse’:

- **employees who say that commercial pressures can make it impossible to take mental health into account are more likely to be sceptical about customers who report a mental health problem (TABLE 8);**
- **employees who find it difficult to discuss mental health because they don’t know enough about it, are also more likely to be sceptical about customers who report a mental health problem. (TABLE 9).**

We believe that staff’s doubts as to the credibility of customers who report mental health problems can be addressed by many of the recommendations in this report, in particular by giving staff both the skills to discuss the impact of customers’ mental health problems on their ability to repay their debts, and the flexibility to respond accordingly.

**TABLE 7**

*“Many customers who claim they have a mental health problem are saying this as an excuse to avoid repaying their debts.”*

	Percent
Agree	<b>18%</b>
Disagree	<b>40%</b>
Neither	<b>41%</b>
Total	<b>100% (n=1131)</b>

**TABLE 8**

*Association between (a) difficulty in taking mental health into account because of commercial pressures and (b) scepticism about “mental health” being reported as an excuse.*

		“Many customers who claim to have a mental health problem are saying this as an excuse to avoid repaying their debts.”		
		Agree	Neither	Disagree
“Commercial pressures can make it impossible to take a customer’s personal circumstances fully into account.”	Agree	<b>24%</b>	<b>40%</b>	<b>36%</b>
	Disagree	<b>16%</b>	<b>52%</b>	<b>32%</b>
	Neither	<b>14%</b>	<b>37%</b>	<b>49%</b>

N=1130. Non-parametric correlation between two five-point variables: r=0.161 (low to moderate correlation), p<0.001.

**TABLE 9**

*Association between (a) difficulty in talking about mental health because of not knowing enough about it and (b) scepticism about “mental health” being reported as an excuse.*

		“Many customers who claim to have a mental health problem are saying this as an excuse to avoid repaying their debts.”		
		Agree	Neither	Disagree
“I find it difficult to talk about mental health, because I don’t know enough about it.”	Agree	<b>21%</b>	<b>45%</b>	<b>34%</b>
	Disagree	<b>18%</b>	<b>47%</b>	<b>36%</b>
	Neither	<b>16%</b>	<b>34%</b>	<b>50%</b>

N=1012. Non-parametric correlation between two five-point variables: r=0.172 (low to moderate correlation), p<0.001.

**BOX 5 What mainstream staff said about using mental health as an excuse**

*“Mental illness is becoming more and more common. I do not think that we, as a company, know how to deal with people suffering from mental illness and maybe look on it as an easy excuse.”*

*“[When customers disclose being depressed or suicidal] I generally feel these claims are often used as an excuse for simple financial mismanagement, but in what I feel are genuine cases I do not have enough knowledge to suggest any other avenues for help.”*

## 6. Training

Having flexibility and the right motivation can enable staff to be responsive to the circumstances of customers with mental health problems. So too can the knowledge and skills provided by training, as our survey shows.

### Demand from staff

As shown in **TABLE 10**, almost three quarters of respondents (74%) expressed a need for training on how people's financial situations can be affected by their mental health problems and vice versa. About the same (73%) requested information on the types of welfare benefits available to people who have a mental health problem.

Over two thirds (69%) reported that training on the different types of mental health problem would be helpful. The same amount said it would be helpful to have a specific policy in place for what to do when agents are told that a customer has a mental health problem.

Respondents expressed less need (56%) for training on dealing with distressed callers – possibly reflecting the fact that dealing with people who are distressed is part of day-to-day debt collection.

### Potential resources

We recognise that individual creditors may not have the time, resources, or current skill-base to develop in-house training programmes or materials to raise staff competency levels. We also understand the training needs of staff will vary – mainstream collections staff, for example, may require brief training interventions, while specialist staff may require detailed guidance.

### Recommendation:

- Creditors can visit [www.rcpsych.ac.uk/debt](http://www.rcpsych.ac.uk/debt) to access free educational materials on mental health.
- Creditors should understand that generic mental health awareness resources and training (where individuals are told, for example, about the general meaning and prevalence of different conditions) will help, but is probably insufficient in itself.
- Instead, creditor staff would benefit most from training interventions which embed knowledge and develop skills through showing how this relates to the everyday situations and *tasks that mainstream and specialist staff actually undertake*. This would equip staff 'for the job', rather than providing general knowledge that isn't directly or easily applicable.

Such is the importance of this that the Royal College of Psychiatrists is willing to develop such a training programme for the creditor sector if our basic costs can be covered. We invite the creditor sector to respond to this invitation.

**TABLE 10**

*"What would help you to work more effectively with customers who have a mental health problem?"*

Mainstream staff were asked to select all that apply, and not to select any items that their organisation already provides.

	Percent
Training on how people's financial situations can be affected by a mental health problem, and vice versa	74%
Information on the types of welfare benefits available to people who have a mental health problem	73%
Training on the different types of mental health problem	69%
A specific policy for what to do when we are told that a customer has a mental health problem	69%
Training on how to communicate with distressed callers	56%
A specialist team in my organisation, who work with customers with mental health problems	50%





# 3 Specialist teams

## FINDINGS

- We defined specialist staff as those who deal with third parties, sensitive cases and/or vulnerable customers, such as customers who have mental health problems, or are terminally ill or elderly.
- Half of those working in 'mainstream' collections and recoveries said there was a specialist team in their organisation. One fifth did not know if such a team existed.
- In comparison to mainstream staff:
  - specialist staff asked basic questions about a customer's mental health more often, following a disclosure;
  - specialist staff reported less difficulty in dealing with mental health;
  - specialist staff were more familiar with gathering and using medical evidence.
- When recording information about customers' reported mental health problems, 32% of specialist staff never told customers how this information would be used and 38% never asked customers for their consent.
- Mainstream staff make, on average, one referral per month to their specialist staff because a customer has a mental health problem, despite dealing with, on average, five such customers per month.
- Mainstream staff who worked in organisations with specialist staff reported less difficulty dealing with customers with mental health problems than those who worked in organisations without specialist staff.

## RECOMMENDATIONS

- Every large creditor organisation should have a specialist team trained to help deal with customers with mental health problems.
- Such teams can include other sources of customer vulnerability, such as terminal illness.
- Smaller organisations should have at least one staff member with the same specialist function.
- Clear and established referral procedures (including monitoring of these procedures) should exist so mainstream staff are able to pass on customers to such specialist support.
- Specialist teams and staff should be given the authority to manage a customer's account (and co-ordinate other activity across the creditor organisation) to ensure the best commercial and customer outcomes.
- Specialist teams and staff should receive training on working with customers with mental health problems. Such is the importance of this that the Royal College of Psychiatrists is willing to develop a training programme for the creditor sector if our basic costs can be covered. We invite the creditor sector to respond to this offer.

## THE CASE FOR CHANGE

- Support mainstream staff to deal with challenging situations.
- Ensure customers with mental health problems receive the support they need to engage with creditors.
- Build flexibility into your systems and processes to manage sources of customer vulnerability.
- Minimise complaints.

# 1. Introduction

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Throughout this report, we have contended that *all members* of collections staff should have the basic skills and confidence to work with customers who report a mental health problem.

However, in some situations the level of customer vulnerability or the complexity of their circumstances may be so great that it becomes difficult for mainstream staff to deal with them constructively. In response to this, many creditors have established *specialist support, input and guidance*.

## Specialist input: an expected practice

While variation always exists across the industry, a growing number of creditors have established specialist teams or specialist individual members of staff. Typically, these deal with 'sensitive cases' or 'vulnerable customers', such as customers with a mental health problem, customers who are recently bereaved, or customers who are terminally ill or elderly. Some creditors combine this function with staff who work with third-party money advisers and debt management companies. As indicated in **BOX 1**, such specialist input for customers with mental health problems is expected practice in documents such as the MALG guidelines, which recommend that:

- every large creditor organisation should have a specialist team trained to help deal with customers with mental health problems;
- smaller organisations should have a specialist staff member with the same function;
- clear and established referral procedures must exist so mainstream staff are able to pass on customers to such specialist support;
- specialist teams and staff should be given the authority to manage a customer's account (and co-ordinate other activity across the creditor organisation) to ensure the best commercial and customer outcomes.

## But is it an effective practice?

Clearly, investing in specialist support requires consideration of both the benefits and costs. As shown on the following pages, our survey found that – compared to mainstream staff – **specialist staff were more likely to:**

- report knowing what to do when a customer disclosed a mental health problem;
- indicate lower levels of difficulty in discussing a customer's mental health problem;
- state a willingness to engage and discuss a customer's mental health, and less concern about getting 'bogged down' in personal issues while doing this.

## However, a problem may exist

Specialist input, however, can only be as effective as the mechanisms which refer customers from mainstream collections. Our survey found that:

- 50% of all mainstream staff reported a specialist team existed in their organisation (TABLE 1);
- however, 20% of all mainstream staff did not know whether their organisation had a specialist team;
- on average, while five disclosures were made each month to mainstream staff about a customer's mental health problem, only one referral was made to a specialist team per month (TABLE 2).

Critically, colleagues from the same organisations often had differing views on whether a specialist team existed. This could mean that specialist input is being provided not on the basis of when it is most needed, but where staff are aware of it. Furthermore, as shown in **TABLE 2**, the ratio of average customer disclosures (n=5) to average referrals to a specialist team (n=1) could indicate the presence of barriers to referral to such input.

## This section

In this section, we consider both the reported benefits and barriers associated with specialist teams:

- benefits in overcoming difficulties with disclosure, discussion and decision-making;
- wider organisational benefits of having a specialist team in place;
- how barriers to referral can be overcome.

## BOX 1 Codes of practice relating to specialist teams

### MALG guidelines

5. Creditors should establish referral mechanisms to ensure targeted help is offered to consumers with mental health problems or those acting on their behalf.
  - 5.1 Creditors should ensure that they have procedures in place to refer consumers, where necessary, to more targeted forms of support. For example, if it becomes clear that because of a mental health problem, standard processes are not appropriate, the consumer (or someone acting on their behalf) should be referred to a specialist team trained to help consumers with more complex issues, where such a team exists.
  - 5.2 It would be regarded as good practice for larger companies to have specialists in place as a matter of course.
  - 5.3 Any specialist team should have the ability and discretion to manage an account on its own terms and to coordinate (or prevent) activity from other departments. This is particularly the case in larger companies where automated processing may lead to inappropriate referrals to debt collection agencies, standard mailings etc.
  - 5.4 Companies that lack the resources to support a specialist team should ensure that members of staff who have relevant experience and the necessary level of authority are able to assist consumers with notified debt and mental health problems.
  - 5.5 A key method of enhancing communication and contributing to continuity of care on the part of creditors would involve all companies nominating a dedicated first point of contact for third parties working with consumers with relevant mental health problems.

### Lending Code

177. If a subscriber has specialist staff to deal with cases of debt and mental health problems, they should ensure that appropriate mechanisms exist to refer the customer to the appropriate support.

**TABLE 1**

*Percent of mainstream staff who have a specialist team in their organisation.*

	Percent (count)
Yes	50%
No	30%
Not sure	20%
Total	100% (n=1136)

**TABLE 2**

*How often each mainstream staff member refers customers to a specialist team, in a typical month*

*Excludes respondents who did not or were not sure whether they had a specialist team in their organisation.*

	Medians	n
Number of customers/third parties who disclose a mental health problem in a typical month, for each mainstream staff member	5	1114
Number of referrals to a specialist team because of a mental health problem, in a typical month, for each mainstream staff member	1	520
Number of referrals to a specialist team for any reason, for each mainstream staff member	4	488

## 2. Dealing with mental health

As shown in TABLES 3-5:

### Specialist staff ask questions about a customer's mental health more often than mainstream staff

- Following a disclosure of a mental health problem, specialist staff ask about the customer's ability to pay more often than mainstream staff (TABLE 3).
- They also ask about the how the customer's mental health problem affected their ability to communicate more often than mainstream staff (data not shown).

### Specialist staff report less difficulty than mainstream staff in dealing with mental health

- Specialist staff are less likely to find it **difficult to know what to do** when a customer discloses a mental health problem (TABLE 4).
- Specialist staff are less likely to find it **difficult to discuss a customer's mental health problem** with them or a third party. While one in three (33%) mainstream employees said they found this difficult, just over one in six (18%) specialist employees said the same (TABLE 5).
- Specialist employees are less likely to be reluctant to discuss mental health because of not **wanting to get 'bogged down' with a customer's personal issues** (TABLE 6). They are also less likely than mainstream employees to say that commercial pressures can make it impossible to consider a customer's full personal circumstances (TABLE 7 - PAGE 78).

### However, this does not mean specialist staff experience no difficulties

- Approximately one in six specialist staff report difficulties in knowing what to do (TABLE 4).
- Specialist staff are therefore likely to require a different form of training and intervention to mainstream staff, rather than no intervention at all.

### Discussing and dealing with mental health

These findings and the quotes in BOX 2 (PAGE 80) show that specialist employees have more skills and greater confidence in working with indebted customers who report mental health problems.

Firstly, they report being able to have more in-depth conversations with customers about their mental health problems. From a list of 8 questions in our survey that staff could ask customers about their mental health problem, specialist staff were more likely to ask each question than mainstream staff.

Critically, in regards to the two key questions that staff should ask customers who disclose a mental health problem (TABLE 3), specialist staff were more likely to 'always' or 'often' ask about how a customer's mental health problem affected both their ability to pay (55% vs 37%) and their ability to communicate with creditors (42% vs 28% data not shown). This information is fundamental to creditors being able to decide the most appropriate solution for each customer.

We were not able from the survey to identify why specialist staff are able to have more in-depth conversations. However, it does not appear that a lower volume of customers is the reason, as both specialist and mainstream employees report – on average – dealing with 35 customers per day. Instead, it is possible to speculate that specialist staff could have fewer time pressures than mainstream staff, and greater flexibility in terms of both targets and the range of actions they can take without a higher level of authorisation.

### Recommendation:

Specialist teams and staff should receive in-depth training on working with customers with mental health problems.

Such is the importance of this that the Royal College of Psychiatrists is willing to develop a training programme for the creditor sector if our basic costs can be covered. We invite the creditor sector to respond to this offer.

**TABLE 3**

*How often collectors discussed how the customer's mental health problem affected their ability to pay, following disclosure.*

	Mainstream	Specialist
Always	13%	28%
Often	25%	28%
Sometimes	30%	28%
Rarely	18%	14%
Never	15%	4%
Total	100% (n=920)	100% (n=102)

Mann-Whitney, U=34780, Z=-4.411, p<0.001.

**TABLE 4**

*"I find it difficult to know what to do when a customer tells me they have a mental health problem."*

	Mainstream	Specialist
Agree	27%	15%
Disagree	50%	68%
Neither	23%	17%
Total	100% (n=1132)	100% (n=133)

Mann-Whitney, U=57649, Z=-4.62, p<.001.

**TABLE 5**

*In terms of your own skills and confidence, do you find it difficult to talk about mental health problems?*

	Mainstream	Specialist
Agree	33%	18%
Disagree	29%	46%
Neither	38%	36%
Total	100% (n=1014)	100% (n=111)

Mann-Whitney, U=43467, Z=-4.14, p<.001.

**TABLE 6**

*"I am reluctant to discuss mental health problems because I don't want to get too bogged down with a customer's personal issues."*

	Mainstream	Specialist
Agree	20%	9%
Disagree	57%	73%
Neither	23%	18%
Total	100% (n=1130)	100% (n=132)

Mann-Whitney, U=44217.500, Z=-3.906, p<.001.

### 3. Information and evidence

#### Specialist staff are more familiar with gathering medical evidence than mainstream staff

- 80% of specialist staff reported it was part of their job to ask for medical evidence where customers told them they had a mental health problem, compared to 50% of mainstream employees.
- Specialist employees requested and used medical evidence more frequently per month than mainstream staff (TABLE 8).
- Specialist employees are more likely (TABLE 9):
  - o to tell a customer or third party they can suspend calls while they gather evidence;
  - o to tell a customer or third party they can suspend default interest and charges while the customer or third party gathers evidence;
  - o to directly contact a mental health professional for supporting evidence of the customer's mental health problem.

#### Managing sensitive information about mental health is an area which challenges specialist staff

- Specialist staff are more likely to tell a customer why they are recording information about their mental health problem when compared to mainstream staff (TABLE 10); however, 32% never did this.
- In terms of asking customers for their consent to record information about their mental health, 38% of specialist staff never did this, and there is no significant difference between specialist and mainstream staff (TABLE 10).

This is clearly an area that challenges specialist teams as much as mainstream teams.

#### Dealing with information and evidence

Specialist staff more commonly demonstrate best practice in facilitating the evidence-gathering process. This may be down to having greater flexibility and discretion to suspend calls and charges; it may also be down to having a greater familiarity and sensitivity to mental health problems and what might be appropriate.

In terms of handling sensitive information about mental health, however, it is clear that specialist teams face similar challenges as mainstream staff.

#### Recommendation:

Specialist teams and staff should receive training on how to obtain and use medical evidence about a customer's mental health problem in order to make a decision about their account.

(See SECTION 2.3)

Creditors should instruct all staff to:

- record information about a customer's mental health whenever this impacts on their ability to repay their debts – this is good practice;
- clearly explain to the customer why this data is being recorded, and how it will be used;
- ask the customer to confirm they understand these conditions;
- ask the customer for their consent to use their information *under those conditions only*.

(See SECTION 2.2)

**TABLE 7**

*“Due to commercial pressures, it’s not always possible for collectors to consider a customer’s full personal circumstances.”*

	Mainstream	Specialist
Agree	<b>41%</b>	<b>33%</b>
Disagree	<b>38%</b>	<b>50%</b>
Neither	<b>21%</b>	<b>17%</b>
Total	<b>100% (n=1130)</b>	<b>100% (n=132)</b>

Mann-Whitney, U=44217.500, Z=-3.906, p<.001.

**TABLE 8**

*How often each employee requests and uses medical evidence in a typical month.*

Excludes respondents who did not or were not sure whether they had a specialist team in their organisation.

	Requesting medical evidence		Using evidence to make a decision	
	Mainstream (n=1117)	Specialist (n=129)	Mainstream (n=995)	Specialist (n=120)
Median	<b>0.0</b>	<b>2.0</b>	<b>0.0</b>	<b>2.0</b>
Signif. (Mann-Whitney)	Mann-Whitney, U=44217.500, Z=-3.906, p<.001.		Mann-Whitney, U=44217.500, Z=-3.906, p<.001.	

**TABLE 9**

*Facilitating the collection of evidence: Percentage of employees who had always or often done each activity after a customer or third party disclosed a mental health problem.*

Excludes employees who said it was not part of their job to ask for evidence.

	Mainstream	Specialist	Significance (Mann-Whitney)
% who always or often asked customers for supporting evidence of their mental health	<b>48% (320)</b>	<b>79% (88)</b>	U=22838, Z=-6.728 p<0.001
% who always or often told customer they could suspend calls and/or letters	<b>39% (244)</b>	<b>68% (71)</b>	U=20241, Z=-6.362 p<0.001
% who always or often told customer they could suspend default interest and/or charges	<b>15% (77)</b>	<b>26% (23)</b>	U=17532, Z=-4.282 p<0.001
% who always or often directly contacted a mental health professional	<b>6% (34)</b>	<b>10% (10)</b>	U=22506, Z=-5.496 p<0.001

**TABLE 10**

*How often staff follow best practice when managing sensitive personal data.*

Includes all staff who responded.

	Mainstream	Specialist	Significance (Mann-Whitney)
% who never told customers the purpose of recording information about their mental health	<b>39% (354)</b>	<b>32% (34)</b>	U=41556.5, Z=-.401, p=0.016.
% who never asked customers for their consent to record information about their mental health	<b>47% (429)</b>	<b>38% (43)</b>	U=47649.5, Z=-.416, p=0.157. Not signif.

## 4. Referrals from mainstream staff

### The majority of customers with mental health problems are not being referred to specialist teams

- On average, one customer a month is referred by a mainstream collector to a specialist team because of mental health issues (TABLE 11).
- On average, however, five customers with mental health problems are dealt with each month by mainstream staff (TABLE 11).

### Half of all mainstream staff report a specialist team exists in their organisation, but a fifth are unsure

- One in two *frontline staff* reported that a specialist team existed in their organisation (TABLE 1, PAGE 74).
- However, one fifth were unsure if such a team existed – this lack of knowledge may reflect the absence of a clear working policy, as well as indicating that mainstream staff are required to handle accounts that are particularly challenging.

### Barriers to making effective referrals

From the above findings, as well as the qualitative data in BOX 3, it is clear that there are at least three barriers to referrals being made from mainstream to specialist teams:

- mainstream employees being unaware of the specialist team, and of the referral procedure;
- confusion within the organisation and individual members of staff about what the 'triggers' for referral are;
- mainstream employees being disincentivised from making appropriate referrals, for example by targets based around cash collected.

### Establishing effective referral mechanisms

Whatever threshold or trigger for referring customers to a specialist team is decided on within an organisation, it is important that frontline employees are clear about when and how to do this. We suggest two possible approaches.

#### Firstly, there could be an 'automatic' referral trigger.

Here, mainstream staff would refer customers to specialist input as soon as the customer disclosed a mental health problem. This could be by reference to the specific name of a condition, or a phrase such as "I can't cope" or "I can't carry on." Mainstream staff would not have to undertake the task of having to engage with the customer or assess how serious their situation is, but would refer them on and continue with their next customer. The disadvantage of this approach is that it may stretch the capacity of specialist input. One response to this, already used in some organisations, is that once specialist staff receive and assess the customer's situation, the option exists to refer them back to mainstream collections if they can be dealt with there.

Secondly, referral could occur after an initial and basic assessment. Here, mainstream staff would ask two key questions after a customer disclosed a mental health problem: (i) what impact does your mental health problem have on your ability to repay your debt?; (ii) does your mental health problem affect your ability to deal with your creditors? Once undertaken, the mainstream employee could then decide whether the customer should be referred to the specialist team, or to continue to deal with the customer. This would reduce the number of referrals made to specialist teams, although it places a responsibility on mainstream staff to make an initial assessment of the situation. Call-time targets, cash-collected incentives and reported difficulties in working with people with mental health problems could prove significant barriers.

### Recommendation:

Creditors should develop clear referral procedures so mainstream staff are able to pass on customers to such specialist support.

Creditors should monitor referrals to specialist teams from mainstream collections and recoveries staff, in order to improve referral mechanisms.

## BOX 2 What staff said about specialist teams' ability to deal with mental health

*"Customers with mental health problems may be unable to communicate. I think if they were dealt with by a separate team, with colleagues who have been trained to empathise with these customers, they would open up more."*

*"Threats of suicide whilst on the phone from depressed customers, and indirect threats passed on by their family members, can be very difficult to deal with. The ability to transfer customers to a trained team for this situation, which is less business-focused, can help."*

*"One challenge of working with customers with mental health problems is that I have a specific mandate that I can agree on accounts before needing to speak to a manager. This has been overcome already as we now have a Sensitive Team set up who can agree to more on an account than I can."*

*"It is a difficult task to educate all staff on mental health issues. I thus believe a specialist team should be erected to deal with customers with all health issues that are suffering from financial hardship."*

### TABLE 11

*How often each mainstream staff member refers customers to a specialist team, in a typical month*

Excludes respondents who did not or were not sure whether they had a specialist team in their organisation.

	Medians
Number of customers/third parties who disclose a mental health problem in a typical month, for each employee	<b>5</b>
Number of referrals to a specialist team because of a mental health problem, in a typical month, for each employee	<b>1</b>
Number of referrals to a specialist team for any reason, for each employee	<b>4</b>

## BOX 3 What staff said about referral mechanisms for specialist teams

*"I come across many customers who aren't deemed as eligible to be in the sensitive queue due to not meeting the criteria, or perhaps not sending in medical evidence to prove their situation. One aspect I find challenging is contacting these customers as they could be very ill and I wouldn't want them to feel like we were just chasing outstanding monies."*

*"It's difficult to decide if the case is serious enough to be forwarded to our vulnerable department based on the information they provide. If customers choose to make an offer [of payment], the decision to forward their letter to the vulnerable department may be superseded, because my supervisor has decided that they are competent enough to make the offer."*

## 5. Specialist teams: added value

TABLES 12-14 compare responses from mainstream employees who did have a specialist team in their organisation against those who did not have one.

### Staff working in organisations *without* a specialist team are more likely to report difficulties related to customers with mental health problems

Staff who *did not* have a specialist team in their organisation were:

- more likely to find it **difficult to know what to do** when a customer tells them they have a mental health problem;
- more likely to find it **difficult to discuss mental health**, in terms of their own skills and confidence, than employees who work in organisations which don't have specialist teams;
- more likely to **feel that commercial pressures can make it impossible** to consider a customer's full circumstances.

### However, there are no significant differences in terms of:

- how difficult they find it to talk to customers about their mental health problems because of **not knowing enough** about mental health;
- whether they believe that many customers who claim to have a mental health problem are **saying this as an excuse** to avoid repaying their debts.

### Benefits for mainstream staff

As suggested by **BOX 4** and the above findings, it appears that having a specialist team in a creditor organisation may make it much easier for frontline collectors to work effectively with customers who report a mental health problem – not only because they then have less difficulty discussing mental health, but also because they know they can meet the demands of a fast-paced commercial environment while responding appropriately to customers' circumstances.

### Recommendation:

Every large creditor organisation should have a specialist team trained to help deal with customers with mental health problems

Such teams can include other sources of customer vulnerability, such as terminal illness.

Smaller organisations should have at least one staff member with the same specialist function.

Specialist teams and staff should be given the authority to manage a customer's account (and co-ordinate other activity across the creditor organisation) to ensure the best commercial and customer outcomes.

## BOX 4 What staff said about the added value of having a specialist team

*"I have not had any problems with these customers as we have a specialist team within the company."*

*"I haven't really faced any challenges – as soon as I'm aware that the customer has mental health problems, they are referred to our specialist team and they take it from there."*

*"Many operators I personally know find it extremely difficult to speak to customers with mental health problems. Some would rather not speak to them at all, which is unfair. I have even found myself in the position of having to take over calls due to the operator's discomfort with dealing with it. Training and specific teams I believe are now essential to help support us. I highly recommend that this is done."*

### TABLE 12

*"I find it difficult to know what to do when a customer tells me they have a mental health problem."*

	Staff in organisations <i>with</i> a specialist team	Staff in organisations <i>without</i> a specialist team
Agree (Find it difficult)	22%	29%
Disagree (Do not find it difficult)	56%	47%
Neither	22%	24%
Total	100% (n=562)	100% (n=344)

Mann-Whitney U=84450, Z=-3.34, p=0.001. Highly significant.

### TABLE 13

*In terms of your own skills and confidence, do you find it difficult to talk about mental health problems?*

	Staff in organisations <i>with</i> a specialist team	Staff in organisations <i>without</i> a specialist team
Difficult	26%	38%
Easy	34%	27%
Neither	40%	35%
Total	100% (n=488)	100% (n=314)

Mann-Whitney U=67358, Z=-3.03, p=0.002. Significant.

### TABLE 14

*"Due to commercial pressures, it's not always possible for collectors to consider a customer's full personal circumstances."*

	Staff in organisations <i>with</i> a specialist team	Staff in organisations <i>without</i> a specialist team
Agree	33%	46%
Disagree	45%	36%
Neither	21%	18%
Total	100% (n=562)	100% (n=342)

Mann-Whitney U=81226.5, Z=-4.060, p<0.001. Highly significant.



# Conclusion

**We end this report by inviting creditors to make the right business decision: invest to improve practice.**

## Conclusion: making the right business decision

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At the start of this report, we stated that every 30 seconds in the UK, staff working in collections would have to make a business decision: how best to recover a debt from a customer who says they have a mental health problem.

We hope that the results presented in this report will ultimately help to make decisions like this easier for frontline staff, more beneficial for the financial and mental wellbeing of the customer concerned, and profitable in customer care and economic terms for the organisation itself.

Getting to this point, however, will require a further business decision from the hundreds of UK creditor and debt collection organisations working in this sector: *are we willing to invest to improve our operations, and – in doing so – also change customers' circumstances for the better?*

### Closing the gap

Critically, we believe that – with help in places – creditors could make most of the changes suggested in this report with relatively minor investment or disruption, and potentially with considerably higher business returns and savings.

The first step towards this has begun to happen: the creditor sector and those working in mental health have started to identify the gaps between 'best practice' and 'actual practice'. This includes the 19 organisations participating in our survey, and those companies who have decided to undertake an audit of their own practice.

A willingness and belief also exists among the majority of staff that this is possible: 59% of staff, for example, believe that if they could take a customer's mental health fully into account, they would be more likely to recover the debt.

The next step, therefore, is to begin *closing this gap*. Where invited, the Royal College of Psychiatrists, and others in the mental health sector, are willing to help creditors achieve this. Importantly, this will not only involve a transfer of expertise from the mental health to the creditor sector, but also those working in mental health learning about both the opportunities and realities of collections operations within the commercial sector.

However, ultimately, to close such a gap will require the UK's creditors and debt collection agencies to match the positive support received for our initial survey, by taking the proactive steps needed to bring about change in their own organisations.

### Positive support

Some of this will require funding. Without this, time and expertise needed from the mental health sector cannot be drawn upon, nor can training courses or organisational policies on mental health be developed or implemented. Consequently, the Royal College of Psychiatrists would welcome any support that might be provided to meet such broad needs (or the aims of individual organisations).

Secondly, change is also needed in the money advice sector, as well as the NHS. Areas of practice that need improvement are not the sole preserve of creditors and debt collection organisations.

Thirdly, what we will also need is an ongoing commitment to an open debate, and a willingness to change. This may occasionally make for slightly uncomfortable discussions for some within the creditor sector (and possibly ammunition for others outside it). Despite this, such an approach is critically important if the sector is to truly identify what work needs to be undertaken, and how this might be practically achieved.

Without these three developments, we will be unlikely to close the gap in a way which will both help the customer, and also help the business.

Given the difficult times that many predict now lie ahead for the UK's economy and households, creditors may well experience further cases of customers reporting mental health and debt problems. Taking steps to address this issue now, therefore, could represent a key business decision. Whether creditors take this, however, remains to be seen.

## References

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*In the Red: Debt and Mental Health*. Mind, 2007.

# How can you help the Royal College?

The Royal College of Psychiatrists is seeking funding and support to continue its work with the creditor and debt collection sector.

We are currently seeking funding for the following projects:

- 'best practice' guides for mainstream and specialist staff on understanding and dealing with customers with a mental health problem
- developing an e-learning training package for mainstream and specialist staff
- producing generic organisational policies for mental health

We are also interested in discussing funding or support opportunities in relation to the challenges that individual creditor or debt collection agencies might wish to address.

**Contact us to find out more.**

Ryan Davey  
020 7977 6649  
rdavey@cru.rcpsych.ac.uk  
www.rcpsych.ac.uk/recoverynextsteps

## Tell us what you think about this report

If your organisation has been affected by any of the issues or challenges in this report, then we'd like to hear from you. Whether you have a problem, or an example of good practice, we'd like to know more.

**Contact us at:**

Ryan Davey  
020 7977 6649  
rdavey@cru.rcpsych.ac.uk  
www.rcpsych.ac.uk/recoveryreport

Every 30 seconds in the UK, staff working in collections will have to make a business decision: how best to recover a debt from a customer who says they have a mental health problem.

Dealing with these situations can be challenging for frontline staff and the organisations they work in.

Seeking to address these challenges, the Royal College of Psychiatrists conducted the first ever survey into the experience and views of UK creditor staff on working with indebted customers who report a mental health problem.

Based on research with 1270 frontline staff, in 19 creditor and debt collection organisations, and in association with the major trade membership organisations, this evidence report provides a previously unavailable insight into the challenges and business opportunities facing creditors.

Our detailed recommendations highlight changes that can help frontline staff overcome these challenges, allow organisations to collect debt more effectively from this customer group, and also help improve both the financial and mental wellbeing of the customer at a difficult time.

To obtain further copies of this evidence report, or the accompanying summary report, please visit: [www.rcpsych.ac.uk/recovery](http://www.rcpsych.ac.uk/recovery)