

MENTAL HEALTH AND DEBT LIBERAL DEMOCRAT CONFERENCE 15 SEPTEMBER 2008

One-in-six British adults live with mental health problems, and *one-quarter* of these will experience arrears¹. This is *three times* the rate in the wider British population², and equivalent to approximately 1.75 million British adults.

The lending and money advice sectors take this situation very seriously and good practice guidelines have already been introduced promoting staff training and the need to treat customers sensitively. The Finance & Leasing Association (FLA) and the Money Advice Trust (MAT) are now jointly sponsoring a Royal College of Psychiatrists (RCPsych) review of the academic research into the link between mental health and debt. This will enable gaps in existing knowledge and practice to be identified and addressed.

RCPsych research³ indicates that lenders and advisers can:

- find it difficult to communicate with people with mental health problems, and to determine how their mental health problems affect their ability to repay their debt;
- encounter problems in dealing with health and social care professionals when medical evidence is needed about how an individual's mental health problem affects their ability to repay or manage their debt;
- struggle to strike a balance between being (a) sensitive to the difficulties experienced by individuals with debt and mental health problems, and (b) gathering and using the relevant evidence about that individual.

People with mental health problems also report negative experiences when dealing with lenders. RCPsych research⁴ for Mind – conducted with nearly 2000 people with mental health and debt problems – found that among participants with problem debt, over 75% did not believe lenders: (a) took their condition into account when making decisions; (b) treated them sensitively; or (c) effectively managed information about their condition.

Furthermore RCPsych research for Mind also found that fewer than one in three people with problem debts informed their lender that they had a mental health problem⁵.

1 Office for National Statistics. (2002). The Social and Economic Circumstances of Adults with Mental Disorders. London: Stationary Office

2 Office for National Statistics. (2002). The Social and Economic Circumstances of Adults with Mental Disorders. London: Stationary Office

3 Mind (2008). In the Red. Debt and Mental Health.

4 Mind (2008). In the Red. Debt and Mental Health.

5 Mind (2008). In the Red. Debt and Mental Health.

Lenders' Perspective & Current Good Practice

- The FLA's Lending Code (www.lendingcode.org.uk) – which is binding on FLA members – requires lenders to “consider cases of financial difficulty sympathetically and positively”. It contains specific provisions on dealing with people encountering health problems, including mental health difficulties, when the lender is made aware of these. The provisions include appropriate staff training, and being sensitive to the consumer's condition.
- The FLA is an active member of the Money Advice Liaison Group (MALG) which has recently adopted good practice guidelines on mental health and debt. We will build these guidelines into our forthcoming review of the FLA Lending Code.
- The FLA has produced – in conjunction with Citizens Advice – a training film for members on how to deal sympathetically with customers in financial difficulty.
- The FLA has sponsored a booklet – *Final Demand: Debt and Mental Health* – which was circulated to over 25,000 health/social care professionals and nurses, as well as mental health service users and carers. This contained advice on tell-tale signs that a client might be in debt, how to broach the subject of finance, and how to be supportive through the repayment process.

Advice Agencies' Perspective

- A significant proportion of advice clients are likely to be experiencing mental health problems at any given time. The advice sector is committed to improving better coordination of support and communication with other relevant parties such as creditors and health/social care professionals in order to provide holistic solutions to clients' debt and mental health problems.
- Citizens Advice, the Institute of Money Advisers (IMA) and the Money Advice Trust (MAT) were active contributors to the MALG Mental Health Awareness Guidelines, and MAT and MALG were also involved as funders, commissioners and participants in the development of a Debt and Mental Health Evidence Form (DMHEF), drafted by RCPsych with the aim of enhancing the consistency and quality of information gathered to support consumer-creditor negotiations regarding debt repayments. The Guidelines and the DMHEF are available on a Debt and Mental Health Resources page on MAT's website (www.moneyadvicetrust.org).
- MAT and RCPsych will be initiating a longitudinal evaluation of the use and impact of the Guidelines and the DMHEF in the near future.

The Finance & Leasing Association (www.fla.org.uk) is the principal trade body for the consumer credit, motor finance and asset finance industry. The FLA's Lending Code sets out standards of good practice for the finance and leasing industry.

The Money Advice Trust (www.moneyadvicetrust.org) is a charity formed to increase the quality and availability of free, independent money advice to people with debt problems. It runs two free helplines: National Debtline (0808 808 4000) and Business Debtline (0800 197 6026).

The Royal College of Psychiatrists (www.rcpsych.ac.uk) is the professional and educational body for psychiatrists in the United Kingdom and the Republic of Ireland. It promotes mental health by setting standards and promoting excellence in mental health care.