Tackling Financial Inclusion and Supporting Effective Management of Personal Finances

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Working with Partners to Tackle Financial Exclusion

Government – "Access to useful and affordable financial services"

The Government works closely with industry, the regulator and consumer organisations to support access to financial services.

Financial Inclusion Policy Forum

The Government also plays and important convening role to ensure this issue remains at the top of the agenda.

Money and Pension Service

Delivering services to support the UK's financial capability.

Dormant assets –Fair4All Finance

Transforming financial products and services to serve people in financially vulnerable circumstances

Investing in Debt Advice and Money Guidance Services

Money & Pensions Service

Money Helper

Money Guiders Network

Money Advisers Network

https://moneyandpensionsservice.org.uk/financial-wellbeing-in-the-workplace/contact-our-partnerships-team/

What is breathing space?

Debt adviser checks:

- Would debtor benefit from a debt solution?
- Do they have a realistic chance of entering one?
- Do they need time to sort that out?

Mental Health Crisis

- Those receiving mental health crisis treatment can access on the evidence of a mental health professional
- This type of breathing space has slightly stronger protections

60-day Breathing Space
(or Mental Health Crisis treatment+30 days)

Protections

No enforcement e.g. no bailiffs, no contact chasing for repayment, court action is paused.

Professional Debt Advice

Debtor must engage with debt advice

Debts Don't Escalate

Interest is frozen and there are no fees and charges

Debtor must pay priority bills and not borrow unnecessarily

Broad range of debts can be included e.g. financial services (mortgage arrears, credit cards, payday loans); arrears on utilities (phone, electricity) and public sector (tax arrears, tax credit overpayments) and more

Debt solutions include:

- Bankruptcy
- IVAs
- Debt Relief Orders
- Debt Management Plan

Launched on 4 May 2021

Impacts of Breathing Space

The numbers so far

Over 58,000 people in problem debt have benefited from the scheme's protections.

- 57,555 standard breathing spaces
- 908 mental health crisis breathing spaces

Data is updated each month here: https://www.gov.uk/government/collections/monthly-insolvency-statistics

Still room to improve

The scheme has been smaller than anticipated.

Some debt advisers have reservations about its use, or are still refining their systems to offer it in the right way.

Government continues to work with all of our relevant stakeholders to ensure the scheme is being as effective as possible.

Early data suggests the scheme is delivering significant benefits

StepChange recently have reported that:

- Around 90% of their clients accessing Breathing Space have gone on to full debt advice, compared to 25% of their clients who didn't access the scheme
- Breathing Space clients are two to three times more likely to go on to take up a debt solution than those not accessing the scheme

What debt advisers are saying

"Been a complete godsend. It isn't perfect by any means but it is very helpful."

"Breathing Space in itself doesn't resolve anything but it is useful to gain more time to deal with the client. And it stops court recovery action/eviction proceedings."

Impact of Dormant Assets Funding towards Financial Inclusion

fair4all finance

£100m of dormant assets towards financial inclusion

1. **Expand the provision of affordable credit** through a scaled community finance sector – setting best practice standards on the way

2. **Partner with banks and financial services providers** to support the delivery of products and services for customers in vulnerable circumstances

3. **New product and market development** - develop and scale financial products and services to address market gaps

Affordable Credit Scale up programme

£22.7m to scaling community finance providers

Covid-19 resilience Fund – April 2020

Preserve c50% of lending capacity targeted at people in vulnerable circumstances

No-Interest Loans Scheme Pilot

£3.8m funding from HMT

Thank you

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