

christians
against
poverty

CAP

On the edge

Client report

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About Christians Against Poverty

Christians Against Poverty (CAP) is a widely recognised charity that works with local churches across the UK to help the most vulnerable out of debt and poverty. The services provided offer both practical and emotional support, are completely free and open to all, regardless of background, faith, race, ethnicity, gender, sexual orientation, disability or age. Through a network of 542 local services, CAP offers a free face-to-face debt management service, with advice and ongoing support provided from our Bradford-based head office, and national offices in Edinburgh and Belfast. As well as this, CAP tackles the causes and consequences of debt and poverty through a range of expert community groups: Job Clubs and Life Skills, and the CAP Money Course, which provides financial education across the UK.

Acknowledgements

We want to thank every team member at CAP who has contributed to this report. A special thanks goes to Julie for sharing her story and encouraging others to join in as, together, we seek an end to UK poverty.

Methodology

The statistics in this report are drawn from CAP's Annual report and accounts and analysis of data from CAP's Debt Help case management system for 2,576 UK-wide client households that had a Financial Statement activated for the first time in 2021 (including 136 in Scotland, 79 in Wales and 106 in Northern Ireland). Throughout this report, this data set is referred to as 'new CAP clients' or 'new CAP client households' where applicable.

Data has also been gathered from 750 responses to CAP's annual Debt Help client survey, conducted online and by post between October and December 2021. This data set is referred to as 'CAP clients' throughout the report.

Please see footnotes for any exceptions to this.

Together we make waves: Executive summary



Paula

The true impact of debt is often hidden. I think of it like a body of water – still, clear and unobtrusive to those of us standing on the edge, unaware of what's really lurking beneath the depths. But, as the report you're about to read shows, people in the UK are suffering, dragged under by whirlpools of fear, desperation and isolation.

Underneath the surface, poverty is so much more than being materially deprived. Mental ill-health is an increasingly common reason for debt amongst CAP clients, and more than a third (36%) say they have considered or attempted suicide as a way out. Now, with the cost of living rising at a rate we haven't experienced in decades, millions are being dragged into the chilling depths of poverty, destitution and despair. Never has it been more crucial that we step forward and respond to what's going on under the surface. We can, and must, act.

Praise God for Christians Against Poverty and the UK Church. Since CAP was founded back in 1996, we've witnessed people pulled from the deepest depths and, in turn, many of those people have become an extended hand to others, continuing to transform more lives besides their own. In 2021 alone, CAP supported 13,452 adults and children on the journey out of debt and saw 1,877 individuals become debt free. Change is possible.

We believe that, together with our incredible supporters, clients, church partners, staff members, fellow debt charities, government and industry friends, it's possible to change the systems and structures that push people into poverty and keep them trapped underwater. Each of our actions creates a ripple effect across the water. Perhaps you take our research and recommendations and apply them in your own spheres of influence. Maybe you raise funds or give your time by volunteering. It could be simply signposting people towards the support they need. Whatever you do, the impact of your actions reaches further than you know, especially when it's strengthened by the passion and contributions of others. Imagine the waves we can create together!

The vision of Christians Against Poverty is to see transformed lives, thriving churches and an end to UK poverty, and we cannot achieve it alone. Will you join us and start your own ripple effect today?

Paula Stringer
CAP UK Chief Executive

The stories behind the statistics: Foreword from Julie



Julie

My name is Julie and I work in a residential home as a carer. I live in Port Talbot, Wales, with my three children. This report is full of statistics, but they're not just numbers. There is a person behind every one of them, a person just like me.

43% of CAP clients said they put off getting debt help because they didn't think anyone could help, something I can absolutely relate to. I was apprehensive about picking up the phone to CAP at first because I didn't think they'd be able to help me. I didn't think anyone would be able to help me. But they did.

I want people to know they're not alone. Help is available. There is a way out. That's why I share my story with as many people as will listen! I'm passionate about encouraging people to get help, but I also want to share my experiences with MPs and decision-makers who can really change things for those struggling. People like you – we all have a part to play in this. That's why I urge you, again, to hear the stories behind the statistics, like mine.

At the worst, I was £28,000 in debt, including money owed for Council Tax, water, gas and electricity. It was like carrying a weight around on my shoulders constantly. For me, the lowest point was when my 16-year-old rang me at work to say there was an enforcement agent at our front door. I broke down at work during a supervision and it was then that I spoke about what I was going through for the first time. **I knew then I was drowning.**

My local CAP Debt Coach, Hannah, came round to my house and started the ball rolling. She phoned the debt collectors and asked for everything to be put on hold. I could finally take a breath. Then, CAP's Debt Advisors at head office took over and helped me go through bankruptcy. Hannah was there if I needed any support whatsoever.

There was hope for me, and there is hope for other people trapped in debt and poverty right now. I believe there is hope for a future where poverty doesn't exist and people can live their lives free from the despair it causes, if we all do our bit. For me, that's speaking out, sharing my journey and showing the reality of life in poverty in the UK. As you read through this report, hear more of my story and find out about other people's experiences, I ask you to consider what you can do, too. We can all do something – even just one thing.

Julie
Residential home carer from Port Talbot,
now debt free

Our vision

Our vision is to see transformed lives, thriving churches and an end to UK poverty. It frames everything we do, driving our work at a time when it is critical for individuals, churches, industry and government to all be a part of the change we need to see.

Right now, society in the UK is changing rapidly. Some of the main problems affecting those experiencing poverty have been exacerbated by the COVID-19 pandemic and rising cost of living. With millions finding themselves trapped in poverty and unmanageable debt, the work and services of Christians Against Poverty are more vital than ever.

Positioned at the intersection of several different spheres of society, we're passionate about connecting as many voices as possible across Scotland, England, Wales and Northern Ireland, as we work to see a UK that strives to enhance people's quality of life – a UK in which we see thousands more join this movement, bringing hope and freedom to those living in poverty, with the Church at the very centre.

CAP at a glance

In 2021:

13,452
people were supported on their journey out of debt¹

1,877
individuals became debt free

542
CAP services were delivered in local communities²

787
CAP Money Courses were run³

29,149
supporters gave a regular donation, enabling and developing CAP's work



Transformed lives

As you'll discover throughout this report, debt and poverty continue to drain hope from people's lives. Since CAP first began in 1996, tens of thousands of people have been helped through our free, community-based services, but there is much more to be done.

Millions in the UK still face the practical and personal battles waged by debt, low income and the limited options that come with this. We refuse to sit back and let poverty wreak havoc – we want to see people living unburdened by financial hardship and able to take on opportunities that benefit themselves and society. We've seen the whole-life transformation that is possible when poverty is no longer in control and we want that for everyone.



Thriving churches

We believe the UK Church has a crucial role to play in society, beyond being a place of worship. Churches are ideally placed to see and respond to local needs – it's why CAP's services have always been delivered through them – and this became even more clear during the pandemic. Despite the temporary halt on congregations gathering together, many churches were able to deliver emergency aid in their community and provide a beacon of hope. We're now seeing an increasing awareness of and desire to tackle poverty, with a third (33%) of churches saying they expect to be more engaged in their community after the pandemic.⁴

At CAP, we have the privilege of witnessing firsthand the transformative impact of churches reaching out and demonstrating God's love by actively serving their communities, and we want to see even more churches equipped and empowered to do so.



An end to UK poverty

Seeing individuals break free from debt and poverty is just one part of our vision – we're determined to get to the root of the problem and prompt real, lasting change for future generations. This is something that will require collaboration and unity with many individuals and organisations who share our heart. We'll need to work together to develop a better understanding of what drives debt and poverty across society, and to find creative, effective ways to loosen and remove their powerful grip on individuals, households and communities.

Step by step, through the transformation of individual lives, churches united to improve the lives of those facing financial hardship, and fairer, more compassionate systems and structures, we believe that we can and will see UK poverty come to an end.

Find out more about our vision at:
capuk.org/about-us/our-vision



¹ | Including adults with an active CAP account and their children.

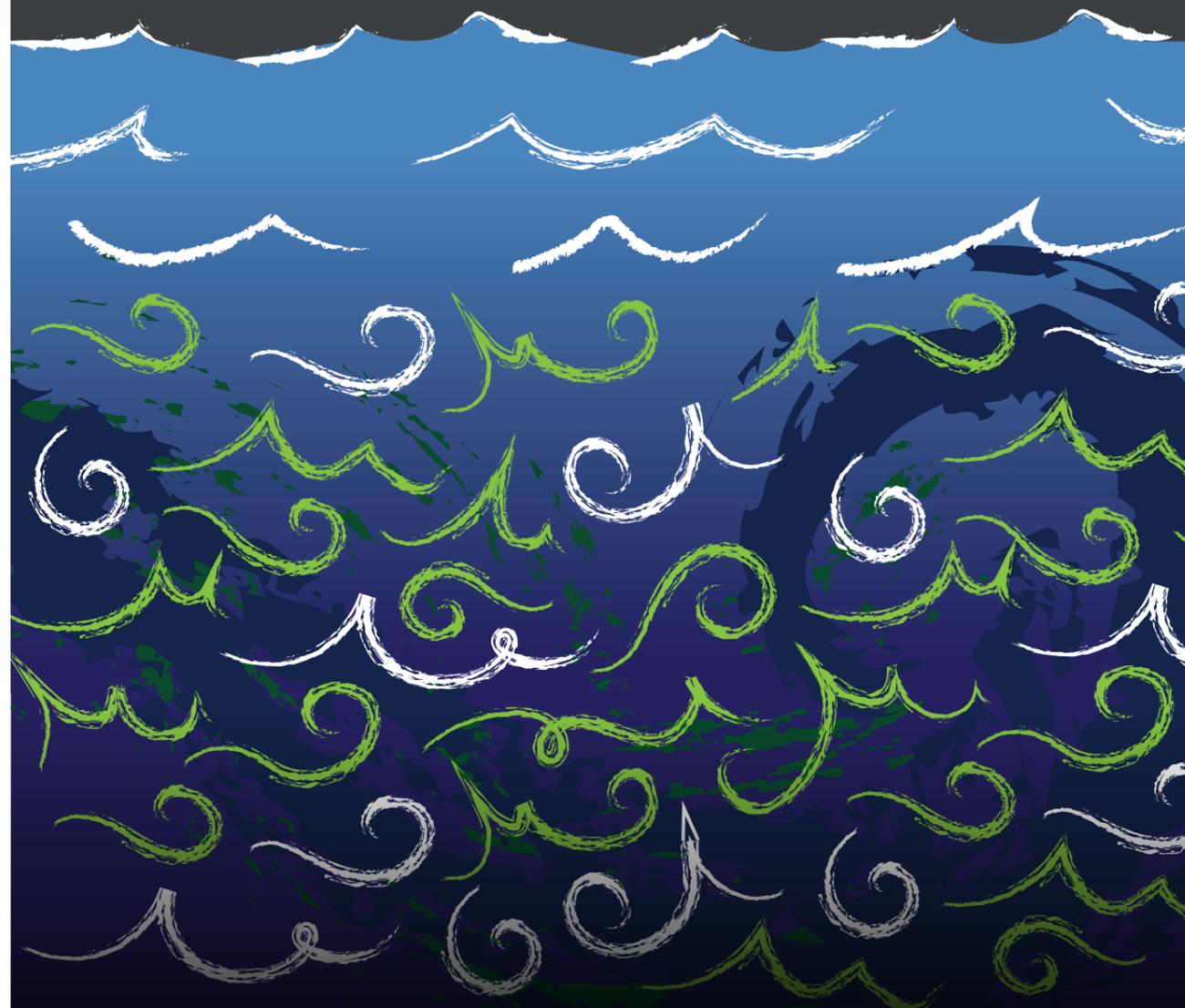
² | As of December 2021, there were 300 Debt Centres, 116 Job Clubs and 126 Life Skills groups. CAP's Fresh Start service was wound up at the end of 2021 due to a realignment of our organisational mission.

³ | Through 359 churches.

⁴ | Theos/Church Urban Fund (2020), Growing Good: Growth, Social Action and Discipleship in the Church of England.

Part I

Beneath the surface: Life before seeking debt help



Debt causes horrendous chaos in people's lives, but the true extent of this destruction often goes unseen. Beneath the visible surface, relationships are being torn apart, families are going without basic essentials and people are giving up hope.

Poverty is an isolating experience. Driven by feelings of fear, shame and hopelessness, many people often delay seeking debt help for several years, keeping them trapped under the icy waters. As we seek to see individual and community transformations, and an end to poverty across the UK, we must first understand the true impact of debt on a person's life, the effect on the lives of those around them, and the reasons so many do not get help.

Reason for debt crisis

People can fall into debt for all sorts of reasons. From experience, we know that it is most commonly chronically low income and/or an unexpected change in circumstances that pushes someone over the edge.

Relationship breakdowns accounted for a tenth (11%) of new CAP clients' debt crises in 2021. This is very often exacerbated by low income, which remains one of the most common reasons given (17%). As the cost of living in the UK continues to rise, increasing numbers of people are struggling to retain any kind of buffer to fall back on when money is tight and times get hard. They teeter on the edge, one swift push away from being plunged into the icy depths of poverty.

More than a quarter (29%) of households surveyed by the Office for National Statistics in early 2022 felt they would not be able to afford an unexpected but necessary expense of £850, with adults on the lowest incomes amongst those most likely to feel this way.⁵ With almost nine in ten CAP clients (85%) receiving an annual income below the national average according to

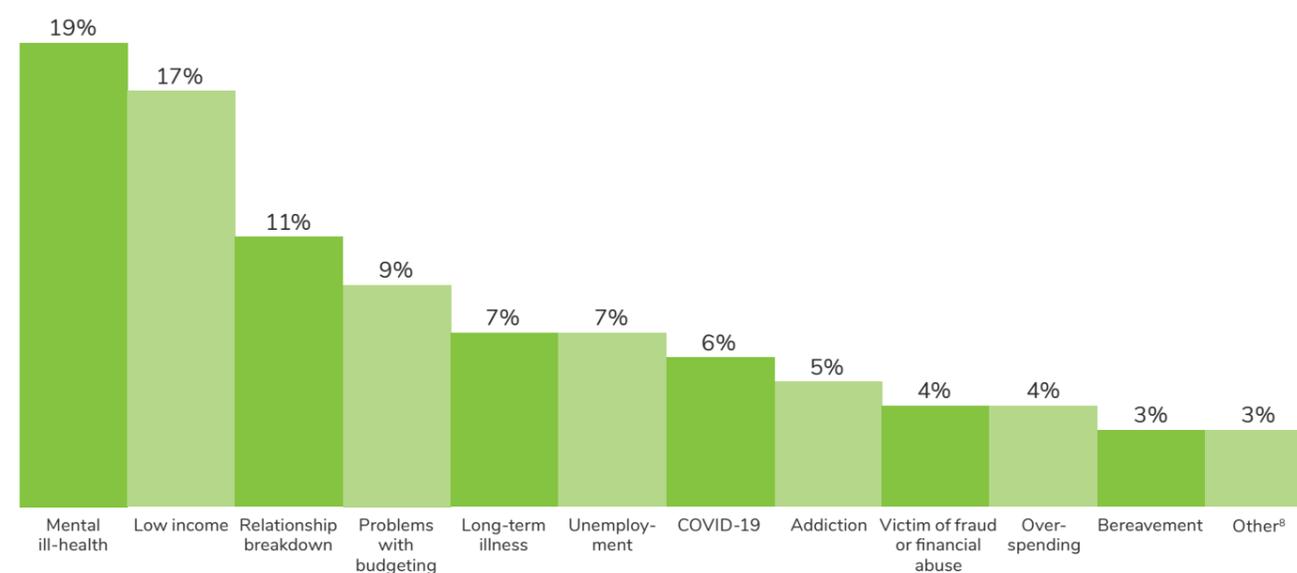
our latest client survey, there is an undeniable link between low income and unmanageable debt.

Such intense pressure can understandably place unbearable strain on a person's mental health and worsen existing tensions. We see this in our own clients' experiences, where low income and mental ill-health are the two most common reasons for falling into debt. Research from the Money and Mental Health Policy Institute found that more than half (55%) of people with mental health problems felt anxious when thinking about their financial situation and almost half (46%) couldn't afford to regularly put money into savings. Two fifths (41%) said their mental health affects the type of employment they can do and over a third (36%) said it affects the number of hours they can work.⁶

Without a doubt, money affects mental health, and mental health affects income. By providing a holistic approach to debt help, delivered face-to-face in the client's home, CAP is positioned to address both the financial and emotional implications of debt and poverty, but there is surely more that can be done as a society to break this damaging cycle.

Reason for debt crisis

Percentage of new CAP clients who gave the following as the primary reason for their debt crisis:⁷



⁵ | Office for National Statistics (2022), Impact of increased cost of living on adults across Great Britain: November 2021 to March 2022.

⁶ | Money and Mental Health Policy Institute, The Money and Mental Health Big Survey 2021.

⁷ | 3,609 new clients, including those who had a Financial Statement activated and those who were added to our system but did not have a Financial Statement activated.

⁸ | Including caring responsibilities (1%), business failure (1%), accident (1%) and gambling (>1%).

Delay in seeking help

Despite continued efforts by those across the debt advice sector, essential services and the UK Government's own Money and Pensions service to encourage people to seek debt help, the proportion of people who delay coming forward has remained consistent over the last few years.

According to our latest client survey, half (50%) of CAP clients waited at least a year. For a quarter (25%), it took more than three years to seek help.

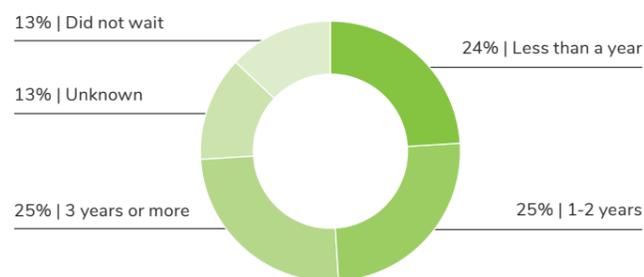
There remains a deep-rooted stigma around debt in our society that drives feelings of shame and the belief that the person struggling should (and can) deal with it under their own steam, when the reality is in fact much more complex. Among CAP clients, this is the most common reason for delaying seeking help – seven in ten (69%) thought they could sort it out themselves. Meanwhile, two thirds (66%) felt too embarrassed to ask for help and three fifths (58%) felt ashamed.

Worryingly, the proportion of clients who thought no one could help increased from 34% in 2020 to 43% in 2021. The proportion who did not know where to get help has also risen, from 45% to 52%. It's devastating to know that there are people drowning in debt who believe nothing and no one exists to help them.

Without a hand to help pull them up, strong currents drag people deeper and deeper underwater. It is vital that more is done to raise awareness of the help available and tackle the stigma that still exists around debt. As more of us speak out and start important conversations on the subject, the impact will ripple across the UK, sending a collective message that there is no shame in asking for help.

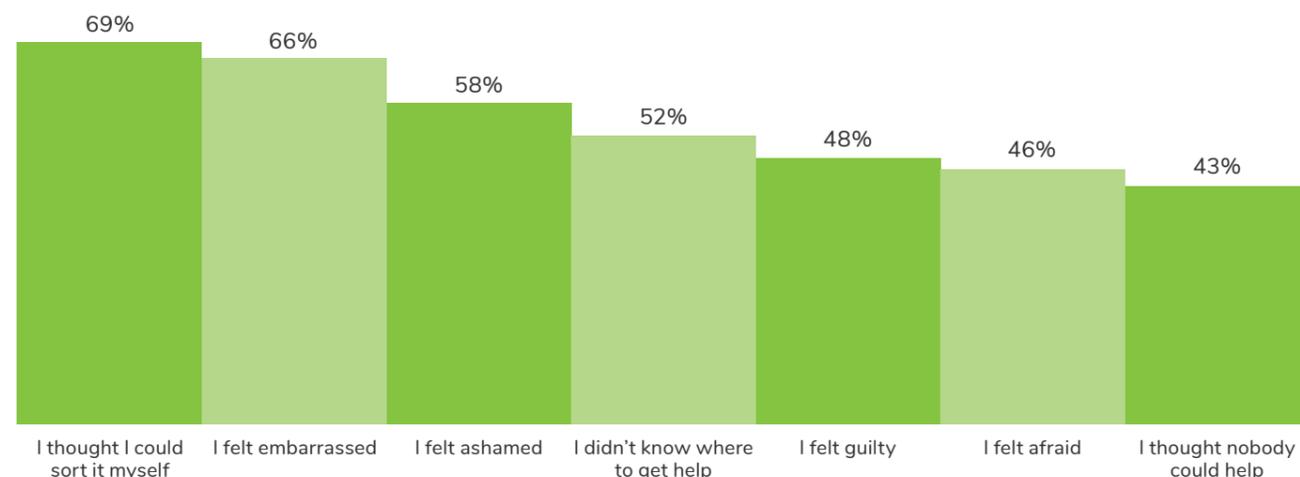
Wait time before seeking debt help

Percentage of CAP clients who waited the following duration before seeking help:



Reason for waiting

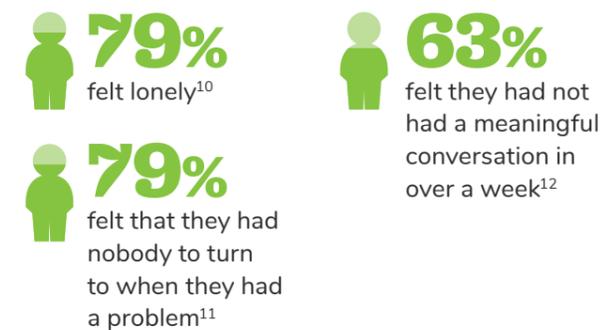
Percentage of CAP clients⁹ who waited to seek debt help because:



9 | In this case, this refers to clients who indicated that they had waited to seek debt help (74% of survey respondents).

Loneliness and isolation

Trapped underwater, running out of air and believing there is no way out, it's not difficult to imagine why many CAP clients report having felt lonely and isolated when they were in debt.



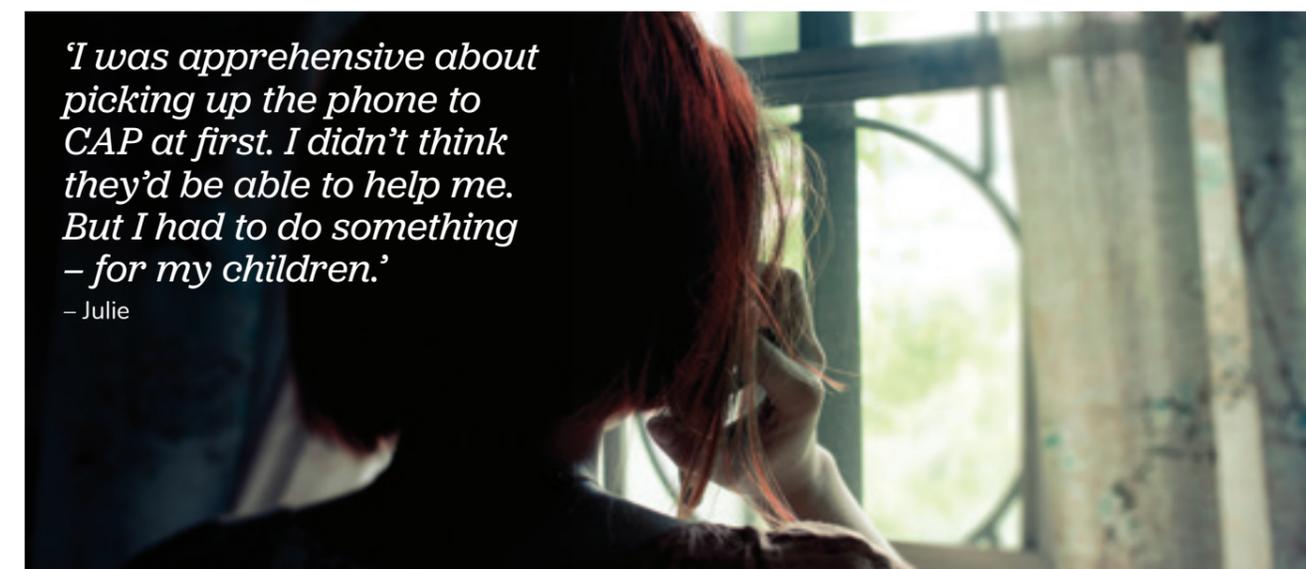
Our previous client report showed that more than half (51%) of clients surveyed had felt lonely in 2020 which, with the UK population having spent most of the year in lockdown, was understandable. However, as restrictions have since been progressively eased across the UK, it's extremely worrying to see these numbers continuing to rise.

Our latest client survey found that, before seeking debt help, four fifths (60%) of CAP clients felt lonely often or always, and one fifth (19%) felt this occasionally. Two thirds (64%) often or always felt they had nobody to turn to when they had a problem, and 15% experienced

this feeling occasionally. Two fifths (40%) felt as though they had not had a meaningful conversation in over a week, and almost a quarter (23%) felt this occasionally.

At the same time, a greater proportion of clients reported behaviour that can contribute to feelings of loneliness and isolation. For more than two thirds (68%), debt meant they were scared to answer the phone. Two fifths (40%) were afraid to leave the house, and more than half (55%) were too afraid to even answer a knock at the door. One fifth (20%) said they turned to drugs and/or alcohol as a result of their debt situation, and 1 in 10 (11%) started gambling more than they had before.¹³ Ultimately, all of these ways of responding to the pressures of debt exacerbate a dangerous cycle, whether it's cutting off vital support networks or hitting 'self-destruct'. It's something that we as a society must address with compassion and understanding.

Frightened and alone, four fifths (80%) of CAP clients had experienced sleepless nights before seeking help. Considering that mental ill-health is increasingly pushing people into unmanageable debt, it is a serious problem that people are feeling trapped and isolated in their situation, bearing the heavy weight of the stigma around both debt and mental ill-health. It is imperative that people know there are hands waiting, and wanting, to pull them out of the depths.



10 | CAP clients reported feeling lonely 'often' (31%), 'always' (29%) or 'occasionally' (19%).

11 | CAP clients reported feeling they had nobody to turn to when they had a problem 'often' (34%), 'always' (30%) or 'occasionally' (15%).

12 | CAP clients reported feeling they had not had a meaningful conversation in over a week 'often' (24%), 'always' (16%) or 'occasionally' (23%).

13 | 'Gambling' includes online games, casino games, sports betting and lottery tickets.

The effect on families and relationships

When tensions are running high, it is often those closest to us who bear the brunt, and debt can cause those tensions to skyrocket. All too often, we see the devastating impact on families and relationships.

Our latest client survey revealed that more than half (55%) of CAP clients¹⁴ found debt to have caused arguments with their partner or affected their relationship in another way, while a fifth (19%) said it had destroyed their relationship completely.

Furthermore, two thirds (67%) of CAP clients¹⁵ said their children were affected by their debt crisis in some way. Almost half (48%) said it affected their children's emotional wellbeing or mental health, 13% said it affected their performance at school, and 6% said it affected their physical health.

As we pursue an end to UK poverty and seek to build a different future for individuals and society as a whole, tackling this generational impact is crucial. Providing money education for young people is a great place to start, but we also need to ensure that what they are learning is backed up by their experience at home, where they must be able to see that their family has sufficient income to meet all their needs. Money education also needs to be a lifelong learning aim and CAP is proud to partner with the UK Church to deliver the CAP Money Course, the largest provider of adult face-to-face financial education in the UK.



My children didn't know how bad my debt was, but they knew something was going on as I wasn't myself. I'd wait for them to go to bed before I could break down.

– Julie

14 | In this case, this refers to clients assumed to be in a relationship, i.e. all except those who answered N/A or did not answer (406 survey respondents).

15 | In this case, this refers to clients assumed to have children, i.e. all except those who answered N/A or did not answer (431 survey respondents).

16 | 43% said debt caused arguments with their partner, 19% said it caused a complete relationship breakdown, and 13% said it affected their relationship in another way.

Destitution

According to the Joseph Rowntree Foundation, millions of people in the UK are experiencing destitution – deprived of basic necessities and stifled by limited options like whether to feed the family or heat the house.¹⁷

However often you may have heard the phrase 'heat or eat' in the last year or so, take a moment to pause and consider the audacity that this is happening to anyone in one of the largest economies in the world.¹⁸ It is more than a phrase – it is real and it is happening right now in our own communities. And it is only one of a multitude of challenges faced by low income households. When someone is putting every bit of their time and energy into meeting the most basic needs, the ability to process information, make decisions, work and stay healthy are all affected, ever expanding the inequality in society.

Almost half (47%) of CAP clients had to go without meals at least once a month, with a quarter (26%) facing this on a weekly or daily basis, according to our latest client survey. More than two fifths (45%) were forced to go without heating and a quarter (23%) couldn't afford to light their home on a monthly, weekly or daily basis. Almost half (46%) were unable to afford basic toiletries like shampoo, toothpaste and sanitary items, while three fifths (61%) couldn't afford weather-appropriate clothing for themselves or their family.

We must surely be able to do better than this. It is not acceptable. As living costs continue to rise, people urgently need the appropriate support and resources to avoid being pushed into a state of destitution.

What is destitution?

'People are destitute if either they have lacked two or more of the following six essential items over the past month because they cannot afford them, or their income is so extremely low that they are unable to purchase these essentials for themselves:

- shelter (they have slept rough for one or more nights)
- food (they have had fewer than two meals a day for two or more days)
- heating their home (they have been unable to heat their home for five or more days)
- lighting their home (they have been unable to light their home for five or more days)
- clothing and footwear (appropriate for the weather)
- basic toiletries (such as soap, shampoo, toothpaste and a toothbrush)

– Joseph Rowntree Foundation (JRF)¹⁹

Going without the essentials

Percentage of CAP clients who said that debt meant they:

47% sacrificed meals²⁰

46% Couldn't afford basic toiletries²¹

45% went without heating²²

61% Couldn't afford weather-appropriate clothing for themselves or their family²³

24% Couldn't afford to light their home²⁴

17 | Joseph Rowntree Foundation (2020), Destitution in the UK 2020.

18 | GDP ranked by country 2022, available at worldpopulationreview.com/countries/countries-by-gdp.

19 | Joseph Rowntree Foundation (2020), Destitution in the UK 2020.

20 | 14% said they sacrificed meals monthly, 7% fortnightly, 15% weekly and 11% daily.

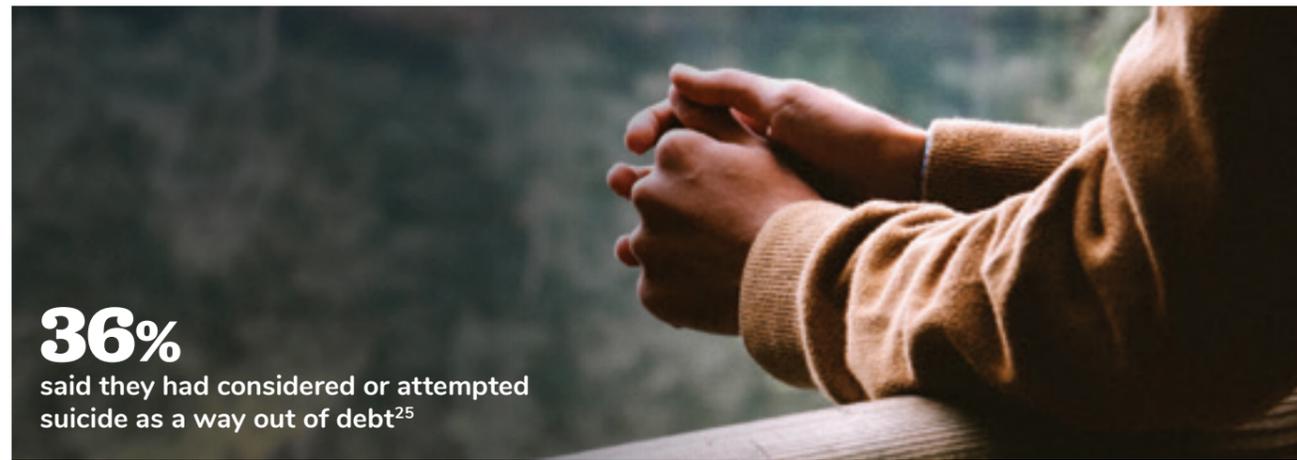
21 | 34% said there were a few occasions where they couldn't afford basic toiletries and 12% said this happened regularly.

22 | 15% said they went without heating monthly, 5% fortnightly, 12% weekly and 13% daily.

23 | 43% said there were a few occasions where they couldn't afford weather-appropriate clothing and 18% said this happened regularly.

24 | 9% said they couldn't afford to light their home monthly, 3% fortnightly, 7% weekly and 5% daily.

Considering or attempting suicide



Loneliness, isolation, tension at home, and being forced to go without basic essentials have a compounding effect on a person's wellbeing and sense of self-worth. Dragged down to the deepest, darkest depths, this leads many to give up hope and believe there is only one escape route.

Devastatingly, our latest client survey revealed that more than a third (36%) of CAP clients had considered or attempted suicide as a way out of debt. The high proportion of people reporting destitution and feelings of isolation this year suggests a concerning connection.

During the immediate response to the COVID-19 pandemic, when more financial support was available for many of those most in need, such as the Universal Credit uplift, we saw a noticeable drop in the proportion of CAP clients who reported feeling suicidal.²⁶ This was despite the considerable stress and anxiety of the pandemic, suggesting that when people had the essentials they needed and were adequately supported, they felt more hopeful, that they had the dignity of options, and were less likely to be driven to this point. If we can fix the root of the problem, we would hope to see this heartbreaking statistic fall.

At CAP, we are actively seeking to raise the alarm that the cost of living crisis is costing lives. While it is human nature to focus on the immediate personal impact of these kinds of changes, let's not forget that what can be a squeeze or a challenge for some of us is a matter of life and death for others – and that these people may be our neighbours, friends and relatives. We must not overlook the fact that behind the statistics are real people who have come far too close to ending their lives as a result of debt and poverty.

If you're struggling, talking to someone can really help lift the weight. This might be a friend or relative that you trust, or an organisation like Samaritans or Shout. You can contact either of these charities 24 hours a day, 365 days a year, about anything that is on your mind.

Samaritans

Call free: **116 123** | Visit: **samaritans.org**

Shout

Text: **SHOUT to 85258** | Visit: **giveusashout.org**



The impact and experience of debt and poverty is only one part of the wider problem. It is crucial that we not only look at the measures needed to help people escape, but also address the reasons they are being dragged underwater in the first place.

Priority debt is on the rise. Social security does not appear to be providing the security it promises for those who most urgently need it. Families are facing the severe consequences of dysfunctional systems – systems that were designed by people so could be redesigned or updated to work more effectively for everyone. And then there's the 'poverty premium', where people on a low income and in poverty unfathomably pay more for essential products and services. As you read on, it's important to remember that, whatever may have driven a person into financial hardship, it is extremely likely that the poverty premium is exacerbating the depth of their struggles.

25 | 12% said they had attempted suicide, and 24% said they had considered but not attempted it.

26 | In the previous CAP client survey, conducted at the end of 2020, 28% of clients said they had considered or attempted suicide as a way out of debt.

Income

Almost nine in ten (85%) new CAP clients in 2021 had an annual income below the UK national average and just over half (52%) were living below the poverty line.²⁷

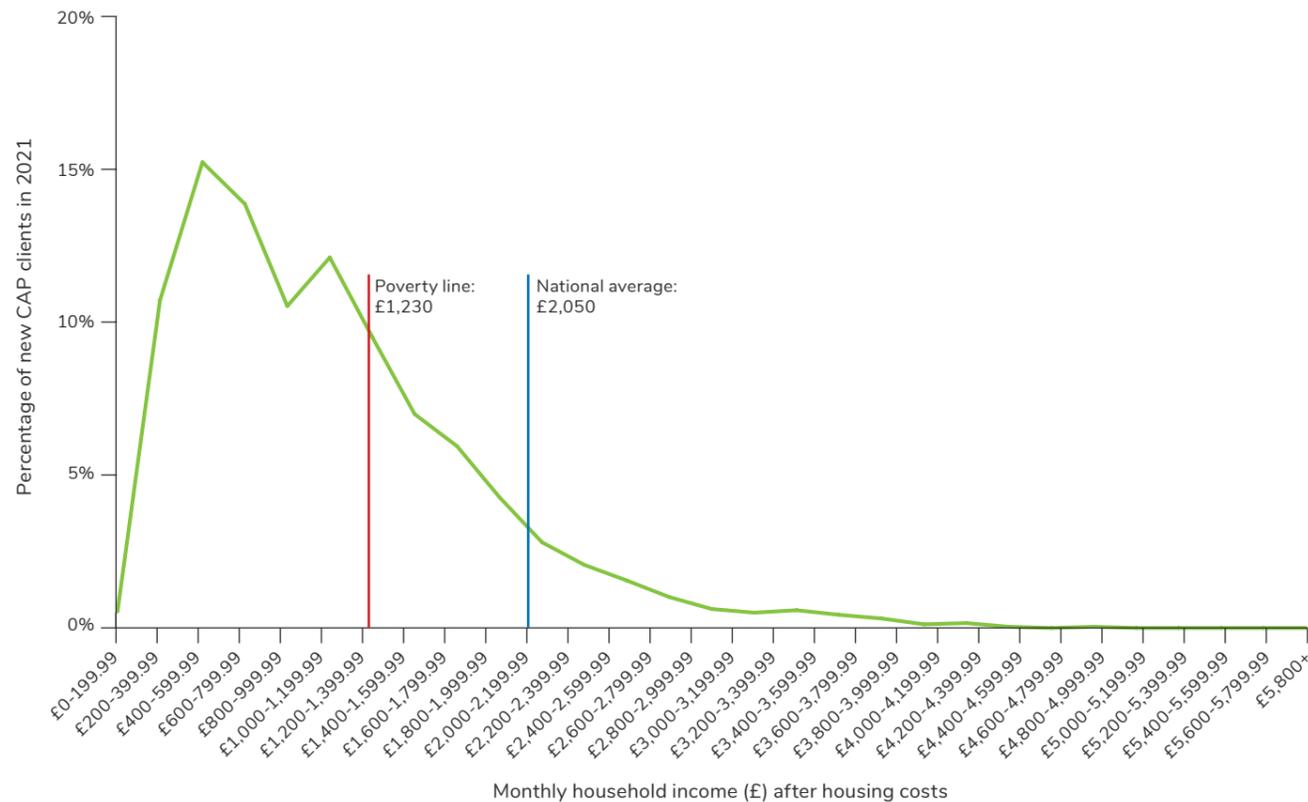
According to our latest client survey, four fifths (83%) of CAP clients find themselves so restricted by their income that putting savings aside for emergencies or general costs proves impossible.

Evidently, numerous people are already scraping by on less than they realistically need. It is crucial that the rate at which people's incomes – and especially social security – are rising matches inflation rates, so that life remains affordable. Otherwise, more and more people inevitably will be pushed below the poverty line.

-  **£13,404**
Average annual household income (after housing costs) for new CAP clients in 2021²⁸
-  **85%**
of new CAP clients in 2021 had an annual income below the UK national average
-  **52%**
of new CAP clients in 2021 were living below the poverty line²⁹
-  **83%**
of CAP clients are unable to save money before debt help

Income distribution

Distribution of monthly household income (after housing costs) of new CAP clients in 2021:



27 | Department for Work and Pensions (April 2022), Households below average income: an analysis of the income distribution FYE 1995 to FYE 2021. The national average annual income (after housing costs) for 2021 is £24,600. The poverty line is 60% of the national average annual income (after housing costs).
 28 | Income after housing costs refers to annual income after deductions for costs such as rent and/or mortgage interest payments.
 29 | Calculated using DWP Households Below Average median annual household income (after housing costs) for the financial year and poverty line taken as 60% of this (£14,760 of £24,600).

Social security

Nine in ten (89%) new CAP clients in 2021 received income from social security – for two fifths (42%), it was their sole source of income.

Where Government debts such as Council Tax and benefit overpayments are concerned, it is not uncommon for deductions to be made from a person's social security payment before it reaches their account, and two fifths (43%) of new CAP clients in 2021 said this had happened to them. For those relying on this money to get by day-to-day – at the same time as repaying various debts in many cases – any additional income makes a significant difference.

Since 2019, the proportion of new CAP clients in receipt of Universal Credit has risen by 8%, and little shows the positive impact of social security more than the £20 uplift introduced during the COVID-19 lockdown. The rapid rollout of financial support to people most in need was arguably one of the unsung success stories of the pandemic. Through our own research, we have found evidence to suggest that this increase in support through social security led to fewer people rationing food and energy, withdrawing from community and experiencing suicidal thoughts. This demonstrates that it is undoubtedly a way to address the drivers of debt and poverty in the UK.

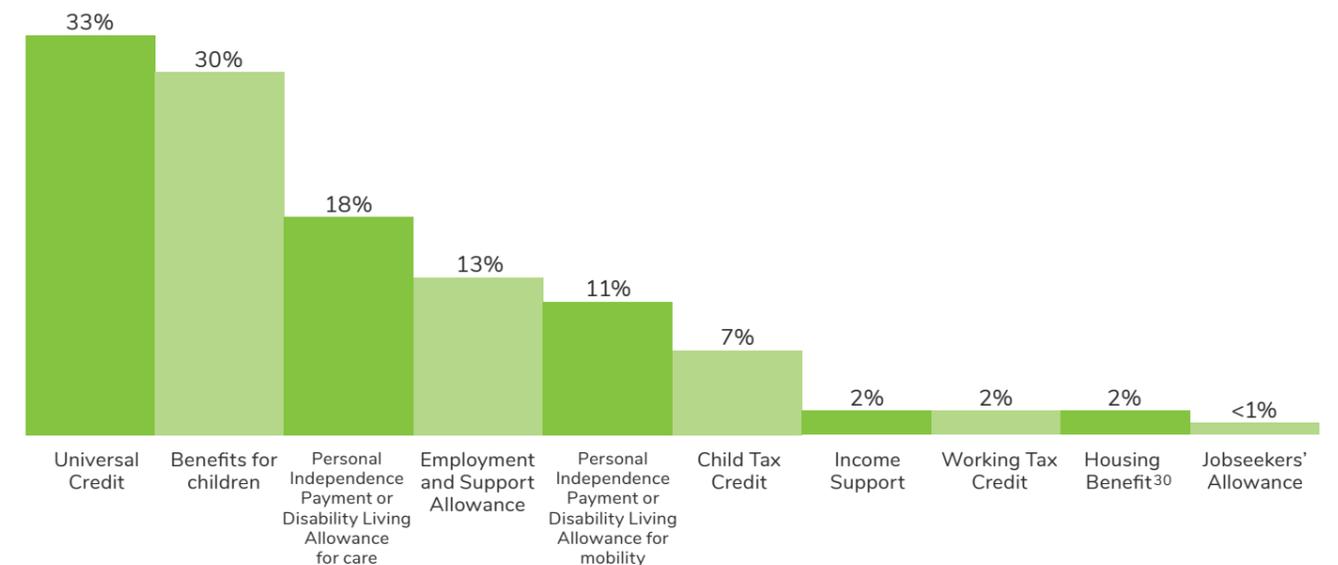
However, the Universal Credit uplift was ultimately removed, despite CAP and various other organisations urging the UK Government to keep this vital lifeline after the easing of lockdown restrictions. Furthermore, Local Housing Allowance is failing to keep pace with rent prices, the benefit cap is not keeping pace with average incomes, and benefit deductions for debts are demonstrating a severe lack of proper affordability checks. All of this is placing excessive strain on household budgets and leaving people across the UK fighting to keep their heads above water.

It is great that we live in a society where social security exists, but it is imperative that the system works for everyone. And currently, too many people are being left to flounder in the currents.

-  **89%**
of new CAP clients in 2021 received income from social security
-  **42%**
said social security was their only income source
-  **43%**
had a deduction made from their social security payments to repay debt

Types of social security

Percentage of CAP clients who receive:

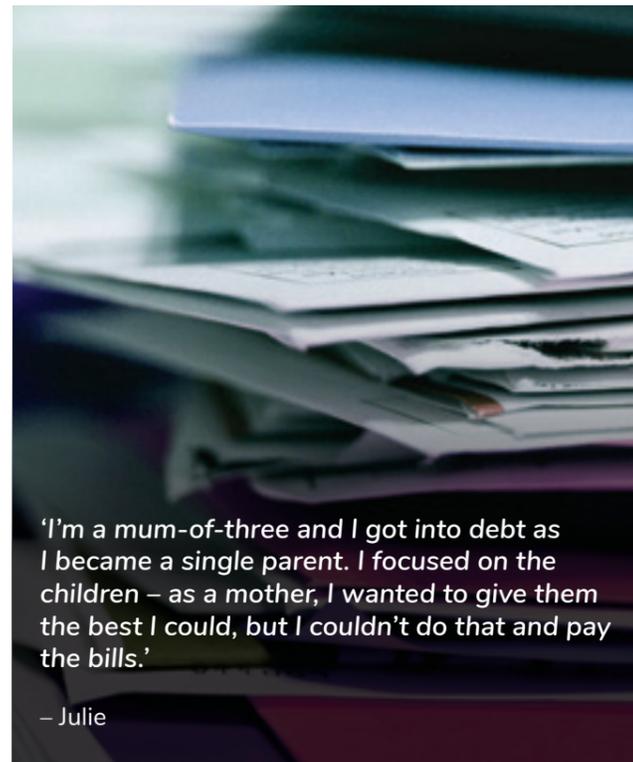


30 | Including clients receiving Housing Benefit only. Some Universal Credit claimants also receive a housing element to help with rent costs.

Client demographics

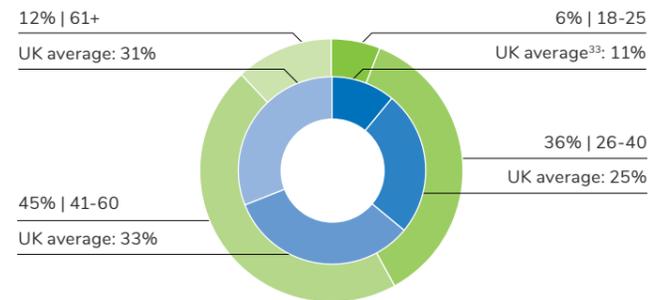
Nobody is immune to debt. As the pandemic and the rising cost of living has shown, any one of us can fall into the unpredictable currents of hard times, quickly dragged out of our depth and plunged underwater. However, some groups are at greater risk than others, and it is vital that we take this into consideration when tackling poverty now and in the future.

Among new CAP clients in 2021³¹, most were single adults or single parents (85%), aged between 41 and 60 (45%) and living in rented accommodation (77%).



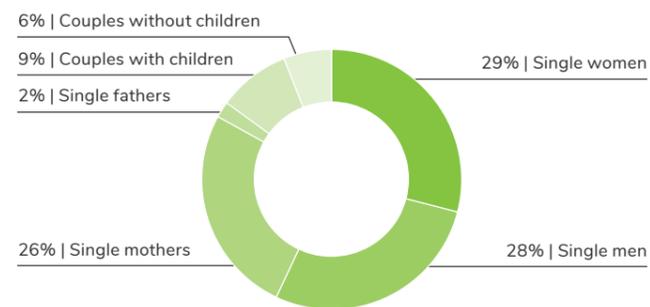
Age

Percentage of new CAP clients in 2021³² who were aged:



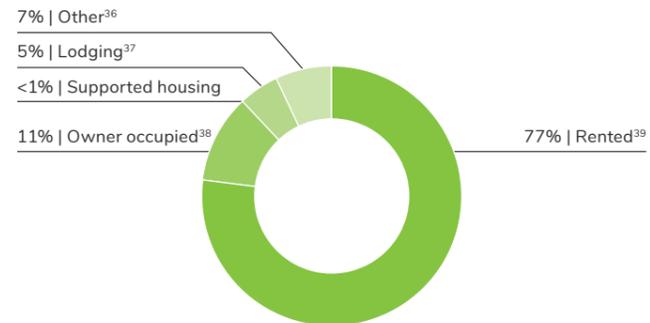
Household type

Percentage of new CAP clients in 2021³⁴ who were:



Tenure

Percentage of new CAP clients in 2021³⁵ who were living in the following types of accommodation:



31 | Among 3,609 new clients, including those who had a Financial Statement activated as well as those who were added to our system but did not have a Financial Statement activated.

32 | See footnote 31.

33 | Office for National Statistics (2021), Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland.

34 | See footnote 31.

35 | See footnote 31.

36 | Including temporary accommodation, other circumstances such as living in housing provided by work, and where details are unknown.

37 | Including lodging with parents (4%) and lodging not with parents (1%).

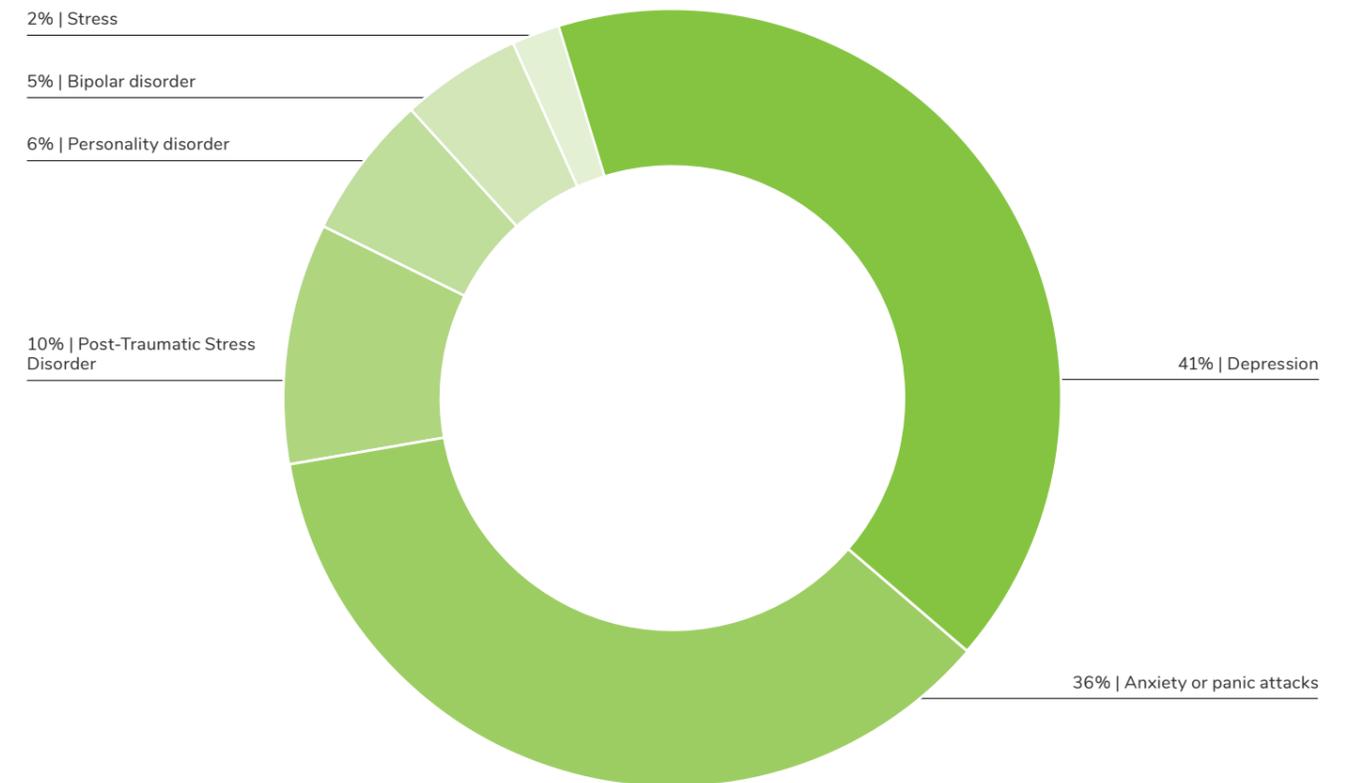
38 | Including homeowners with a mortgage (7%), homeowners without a mortgage (3%) and shared ownership (>1%).

39 | Including social (52%) and private (25%) tenants.

Key support needs

Mental health support needs

Proportion of new CAP client households in 2021⁴⁰ in which someone had a key support need relating to:



CAP's Debt Help service is tailored to accommodate people with complex and additional needs, such as mental ill-health, a physical disability, digital exclusion and limited literacy, to name a few.

To help address these potential barriers that we know can prevent a person from accessing the support they need, we provide three initial face-to-face appointments based in the client's home, with a local team on hand thereafter to continue offering vital holistic care.

The number of new CAP clients in 2021⁴¹ who reported that someone in their household or they themselves had at least one key support need was just over half (51%).⁴² For almost half (46%) of these clients, the key support need reported was in relation to mental health. Most notably, the proportion who said they experienced depression has risen from a quarter (24%) to two fifths (41%) since 2020, and anxiety or panic attacks from a fifth (20%) to over a third (36%), further demonstrating why a holistic, tailored approach is advantageous.

40 | In this case, the initial sample size was 3,609 new clients, including those who had a Financial Statement activated as well as those who were added to our system but did not have a Financial Statement activated. 51% reported a key support need in their household, 46% of which said it related to mental health.

41 | See footnote 31.

42 | Some CAP clients choose to either not disclose their key support needs or request that CAP does not keep them on record.

Methods of borrowing

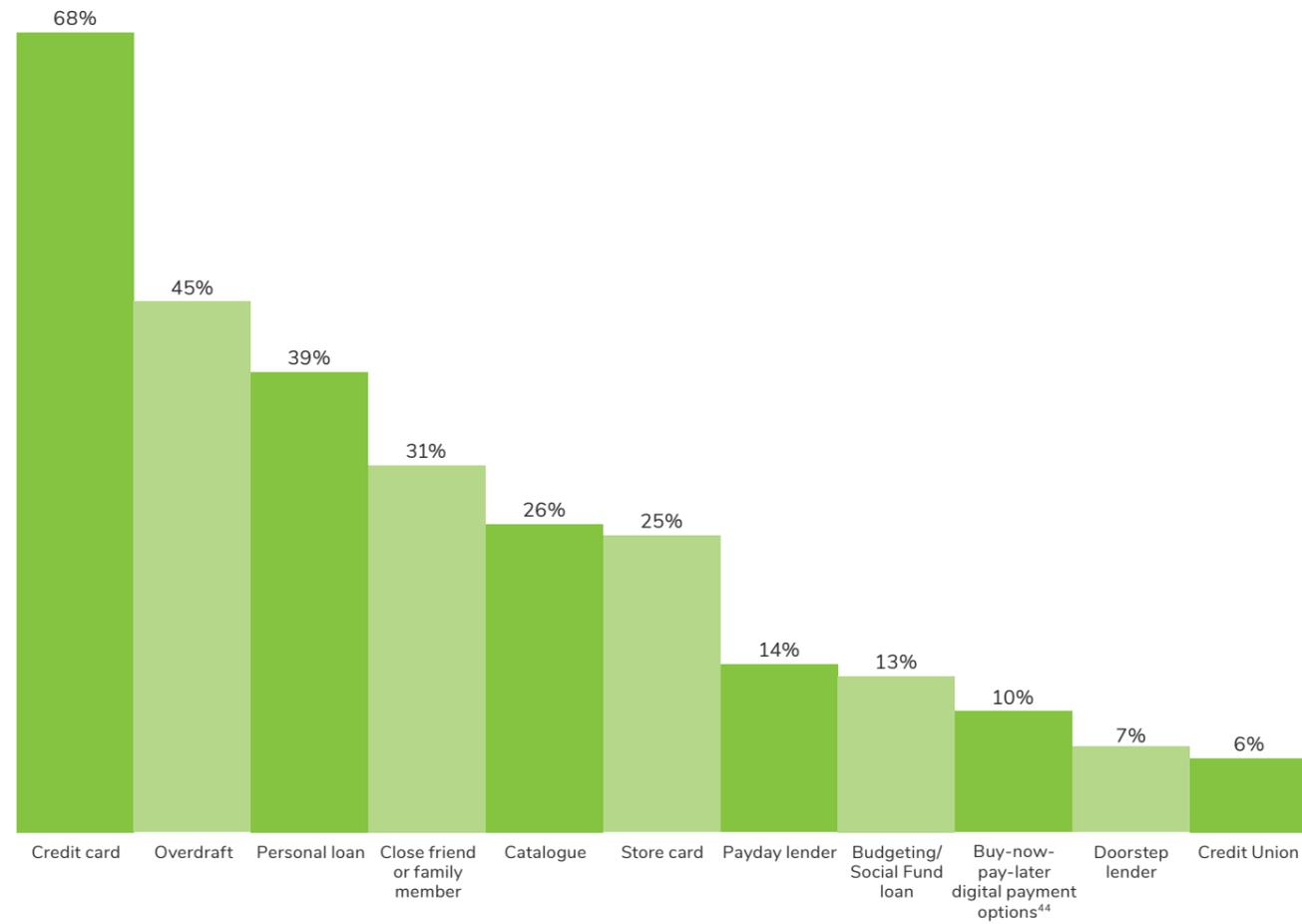
There are lots of different ways to borrow money and people will often have used several types of credit. Two thirds (68%) of CAP clients told us they had borrowed using a credit card and almost half (45%) said they had used an overdraft.

Having risen in popularity over the last few years due to new digital providers, 1 in 10 (10%) CAP clients said they had used buy-now-pay-later credit.

Just under a third (31%) reported having borrowed money from a close friend or relative, which can be extremely damaging to important social connections and perpetuate the cycle of debt and isolation.

Methods of borrowing

Percentage of CAP clients who said they had used the following methods of borrowing⁴³:



43 | Not including pawnbroking loans (5%), guarantor loans (5%), rent-to-own household items (3%), loan sharks and paramilitary lenders (2%), and someone in the client's neighbourhood (2%). Some clients answered 'I don't remember' (2%).

44 | Such as Klarna, Clearpay or Laybuy.

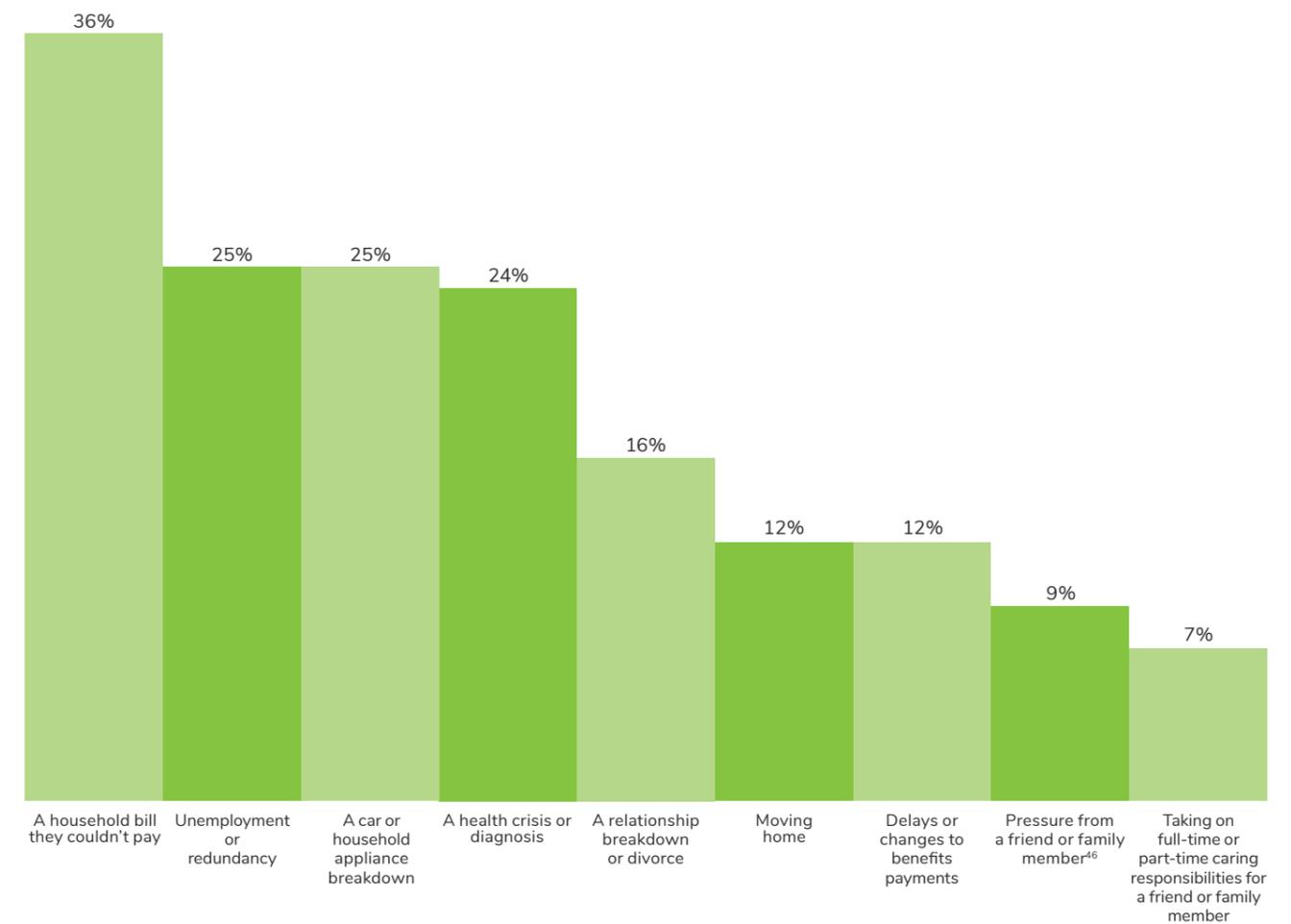
Reasons for borrowing

Increasingly, borrowing is becoming less of a choice and more of a necessity. Given that low income often prevents people from being able to put money aside and the social security system no longer provides a sufficient safety net for people when they face the unexpected, it is understandable that people often find themselves with no other option but to take out credit.

Through our latest client survey, a quarter (24%) of CAP clients reported having borrowed money due to a health crisis or diagnosis, and a quarter (25%) also relied on credit because of unemployment or redundancy. Worryingly, more than a third (36%) borrowed in order to pay an essential household bill, illustrating why so many of our clients talk about 'robbing Peter to pay Paul' when describing their experience of financial hardship.

Reasons for borrowing

Proportion of new CAP clients who told us they had borrowed money due to⁴⁵:



45 | Clients may have reported borrowing for multiple reasons.

46 | May include financial and/or domestic abuse.

Debt levels

There continues to be an extremely worrying gulf between our average client's income and the amount of debt they owe. On average, CAP clients owe the equivalent of 129% of their annual household income (after housing costs).⁴⁷

£17,306 Average CAP client peak debt⁴⁸

Of greatest concern is the rise in priority debt, with the average amount among new clients in 2021 rising to £6,698 (in comparison to £5,852 in 2020). Priority debt now accounts for almost two fifths (39%) of the average balance in comparison to a third (33%) previously.

Non-priority debt refers to, for example, money owed on a credit card or overdraft, while priority debt refers to things like Council Tax and rent or mortgage arrears, where the consequences of non-payment are considerably more severe. Those in priority debt are at risk of losing access to essential services, having their belongings seized or their property repossessed through enforcement action, and may even face imprisonment.

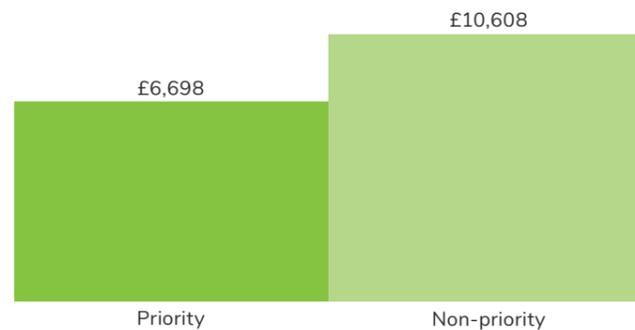
Debt to income ratio

Average CAP client peak debt in comparison to average income:



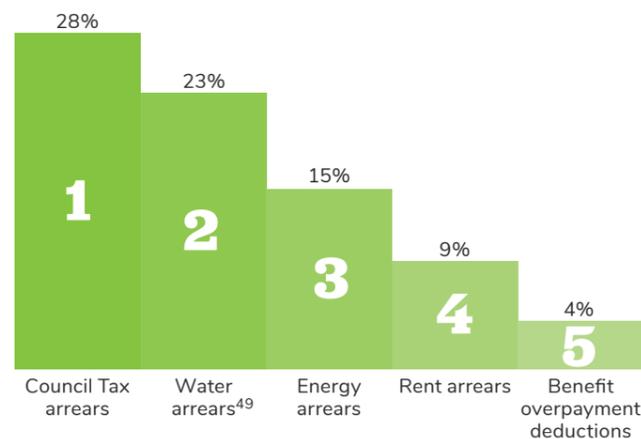
Debt make-up

Average CAP client debt balances⁵⁰:



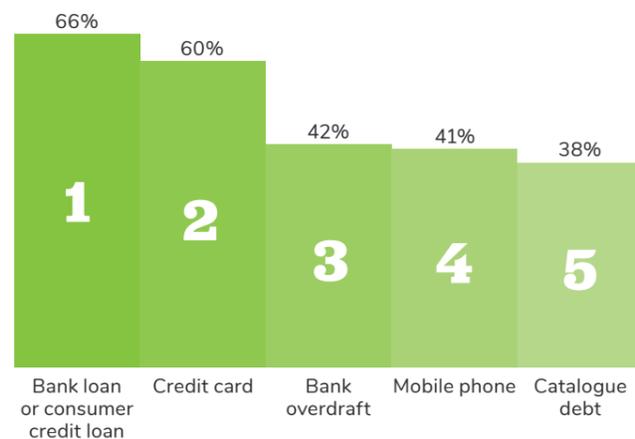
Top five types of priority debt

Proportion of new CAP clients in 2021 who sought help for the following types of priority debt:



Top five types of non-priority debt

Proportion of new CAP clients in 2021 who sought help for the following types of non-priority debt:



47 | Calculated including all CAP clients with an active case at some point in 2021.

48 | Calculated including all CAP clients with an active case at some point in 2021. Peak debt level is the highest total debt balance across the first three financial statements for priority debts and non-priority debts.

49 | Refers to clients in England and Wales only due to different ways of paying water bills in Scotland and Northern Ireland.

50 | See footnote 47.

Debt trends

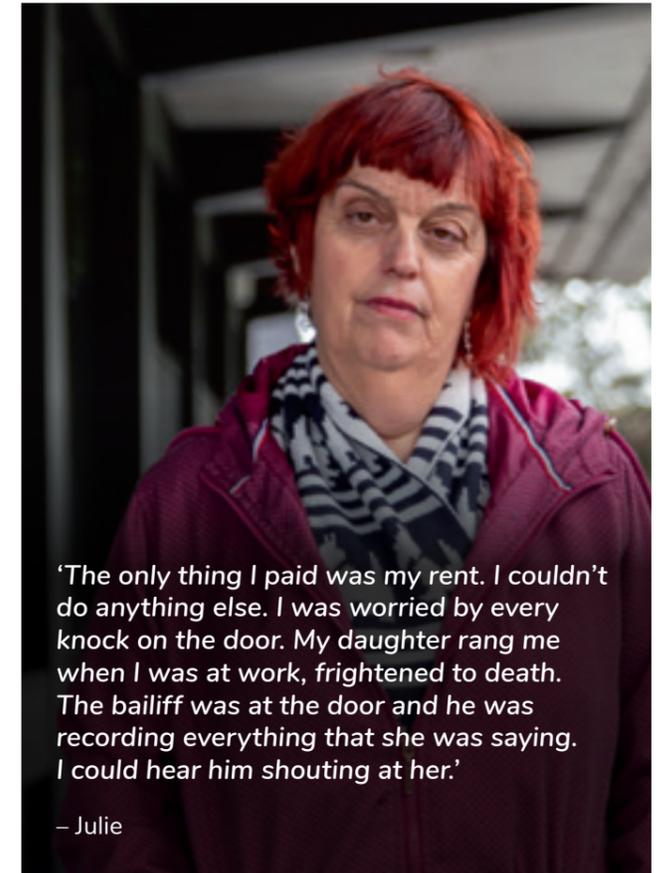
While £611 lower than in 2020, overall, the average peak debt of CAP clients has increased over the last few years, with CAP clients now owing around £2,200 more than they did in 2018. The amount owed to priority creditors has also risen significantly overall, reaching £6,698 on average in 2021 – 18% higher than in 2018.

The average amount of non-priority debt dropped from £12,065 to £10,608 between 2020 and 2021, but overall has risen by 13% since 2018.

Number of debts

On average, CAP clients have 11 debts overall, three of which are owed to priority creditors and eight to non-priority creditors⁵¹. This has changed since last year, when the average number of debts was 14 (five priority and nine non-priority). Fewer but larger debts means larger average balances overall, increasing the likelihood of a client facing consequences such as enforcement action.

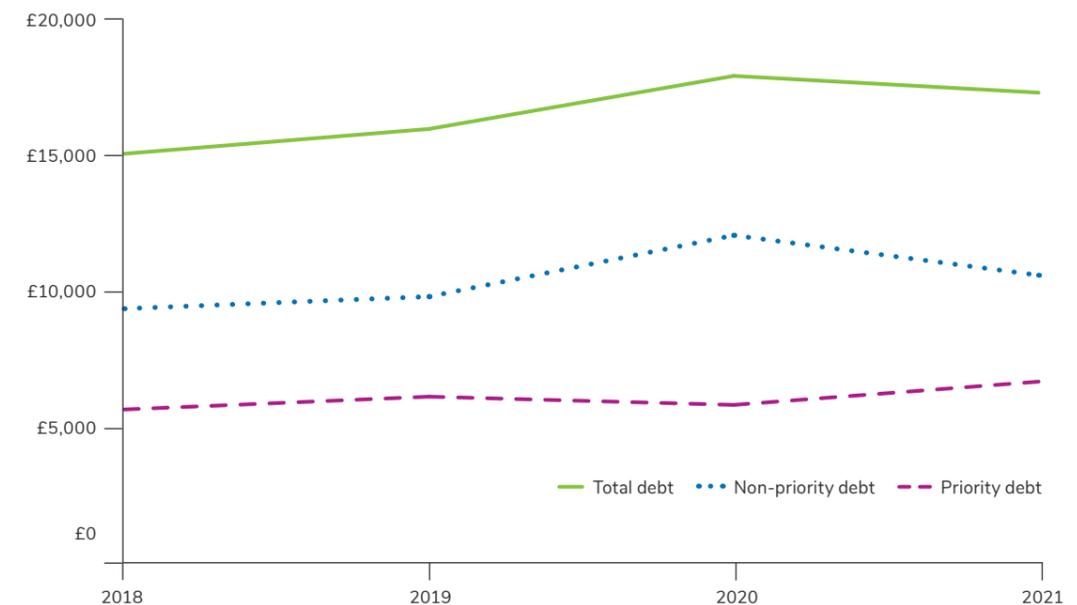
Three quarters (75%) of new CAP clients in 2021 had arrears in either Council Tax, water, energy or rent, giving a clear indication of where people are struggling most right now.



'The only thing I paid was my rent. I couldn't do anything else. I was worried by every knock on the door. My daughter rang me when I was at work, frightened to death. The bailiff was at the door and he was recording everything that she was saying. I could hear him shouting at her.'

– Julie

Average CAP client peak debt from 2018 to 2021⁵²:



11

Average number of debts owed by CAP clients

8

Number of non-priority debts

3

Number of priority debts

51 | Calculated including all CAP clients with an active case at some point in 2021.

52 | Calculated including all CAP clients with an active case at some point in the respective year.



Part III
**Horizons:
 Debt and poverty
 across the UK**

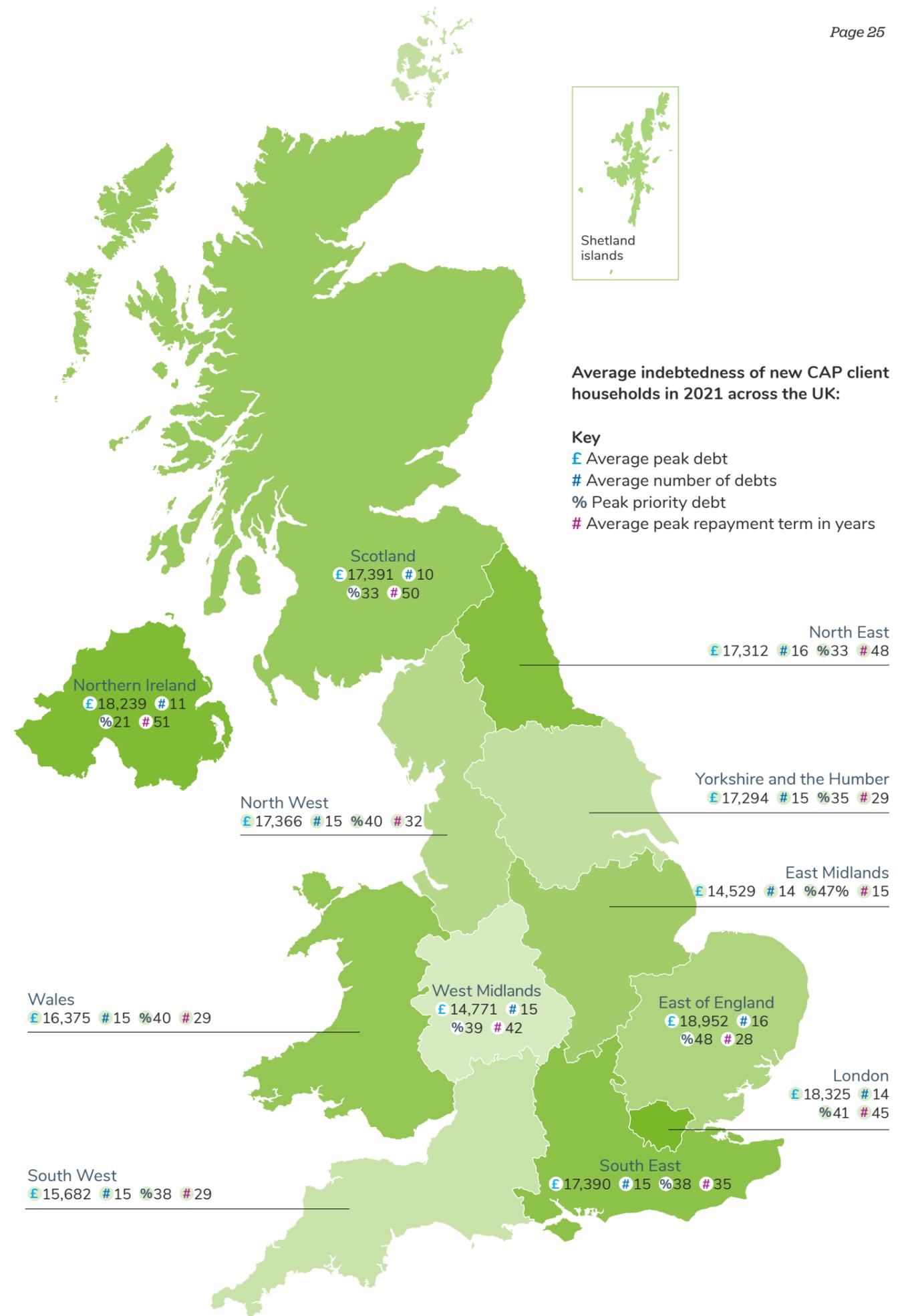
To understand UK poverty, we need to examine the picture across each of the four nations: Scotland, Northern Ireland, Wales and England.

Notably, among new CAP clients in 2021, the East of England had the highest average peak debt (£18,952). Compare this to the average annual household income of £13,404 (after housing costs) and a distressing picture paints itself. Imagine owing over £5,500 more than you receive in an entire year.

To analyse the impact that CAP's debt service has on people, we calculate how long it would have taken them to repay their peak debt without our support. The results are frightening – for example, new clients

in Northern Ireland and Scotland in 2021 had average repayment terms of over 50 years. Again, imagine what that would be like – repaying debts for the next five decades. Living on a low income makes debt a life sentence. Without the help of CAP, this could have been a realistic scenario for some.

The East Midlands had the lowest average peak debt (£14,529) and repayment term (15 years), although the proportion of debt owed to priority creditors was comparatively high (47%). It's worth noting that a lower level of debt is not necessarily a benchmark if the amount that is priority debt remains high. To truly understand the picture, we must look at all of the numbers in context.

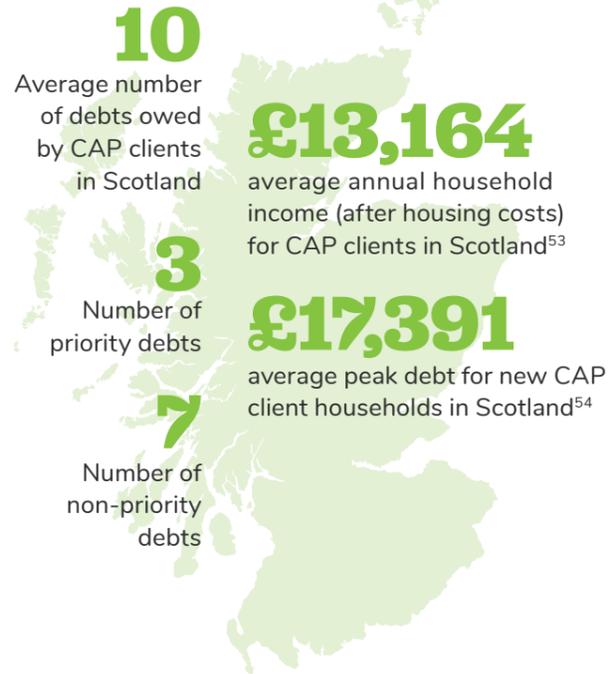


A closer look at Scotland

On average, new CAP clients in Scotland in 2021 had a peak debt of £17,391, a third (33%) of which was owed to priority creditors. A fifth (21%) had Council Tax arrears. More than 40% pursued a Minimal Asset Process bankruptcy, a form of insolvency for those on the lowest incomes, making it the most common route out of debt for new clients in Scotland in 2021.

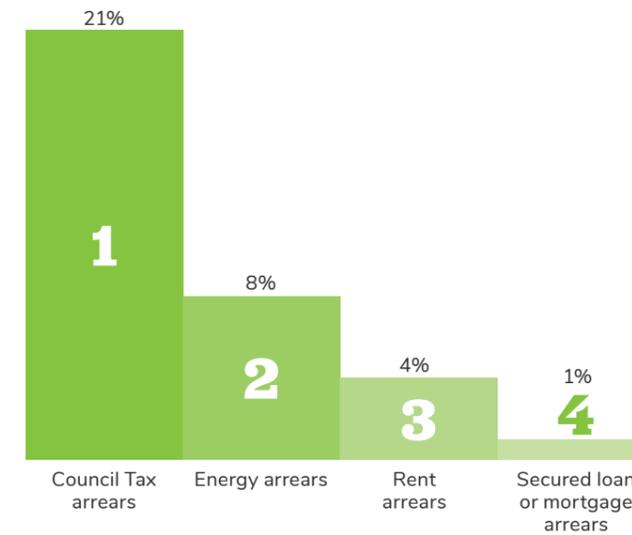
At £13,164 (after housing costs), new CAP clients in Scotland in 2021 had the lowest average annual income of all four UK nations, leading to an average peak debt repayment term of 50 years – one of the longest, alongside Northern Ireland.

Scotland also had the highest percentage of new CAP clients whose sole source of income was from social security at 46%.



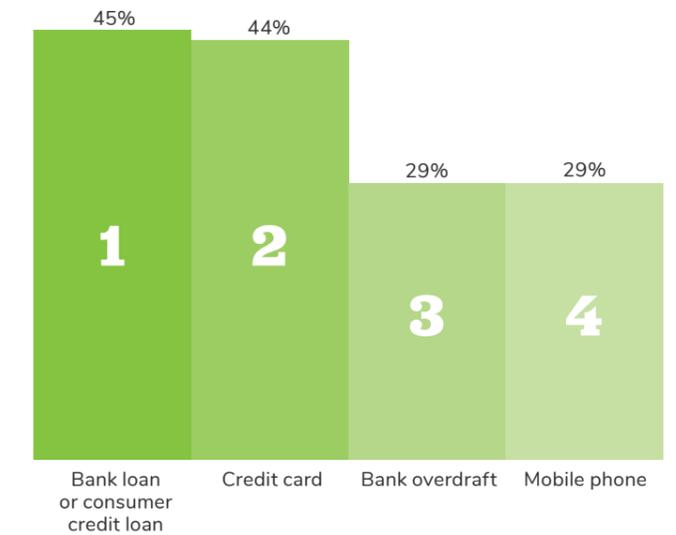
Top four types of priority debt

Proportion of new CAP clients in Scotland in 2021 seeking help for the following types of priority debt:



Top four types of non-priority debt

Proportion of new CAP clients in Scotland in 2021 seeking help for the following types of non-priority debt:



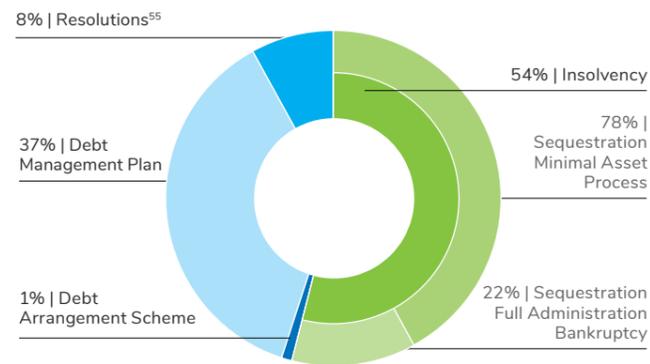
Debt make-up

Average debt balance when seeking help for new CAP client households in Scotland in 2021:



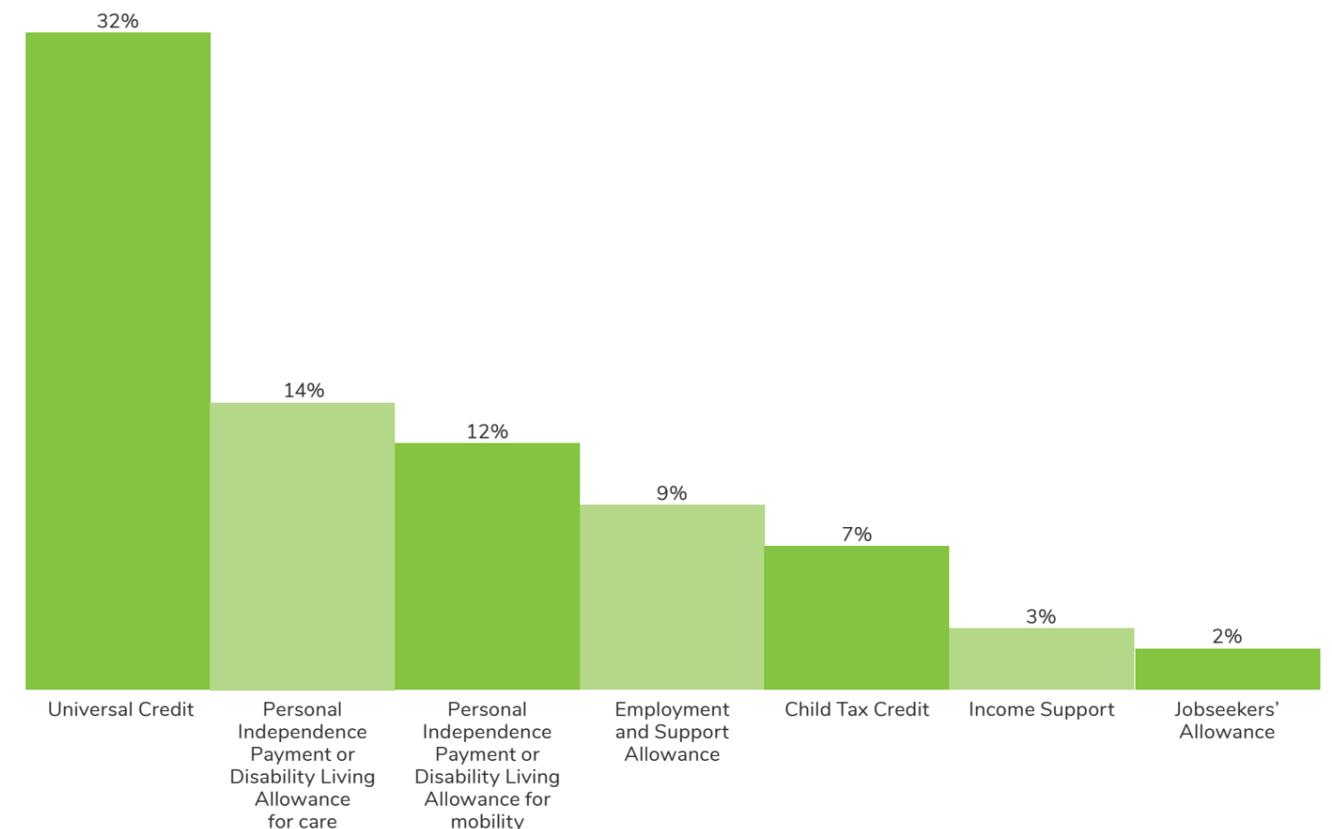
Route out of debt

Proportion of new CAP clients in Scotland in 2021 who took the following routes out of debt:



Types of social security in Scotland

Percentage of new CAP clients in Scotland in 2021 who received:



Social security in Scotland

85% of new CAP clients in Scotland in 2021 received income from social security

46% said social security was their only income source

42% had a deduction taken from their social security payments to repay a debt

⁵³ | Calculated by looking at a client's first Financial Statement and removing the rent/mortgage monthly amount from the income amount.

⁵⁴ | Peak debt level is taken from the first three financial statements for priority debts and current non-priority debts.

⁵⁵ | Clients who live in Scotland are supported by CAP's Scotland debt advice team, but for those without a clear route out of debt their case is put on hold. This may be, for example, if a client is going through a divorce or a house sale and their financial situation is uncertain.

A closer look at Wales

On average, new CAP clients in Wales in 2021 had a peak debt of £16,375, the lowest of all four UK nations. This also contributed to Wales having the shortest average repayment term at 29 years.

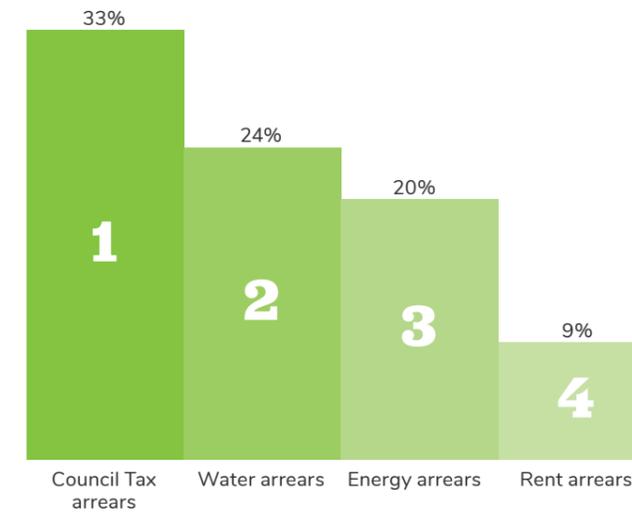
However, two fifths (40%) of this debt was owed to priority creditors. At 20%, the proportion of new clients in energy arrears was considerably higher compared to Scotland (at 8%), Northern Ireland (at 1%) and UK-wide (at 15%).

Furthermore, Wales had the highest percentage of new clients receiving income from social security (86%), as well as the highest percentage of those in receipt of social security related to disability, such as PIP and DLA (42%), and who had had a deduction taken from their payments to repay a debt (51%).



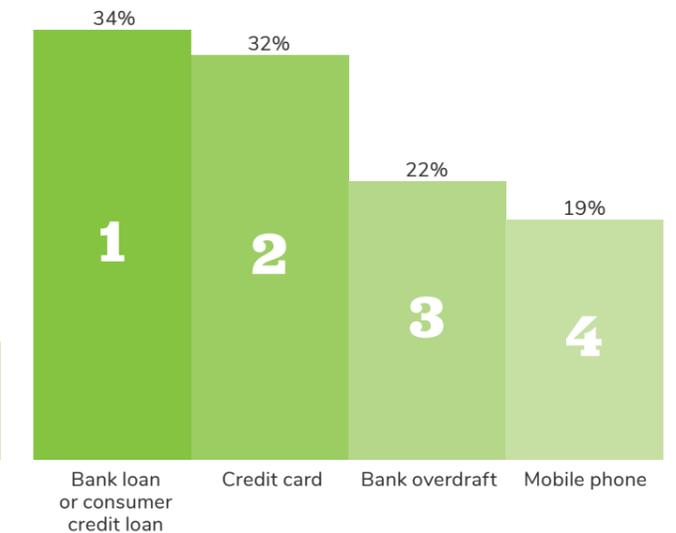
Top four types of priority debt

Proportion of new CAP clients in Wales in 2021 seeking help for the following types of priority debt:



Top four types of non-priority debt

Proportion of new CAP clients in Wales in 2021 seeking help for the following types of non-priority debt:



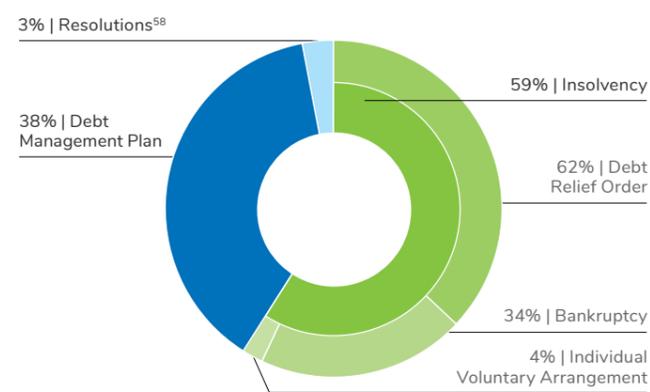
Debt make-up

Average debt balance when seeking help for new CAP client households in Wales in 2021:



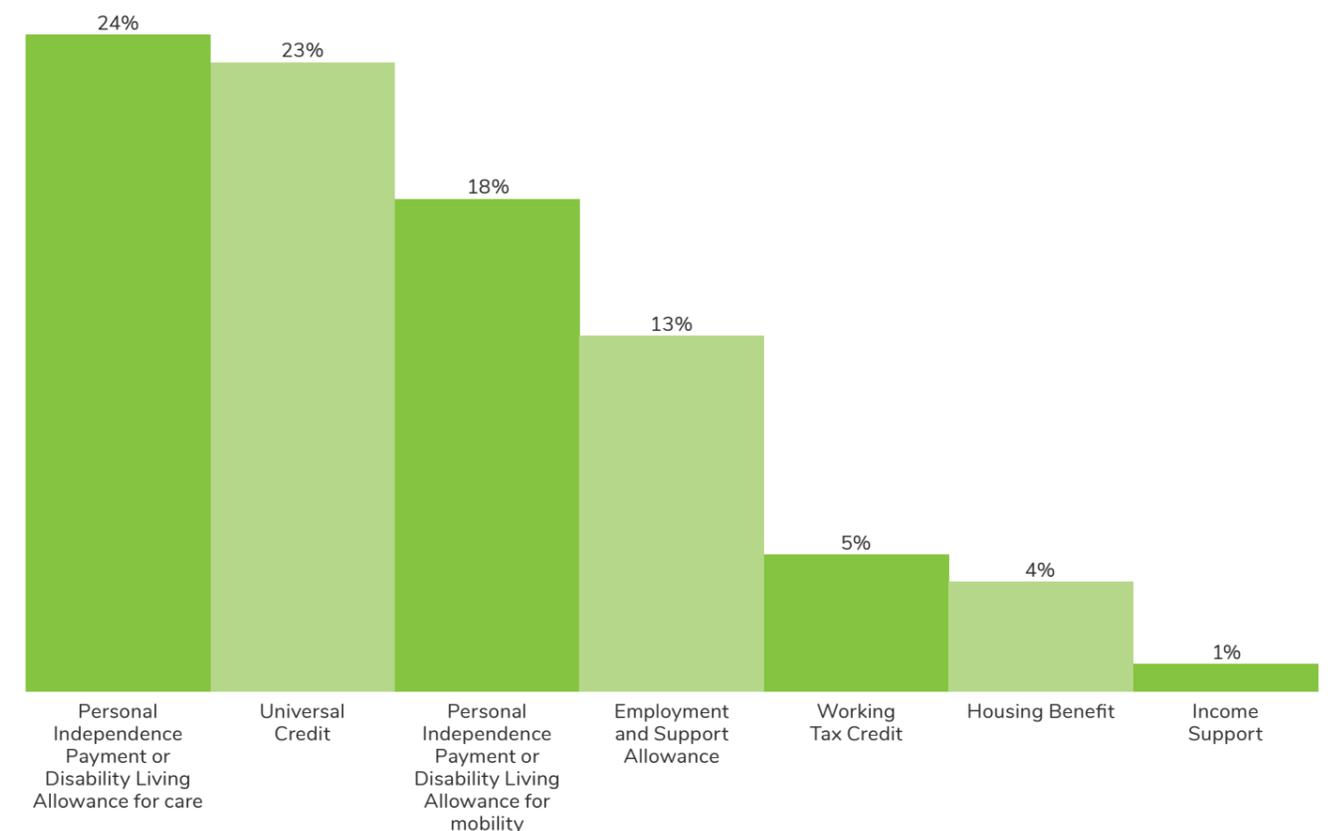
Route out of debt

Proportion of new CAP clients in Wales in 2021 who took the following routes out of debt:



Types of social security in Wales

Percentage of new CAP clients in Wales in 2021 who received:



Social security in Wales

86% of new CAP clients in Wales in 2021 received income from social security

35% said social security was their only income source

51% had a deduction taken from their social security payments to repay a debt

⁵⁶ | Calculated by looking at a client's first Financial Statement and removing the rent/mortgage monthly amount from the income amount.

⁵⁷ | Peak debt level is taken from the first three financial statements for priority debts and current non-priority debts.

⁵⁸ | CAP's Resolutions team provides support to clients whose case is placed on hold while a clear route out of debt is ascertained. Clients may not have a clear route out of debt if, for example, they're going through a divorce or a house sale and their financial situation is uncertain.

A closer look at Northern Ireland

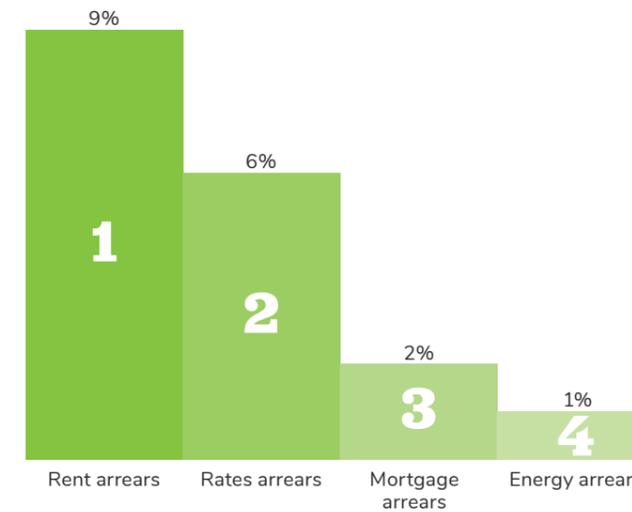
On average, new CAP clients in Northern Ireland in 2021 had a peak debt of £18,239. In comparison to the UK as a whole, the proportion with non-priority debts was considerably higher (non-priority debt made up 79% of the average debt balance among Northern Ireland clients compared to 57% UK-wide). The amount of debt owed to non-priority creditors was also notably higher at £14,440 (compared to £11,633 UK-wide). This is interesting considering the continual rise in priority debt seen across the UK as a whole.

Northern Ireland had the lowest proportion of new clients receiving Universal Credit (13%), in comparison to Scotland (at 32%), Wales (at 23%) and the UK as a whole (at 33%).



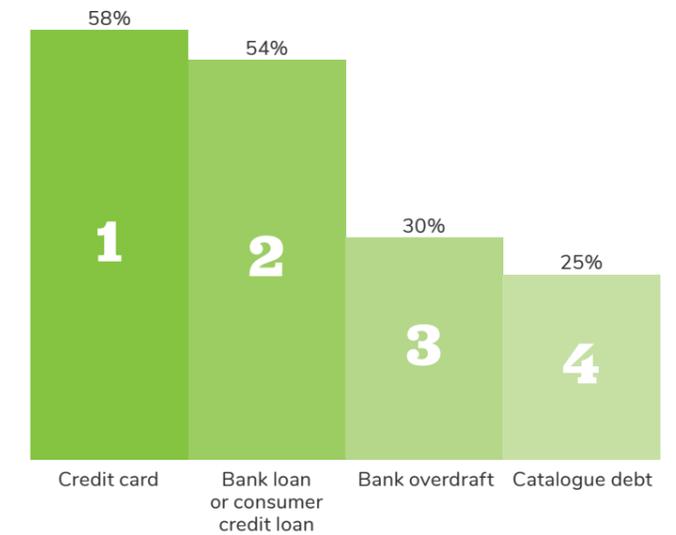
Top four types of priority debt

Proportion of new CAP clients in Northern Ireland in 2021 seeking help for the following types of priority debt:



Top four types of non-priority debt

Proportion of new CAP clients in Northern Ireland in 2021 seeking help for the following types of non-priority debt:



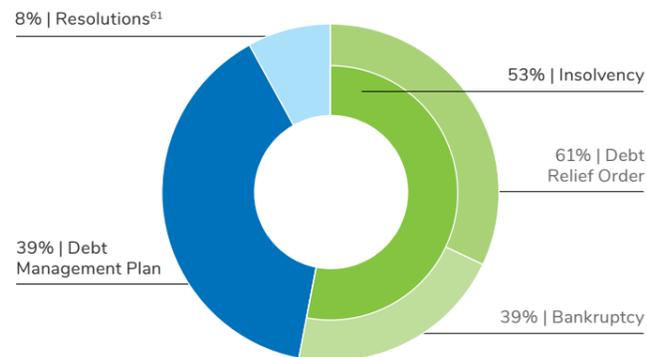
Debt make-up

Average debt balance when seeking help for new CAP client households in Northern Ireland in 2021:



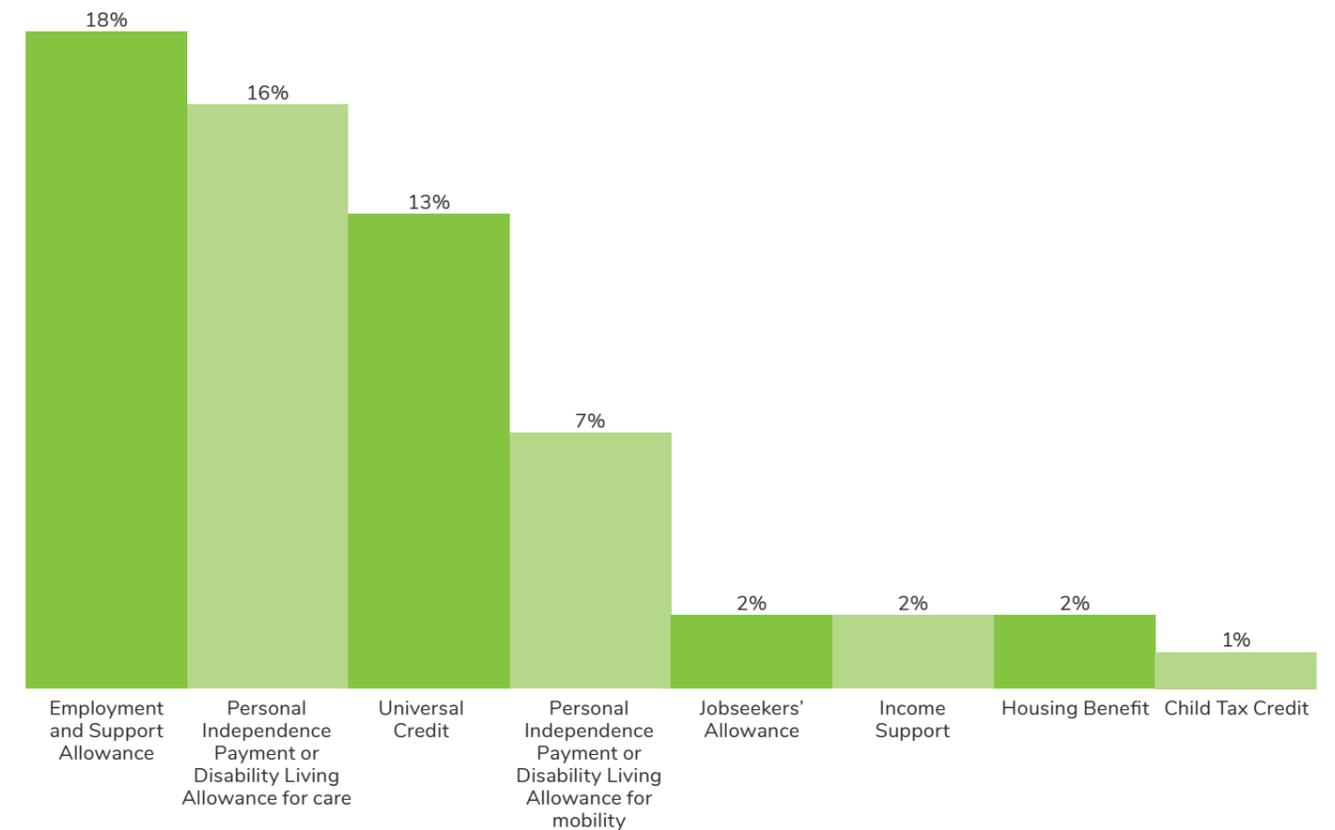
Route out of debt

Proportion of new CAP clients in Northern Ireland in 2021 who took the following routes out of debt:



Types of social security in Northern Ireland

Percentage of new CAP client households in Northern Ireland in 2021 who received:



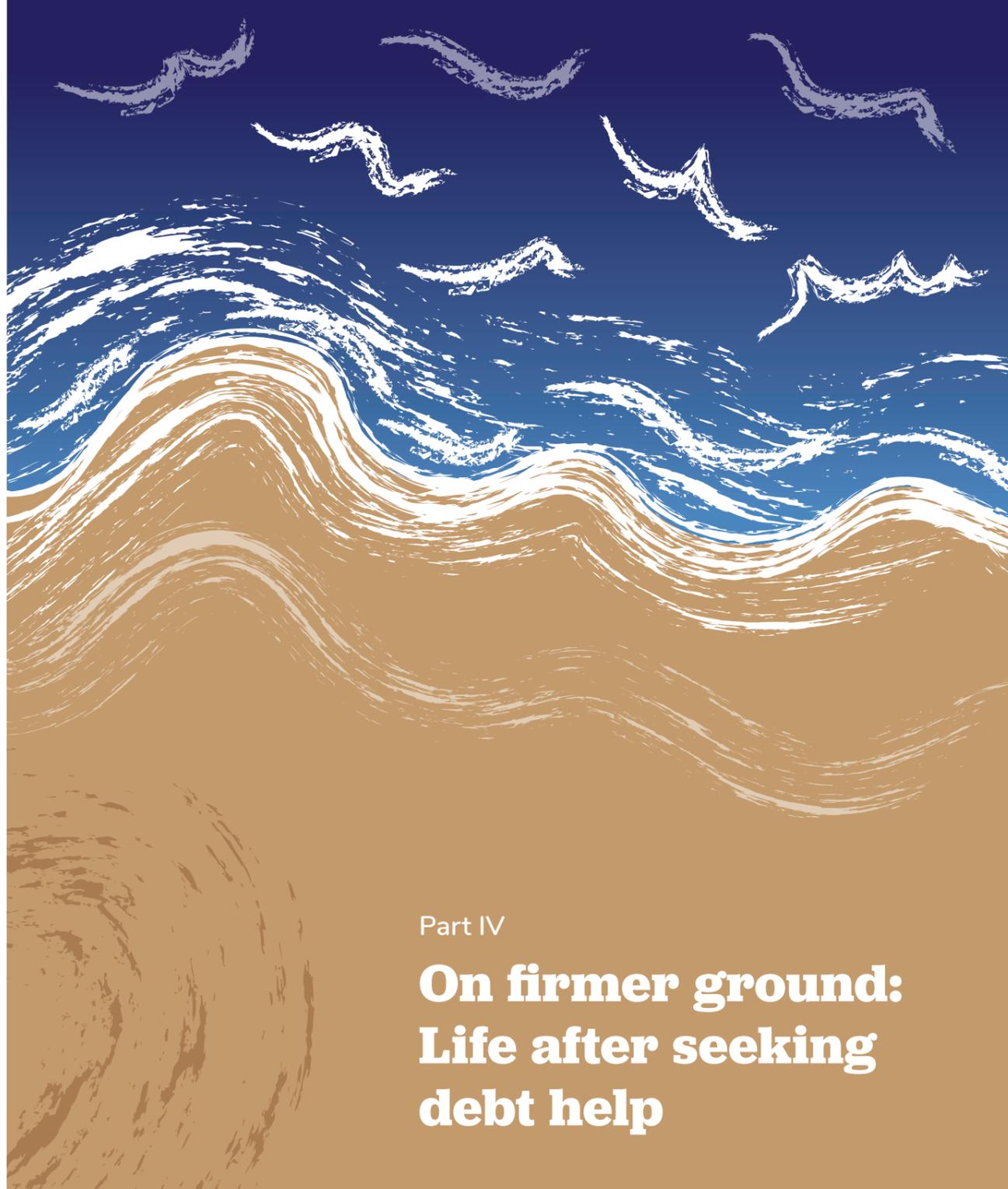
Social security in Northern Ireland

78% of new CAP clients in Northern Ireland in 2021 received income from social security

25% said social security was their only income source

28% had a deduction taken from their social security payments to repay a debt

59 | Calculated by looking at a client's first Financial Statement and removing the rent/mortgage monthly amount from the income amount.
 60 | Peak debt level is taken from the first three financial statements for priority debts and current non-priority debts.
 61 | CAP's Resolutions team provides support to clients whose case is placed on hold while a clear route out of debt is ascertained. Clients may not have a clear route out of debt if, for example, they're going through a divorce or a house sale and their financial situation is uncertain.



Part IV

**On firmer ground:
Life after seeking
debt help**

Becoming debt free is an incredible experience, and we celebrate with each and every one of our clients when they reach this milestone. Many describe it as a weight lifted off their shoulders, allowing them the headspace to focus on other areas of their life, such as maintaining healthy relationships, prioritising their mental wellbeing or seeking employment.

However, we know that being debt free does not fix every problem. At CAP, we extend a hand to help pull people from the depths of debt, but the route to firmer ground is not without its complications. Strong currents threaten to drag them back underwater, particularly low income, being unable to access certain debt solutions, fluctuating circumstances and the rapidly increasing cost of household bills. In order to see lasting change, we must address these barriers as a society and make sure that seeking debt help does not ultimately prove fruitless.

CAP Debt Help: How it works

CAP Debt Help is a unique, in-depth and holistic service operating across England, Wales, Scotland and Northern Ireland. It is designed to accommodate those with complex needs and vulnerabilities that extend beyond their financial situation.

All CAP's services are free and open to all, regardless of background, faith, race, ethnicity, gender, sexual orientation, disability or age.

The first step on a client's journey is a phone call with our New Enquiries team, who will assess their situation and book an appointment for the caller with a local CAP Debt Coach.

The Debt Coach then visits the client at home, accompanied by a volunteer Befriender, offering friendly faces to connect with during the journey out of debt. Time is taken to understand a client's individual circumstances, provide support in gathering bank statements and other documentation, and meet any immediate needs they may have through an emergency food shop or fuel top-up.

CAP's head office Debt Advisors then provide professional debt help, creating a budget tailored to the client's situation and negotiating affordable repayment plans with their creditors. Each client makes a monthly payment into their own CAP Plan to cover bills and debt repayments, which are then distributed out to creditors. Where applicable, clients will also use their CAP Plan to save up money needed for any insolvency fees.

CAP supports the client until they become debt free, and their Debt Advisors are available via phone, email and text, Monday to Friday. Support is available to both repay debts through a Debt Management Plan and find a solution through a range of insolvency options. The local partner church will also continue to provide community and friendship, which is a lifeline many clients remark on as being key to them becoming debt free.



62 | Including phone top-ups, food and fuel vouchers.

63 | Of these calls, 7,326 resulted in a CAP appointment being booked.

64 | Based on 640 responses.

Routes out of debt

The most appropriate debt solution varies from person to person. At CAP, we look at individual circumstances to ascertain the best route to freedom.

The routes out of debt vary across the four UK nations, where different legal systems and regulations apply.

Overall, though, the routes fall into three categories:

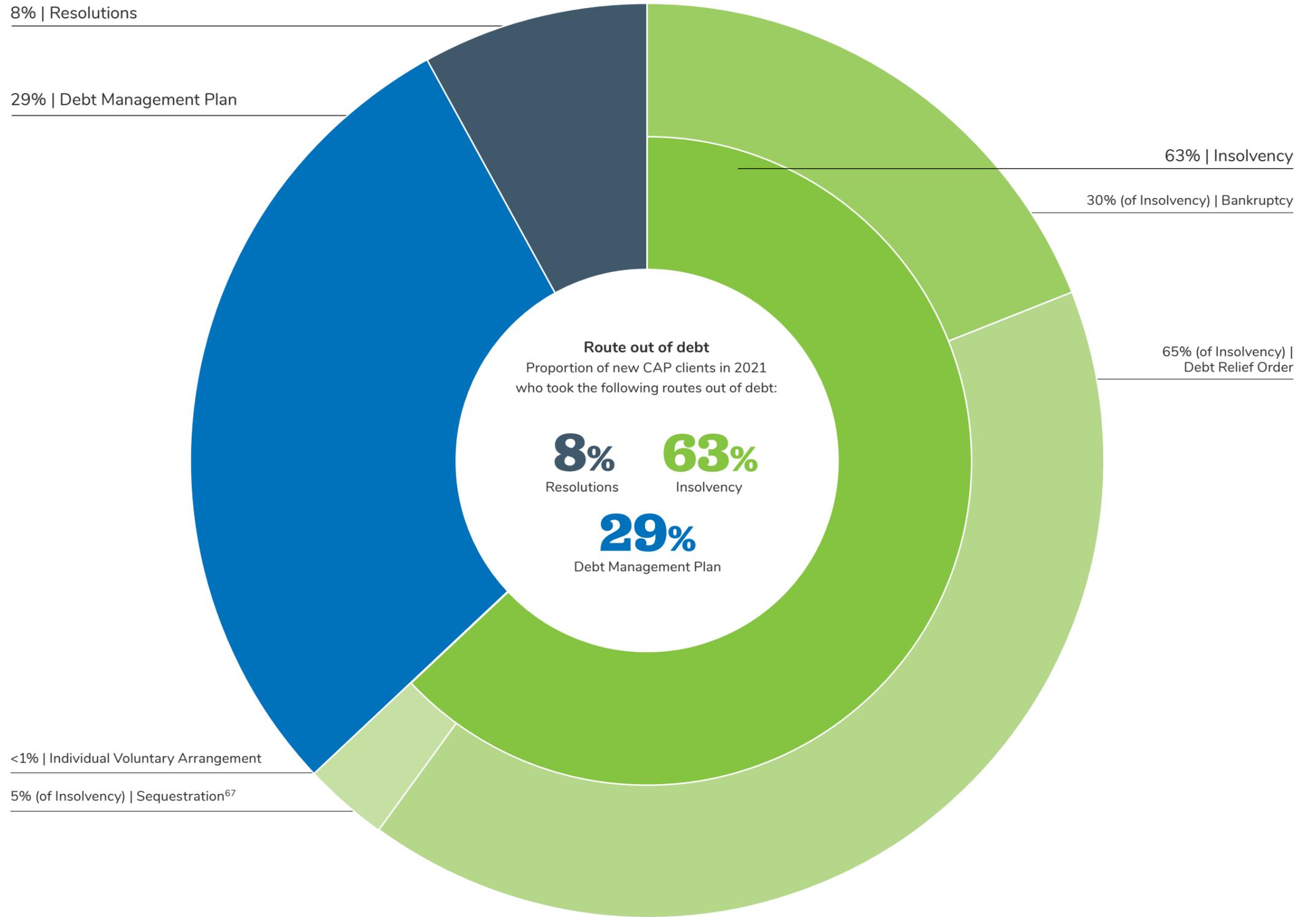
- **Debt Management Plan** (where clients repay their debts over a period of time)
- **Insolvency** (such as bankruptcy and Debt Relief Orders)
- **Resolutions** (where more complex cases are put on hold while a clear solution is ascertained)

Of those who became debt free last year, just under a third (29%) repaid their debts through a Debt Management Plan. Two thirds (63%) pursued insolvency, with a notable increase in those who went through a Debt Relief Order (DRO), from 53% in 2020 to 65% in 2021.⁶⁵

Following our *Simplify the solution* report, CAP urged the Insolvency Service in England and Wales to review the criteria used to decide who can access a DRO.⁶⁶ These criteria had not been updated since the DRO was first launched in 2009 and, consequently, the DRO was failing to provide a solution for the low-income households it was designed to help. CAP was delighted to see some changes put in place following a consultation by the Insolvency Service, including the debt limit being raised to £30,000 (from £20,000).

The increase in CAP clients who became debt free through a DRO in 2021 shows welcome progress, and we are pleased that the Insolvency Service is continuing to review the personal insolvency landscape in England and Wales as a whole. CAP has been able to feed into recent consultations and we are awaiting the outcome.

We've also been keenly engaged in work with the Accountant in Bankruptcy in Scotland, where consumer groups have been supporting the first stages of a review of Scottish formal debt solutions, and in lobbying the Insolvency Service of Northern Ireland to reconsider their own DRO criteria.



65 | A Debt Relief Order is an insolvency solution available in England, Wales and Northern Ireland.

66 | Christians Against Poverty (2021), *Simplify the solution*.

67 | Sequestration is a debt solution available only in Scotland.

Debt free



'I'm better with my finances now. To be in control again is just phenomenal. I don't worry when there's a knock at the door anymore. Now, I try and put something away every week – I did it for a year with CAP so I'm carrying on. I got my daughter a laptop for university that I never thought I'd be able to get her. Even if it's £30 a month, I can just save what I'm comfortable with.'

– Julie

In 2021, we were delighted to celebrate with **1,877 individuals who became debt free – 1,877 individuals who are now free from the fear, worry, loneliness and despair caused by debt. A person with a family whose lives will also be changed. A person with a future that has hope and opportunity. A person who is now able to extend a hand to others who are struggling and see them find firmer ground too.**

 **1,877**
CAP clients became debt free in 2021

 **20,825**
CAP clients have become debt free since 2010

We can all do something: Afterword from CAP's Director of External Affairs



So I made a ripple in the water. I learned to help people with budgets and trained as a debt advisor. I began to share stories, and then to shape policies. I sought to meet the needs of neighbours in my city, and now I work to inspire others to meet needs across the country. The ripple effect is real, and powerful – that first stone made a ripple that I believe will make waves.

'Do what you can, with what you have, where you are.'

– Theodore Roosevelt

I remember the first time a person who needed debt advice told me their story and felt they could trust me with their tears. I remember the first time I got to celebrate with them that they had become debt free, to see the peace they experienced though the process, fulfilled in the joy of being able to move forward with their lives.

I remember when I first heard the shocking statistics about the reality of problem debt and poverty in the UK. I remember how confused I felt – could this be true in the 21st century? Here, in such a prosperous country? With sobering reality, it dawned on me that, yes, this is the here and now, and for many more people than I had realised. And then came the overwhelm: I felt utterly powerless to do anything meaningful about numbers so big and issues so distant from my own experience. Perhaps you do, too.

But then I read this quote from Theodore Roosevelt: 'Do what you can, with what you have, where you are'. And I began to understand. I don't have to be someone who can change the big numbers or affect the big issues before I do something – and that means I can't excuse doing nothing.

Have you been struck by the statistics, as I was? Have you been moved by Julie's story? Do you share in our desire to see an end to UK poverty and its terrible, terrifying impact on individuals and communities? Then please, join us.

Theodore said it well enough for me. I hope you find Julie says it well enough for you:

'We can all do something – even just one thing.'

So, what are you going to do today?

Maybe the following information on how we are funded, how to help people access our services, and how to hear more of our insights and policy recommendations may help you.



Gareth McNab
Director of External Affairs

Funding details

CAP's work would not be possible without the generosity of our supporters and partner churches. This is where the vast majority of our funding comes from.

Life Changers

If you'd like to become a Life Changer with a regular donation to support CAP's work, please visit:

capuk.org/donate

We also work with organisations from across a range of sectors, many of which provide crucial financial support through schemes such as Fairshare and grant agreements.

If your company would like to know more about supporting CAP financially, please contact our External Affairs team.

At CAP, it's important to us that we're open and transparent about where our money comes from and how we spend it. For a more in-depth look at our funding, please see our latest Annual report and accounts, available at:

capuk.org/annualreport

Signposting to CAP

More than half (52%) of CAP clients delayed seeking debt help because they didn't know where to get help. By identifying those in need of support and signposting them to CAP or another free debt help organisation, we can bring these numbers down and make sure people get the support they need before their situation worsens.

Before referring someone, first check that they:

- Want to receive help to resolve their debt situation
- Are not self-employed (for those who are self-employed, see capuk.org/other-options)
- Are in the catchment area of a CAP Debt Centre (postcode search available at capuk.org/debthelp)



Client helpline

Those in need of help can call CAP's New Enquiries team on the phone number below. Calls are free from mobiles and landlines in the UK.

0800 328 0006

Meet the External Affairs team

Meet External Affairs – a team who love representing CAP and building relationships in the credit, debt advice and energy industries, the third sector and with Government. They aim to influence those in power and shape the decisions that affect our clients.

Get in touch

Get in touch via our email address below to hear about campaigns, policy recommendations and other ways that you can help make waves as we seek to end UK poverty together.

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#OnTheEdge

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