

christians  
against  
poverty

**CAP**

# *Is anyone listening?*

Client report

Published: April 2020



## Contents

4	Executive summary
5	Meet the team
6	 <i>Meet Jude</i>
8	Meet CAP's clients
9	Is anyone listening?
10	The warning signs
12	Reason for debt
13	The landscape of debt
15	A bleak outlook
17	Rising debt levels
20	 <i>Meet CAP's team: Julia, Debt Coach</i>
22	A listening ear
23	Help with what matters
25	CAP's service
28	 <i>Meet CAP's team: Mat, Debt Advisor</i>
30	A new breath of life
32	 <i>Jude's story</i>
34	Life Skills
35	Job Clubs
36	Fresh Start
37	The CAP Money Course
38	Funding

### About Christians Against Poverty

Christians Against Poverty (CAP) is a nationally recognised charity that works with over 580 churches to help the most vulnerable out of poverty across the UK. The services provided offer both practical and emotional support, are completely free and are available to all, regardless of age, gender, faith or background. Through a network of nearly 600 local services, CAP offers a free face-to-face debt management service, with advice and ongoing support provided from our Bradford-based head office. As well as this, CAP tackles the causes of debt and poverty through a range of expert group services: Job Clubs, Life Skills, Fresh Start and The CAP Money Course, which provides face-to-face adult financial education across the UK and is run by over 560 churches.

### Acknowledgements

We would like to acknowledge and thank all of the team members at CAP who have contributed to this report. Most of all, we are incredibly grateful to our storytellers, head office staff Mat and Danny, group service members Jackie, Bryan and Heather, Debt Coach Julia, and Jude who has generously allowed us to feature her story in this report.

### Methodology

The statistics in this report are drawn from CAP's Annual report and analysis of data from CAP's Debt Help case management system for 4,113 client households that had a financial statement activated for the first time in 2019. Data has also been gathered from 1,340 responses to CAP's annual Debt Help client survey conducted by post and online between October and November 2019, 90 responses to CAP's Job Club survey and 78 responses to the Life Skills survey submitted by members throughout 2019.

## Executive summary



**Paula Stringer**

I am sure we would all agree that in the United Kingdom today people should not have to sleep on floorboards, wash their clothes in a bath or cook meals on a fire in their garden (p15). In reality this is happening daily across our country. Families are facing inescapable destitution, households are locked in poverty, and children are growing up in desolate homes. It is not right and it is not fair.

Last year, the debt landscape grew even bleaker. We are seeing more and more families unable to afford their basic living needs and experiencing high levels of destitution. Before Christians Against Poverty's (CAP) help, one in ten (11%) clients were living without a bed or mattress and the same percentage were skipping meals daily because they could not afford food. In fact, debt meant that half of our clients (48%) sacrificed meals at least once a month (p13).

In 2019, we continued to see chronic low incomes forcing a large number (61%) to turn to credit simply to pay for food, clothes or other household essentials. The number of CAP clients going through insolvency proceedings increased to a new high (p27) and priority debts continued to rise, reaching a staggering 38% of total debt make-up (p17).

I wanted to work for CAP because I am passionate about seeing people released from debt and poverty. CAP is an organisation that, at its core, cares for and listens to the people it helps. When I hear stories of people who encounter blow after blow, like Jude, whose story features in this report, I am reminded of the difference that listening to someone can make (p32). That, combined with practical and emotional support, sees life after life transformed.

2019 was a significant year. Internally, CAP's Debt Operations department has been working hard to consolidate operational processes and increase efficiencies, ensuring that CAP can continue to help people in the best way. I accepted the role of CAP UK's Chief Executive in the latter part of the year and I am eager to play my part in bringing financial freedom to many more people in need. Further afield, CAP America was officially launched, adding to CAP's international reach in New Zealand, Australia and Canada.

Externally, CAP spoke out about the breadth and depth of vulnerability and the overwhelming nature of multiple and complex needs in our *Stacked against* report. We also highlighted the level of destitution seen amongst our clients with a paper titled *Left destitute by debt*. The industry continues to make progress, with regulatory pressure in many spheres ensuring that firms are treating customers fairly and providing fairer price structures to those on low incomes.

Now in 2020, we have all been impacted by the widespread coronavirus pandemic, whether socially, physically or financially. At CAP, we recognise that many UK households who had previously been managing are now having to get by on a reduced income whilst facing the threat of an economic downturn. Sadly, many of those who were already struggling on the financial brink risk being pushed over the edge. These testing times paint a stark picture of the future for many of the households already facing debt and poverty in the UK today.

As you read this report, I urge you to listen. Listen to the stories, don't just read them. Listen to the reality of the lives that have been eroded by debt. Listen to where you are hearing similar things from your own customers. We all have the potential to make a difference.

**Paula Stringer**  
Chief Executive

## Meet the team



**Dawn Stobart**

I joined CAP because I've always had a passion for social justice. 17 years into the job, that passion has not waned. Every time I hear a story of a family facing injustice or a household facing destitution, it acts as a reminder of why we do what we do.

Year on year, the debt advice industry is seeing a growing number of people in need of help. An increasing number of complex cases, fewer people able to repay their debts, rising priority arrears and a limited funding pot mean the industry is in a more precarious position than ever.

Many of the people CAP sees are facing overwhelming situations. With so many other things going on, debt becomes a secondary issue. This report is designed to give a voice to the voiceless, to provide a clear picture of your most disengaged customers and to help you to understand some of the challenges your customers will be facing.

In 2019, we stepped into the world of social policy. I am excited to see what impact CAP can make in policy discussions and in seeing systemic change. However, it is not just CAP making a difference. Across the credit and utilities industries, firms are playing an important role in helping clients find financial freedom. I want to take this moment to thank anyone who has worked with or supported CAP this last year. We will continue to improve operational links, build relationships and change policy whilst always speaking up for those who often go unheard.

**Dawn Stobart**  
Director of External Affairs

Working across all areas of the credit industry, CAP's External Affairs team and National Partnership Manager:



**Rachel Gregory**  
Social Policy Manager



**Kiri Saunders**  
Relationship Manager



**Jonathan Shaw**  
Relationship Manager



**Paul Walmsley**  
Relationship Manager



**Helen Webb**  
National Partnership Manager

### CAP at a glance:<sup>1</sup>

**22,778**  
people helped<sup>2</sup>

**2,450**  
people debt free in 2019

**332**  
head office staff

**3,773**  
frontline volunteers<sup>3</sup>

**588**  
CAP services

**287**  
Debt Centres

**135**  
Life Skills groups

**111**  
Job Clubs

**55**  
Fresh Start groups

1 | Correct as of January 2020.

2 | Inclusive of people interacting with more than one service and children living in households helped by CAP Debt Help.

3 | Approximate number of volunteers.

## Meet Jude



*It felt as though I had fallen into a manhole and I couldn't get the lid off.*



Jude's life was radically altered after she had a stroke. It left her in a wheelchair, suffering with cognitive impairment. Unable to cope, her husband left her not long after. Suddenly she was alone, facing mounting debt with no one to turn to for help.

*'Being in debt was awful. I dreaded the postman. Every time he came I would pick up the mail and hide it. It was just debt, debt, debt.'*

But the letters really started coming after everything else had happened.

I had a brain haemorrhage, a type of stroke, and found myself in hospital just before Christmas a few years ago. The brain haemorrhage had left me with cognitive impairment. Once I was out of hospital, I needed to do my Christmas shopping for everyone, but money was tight and so I ended up getting a store card for a couple of shops. I couldn't understand that I had to pay it back.

My husband couldn't cope after the stroke and he left me. He used to pay all the bills. Suddenly, I was left on one income and had no idea how to do it on my own.

*I was completely alone and there was no one to talk to. I had to cut back a lot, skipping meals and going without different things.*

It felt as though I had fallen into a manhole and I couldn't get the lid off, I couldn't see a way out. Down there it's black and I couldn't see any light. I didn't have the strength or the energy to get out of that hole.'

## Meet CAP's clients



Debt is not exclusive to people of a certain age or of a specific household make-up. Uncontrollable circumstances mean that no one is immune to finding themselves in financial hardship. Often, those who fall into the sweeping tide of debt cannot swim against the current on their own and are instead dragged under, barely able to get enough air in their lungs to call for help.

**43%** have a key support issue flag on their case

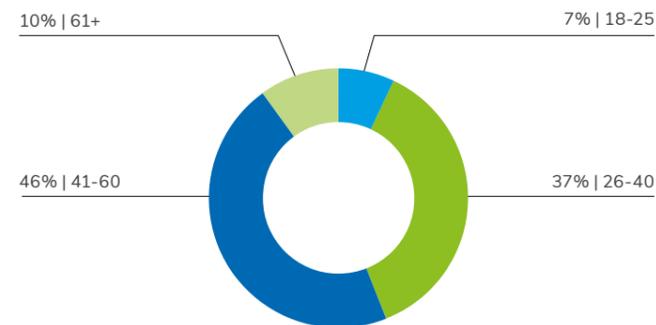
**40%** have a key support issue relating to mental ill-health

Debt is rarely found in isolation. There is immense value in listening to the full story and understanding the additional issues someone may be facing. This report helps to highlight what else your customers may be dealing with, from complex needs to chronic low income. From CAP's database, many clients are middle-aged (46% aged 41-60), single (82%) and in rented accommodation (74%).

The burden of debt can be particularly oppressive for those who are already carrying a heavy load: people who are dealing with issues like ill-health, bereavement, family breakdown or a lack of confidence. Many of CAP's clients have multiple and complex needs, struggling with numerous additional difficulties on top of their financial hardship. Almost half (43%) have a key support issue – a flag on their case to indicate their need for extra support. As many as two in five (40%) have a key support issue relating to mental ill-health. CAP will support clients from the beginning to the end of their journey out of debt and the service provided is well-placed to help those who would otherwise struggle to use an online or telephone-based service.

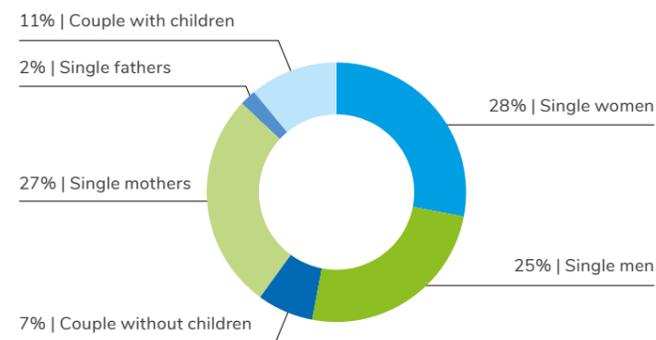
### Age breakdown

Percentage of new clients in 2019 who were aged:



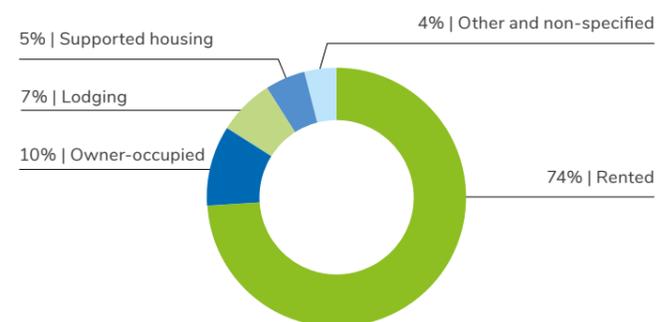
### Household type

Percentage of new CAP client households in 2019 who were:



### Tenure

Percentage of new client households in 2019 who lived in the following types of accommodation:



## Is anyone listening?



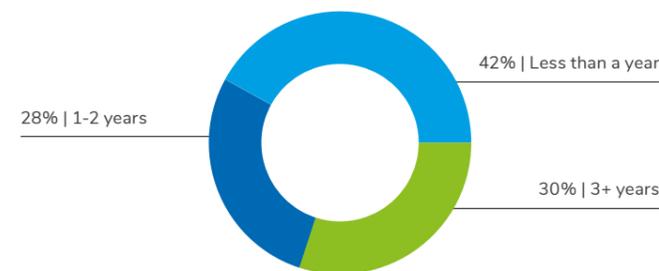
Problem debt can be a scary and isolating place. A constant struggle to make ends meet. Shame keeping you trapped in silence. Fear that the knock on the door is an enforcement agent wanting to collect money. When facing this level of relentless pressure, it's easy to see why asking for help can feel daunting. Many in this situation wonder, 'Is anyone listening?'

The negative emotions associated with debt can make people too afraid to engage with creditors. Before CAP's help as many as eight in ten (82%) clients were scared to open the post, three quarters (76%) were fearful of answering the phone and two thirds (63%) were scared to open the door.<sup>4</sup> Emotions such as fear and shame act as barriers and prevent clients from seeking help sooner.

Thousands across the UK are trying to single-handedly tackle their mounting debts, with no one around to hear their cries for help. One in three (30%) clients had waited three or more years before seeking help, due mainly to feelings of shame and embarrassment (49%), fear (36%) and not knowing where to get help (41%).<sup>5</sup> When not addressed, problem debt can quickly become unmanageable and overwhelming.

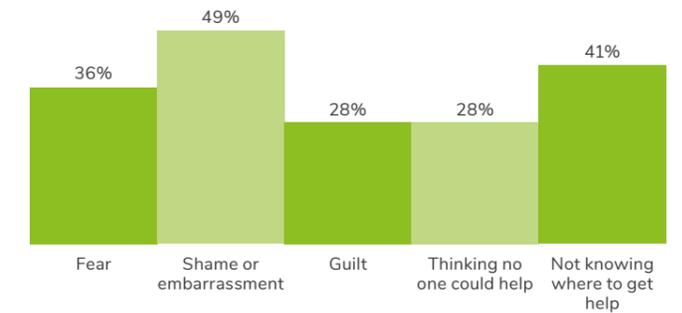
### Delay in seeking help<sup>6</sup>

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



### Reasons for the delay<sup>7</sup>

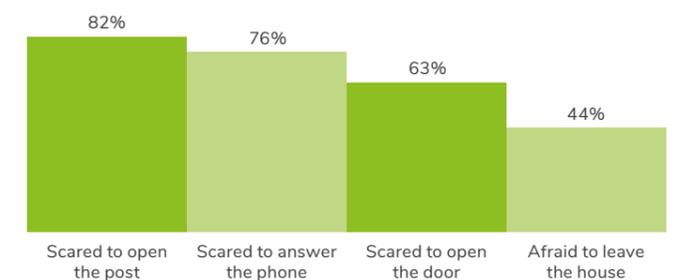
Percentage of CAP clients who waited to get help because of:



This fear of seeking help can extend to a fear of creditors and service providers too. However, from CAP's experience, disengagement can also be caused by digital exclusion, ill-health or illiteracy.<sup>8</sup> With people facing so many emotions and complex challenges, it's not surprising that they struggle to proactively call their creditors or go online to switch to a better deal.

### Living in fear

Percentage of CAP clients who were:



4 | Note: this statistic is from the 2018 Debt Help client survey of 1,259 CAP clients. An equivalent question was not included in the 2019 survey.  
 5 | Ibid  
 6 | Ibid  
 7 | Ibid  
 8 | CAP (2019) Stacked against available at capuk.org/stackedagainst and CAP (2017) Offline and shut out available at capuk.org/offlineandshutout

# The warning signs



Years of austerity in the UK have seen benefit rates stagnate while the cost of living has increased. In this bleak landscape, households are left trapped in poverty. Chronic low incomes force people to walk along a financial knife edge, with no safety net to protect them from sudden income shocks or unexpected costs.

**£12,579** Average annual household income after housing costs<sup>9</sup>

**£1,048** Average monthly household income after housing costs

### Low income

Since CAP's records began in 2013, low income has consistently been cited as our clients' main reason for debt. For new clients seeking help in 2019, the picture was much the same. Low income was the primary reason for debt for almost one in four (23%).

From CAP's experience, level of income can act as a warning sign, playing an indicative role in the likelihood of households finding themselves in debt. Many struggling to make ends meet feel voiceless and powerless to change their situation. Living on a low income makes it particularly challenging to build up substantial savings, meaning that unexpected costs can quickly push families into the red. With an average annual household income after housing costs of £12,579, 81% of CAP clients are on incomes lower than the national average and 48% are living below the poverty line.<sup>10</sup>

**48%** live below the poverty line<sup>10</sup>

**84%** receive some form of benefits

**46%** only receive income from benefits

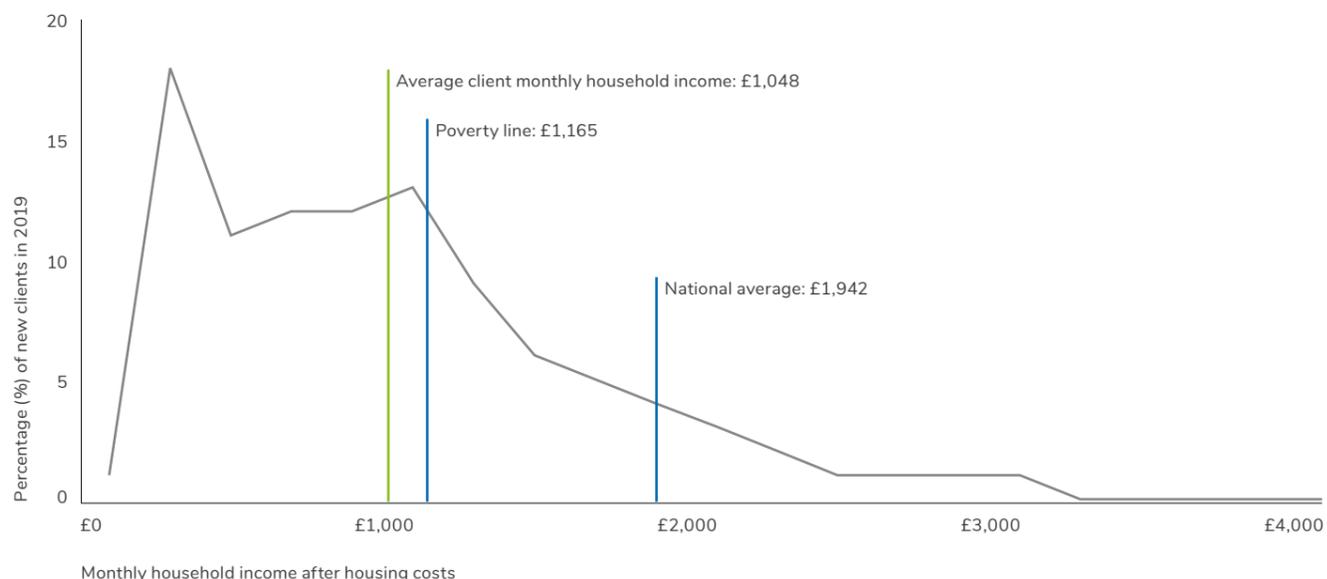
### Social security

Almost half of CAP clients rely solely on benefits as their income (46%) and 84% receive at least one form of benefit. In a society where social security is designed to be an anchor for households in hard times, often it does not provide people with the income necessary to meet their basic living needs. In particular, the four-year benefits freeze from 2016-2020 has played a part in squeezing household incomes, pushing more families to the brink.<sup>11</sup>

A large percentage of CAP's clients receive benefit support for a health problem or disability. One quarter (24%) receive Personal Independence Payment (PIP) daily living component or Disability Living Allowance (DLA) care for under 16s. A growing proportion of clients receiving Universal Credit (18%) has brought with it new challenges, replacing the legacy benefits such as Jobseeker's Allowance (3%). One in five (20%) receive Employment Support Allowance and 17% receive Child Tax Credit.

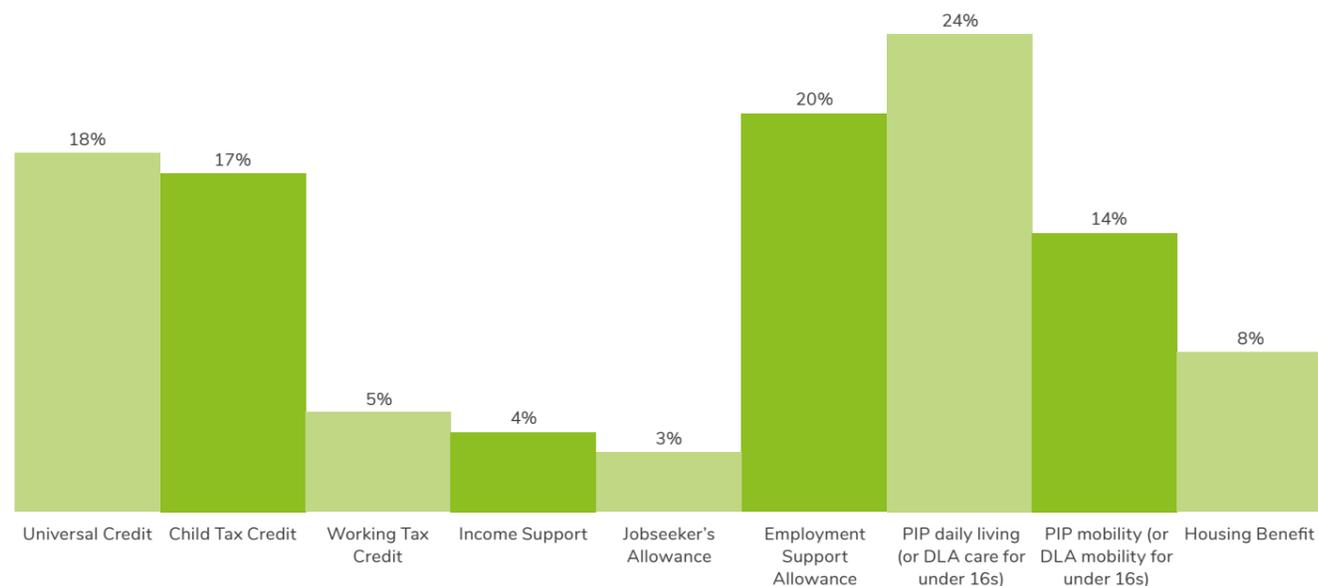
### Income distribution

Distribution of monthly household income after housing costs of new clients in 2019:



### Types of benefits

Percentage of new client households in 2019 who received:<sup>12</sup>



9 | Based on income minus housing costs (including mortgage and rent).

10 | Calculated using DWP Households Below Average median annual household income after housing costs for financial year ending 2019 of £23,300 published March 2020 and poverty line taken as 60% of this.

11 | Citizens Advice (2020) Making ends meet

12 | Note: this only includes clients receiving Housing Benefit, some Universal Credit claimants also receive a housing element to help with rent costs.

## Reason for debt



There are a variety of reasons why people fall into financial difficulty. Situations ranging from bereavement to unemployment can all put a household's finances on a knife edge. While some people may find themselves more resilient to certain life events, whether that is because they have savings or social capital to provide a buffer from income shocks, many of the people CAP helps sadly do not.



**Jude**

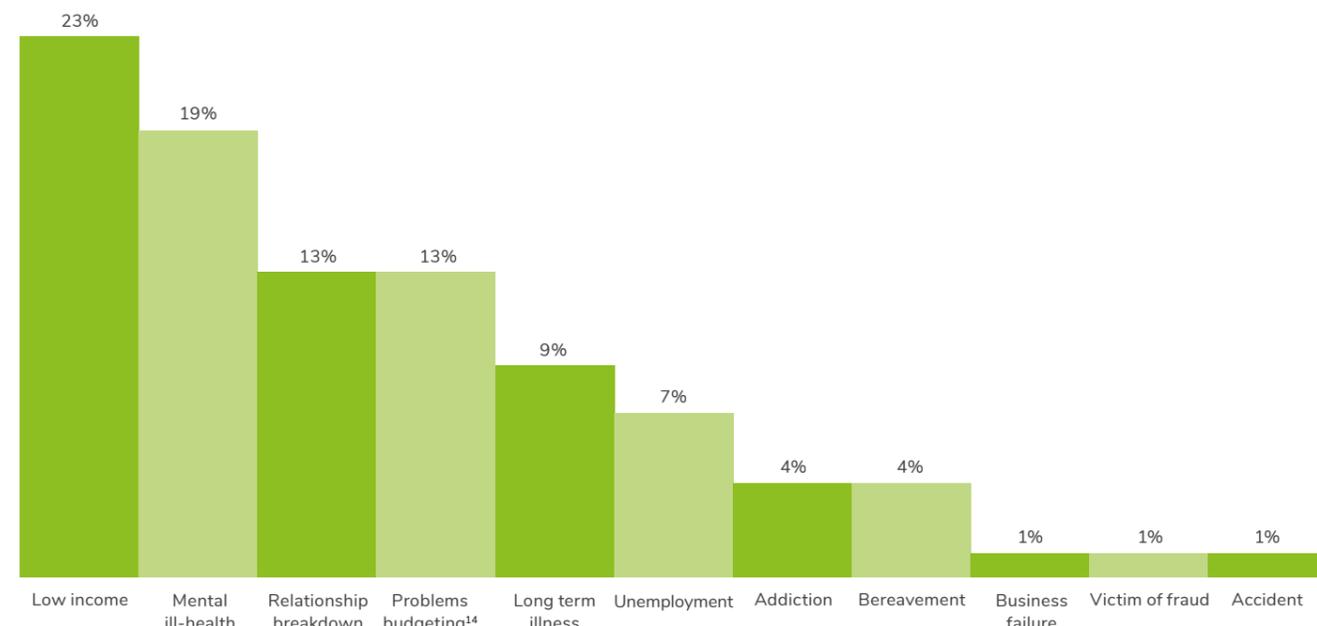
*'I felt like I had hit rock bottom. I'd had a stroke and couldn't get up and about, was going through a divorce and the postman kept bringing letters demanding money. There was no one to ask for help.'*

There is not usually one sole reason for debt and often multiple factors play a part in impacting someone's financial position. From CAP's *Stacked against* report, it was found that half of CAP clients had three or more additional difficulties, on top of financial hardship.<sup>13</sup> What is more, these additional difficulties can have a huge impact on people's emotions and their resilience.

After low income, the most common cause of debt amongst new CAP clients is mental ill-health (19%). Relationship breakdown was also a main reason for just over one in ten new clients (13%), whilst the same percentage cited the primary reason as problems budgeting.

### Reason for debt

Percentage of new client households in 2019 who gave the following as the primary reason for their debt crisis:



13 | CAP (2019) *Stacked against* available at [capuk.org/stackedagainst](http://capuk.org/stackedagainst)  
 14 | Including those who answered 'problems budgeting' and 'overspending'.



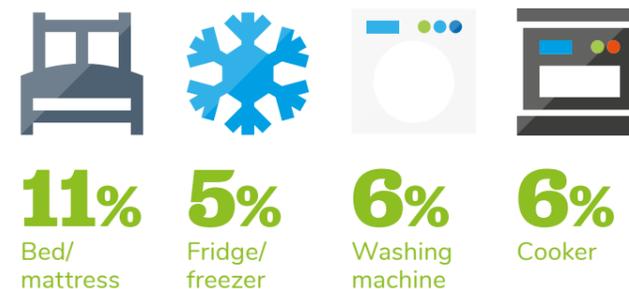
## The landscape of debt

Debt is not solely financial; it can infiltrate all areas of life. It can leave families in cold and empty homes. It has the power to erode relationships and obliterate social networks. It can play a part in causing health issues, both physical and mental. And worst of all, it robs people of their voice, it steals people's confidence and leaves people fearful and afraid.

### Going without the basics

CAP is used to walking into desolate homes where the heating has not been on all winter and hot showers are a luxury, where furniture has fallen into disrepair and holes in kitchen units show a lack of white goods. Home visits highlight material deprivation. CAP often comes face-to-face with clients unable to afford a bed or mattress (11%). Clients go without basic items that most people would take for granted, such as fridges/freezers (5%), washing machines (6%) and cookers (6%). One in five (18%) went without at least one of the above.

Percentage of clients who said that debt made them unable to afford:



Debt caused almost half (48%) of CAP's clients to sacrifice meals on at least a monthly basis. One in four (26%) did so at least weekly and one in ten (11%) went without food daily. For some, energy costs were also out of reach, with one in five (19%) going without heating on a daily basis in the last two years and one in three (29%) regularly rationing their energy use.<sup>15</sup>

15 | CAP (2020) *A dark place: unaffordable energy costs and how low income households cope* available at [capuk.org/adarkplace](http://capuk.org/adarkplace) (not inclusive of clients in Northern Ireland)  
 16 | 57% reported debt causing arguments, affecting their relationship in another way and causing complete relationship breakdown.  
 17 | Note: this statistic is from the 2018 Debt Help client survey of 1,259 CAP clients. An equivalent question was not included in the 2019 survey.



### Relationships

Debt negatively affected relationships for 57% of clients, and for one in five (20%) it caused complete relationship breakdown.<sup>16</sup> The effects of debt spread throughout households, with children also suffering. Debt Coaches have reported that many parents are unable to provide adequate food or clothing, or struggle to keep the house warm. Children are teased at school for wearing clothes that do not fit or for being smelly. One in three (33%) parents said their children's emotional wellbeing was affected by debt. More than one in ten parents (14%) said their children's performance at school was affected. In 2018, seven in ten (69%) CAP clients with children said being in debt made them feel like a bad parent.<sup>17</sup>

### Debt's effect on children

Percentage of parents who said debt negatively affected their children in some way:



## The landscape of debt



### Social isolation

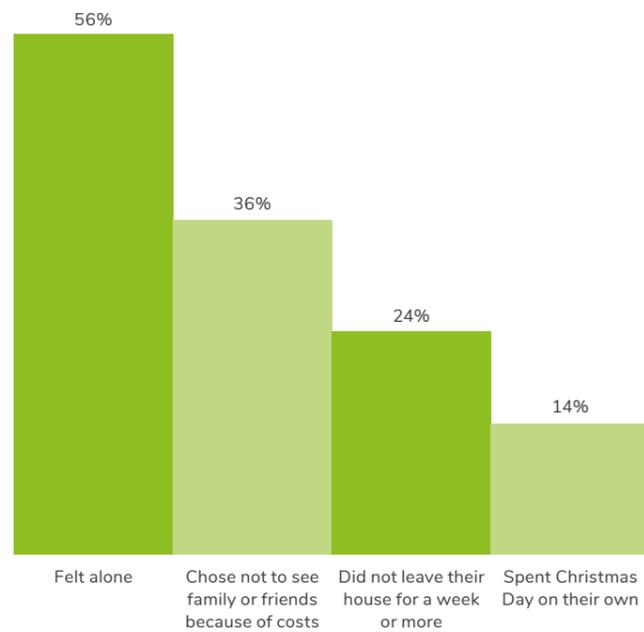
Debt mixed with fear can quickly lead to disengagement and isolation. The client survey found that seven in ten (71%) CAP clients felt some degree of social isolation. More than half (56%) felt alone, a third (36%) chose to not see friends or family due to the costs involved and one in four (24%) did not leave their house for a week or more.

### Health

Ill-health, both physical and mental, is often found hand-in-hand with debt. Struggling with long term illnesses can mean that people find it hard to stay on top of their finances, for reasons such as dealing with the symptoms of their ill-health, struggling with processing information or coming to terms with a diagnosis. Health problems can be exacerbated by debt and they can also be the cause of it.

### Isolation

Percentage of clients who said debt made them feel isolated:



### Jude

'My brain haemorrhage played a big part in my debt situation, leaving me with difficulties with my cognitive thought processes. It was at this point that my husband also left me. He couldn't cope and so left me for someone else. I really struggle with working stuff out now, unless it's explained to me fully.'

In Jude's case, ill-health had a significant impact on her finances, but it can also work the other way. Almost three in four clients (72%) said debt had negatively affected their health in some way, whether mental (61%) or physical (33%). For more than half (54%), it resulted in them visiting their GP and of those who did, 48% were signed off work, prescribed medication or offered counselling.

Being in debt can feel utterly hopeless. Tragically, a third (34%) of CAP's clients have considered suicide as a way out of debt, with one in ten (11%) having attempted to end their life.



**71%** said they felt some degree of social isolation



**61%** said debt caused their mental health to deteriorate



**72%** said debt negatively affected their health



**11%** have attempted suicide as a way out of debt



## A bleak outlook



### Julia

Debt Coach

'The stroke had left Jude with the inability to work out dates. She would say she had paid something which actually she had paid six months ago. We had to do a lot of unpicking before we could even start to help.'

People living without the basics are forced to make hard choices. Some will go to extreme lengths to cope without the items they lack, as CAP's client survey found.

### The effects of debt

Client quotations taken from the 2019 client survey:



# A bleak outlook



## Reason for borrowing

When living without a savings buffer, it can be almost impossible to afford unexpected or large costs. There are instances where creditors will not have visibility of what their customers are borrowing money for. When CAP clients were asked, two in three (66%) had borrowed money in order to pay another bill or debt. Three in five (61%) borrowed in order to buy food, clothes or to afford other living costs. Car or travel costs (40%), events like birthdays or Christmas (36%) and unexpected costs (38%) were other reasons why clients turned to credit.

## Financial spiral



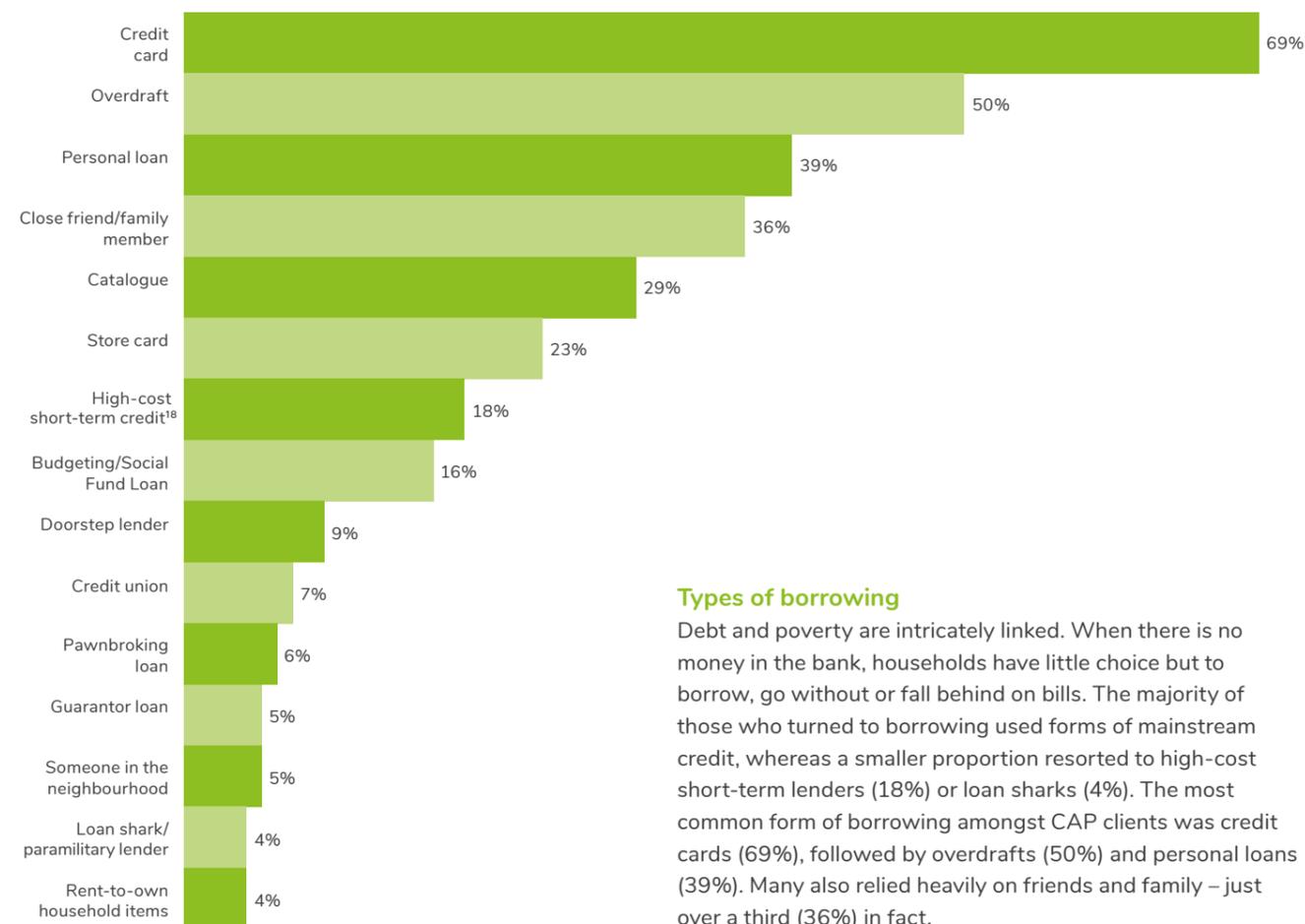
**66%**  
borrowed money in order to pay another bill or debt



**61%**  
borrowed money in order to buy food, clothes and afford other living costs

## Types of borrowing

Percentage of CAP client households who used the following forms of borrowing:



## Types of borrowing

Debt and poverty are intricately linked. When there is no money in the bank, households have little choice but to borrow, go without or fall behind on bills. The majority of those who turned to borrowing used forms of mainstream credit, whereas a smaller proportion resorted to high-cost short-term lenders (18%) or loan sharks (4%). The most common form of borrowing amongst CAP clients was credit cards (69%), followed by overdrafts (50%) and personal loans (39%). Many also relied heavily on friends and family – just over a third (36%) in fact.

18 | HCSTC loans are unsecured loans with an annual percentage interest rate (APR) of 100% or more and where the credit is due to be repaid, or substantially repaid, within twelve months.



# Rising debt levels

**£15,977** Average total household peak debt<sup>19</sup>

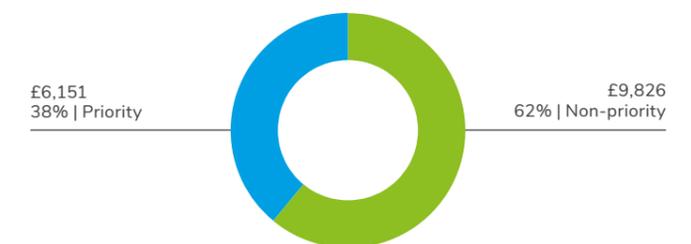
## Proportion of income

On average CAP clients owe the equivalent of 127% of their annual household income after housing costs.



## Debt make-up

Average debt balances when seeking help for new client households in 2019:<sup>23</sup>



## Priority debt

Continuing the trend of the last decade, priority debt has reached a new peak. These debts can have more serious consequences if they remain unpaid. In 2019, 38% of total debt make-up, almost two-fifths, was debt owed to priority creditors. This is a significant increase compared to a decade ago when priority debt made up approximately one tenth of total debt make-up.

In a year when the average CAP client's household income after housing costs only rose by 1.7%, this increase in the level of debt has raised concerns.<sup>20</sup> At peak debt, CAP's clients owed the equivalent of 127% of their average annual household income after housing costs, a five percentage point increase, up from 122% in 2018.

The average amount of priority debt when seeking help rose to a new high of £6,151 in 2019. This is a £466 increase on 2018's average of £5,685. The most common type of priority debt was Council Tax. Almost half (46%) of CAP's clients sought help for these arrears. Many clients also had arrears on other household bills, including water and energy.

The rigid, and sometimes stringent, methods of debt repayment for priority debts can push people into further financial hardship. Customer-centred care is needed to ensure that debt repayments are affordable. Understanding the additional challenges customers are facing helps to ensure that their wellbeing is not negatively impacted.



**13**  
Average number of debts clients have when seeking help

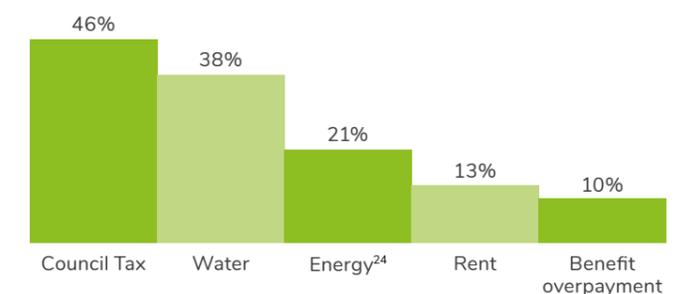


**26.1**  
Average length in years of repayment term on first financial statement<sup>21</sup>

On average, CAP clients have 13 debts, eight of which are owed to non-priority creditors and five to priority creditors. The average household peak debt equated to £15,977 when seeking help in 2019, which is 6% (or £907) more than in 2018<sup>22</sup>. This would take on average more than 26 years to repay without access to alternative debt solutions.

## Priority debt

Percentage of new client households in 2019 that sought help for the following types of priority debt:



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

20 | Average household income after housing costs in 2018 was £12,361, compared with £12,579 in 2019.

21 | Without access to alternative debt solutions.

22 | When it stood at £15,070.

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

24 | This does not include clients paying arrears via prepayment meter.

## Rising debt levels



### Non-consumer credit debt

Non-priority debts not covered by the Consumer Credit Act may still have harmful ramifications if not paid. Almost half of CAP clients (47%) had a mobile phone debt. With this type of debt, there is risk that customers are cut off by their communications provider. The same goes for the third (36%) who were behind with their broadband, internet or TV payments.

### Non-consumer credit non-priority debt

Percentage of new client households in 2019 that sought help for the following types of debt:



**47%**  
Mobile phone debt



**36%**  
Broadband/  
internet/TV



**28%**  
Unpaid invoice



**25%**  
Energy (previous  
supplier)



**14%**  
Parking fines,  
incl. Penalty  
Charge Notice,  
Fixed Penalty  
Notice



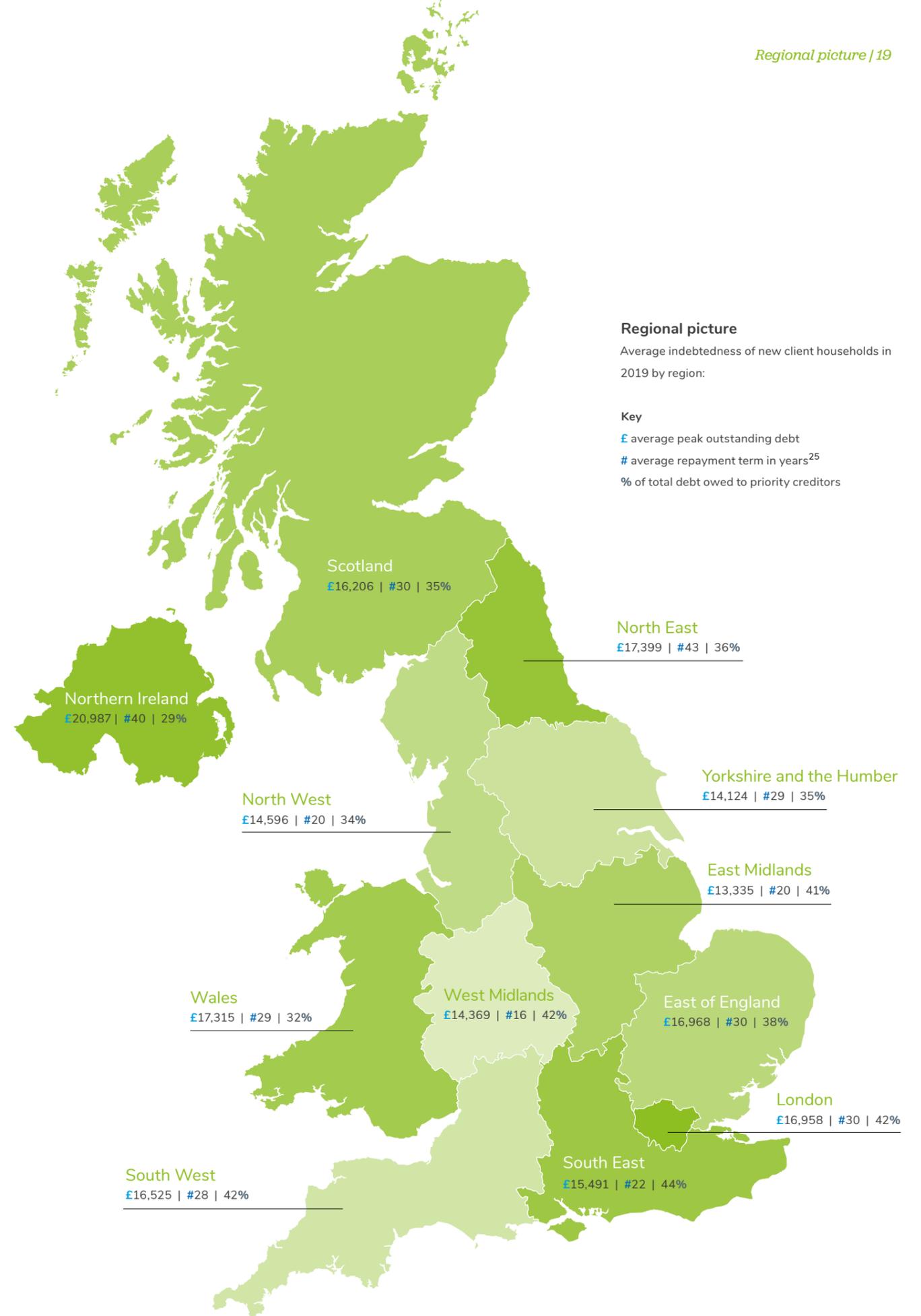
**11%**  
Insurance debt

### Income deductions



**48%**  
of new clients in 2019  
had a deduction

Almost half (48%) of new clients had a deduction from their income to repay a debt. 2019 saw the number of clients with a deduction rise by seven percentage points (41% in 2018) and an eleven percentage point increase from 2017 (37% in 2017). The rise in the use of deductions as a tool to recover debt is concerning, particularly because they are rarely based on affordability assessments. Those with the power to deduct income at source often do not take the wider financial situation into account. Deductions risk sweeping households into further destitution and poverty.



25 | Average repayment term is calculated at the point of debt advice, if all were to repay rather than taking alternative routes out of debt.

## Meet CAP's team



*She knows that I'll still be around if she ever needs help.*

### *Julia, CAP Debt Coach*

'I started as a Debt Coach in January 2010. I visit clients in their homes and support them throughout the journey out of debt.

It's not exactly an easy job. You don't know what situation you are going to walk into, but what CAP offers just works. For me, it's the little things; simple things like putting food in cupboards, adding money onto people's energy meters, buying shoes for a client's children or throwing baby showers. I remember bringing a client a bunch of flowers. I didn't think much about it, but as she received them she exclaimed, 'I've not been bought flowers in twenty-odd years!'

*I just love getting to know the clients, listening to their stories, people I wouldn't have met if it wasn't for CAP. People like Jude.*

Jude had it tough. When I first met her she was living with the symptoms of her stroke, going through a divorce, as well as trying to deal with her finances. She felt pretty hopeless, just overwhelmed with the debts and not knowing how to even begin.

Over the four years of her repayment plan, she was just so persistent and driven. Because of her cognitive impairment she would struggle when her circumstances changed and so every time her budget was updated I'd go to her house and help her to understand it. That happened a lot over the four years.

We all celebrated when Jude went debt free, with cake of course. She also came to a CAP client event where she was able to meet one of her footballing heroes. She was thrilled.

Now she's debt free, she's opened a savings account and is starting to save. It'll be a challenge for her if any of her bills change, but I think she's going to come on our CAP Money Course when that starts and she knows that I'll still be around if she ever needs help.'

## A listening ear



The first step is often the hardest. Asking for help can be daunting, particularly for many of CAP's clients who have reached a crisis point before calling to book an appointment. The New Enquiries team is the first port of call for clients, and in 2019 they received thousands of calls from people up and down the country seeking debt help.

CAP's New Enquiries team provides a compassionate voice at the end of the phone, helping to alleviate fear and bring about a solution. The team will listen to the situation and book appointments for new clients, arranging for a Debt Coach to visit them in their home.

Most clients are referred to CAP through word of mouth (30%) as friends and family share about the positive difference CAP's help has made to them or others. CAP has a number of national partnerships, and Debt Centres build links with community organisations locally to reach more people who need help. Referral partners such as foodbanks (24%), churches and CAP's other group services (17%) also point people towards CAP Debt Help. The credit industry referred 5% of CAP's new clients in 2019.



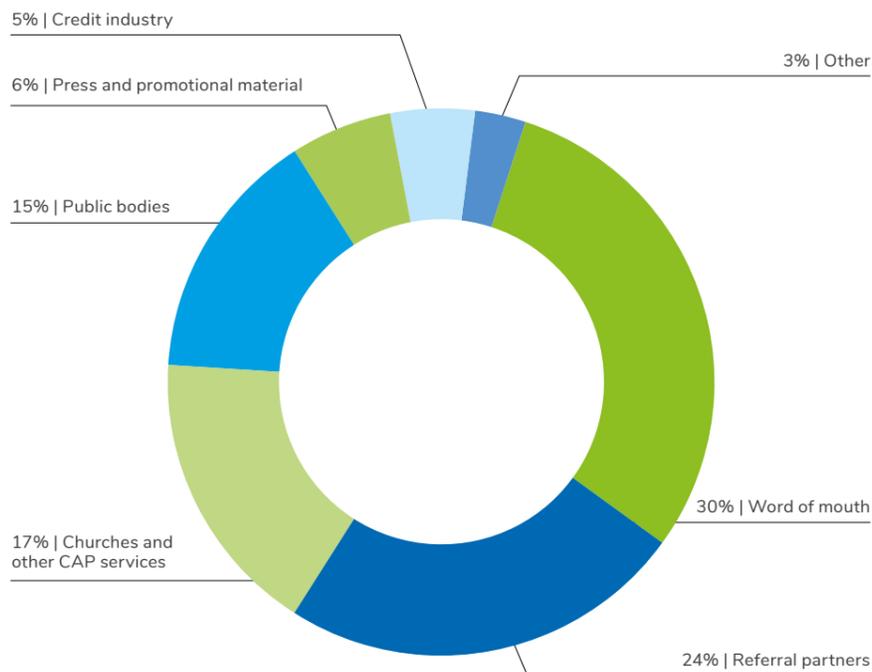
Danny works as a New Enquiries team call handler.

*'I love my job. It's being able to talk to people, hearing about their situation and then provide them with hope and reassurance. Our team is there to listen and you can tell it means a lot to people, just to be listened to.'*

*Prospective clients will often ring expecting to be told off or judged, but I love being able to help them understand that they don't need to feel ashamed, anyone can get into debt.'*

### Referrals

Percentage breakdown of referral sources for new clients in 2019:



## Help with what matters

There is power in partnership. CAP works by equipping and empowering local churches to hear and meet clients' practical needs, whether that's a food shop, someone to accompany them to a court hearing, or a friendly face to simply offer company and support. In this way, CAP and its local partner churches are able to resolve crises and restore stability.



**61%** received practical help alongside debt advice in 2018<sup>28</sup>

### Volunteers

CAP could not exist without the 2,870 Debt Centre volunteers up and down the UK. Working within their own local communities, CAP Debt Coaches and Befrienders provide a friendly face, a voice of encouragement and a helping hand to hundreds of families. Working on the ground means that they can meet immediate needs such as providing a food shop or topping up the meter, invite clients to social events or offer emotional support. Befrienders can take clients out for a coffee or attend court with them, breaking isolation and fear.



**2,870**

Debt Centre volunteers<sup>26</sup>



**3,773**

total CAP volunteers, including group services<sup>27</sup>



**Jude**

*'You get these lovely people who are prepared to help and do whatever they can. They're so kind. Because I was going without meals, Julia brought me a big bag of stuff from the church's foodbank.'*

<sup>26</sup> | Approximate number of volunteers.

<sup>27</sup> | Approximate number of volunteers.

<sup>28</sup> | In 2018 survey, 41% received a food shop/parcel/voucher, 40% received a Christmas hamper, 6% received a household item (e.g. washing machine, fridge), 7% were helped with a benefit application and 3% received a fuel voucher. Question not asked in 2019 client survey.

## Help with what matters



### Going the extra mile

CAP Debt Centres and their partner churches frequently go above and beyond to provide extra help for clients experiencing difficult personal circumstances. These are only a few examples of the generosity and care shown to CAP clients.



Newcastle North West Debt Centre 'winterproofed' clients' homes, including putting up thick curtains, blocking out draughts, and providing slippers and dressing gowns.



Wakefield Debt Centre provides an annual Christmas Day meal for CAP clients.



Befrienders at Bradford Tong Street Debt Centre accompanied clients to their medical exams for PIP assessment, also attending court several times to support clients facing evictions.



Yeovil Debt Centre provided a client with all their necessary white goods, including a cooker, and carpeted the entire house. This was possible thanks to generous donations from local CAP support in Yeovil.



Eden District Debt Centre had a group of volunteers help to renovate a garden which had previously been too dangerous for children to play in.



Burton on Trent Job Club volunteers have driven members to their new jobs and continue to support them during their initial few weeks at work.



## CAP's service

When it feels like one thing stacking up against another, accepting the reality of debt can be overwhelming. CAP Debt Coaches meet people where they are, in their own homes, and lift the burden of debt off their shoulders. The holistic, face-to-face service means that clients can be listened to, trust is built, crisis needs can be met and people can start to see hope.

### First steps

#### The first visit: introduction

After booking an appointment with the New Enquiries team, a Debt Coach will visit each client in their home. The first visit serves as an introduction to CAP's service, during which the client will be shown a welcome video explaining CAP's model, and have any questions answered. Debt Coaches have the opportunity to listen to and understand more about the situation. The client will also find out what paperwork they need to gather ahead of the second visit.

#### The second visit: gather information and paperwork

The second visit can often take several hours. Some clients will not have been able to face opening their letters, and so simply hand over a pile of paperwork. The Debt Coach will sort through the letters, recording income, expenditure and debts into an electronic form called a Fact Find, which is then sent to a team of Debt Advisors at head office. They will create a budget tailored to the client's income and expenditure and write a letter explaining the client's options for getting out of debt.

#### The third visit: client agrees debt solution

During the final visit, the Debt Coach will deliver the budget and talk through the client's options for getting out of debt. As these meetings are face-to-face, the client has the opportunity to ask questions and make sure they understand. It is important that clients understand what choices they have and what working with CAP entails. At this point, the client will decide which option to pursue and sign an agreement. Their case will then be transferred to a long-term support team to progress towards their chosen debt solution and they will start paying into their CAP Plan.



**Julia**  
Debt Coach

'People are so lonely, so isolated. Sometimes it can take four or five attempts to land a first visit: people are too scared to open the door. We do our best to build trust, take the weight of debt off their shoulders and walk with them through their journey out of debt.'

### Putting a plan in place



There were  
**8,928**  
active CAP Plans in 2019

#### Creating the budget

Between the second and third home visits, CAP's trained Debt Advisors in the Bradford-based head office will receive the client's Fact Find. Using the information provided, the Debt Advisors in the Client Setup team will create a budget and work out the most appropriate route out of debt. It is at this point that CAP will get in touch with priority creditors.

Cases are then transferred into CAP's long-term support teams: Insolvency, Debt Management Plan (DMP) and Resolutions team. Clients pay one monthly sum into their CAP Plan and this is distributed to their creditors on their behalf.

# CAP's service



## Towards the end goal

### Ongoing support

In 2019, there were 8,928 active CAP Plans, through which £9.8 million was repaid to creditors. Over a twelve month period, there were on average three new financial statements generated for each household, as when circumstances change clients can simply post their paperwork to head office using a Freepost envelope. Debt Advisors will negotiate with creditors on a client's behalf, arrange payment plans and update budgets when circumstances change, relieving clients of the stresses this can bring.

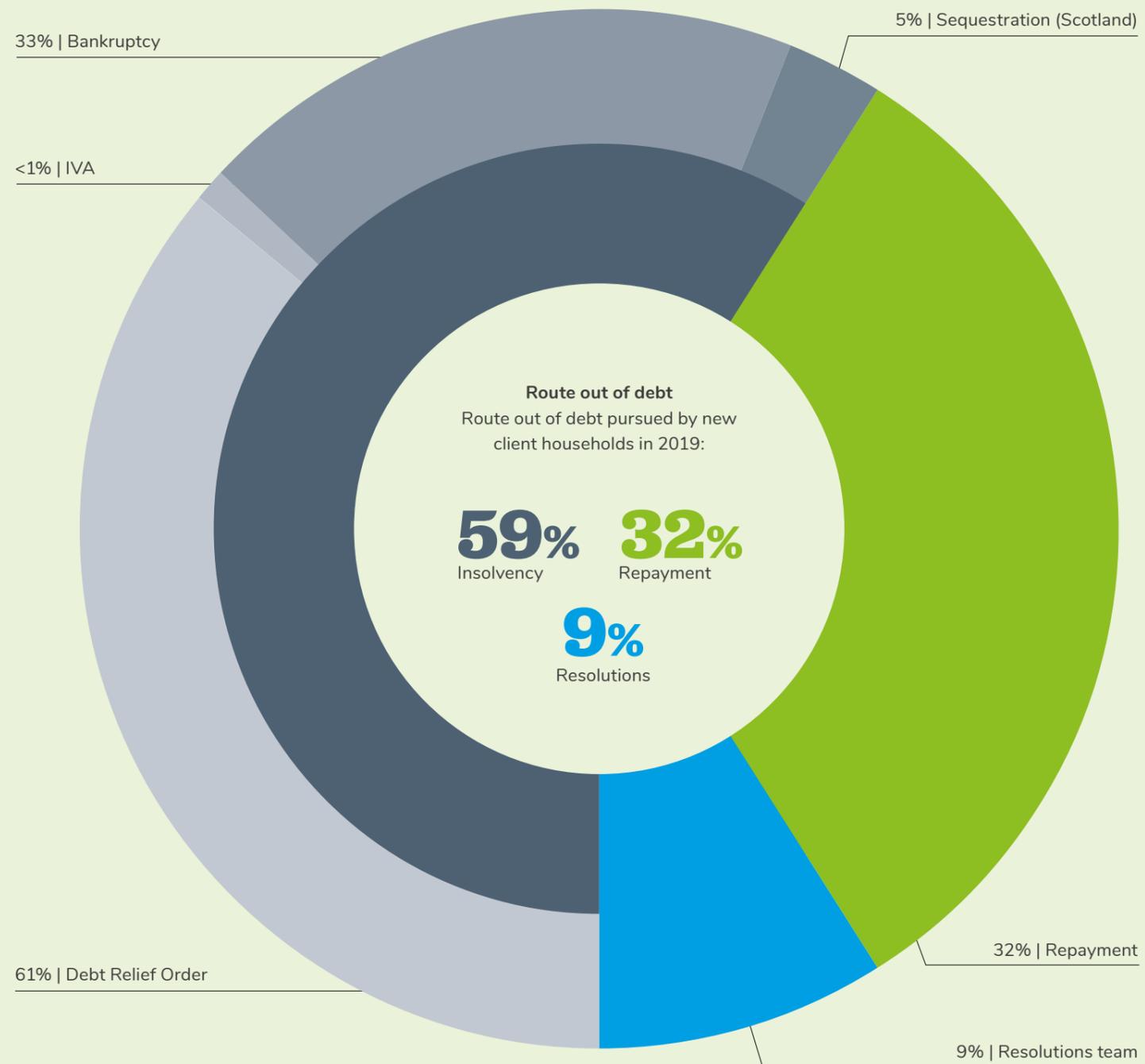
CAP will stay with a client until they become debt free, providing ongoing practical support from head office as well as holistic care from the frontline team. When asked what support they had received from their Debt Coach since being given their budget, seven in ten clients (70%) reported having some form of ongoing support. This support included things like keeping in regular contact (59%), helping with paperwork (34%) and emotional support (33%).

### Resolutions

For one in ten (9%) new clients, there is no clear route out of debt. This may be, for example, if a client is going through a divorce or a house sale and their financial situation is uncertain. CAP's Resolutions team look after these clients. Working with CAP's most experienced Debt Advisors, these cases are often some of the more complex scenarios, and once the issue has been resolved, the aim is that they will move on to pursue an insolvency option or a Debt Management Plan.

### Insolvency

For the 59% of new clients who went through an insolvency option, it would have taken 58 years on average to repay the debt. For some, insolvency is often the only way out of debt, however the fees can act as a considerable barrier. 39% of those pursuing bankruptcy and 58% of those pursuing a Debt Relief Order (DRO) wouldn't have been able to afford it without some form of help from charitable trust funding. In England and Wales, bankruptcy fees cost £680 and DRO fees are £90.



### A more challenging environment

In 2019, the number of CAP clients going through an insolvency option increased to almost three in five (59%), a six percentage point increase from 2018. The proportion of clients repaying through a Debt Management Plan dropped from 37% in 2018 to 32% in 2019.



**Mat, Debt Advisor**

'I've worked in Debt Operations for eight years now. Over my time I've worked on a lot of cases, spoken to a lot of people and celebrated a lot of clients becoming debt free. The work isn't always easy, but it's important.'

## Meet CAP's team



### *Mat, Debt Advisor*

'The job is often challenging; some of the stories you hear are pretty tough. Families dealing with loss, suicide, marriage breakdown. I've been there. I had my own business, which failed. I had been through bankruptcy myself and a divorce. It was tough, but it means that now when I speak to clients, I can empathise. I tell them that I've been in a similar situation myself, and that their situation can and will change.

You don't want anyone to be in those situations, but I have ways to relieve the stress. I do a lot of running, praying and talking to colleagues about some of the tougher cases.

*I realise I can't fix everything, but I can listen. Having time to listen is so valuable, clients really appreciate being heard.*

I get up each day and I'm motivated because I know that someone helped me all those years ago when I thought there was no help. Now I can help others, I can bring hope to people's situations, tell them that we've got this. I love walking through the journey with clients. Some you get to know quite well and supporting them on their journey out of debt is priceless.

I work in the Debt Management Plan team and sometimes a particularly difficult case arises. You know when the debt is just the tip of an enormous iceberg? We do all we can to help. It's great to see when the Debt Coach, Befriender or church comes around someone, supporting them through the tough times. It makes our job a lot easier.

I worked on Jude's case a number of times. It's so encouraging to know that she is one of many clients who have worked with CAP persistently to become debt free. While she is amongst a couple of thousand people who became debt free in 2019 with CAP, for us it's all about the individual. Well done, Jude.'

*For us it's all about the individual.*

## A new breath of life



### What is life like now?



**Since working with CAP:**  
Percentage of CAP clients who said they already feel:

- 18%** Healthier
- 50%** More positive
- 37%** Able to face problems
- 20%** More confident in parenting<sup>33</sup>
- 35%** More confident
- 57%** Hopeful about the future
- 32%** Confident to face problems in the future

Becoming debt free is an achievement worth recognising. At CAP, staff blow harmonicas in celebration of those who have completed their journey out of debt. Living without debt can radically transform someone's life, removing fear and worry and replacing those emotions with confidence and positivity.

CAP was able to celebrate with 2,450 people who became debt free in 2019. It is not about the numbers, but about each individual, each family, each household who had the burden of debt lifted. It's about people who can now sleep through the night and not worry about leaving their house or be too scared to open the post. CAP clients report a new outlook and changes in a variety of areas of life, 57% said they are now hopeful about the future and others feel healthier (18%) and more confident (35%). One in three (35%) of those who were afraid to leave the house are now no longer scared.<sup>29</sup>

Life after CAP's Debt Help is not always easy. While the problem of debt has been resolved, other issues may still remain, such as ill-health or low income. On the whole, CAP clients feel more equipped to face the future, now having stability and greater confidence, recognising their self-worth, and having a valuable support network around them.

**2,450** people became debt free in 2019

**22,778** people were helped by CAP in some way in 2019<sup>30</sup>

CAP's service is designed to walk alongside people on their journey out of debt. This is done both on the ground by Debt Coaches and Befrienders, as well as over the phone at head office. Those on the frontline can help clients understand their budget, gather required paperwork or simply provide emotional support and community. Debt Advisors at head office support clients with practicalities such as any changes to their budget, negotiating with creditors on their behalf and filling out insolvency applications.

When asked what clients valued most from CAP's service in the client survey, they most appreciated help with dealing with paperwork, followed by receiving professional debt advice and being able to make one monthly payment into their CAP Plan. They also valued not having to negotiate with creditors personally and being able to talk to someone over the phone.

### Head office service

Percentage of clients who rate CAP's head office service as 'excellent' or 'good' for being:

- 82%** Friendly
- 80%** Professional
- 78%** Able to make things clear

**9/10** CAP clients rated their overall satisfaction at nine out of ten.<sup>31</sup>

**44%** feel as though their financial capability has improved.<sup>32</sup>

CAP's service has been designed to help increase clients' financial capability and wellbeing, including increasing their confidence to deal with finances. 59% feel more confident opening their post and 37% feel empowered to budget and stay on top of their finances. CAP also helped clients to feel more positive and hopeful, as well as more able to face problems.<sup>34</sup>

**Since working with CAP**  
Percentage of clients who said:

- 59%** I feel more confident opening my post
- 37%** I feel more confident answering the phone or door
- 27%** I am able to save and plan for the future
- 37%** I can now budget and stay on top of my finances
- 41%** I sleep better
- 44%** My financial capability has improved

29 | Note: this statistic is from the 2018 Debt Help client survey of 1,259 CAP clients. An equivalent question was not included in the 2019 survey.

30 | Inclusive of people interacting with more than one service, and children living in households helped by CAP Debt Help. For group services, this includes those attending at least one session.

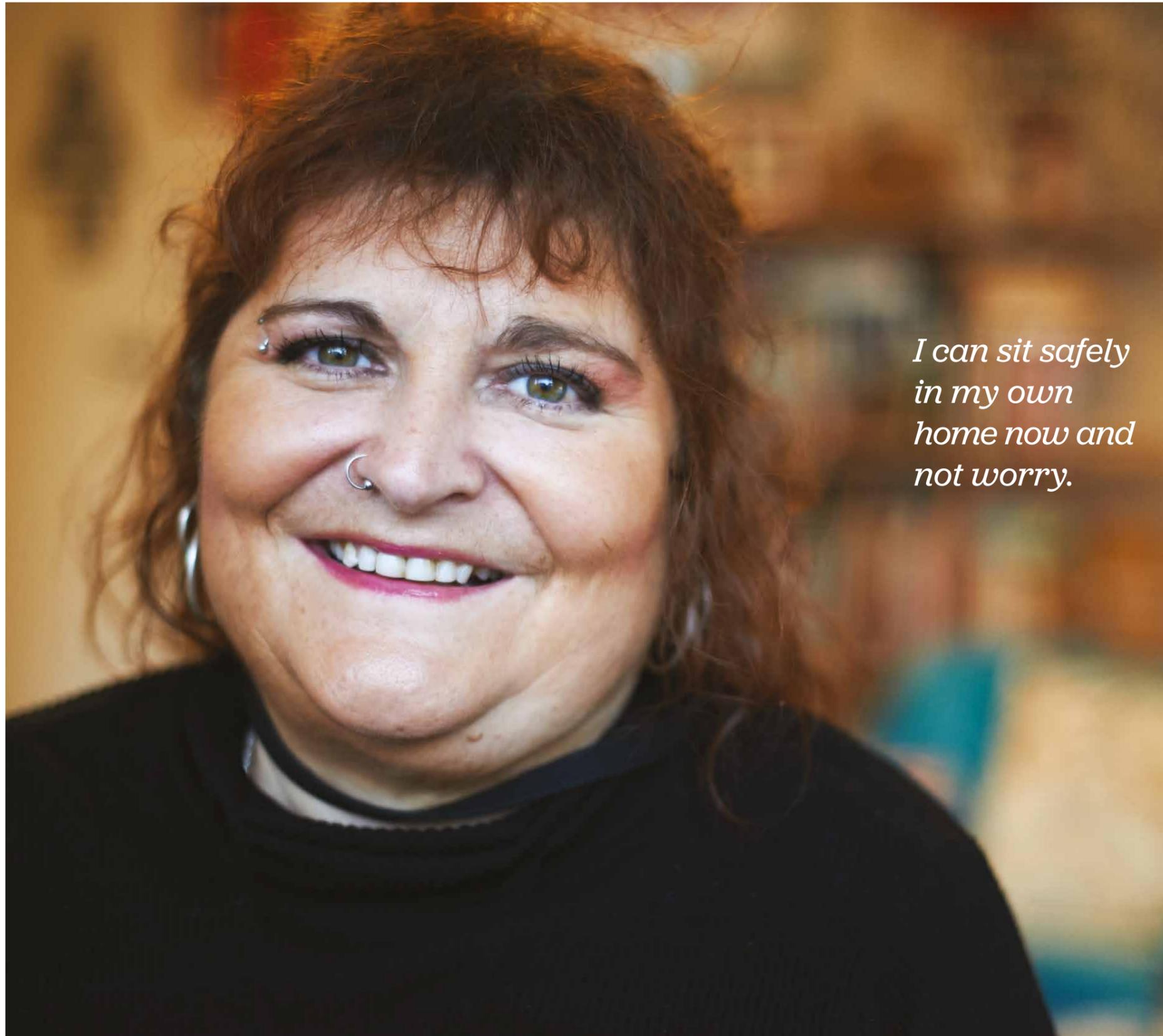
31 | Mean score (9.16/10), mode (10/10), median (10/10)

32 | 44% feel as though their financial capability has improved, including feeling able now to budget and save.

33 | Of those clients who said debt negatively affected their children, 20% now feel more confident in parenting.

34 | 50% of clients said they felt more positive, 57% said they felt more hopeful about the future, 37% reported that they felt able to face problems and 35% felt more confident.

## Jude's story



*I can sit safely  
in my own  
home now and  
not worry.*

### Jude

'I picked up a leaflet about CAP at the hospital. I was a bit apprehensive, but I knew I needed the help. That's when Julia walked into my life, it was like an angel had been sent to me.

*At last someone was here to listen to me and help me. I could finally breathe.*

Julia would drop round food for me, as I hadn't been eating much. It was lovely. At Christmas, she brought round a lovely box of stuff, a big box of smellies, a beautiful scarf, a big box of Thorntons chocolates. It was absolutely wonderful.

I was on a Debt Management Plan, so each month I would pay into my CAP Plan and they would send the money to the creditors. I won't lie, it was hard. I found myself with less money as I was starting to pay back my debts, but I stuck to my budget. I even had some savings. It was such a relief to have someone else help sort it all out and I would send any letters I got straight up to CAP's head office.

It took me four years to become debt free. Getting the debt free call was exciting but a little frightening. I knew I had to do it alone now. My cognitive thought process is still suffering after the stroke, I can't work stuff out unless it's explained to me thoroughly. I've opened a second bank account to pay the money in that I would have been paying into the CAP Plan, so now I'll be saving and I won't really even notice it.

*I can't believe there's people out there willing to help out people like me.*

Now I even look forward to the postman. I'm always asking, "What have you got for me today?". Today I got a lovely card from a friend. I can sit safely in my own home now and not worry.'

# Group services



CAP's group services are designed to tackle some of the root causes of poverty, including helping people find work, overcoming dependencies and learning how to budget.

## CAP Life Skills

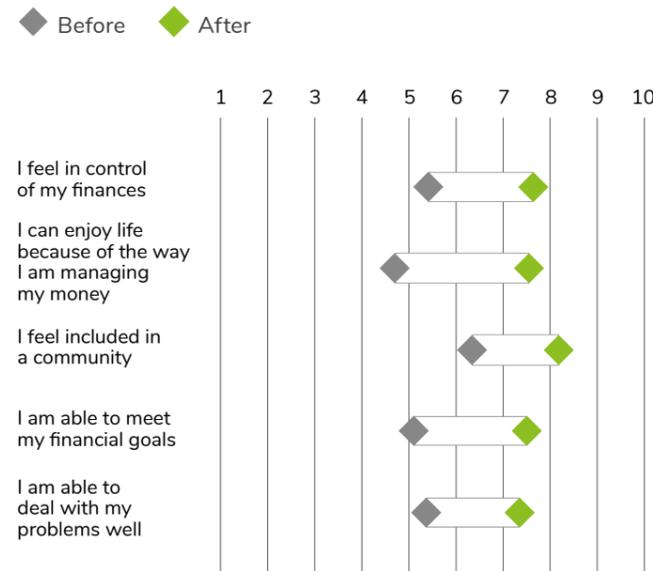
CAP Life Skills teaches people practical skills and money management techniques in a hands-on way, with sessions on cooking on a budget, maintaining healthy relationships, and taking care of our wellbeing. Life Skills helps to build people's confidence in everyday skills they may not have learned growing up. The community aspect of the group also allows members to share their own knowledge and skills with each other, helping to grow confidence further.

Living on a chronic low income is hard and can be particularly isolating for some. Life Skills groups seek to address these issues head-on and empower members to improve and maintain both their financial and personal wellbeing. Members who have been on the course say that one of the biggest impacts is the confidence they have gained in everyday skills.

There are now 135 Life Skills groups across the UK.

### Outcome statements

Average scores reported by CAP Life Skills members at the first and last sessions of the course (using outcome statements) on a scale of one (low) to ten (high):



**135** Life Skills groups across the UK



**My story**  
Jackie, Life Skills group member

*'I've always struggled with finances all through my life, I've never had any structure. I'm a single mother of three and I wasn't used to thinking about myself. You don't have anyone else to talk to about things like finance.*

*I initially heard about CAP through their Debt Help service, but someone asked me if I would like to go to Life Skills and I did. I was a little apprehensive at first, but the people were really nice and I was reassured within minutes of being there. I looked forward to going every week. The coaches and volunteers were approachable and they nurtured me – a lot of other people don't experience that very often, myself included.*

*When the course stopped I missed going. We always ate together beforehand, I got to know people well and it was a positive experience. One of the most helpful things was thinking about shopping as I was an emotional buyer. When I'm feeling down I buy something. Life Skills helped me to stop and think, "Do I really need this? Do I really want it?"*

*I often go back to the course booklet and remind myself of some of the principles. It's nice to know there are people I can talk to, people on my side.'*

## CAP Job Clubs

CAP Job Clubs are designed to tackle one of the key root causes of poverty: unemployment. Being out of work can be disempowering, confidence-destroying and demoralising. Households often struggle on low incomes. Searching for work or facing rejection can become a daily reality. In the case of many CAP Job Club members, this has gone on for several years.

There are now 111 Job Clubs across the UK. Through the Steps to Employment course, Job Clubs provide one-to-one coaching and community time, helping to give members the best opportunity to succeed. The course includes sessions on writing CVs and mock interviews, encouraging members to reach a place where they are prepared and confident to find work.

Job Club Coaches work one-to-one with members, help tailor learnings and draw out their strengths and passions to focus their job search. Coaches are there to help members stay motivated and build their confidence and self-worth. At the heart of each Job Club is community: a space for members to build relationships, encourage one another, build unity and break the isolation so many face.

In 2019, 1,286 people attended at least one Job Club session. Many members found permanent paid work, while others took big steps forward, undertaking work experience or training.

### Outcome statements

Average scores reported by CAP Job Club members at the first and last sessions of the course (using outcome statements) on a scale of one (low) to ten (high):



**111** Job Clubs across the UK

**86%** would recommend CAP Job Clubs

**68%** described CAP Job Clubs as 'life-transforming' or 'a great help'



**My story**  
Heather, Job Club member

*'I had been out of work for seven years. During that time I'd been through a horrible relationship breakdown where I had lost confidence in myself. When my youngest turned three I was contacted by the Job Centre to say I should start preparing myself for getting back into work. They recommended I went along to the CAP Job Club drop-in at a local Baptist church to help me with my CV.*

*Now they can't get rid of me! Everyone was really friendly and welcoming. I was lost about where I wanted to be or go, but Job Club really helped me focus on where I'm going and realise my potential. When I was in college, my lecturer talked about food hygiene and said that I'd shown so much interest I should become an environmental health officer.*

*The Job Club found funding for me to retake my school biology exams, so I can go to university. Loans and bursaries are a lot, so I'm going to need to work whilst at university. I'm working on my CV at the moment, whenever the kids are asleep in bed. It's got to the stage where I would give me a job! They have immensely helped me on the right path and take the first little steps. The positive attitude makes me feel like I can do what I want to do. I can achieve what I want to do. I've got the confidence.'*

## Group services



### Fresh Start

Another root cause of debt is dependency, which may include smoking, gambling or shopping addictions. Being dependent on something can cause people to feel shameful, weak or helpless. For those on a low income, the cost of dependencies can significantly impact their budget.

Fresh Start is based on the principles of the Twelve Steps of Recovery. Over eight weekly sessions, members uncover the root causes of their dependency and take steps to address unhealthy habits and avoid triggers. Members set their own goals to cut down or cut out these behaviours.

Each week, the Fresh Start group will have a community time, when members may share a hot meal together to help socialise and build friendships. This helps to break isolation and encourage valuable support networks.

All Fresh Start members are assigned a coach who will support them one-to-one, helping to set achievable goals and stay motivated. This personal investment is vital to help members find freedom from their dependencies.

 **55** Fresh Start groups across the UK



**My story**  
Bryan, Fresh Start member

*'I had an addiction to spending money I didn't have. I was lying to my wife. I'd try to pay the credit cards without her knowing I had them and would falsify what I'd spent on bank statements.*

*It all came to a head when Nikki, my wife, found out. I'd applied to get half the money back from my life insurance so that I could pay off one of the credit cards. I couldn't face it. The only way out that I could see was doing the unthinkable.*

*The Fresh Start group came at the ideal time. I didn't know what to expect, but the way they dealt with my situation was amazing.*

*Each week we had a goal and a target to achieve. Together, the group talked about how we cope with our problems or any fears we had. It was a community. I also had a mentor who supported me one-to-one. We'd meet up for coffee and talk about how I was doing.*

*I don't know where I'd be, or if I'd be here, if I hadn't done Fresh Start.*

*My life has changed completely. Now Nikki and I can talk and be open about money. People say I look more relaxed in myself and calmer. They can see the worry and stress has gone away since last year. I've changed for the better!*

*I didn't think I had an addiction at the start, but now I know an addiction can be anything – it doesn't have to be drinking or gambling.*

*Taking action in my situation is the best thing I've ever done in my life – other than getting married of course!*



### The CAP Money Course

The CAP Money Course is a free, three-session course that teaches people budgeting skills and a simple money management system. CAP understands the importance of gaining budgeting skills in order to avoid financial difficulty in the future, so runs the course face-to-face in community groups. The course is designed to help people get in control of their finances, so they can save, spend wisely and prevent debt.

There are also versions of the course adapted to provide financial education to younger audiences. These set foundations for the importance of good money management in later life and help young people appreciate the value of money and financial pressures that their families may be facing. The additional courses are CAP Money Kids, CAP Money Youth and CAP Money Students. CAP also offers CAP Money Plus, a gateway into CAP's Debt Help service for delegates that are facing problem debt.

## Funding



In 2019, £14.4 million was raised in charity income, helping CAP to continue to provide a free service and holistic support to thousands of individuals across the UK. CAP's funding model differs from other free debt advice organisations, with the largest income source coming from the generosity of over 30,000 regular givers called Life Changers. In 2019, Life Changer income amounted to £5.3 million, 37% of CAP's total income.

A smaller proportion of CAP's regular income is from Fair Share. Fair Share is a voluntarily agreed percentage paid by creditors towards the cost of providing a debt management service to customers. In 2019, CAP also gratefully received several other donations from corporate social responsibility funding to deliver and expand the services we provide.

### Support CAP corporately

#### Fair Share

In recognition of the benefits CAP's help delivers for clients and collection rates, most creditors give a fixed percentage of the repayments they receive through CAP Plans as a voluntary contribution. Fair Share is a vital and reliable income source to allow us to continue supporting some of the poorest and most vulnerable across the UK.

#### One-off donation

In 2019, more than £4 million of CAP's income came from generous one-off donations given by individuals, trust funds and creditors. These donations allow us to develop specific areas of the charity and grow coverage to help more people.

#### Corporate fundraising

Corporate fundraising, such as a fundraising dinner or a charity auction, is a fun way to raise money for CAP. We can provide resources and information to help you raise money for CAP in your organisation.

#### Christmas hampers

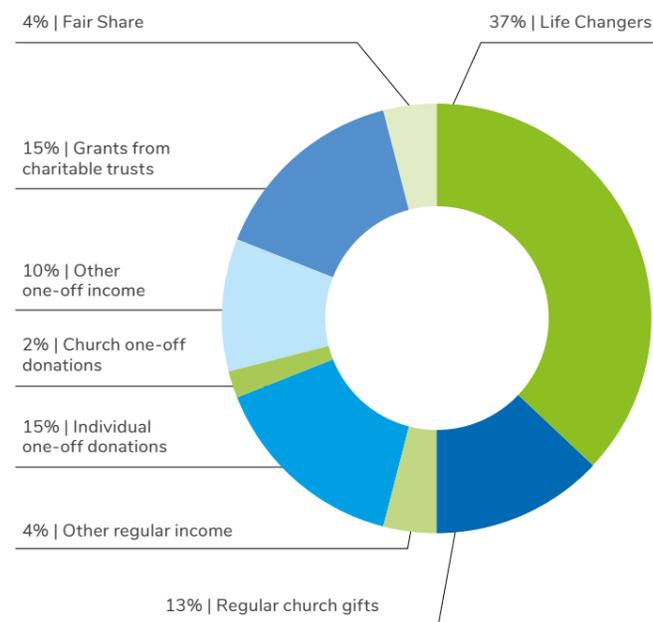
Each year CAP gifts hundreds of Christmas hampers to make the season more special. You can get involved by making some hampers for local CAP clients.

### Support CAP personally

#### Become a Life Changer

Join over 30,000 others and support CAP regularly by becoming a Life Changer. Your monthly donation will help provide a steady income stream to allow CAP to offer a consistently high-quality service, plan for the future and expand to help more people. Find out more at [capuk.org/EAlifechanger](http://capuk.org/EAlifechanger).

More information about funding can be found in CAP's *Annual report and accounts* published on CAP's website and by the Charity Commission.





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**always hope.**