

## **Notes of engagement meetings with convener – One Parent Families Scotland and The Poverty Alliance**

It was clear that all the participants had to work very hard to deal with the competing pressures of their health, their families, their debt and their limited budget. The ongoing pressure could cause mental health problems to spiral out of control.

The point was made that single parents with mental health issues usually go through regular cycles of employment and unemployment, meaning their finances could be all over the place.

- **Debt has a huge impact on mental health**

One participant commented that creditors are generally still not receptive to mental health issues. They continue to demand payment even when you have explained your circumstances. This was disappointing given that a common message these days is to get in touch to discuss your situation.

Participants agreed that they mainly had relatively small debts but the stress came from the fact that they just kept accumulating. Common debts were council tax, benefits overpayments, catalogues, overdrafts and utilities. One participant noted that they were glad to have access to a credit card, which they used to pay for bills, food and other essentials (making only the minimum payment every month).

It was also suggested that it was more difficult to get debts written off on mental health grounds than it had been in the past. Many creditors insisted on payments of a couple of pounds on a regular basis, even though it would take a lifetime to repay the debt.

- **The nature of debt collection has changed**

In the past it was mainly letters: now it's texts and emails on a daily basis. It creates significant pressure on the person in debt, which can exacerbate mental health problems. It was noted that the contact wasn't necessarily threatening, but it was incessant and demanding. It created pressure – eg. by telling you about interest and fees that would be added to the debt if you didn't pay. And it could have a significant impact on mental health.

Often, people would have agreed to have a direct debit set up when they took on the debt. Creditors could just keep making payment requests until they got their money. Although there were rules, creditors could often get away with increasing direct debts when they wanted. One participant had had success getting money back from a bank where they hadn't agreed to the increase.

- **Basing access to the mental health moratorium on those in compulsory treatment would severely limit who has access to it**

One suggestion for a criterion which would catch those with significant mental health issues but who were not in compulsory treatment was to use the "severely mentally

impaired” category from council tax. Being SMI enabled someone to qualify for a 100% reduction in their council tax and may also result in arrears being written off.

There was a form for a GP to fill in to qualify – but there was no charge. Having a wider selection of people than GPs being able to sign off on it would be helpful.

There was a strong view that many more people beyond those in compulsory treatment were in need of support. There was concern that, if you could only access support in compulsory treatment, many people who were not at that stage would get worse without support – until they did need compulsory treatment. There was a wider cost to society – eg. in terms of health and other services – to letting this happen.

- **Many people with mental health problems and debt will have to rely on the standard moratorium**

However, there are issues with the standard moratorium. For example, it can only be accessed once every 12 months. Many of the participants had never heard of it.

There was also a view that six months was too short. People often had long term mental health problems and would experience ups and downs in a six month period. One participant commented that expecting you to be able to deal with debt in a six month timescale assumed that you’d be well for the whole six months. One also noted that they had suffered from serious depression for eight months in a row and at no point would have been able to be proactive about dealing with their debts.

An option to improve the standard moratorium would be to enable people to apply for an extension (eg. for another six weeks)

- **It was important that a wider selection of professionals than just GPs could sign off on a mental health moratorium**

People are likely to have more contact with Community Psychiatric Nurses, counsellors, and psychiatrists. GPs tend only to be involved in relation to medical needs – eg. medication. People with mental health issues are left to get on with the rest of it themselves.

It was noted that contact with other professionals can also be limited. One participant commented that they had had a diagnosis since 2007 but had only seen a psychiatrist twice since then.

Participants had not had contact from a council Mental Health Officer [although they have a specific role for people who are subject to compulsory treatment] or any mental health support from the council.

- **Difficulty accessing a range of services impacted on debt and mental health, and would likely impact on the success of the mental health moratorium**

Participants noted that it was difficult to access money advice – most services had long waiting times. Some closed cases quickly where someone with mental health issues didn’t respond to calls.

Waiting times for mental health diagnoses and treatment were getting worse. It could take over a year to get an ADHD or autism diagnosis. People who really couldn't afford it were considering loans to pay for private diagnoses. One participant described having to try to help – as best they could – a suicidal friend who could not access any services.

There were also long delays in being awarded Adult Disability Payment [the Scottish Government replacement for Personal Independence Payments]. Getting ADP could make a difference to someone's finances but the delays meant pressure from creditors was continuing.

- **Arrestments could have a significant impact on people**

An example was given of someone who had their wages arrested just before Christmas. The person received no warning of this action, which was based on a summary warrant from years ago. They had been saving money for Christmas. The toll the arrestment took on them was significant. However, with support, they were eventually able to get it lifted.

Participants also noted that earnings arrestments could damage the move into work. People may already be struggling to budget as they may have lost access to things like free school meals and clothing grants.

Another example related to direct deductions from social security benefits (where the Department for Work and Pensions takes money to repay certain debts for essentials directly from someone's benefit entitlement). A participant had experienced direct deductions for council tax arrears. This was despite the fact that they had paid their council tax every month, just not on the first of the month each time. Having money taken from their limited benefits income had completely messed up their budgeting system of setting aside a certain amount from each payment for bills, leaving them in a worse financial position.

Ideas to help improve the situation included:

- **the need for a simple application form** – help from support organisations, such as disability support organisations which people might be in touch with, would also be useful
- **GPs, psychiatrists and other mental health professionals should be able to tell creditors to stop debt collection action** where this was making someone's mental health situation worse.
- **the mental health moratorium should encourage people to get support with their debt problem** – there was a particular issue with people with mental health problems not being able to be pro-active about seeking help themselves. It would be good if a requirement to access advice as part of the moratorium process was written into the Bill. The requirement to seek advice in relation applying for bankruptcy was given as an example.
- **creditors should also be required to refer people to money advice**
- **the Scottish Government should actively promote moratoriums to individuals and creditors** – suggestions included issuing guidance on how the

moratorium should work and taking out adverts on major TV channels (a slot before families went to bed was thought to be ideal).

- **guidance could also support creditors in dealing with people with mental health problems**, and encourage them to show forbearance (eg. stopping debt collection activity; freezing interest and charges) while someone was dealing with their mental health issues or waiting for a benefits claim that would change their financial circumstances.
- **having a “self-referral” system** – an option which allowed people with mental health issues to refer themselves for help (mental health help, and help with life issues such as debt) when they were able. This was in contrast to the current situation, where people may wait months to access treatment.