christians against poverty

CAP

Lifelines to safety

Why credit is too often the only lifeline for people in difficult times, and accessible routes to safety

November 2022

always hope.

Lifelines to safety

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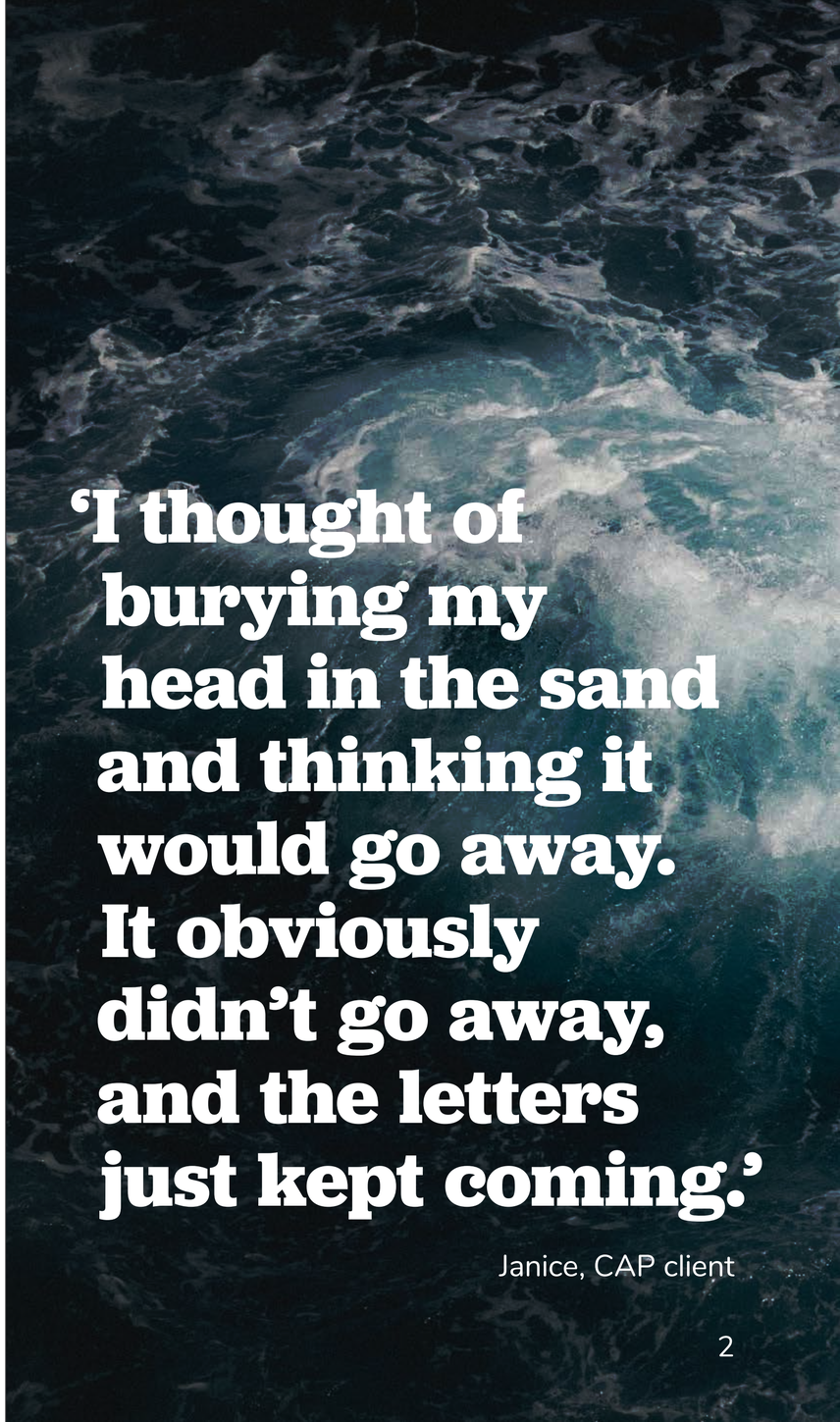
Unpredictable finances are a part of everyday life. Most of us have experienced at least the beginnings of a storm, where an unexpected drop in income or a large expense threatens to push us into financial difficulty. During these times we all need a lifeline to bring us back to safety.

Some people may have several financial lifelines at their disposal: a savings buffer; an endowment from family or friends; a significant insurance claim; or generous sick pay (to name a few). For many households, however, their lifelines are tired and frayed, unreliable, or non-existent. These people are left exposed to the dangers of financial storms, with no life jacket or rescue boat to pull them back to safety.

A decade of declining real income growth and crumbling social security has eroded financial security across the UK, leaving many without a savings buffer to turn to. While dependent on personal circumstances, financial experts generally advise households to have a buffer of at least three months' expenses, although this is dependent on personal circumstances. By the eve of the COVID-19 pandemic at the start of 2020, a staggering four in ten (39%) UK adults (20.3 million) did not have sufficient savings to fall back on if they lost their main source of income.[1]

This means that households are getting pulled into the storm of financial difficulty without a buffer to fall back on. For many, one of the only available lifelines is credit. Credit is used widely across the UK, with eight in ten UK adults using at least one credit product in any given year.[2] Consumer credit can be a useful financial tool to smooth waves of expenditure and invest in assets such as housing or higher education. However, when used as a lifeline – that is to pay essential costs such as food and electricity bills – credit comes with its own dangers.

1 | Resolution Foundation, 2022, *In at the deep end: The living standards crisis facing the new Prime Minister.*
2 | Financial Lives 2020 survey: the impact of coronavirus found 85% of adults (44.4m) held at least one credit or loan product in February 2020, or had done so in the previous twelve months. This was an increase from 78% in 2017.



'I thought of burying my head in the sand and thinking it would go away. It obviously didn't go away, and the letters just kept coming.'

Janice, CAP client

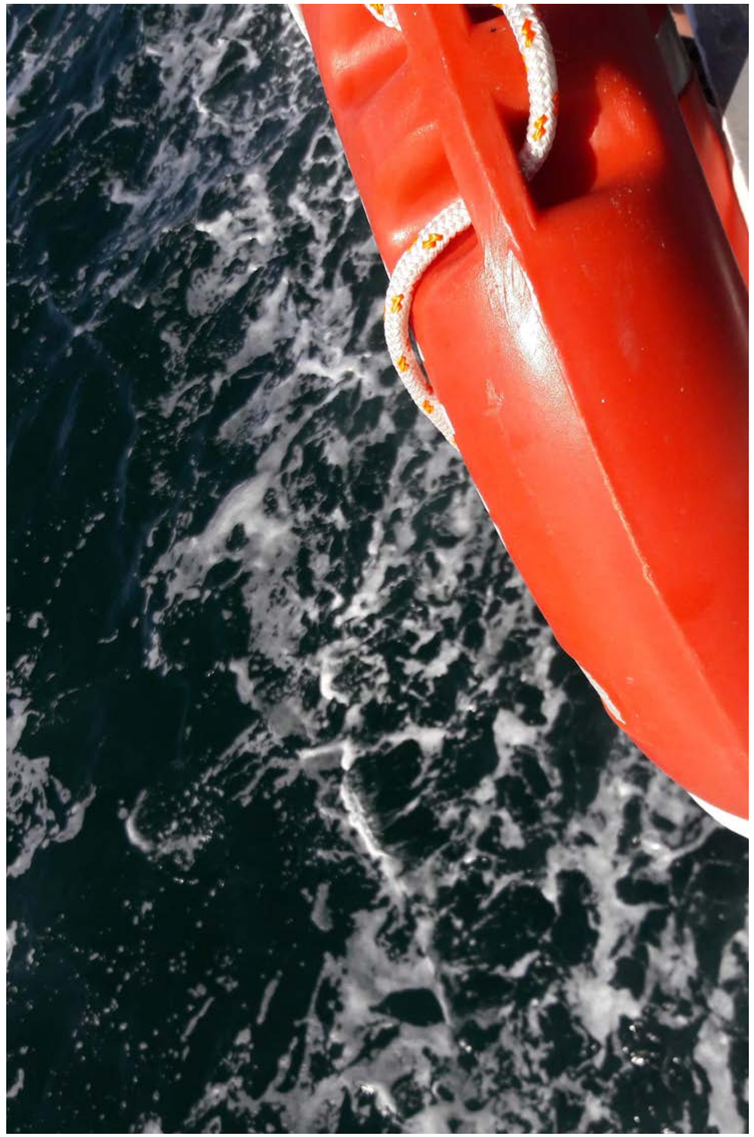
Lifelines to safety

Over four million people across the UK now depend on credit to make ends meet – this has been termed the 'credit safety net'.[3] Research shows that these individuals are more likely to access high-cost credit, face financial harm and experience lower living standards than individuals who do not have to rely on credit to pay for essentials.[4] This means that, instead of being pulled safely ashore, credit can expose households to a second storm: problem debt.

Problem debt occurs when someone is unable to keep up with debt repayments on the liabilities they owe and their debt-to-income ratio makes it difficult to repay within a reasonable time period. Credit in this context can become problematic when it gradually spirals out of control, or when a household's income significantly drops and borrowing that was previously affordable becomes no longer repayable.

Despite its potential harm, use of credit as a lifeline is likely to continue rising, especially in the coming year as the UK continues to face a cost of living crisis. Households are set to face further financial hits by the end of 2024 as real household incomes are projected to fall by up to 10%.[5] As things stand, credit will be the only available option for many, leaving households exposed to the storm of problem debt with no dependable lifeline to pull them back to shore. Reliable and available non-credit alternatives are needed to prevent millions becoming casualties of the current financial storm.

Over four million people across the UK now depend on credit to make ends meet.



3 | StepChange, 2022, *Problem debt and the credit safety net.*
4 | Citizens Advice, 2018, *Walking on thin ice.*
5 | Resolution Foundation, 2022, *In at the deep end.*

In this paper

Within this context, this paper seeks to deepen understanding into the drivers that lead people to need to rely on credit as a lifeline, and the barriers that they face in accessing other financial lifelines.

The report then outlines recommendations to help challenge the harm caused by using credit as a lifeline.

Contents

This paper draws on three data sets

CAP Debt Help clients
Survey responses from 750 current CAP clients collected online and by post in November 2021

National polling data
Poll conducted by YouGov of 2,270 adults from across the UK in August 2022

Lived experience
Detailed case studies based on the real life experiences of CAP clients

Pushed to the brink

What is driving people to a financial crisis point?

Low financial resilience

People are often pushed to use credit as a lifeline by a combination of external factors and changes in personal circumstances – otherwise referred to as 'financial shocks' or 'life events'. These financial shocks or life events can trigger a change in income or outgoings, and most commonly include things such as an unaffordable household bill, a breakdown of a household appliance or vehicle, or unemployment or redundancy.

These financial shocks, however, do not automatically lead to financial difficulty. The underlying cause for many households is a lack of financial resilience to deal with these shocks, with little to no savings buffer for when unexpected costs arise.[6] Lack of financial resilience is being driven by many societal factors.

Low income

For CAP clients one of the common drivers of low financial resilience is low income from social security or paid work.[7] Since the 2008 financial crisis, real income growth has been falling rapidly for households across the UK.[8] Following measures introduced by the coalition government in 2010/11, £14 billion has been taken out of the welfare system, leaving many low-income households at least 6% worse off than they were in 2010.[9]

6 | Citizens Advice, 2018, *Walking on thin ice.*
7 | Christians Against Poverty, 2022, *Client report: On the edge.*
8 | Resolution Foundation, 2022, *Charting the UK's lost decade of income growth.*
9 | New Economics Foundation, 2021, *How our benefits system was hollowed out over ten years.*

The gradual erosion of social security and income growth means that, even before the cost of living crisis, many low-income households were spending a large proportion (if not all) of their budget on essentials.[10] This has resulted in many households finding themselves regularly short by several hundred pounds a month, with arrears building as a result. Other households can just about cover their costs each month, but even a small, unexpected expense can drag them under. It is at this point that many low-income households turn to credit to help them weather the storm.

High debt-to-income ratios

For middle to high-income households, lack of financial resilience can also be driven by high debt-to-income ratios which leave little capital reserved as a savings buffer. Credit use can become unsustainable if households experience a large or a sustained drop in their income as a result of a financial shock or life event. This can cause the cost of servicing debt, including meeting contractual repayments and interest changes, to become unaffordable.

Low financial resilience driving credit use

Low financial resilience means that financial shocks or life events can leave households grasping to find available lifelines to bring them back to safety.[11] During such circumstances many turn to credit. Almost two thirds (57%) of CAP clients have borrowed in order to pay an essential household bill. The majority regularly use credit to juggle arrears and repayments that they need to make on different debts, with CAP clients having an average of eleven debts overall.[12]

Many use high-cost credit in a crisis, with low income, poor credit ratings and actual or perceived limited access to mainstream credit driving its use. Whilst, for a while, credit can help households prop up their budget and get them through an immediate crisis, borrowing in this way fails to pull households out of the storm of problem debt and persistent low income.

10 | Citizens Advice, 2018, *Walking on thin ice.*
11 | Financial Conduct Authority (FCA), 2019, *Alternatives to high-cost credit report.*
12 | Christians Against Poverty, 2022, *Client report: On the edge.*

Penny's story

Penny is one of the many people who have found themselves trapped by a high debt-to-income ratio after a significant life event.

Following a relationship breakdown, Penny's credit payments become unaffordable as her income no longer matched her outgoings.

'It started about ten years ago when I went through a bad divorce. Consequently, my finances went haywire. My income just didn't seem to justify the payments that were being requested. It is frightening as I had never been in debt before – the thought that they could come and take everything. I had quite a bad breakdown. I had prepared everything as I saw that the only route out was to take my life.'

Penny, CAP client

The events leading people to turn to credit

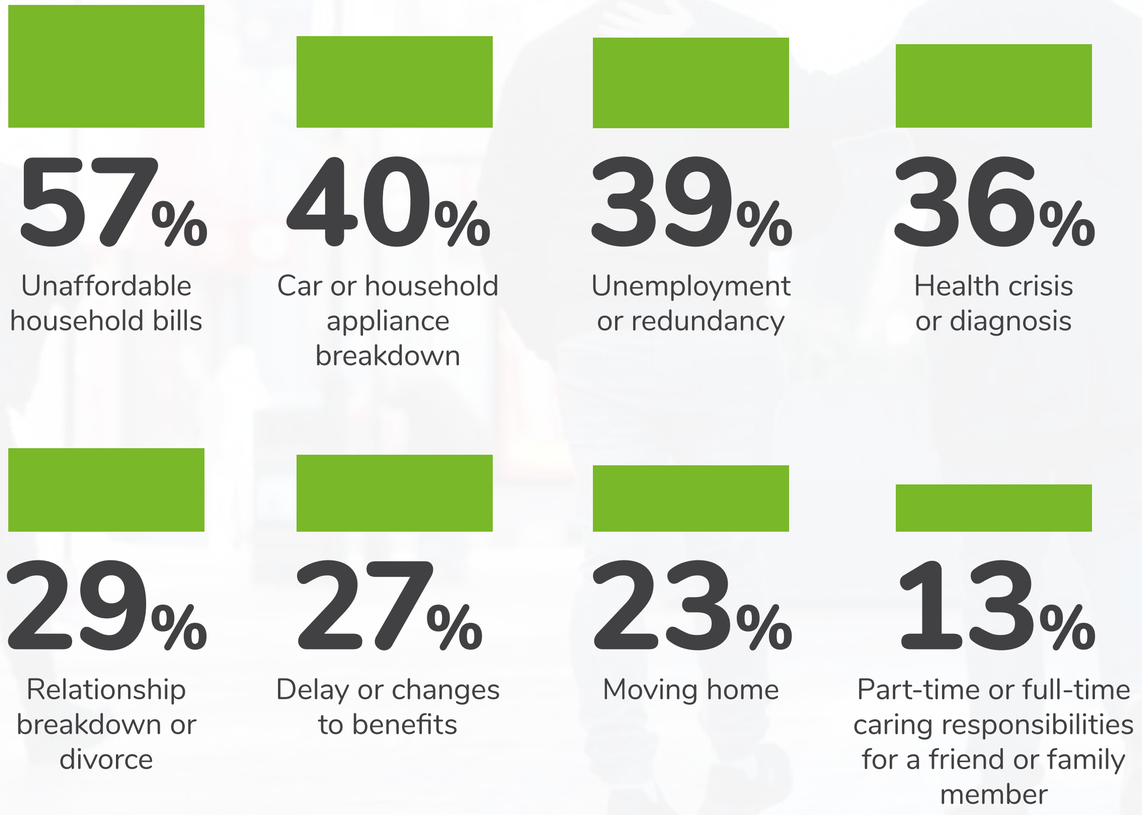
CAP clients rely on credit for a variety of reasons before hitting rock bottom and seeking debt help. Low financial resilience leaves individuals vulnerable to the effects of personal and financial crises or life events. Most commonly, people are tipped over the edge by seemingly small financial shocks that are hard to address when living on a low income or with little savings. The most common reasons include household bills people cannot afford to pay, or an unaffordable repair or replacement of a car or household appliance. Even these small shocks can push people into the midst of a storm, grasping onto credit as a way out.

Another common reason that people rely on credit is changes in circumstances which have a direct financial impact on a household's finances such as the loss of a job, health crises or relationship changes. These events have a knock-on effect on someone's ability to earn income through work or benefit entitlement. They can also impact an individual's mental wellbeing which, in turn, can influence their ability to manage the crisis. This helps to explain why low income and poor mental health are reportedly the two most common reasons that CAP clients fall into debt.[13]

13 | Christians Against Poverty, 2022, *Client report: On the edge.*

Credit use in a crisis

Percentage of CAP clients who used credit to cope with different life events



Pushed to the brink

While the graph on the previous page indicates the average percentage of CAP clients who use credit to deal with different life events, certain groups are more vulnerable to different types of shocks or life events.

Health crisis

60% of people with a terminal illness[14]

44% of people with a physical disability

36% of all CAP clients

needed credit to cope with a health crisis or diagnosis

Change to benefits

42% of people in receipt of Universal Credit

32% of people in receipt of PIP or DLA

27% of all CAP clients

needed to use credit to cope with a delay or change to their benefits

Households bills

67% of people out of work and claiming Jobseeker's Allowance[15]

62% of people who experienced financial abuse

57% of all CAP clients

had to use credit to cope with an unaffordable household bill

Relationship breakdown

42% of all single parents

47% of people who have experienced abuse

29% of all CAP clients

had to use credit to cope with a relationship breakdown or divorce

14 | The sample size for clients with a terminal illness is very small and should be taken as indicative only.
15 | The sample size for clients in receipt of Jobseeker's Allowance is very small and should be taken as indicative only.

Janice's story

Single mum Janice is one of the 44% of CAP clients with a physical disability who turned to credit to cope with a health crisis. She first started borrowing after she developed severe arthritis and was forced to leave her nursing career.

Experiencing a significant drop in income, she used credit to plug the gap left by sickness and disability benefits.

'When I started getting into difficulty with finances, it was not having enough income to meet bills like my mortgage, and I just got deeper and deeper [into debt]. Eventually, I knew I wasn't going to get out of it and I was at risk of losing my home. I thought of burying my head in the sand and thinking it would go away. It obviously didn't go away, and the letters just kept coming.'

Janice, CAP client

Credit in the cost of living crisis

Polling commissioned by CAP from YouGov revealed that **84% of UK adults (44m people) have been financially affected by the cost of living crisis**.[16] Whilst the crisis is affecting people of all income levels, the storm is battering those on the lowest incomes the most. While many households with a middle to higher income are managing to grab onto lifelines to sail through the crisis, those on lower incomes are being dragged into the depths of the storm.

Households across all income levels have been using their savings as a lifeline in response to the cost of living crisis. While this is helping some to cope with the immediate impacts, many may not be able to maintain financial resilience for the future if savings buffers are not replenished. Low-income households are particularly at risk, as many are now being forced to spend more on essential goods than they have income, leaving little disposable income to build savings.[17]

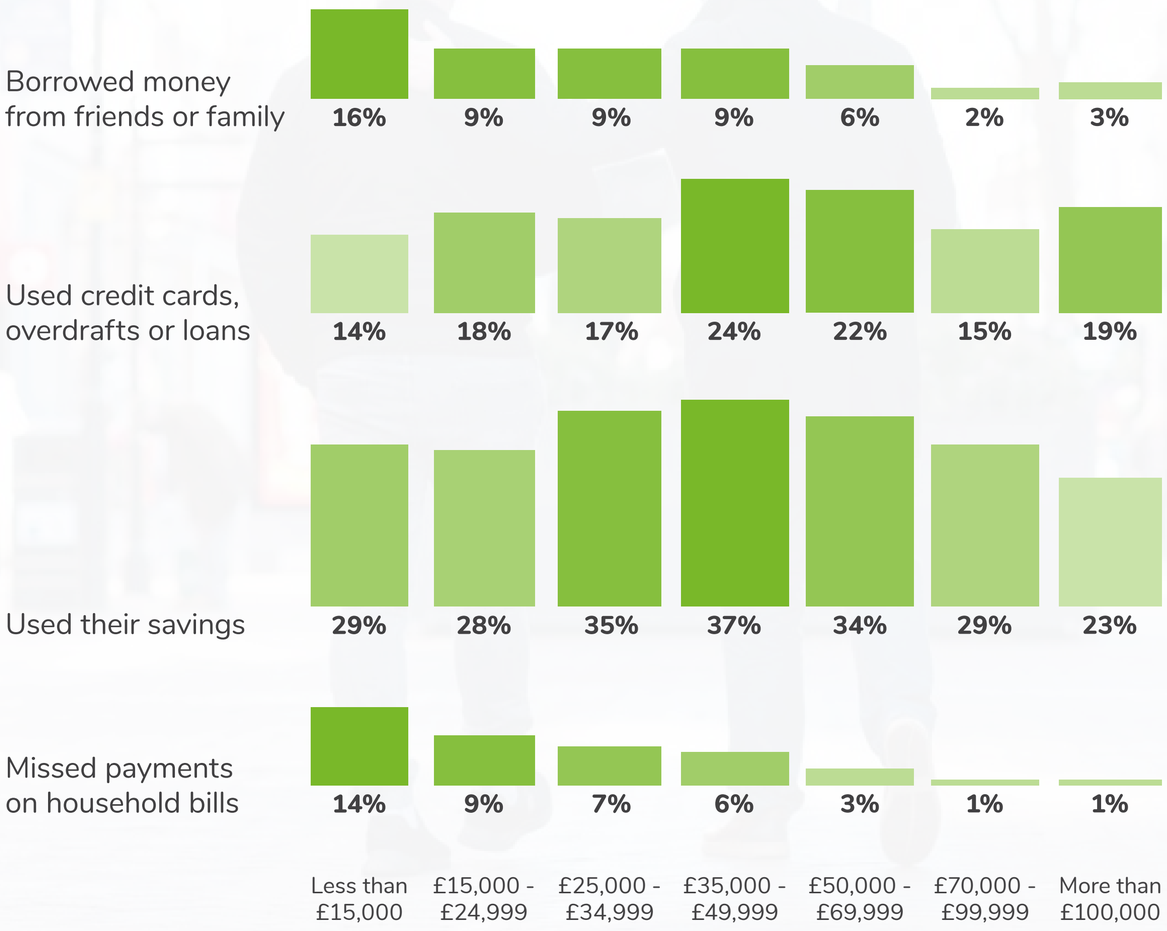
Use of credit cards, overdrafts or loans is a common response across all income levels, with **28.2 million people (42% of all UK adults) having borrowed money this year in the face of the rising cost of living**. Low-income households, in particular, are also borrowing money from family or friends – a form of borrowing that can have damaging effects on important social connections.

While these lifelines are helping to keep many middle to higher-income households afloat, they are not enough to shield those on a lower income from the impacts of the storm. **13% of UK adults (8.7m people) have fallen behind on household bills this year, with rates rising to 30% for adults with the lowest incomes (less than £15,000 a year)**. Having little to no financial buffer to fall back on, these households face the risks associated with using credit as their lifeline to pay for essentials.

16 | This is the percentage of adults reporting being affected by the rising cost of living since the beginning of the year.
17 | National Institute of Social and Economic Research, 2022, *Household savings amid the cost of living crisis.*

Coping strategies by income level

Percentage of UK adults in each income bracket (annual gross income) that used savings, missed payments or borrowed to cope with rising costs in 2022



The push and pull of credit

The push of insufficient alternatives

When dragged into a storm, people attempt to grab as many lifelines as possible. 68% of CAP clients surveyed had used at least one other form of financial lifeline when in a crisis, with the majority trying multiple sources of help.[18] Top of this list was applying for benefits (47%), relying on statutory sick pay (22%) and applying for a discretionary housing payment or grant from their local authority (15%).

Lack of accessibility

For many CAP clients, however, these alternative non-credit lifelines were not accessible. In particular, most did not have access to support through an employer (such as advances on salaries or statutory sick pay), or from support services like charities, trust funds or local authorities. Insurance policies were also substantially underused, with only 5% of clients using this financial lifeline, and 15% of those who did still needing to access credit despite a payout.

Lack of awareness

Awareness is also a barrier for many. Three in ten (31%) CAP clients were not aware of potential support from local authority welfare assistance schemes or discretionary housing payments. Worryingly, a third (34%) did not know that payment holidays may be available on household bills if they contacted their suppliers.

Access to alternative financial lifelines

Percentage of CAP clients who used alternative forms of financial support to cope with a financial crisis

	Used this lifeline	Could not access the lifeline	Did not know about the lifeline
Applied for benefits	47%	34%	9%
Statutory sick pay	22%	50%	8%
A discretionary housing payment or a grant from a local authority	18%	38%	31%
Agreed payment holidays on household bills	15%	34%	34%
Financial support from a charity or trust fund	14%	41%	26%
An advance payment on a salary from an employer	6%	59%	14%
Claimed on an insurance policy	5%	63%	10%

18 | Of those who had used the coping strategies listed, 52% had used two or more to cope with a financial crisis.

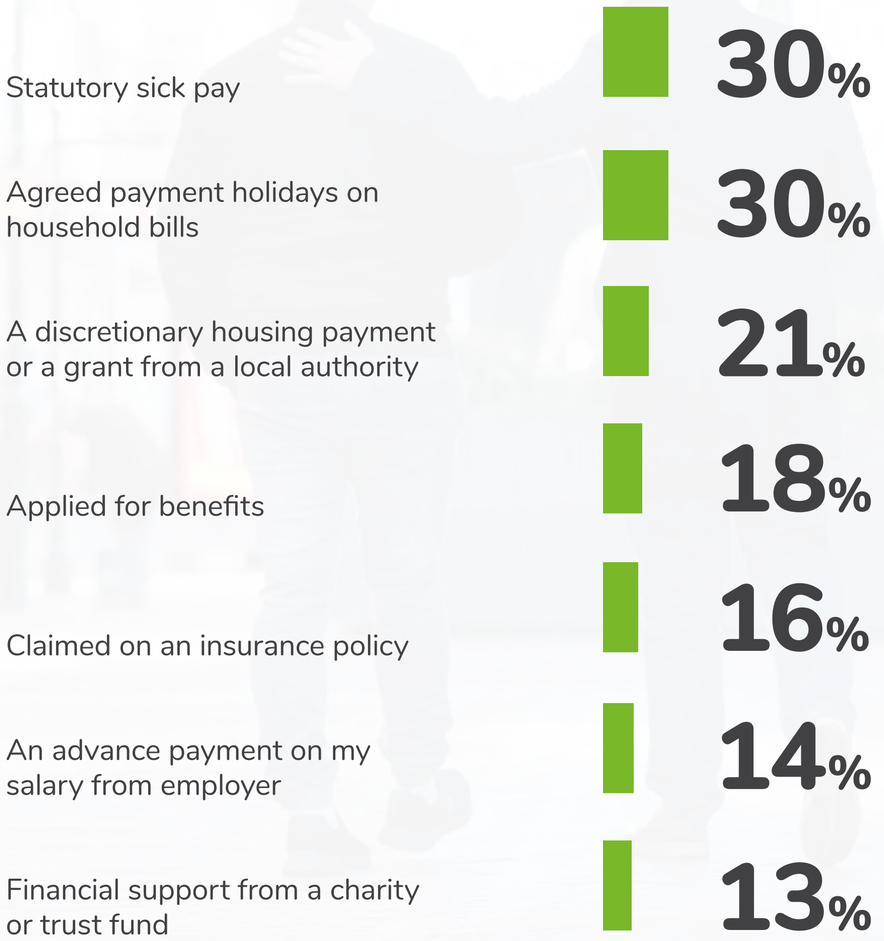
The push and pull of credit

Lack of sufficiency
Even for those who use other lifelines, many still need to turn to credit to help meet the extent of their need. This is particularly true of people who turn to payment holidays, statutory sick pay and discretionary housing payment or grants from their local authority. These sources of help can be short-term or offer an insufficient level of help to see people through the depths of their financial crisis. This underlines the importance of not only making more non-credit alternatives available but ensuring they offer robust enough help and that awareness is raised about their availability.

When dragged into a storm people attempt to grab as many lifelines as possible.

Still needing credit

Percentage of CAP clients who used each alternative form of financial support and still needed credit



The push and pull of credit

The pull of credit

The ease and speed of credit
As the water rises, it can be hard to know what lifeline to grab hold of in times of desperation and panic – let alone be able to see them all through the waves. Credit is often the first or default option that people turn to in times of financial difficulty. Findings show that credit can provide easy access to money in a timely manner, which other lifelines struggle to compete with.

Confidence and certainty are also key factors in decisions, with people favouring sources of help they have used in the past or those they are confident will come through for them. By the time clients approach CAP for debt help, many are familiar with using consumer credit from mainstream regulated lenders, such as credit cards (77%), overdrafts (51%) and personal loans (36%). More than a third (36%) of CAP clients have experience of using informal borrowing, mostly from friends and family. A small number have used loan sharks. Growing numbers are also becoming acquainted with unregulated credit, with 11% of CAP clients having used a Buy-Now-Pay-Later digital product, an option which has entered the UK market in the past few years.

The need for credit in a crisis is often immediate, meaning that with little time to shop around, many people turn to credit in the hope of imminent and dependable capital.

Although it looks convenient, the lifeline of credit is rarely strong enough to pull those who need it to safety. As quickly as our clients can grab it, the next wave is sure to loosen their grip and drag them into an even bigger storm of problem debt.

The most common reasons CAP clients give for turning to credit in a financial crisis are:

Speed
57% used credit because they could access money instantly or within 24 hours

Online access
45% used credit because they could apply online

Confidence
25% used credit from a lender they had used before, and 30% chose a product that did not require a credit check to access

Advertising
20% used credit to cope with a crisis because it had been advertised to them

Jenny's story

Jenny and her partner first started using credit cards, catalogues and overdrafts when their income decreased after Jenny stopped work due to sickness.

Desperate to shield their children from the impacts of their financial shortfall, they were drawn to credit by its ease and ability to provide an ongoing stream of cash. They soon discovered, however, that this lifeline was unable to pull them to safety.

'We were both working and paying for all our bills, but when we had kids the cost of everything increased. So it started with catalogues, then credit cards. This was at a time when your credit limit kept being increased so you would use it. If things happened like the washing machine goes, it's either get one on a credit card or one out of the catalogue through Buy-Now-Pay-Later. But before you know it, the Buy-Now-Pay-Later runs out.'

Jenny, CAP client

Using credit as a lifeline

The type of credit people use in a crisis

When using credit as a lifeline, whether by choice or through having no other option, there are different forms that people grab onto – some regulated and with low interest, others precarious and high-cost. Nine in ten (88%) CAP clients apply for a form of credit directly because of a financial or personal crisis or life event, with the type of crisis often correlating with the form of credit people access.[19]

Credit card and overdraft

Most commonly, people in crisis turn to a credit card or overdraft. Rolling forms of credit like these are used in particular by a high proportion of CAP clients who experienced a health crisis or diagnosis (77%). This mirrors trends in use of credit outside of crises, suggesting that people may use this form of borrowing in a crisis due to its ease and familiarity.

High-cost credit

Overall, high-cost forms of credit were used by 21% of CAP clients. Rates of high-cost credit use were higher for people facing unemployment or redundancy (18%), changes or delays to their benefit payments (18%), or a relationship breakdown (19%). High rates of usage amongst these groups may be linked to the impact that unstable and low incomes have on consumer access to standard forms of credit.

Rates are also higher for younger age groups, with 32% of CAP clients aged 26-40 using a payday lender, guarantor loan or another form of high-cost credit to cope with a financial crisis, compared to only 10% of those aged over 61. High rates across this group may be linked to the relative lack of opportunity to build up a good credit score.

Government loans

Whilst budgeting loans from the Department of Work and Pensions (DWP) or a local authority were used by similar numbers to those using high-cost credit, this was much lower for people for whom taking on caring responsibilities had led to financial difficulty, who are known to be a group that can lack support from the social security system.

Credit unions

Credit union loans were used by between 1% and 6% of people facing each form of crisis. While credit unions are generally considered to be a secure, low-cost form of borrowing, their commitment to offer low-interest rates can limit their ability to provide for higher-risk consumers. The majority of credit unions are also not suited to instant or timely decisions due to constraints on capacity, which may deter people in crisis from turning to this form of borrowing.[20]

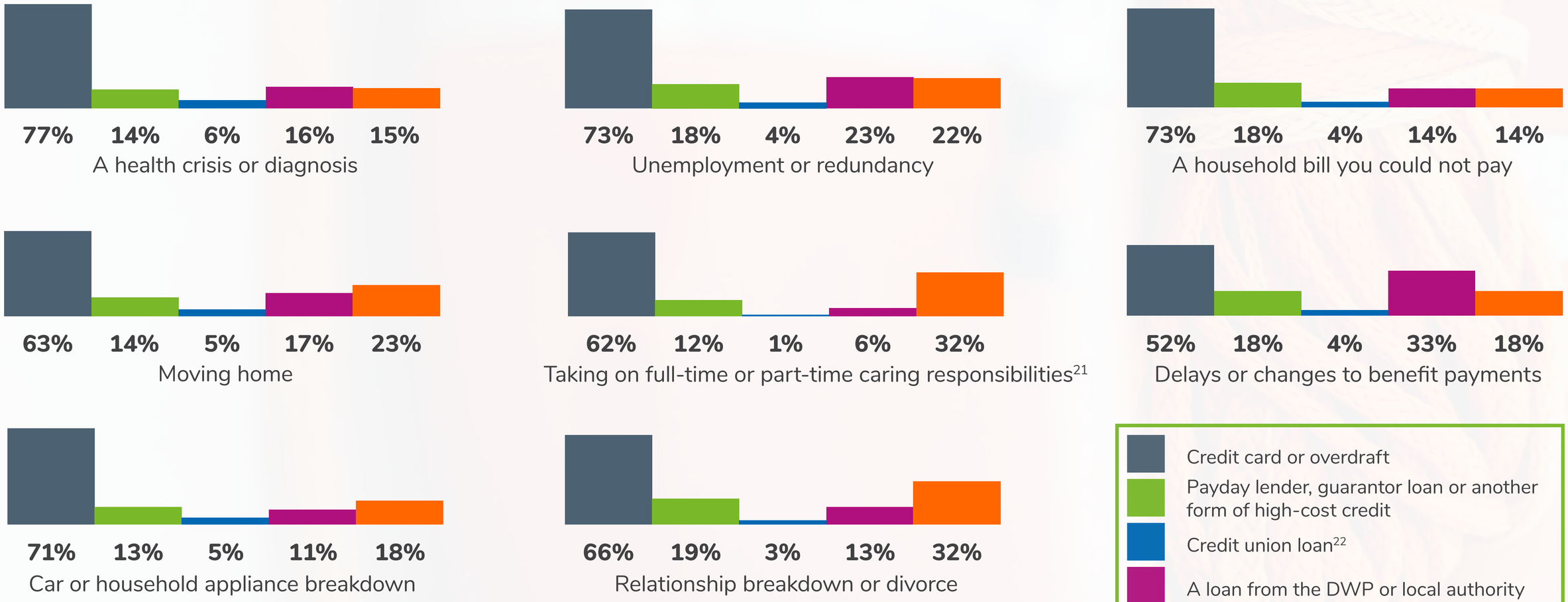
The type of crisis often influences which form of credit people access.

19 | This includes a health crisis or diagnosis, a household bill you could not pay, a car or household appliance breakdown, delays or changes to benefit payments, moving house, pressure from a friend or family member (financial abuse), relationship breakdown or divorce, taking on full-time or part-time caring responsibilities, unemployment or redundancy.

20 | Financial Conduct Authority (FCA), 2019, *Alternatives to high-cost credit report.*

Types of credit used in a crisis

Percentage of CAP clients who applied for each form of borrowing to cope with the following crisis or life event



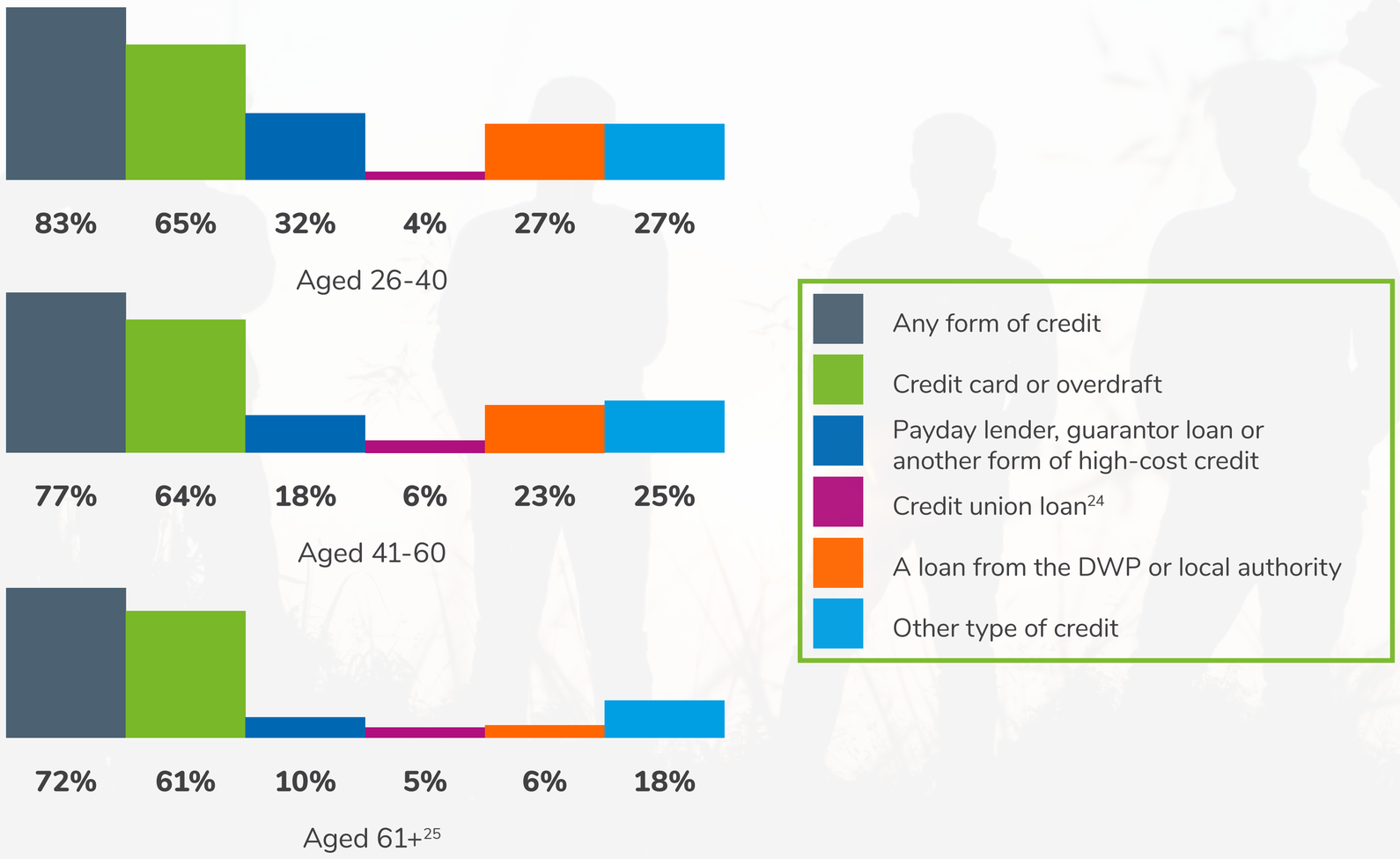
21 | The sample size for clients using a DWP or budgeting loan and taking on full-time or part-time caring responsibilities is very small and should be taken as indicative only.
22 | The sample size for clients using Credit union loans is very small and should be taken as indicative only.

Using credit as a lifeline

Higher credit use across younger age groups
Interestingly, across the board, younger age groups tended to turn to credit in a crisis the most, with 83% of CAP clients aged between 26 and 40 using any of the forms of credit to cope with a financial crisis, compared to 77% of people aged 40 to 60 and 72% of people aged over 61. This suggests they are a group particularly exposed to the risk of needing credit to prop them up in a crisis, perhaps having not had as much time to build a savings buffer or being reluctant to expose younger families to cutbacks on essentials to cope.

Types of credit used in a crisis by age[23]

Percentage of CAP clients in each age bracket who applied for each form of borrowing to cope with a crisis or life event



23 | 18-25 age bracket is not shown due to insufficient sample size.
24 | The sample size for clients using Credit union loans is very small and should be taken as indicative only.
25 | The sample size for clients aged 61+ is very small and should be taken as indicative only.

Shaun's story

Shaun lives with his wife and three children. He was dragged into debt by high-cost loans from payday lenders, which he started using after he became unwell and his income consequently took a knock.

With the pressures of the cost of living crisis, on top of high-interest loans, Shaun and his wife are having to make cuts on essential bills.

'Before we were in debt but we could still have a reasonable standard of living. Now we don't have anything. We're not able to give the kids pocket money, and we rarely have nice food. We're struggling to fund food and clothing just to live and to pay the ongoing bills. Me and my wife are finding that we are having less and less food on our plates so the kids can have the amount that they need.'

Shaun, CAP client

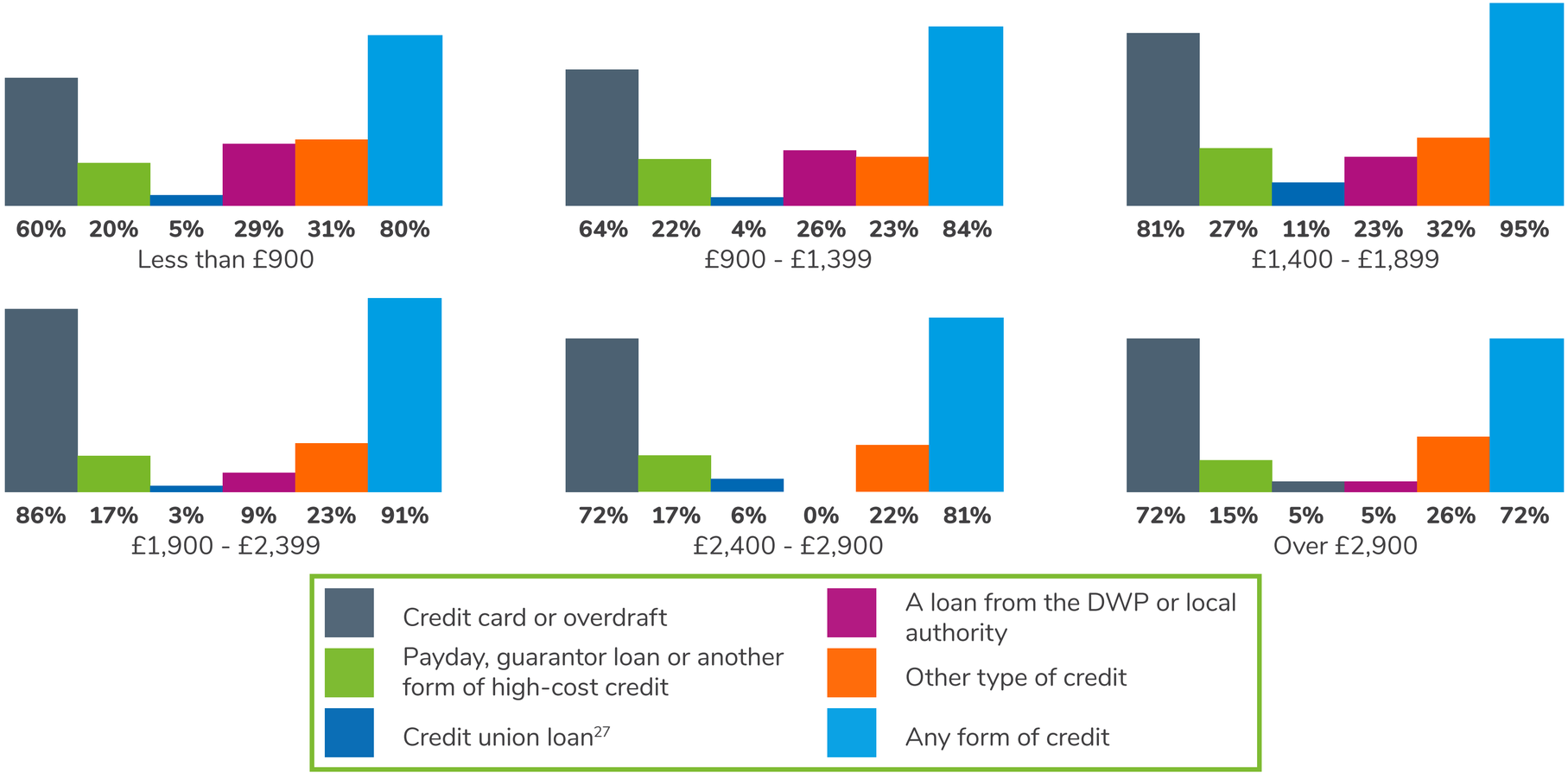
Credit use and financial hardship

More precarious forms of borrowing, such as payday loans, guarantor loans or other forms of high-cost credit, were typically used more by households on lower incomes (less than £1,900 per month). Credit cards and overdrafts are accessed most by slightly higher-income groups (£1,400-£2,399 per month).

Precarious forms of borrowing leave many low-income households exposed to financial harm and its impacts, both now and in the future. High-cost credit can lead to many being unable to keep up with repayment rates and falling into problem debt as interest and charges increase the amount owed. Caught in a seemingly helpless cycle, problem debt often has serious impacts on mental and physical wellbeing – more than a third of CAP clients (36%) had considered or attempted suicide as a way out before seeking help.

Types of borrowing by income

Percentage of CAP clients in each income bracket (monthly household income) who used this form of borrowing to cope with a financial crisis[26]



26 | The sample size for clients in the £1,900 - £2,399, £2,400 - £2,900 and over £2,900 income brackets is very small and should be taken as indicative only..
27 | The sample size for clients using Credit union loans is very small and should be taken as indicative only

Using credit as a lifeline

Households engaging with these types of borrowing were also more likely to have made cuts on essential bills, such as missing a meal, rationing lighting or going without toiletries. Higher rates of destitution amongst this group serve both to highlight the desperate circumstances that drive people to resort to high-cost credit, as well as the way that this form of borrowing can escalate destitution.

On average, **47% of CAP clients sacrificed meals due to debt**, but this is higher than average amongst people who used:

Informal borrowing
62% of people who borrowed from a friend or family member, or a loan shark, have sacrificed meals due to debt

A doorstep lender
79% have sacrificed meals due to debt

A payday lender
65% have sacrificed meals due to debt

A guarantor loan
69% have sacrificed meals due to debt

A pawnbroker
70% have sacrificed meals due to debt

A social fund or budgeting loan
70% have sacrificed meals due to debt

Stephen's story

Stephen worked on oil rigs for 26 years but an accident meant he could no longer continue. He became a taxi driver, but a car accident caused further problems to his spine, and he was no longer able to work at all.

Stephen has found it difficult to make ends meet, living on Universal Credit and Personal Independence Payment, especially as prices have risen in recent months.

'When I couldn't carry on work any more because I was in a lot of pain with my spine, I started borrowing because I didn't have enough money at different times of the month. The support from CAP has been so helpful, but I still find myself struggling. My electricity bill has gone up even though I've cut back a lot. I'm really frightened about the gas bill coming. I don't have it on at all right now and I have started having only one meal a day. You try to think how to cut corners.'

Stephen, CAP client

The way forward

Conclusions

The current landscape

At CAP, we want to see people equipped and empowered to maximise their financial wellbeing. Saving and financial resilience are key to helping people achieve financial security and freedom – both now and in the future. Yet, for too many, this is an unrealisable position. This is leaving many without life jackets to protect them from the depths of financial hardship.

Many households have little surplus income after essentials, and this is only worsening in the cost of living crisis. This means that many are being pushed into debt by simply attempting to meet their everyday needs, with the most common driver of credit use amongst CAP clients simply being an unaffordable household bill.

Whilst most low-income households attempt to grasp onto non-credit financial lifelines, many are insufficient, hidden or lie beyond their reach. As a result, many turn to credit and face high interest charges from credit cards or overdrafts, or are forced to use higher-cost forms of credit, such as payday or guarantor loans. This is drawing many deeper into the heart of the storm.

Alternatives to credit options need to compete with the speed and ease of accessing rolling credit and digital lenders. Confidence that help will come through is also important. Right now, more people cannot access alternative sources of financial help than those that use them, and even when they do, substantial numbers still need to fall back on credit.

Where lending is fair and regulated, credit can help people to access products and services when they need them most. However, it often costs more than paying upfront and presents risks if circumstances change, repayments are unaffordable or someone is already in financial difficulty.

Households where someone has ill-health or caring responsibilities are particularly prone to needing credit to help them cope financially. No one should be forced to use credit as a replacement for a dignified income. The reliance on credit as a lifeline in the UK today contributes to the millions of people who are drowning in the storm of problem debt.

The way forward

Recommendations

Policy reforms are needed to give people sufficient, accessible and affordable non-credit lifelines in times of financial difficulty. CAP is calling on the Government to:

Improve financial resilience by shoring up incomes and supporting saving

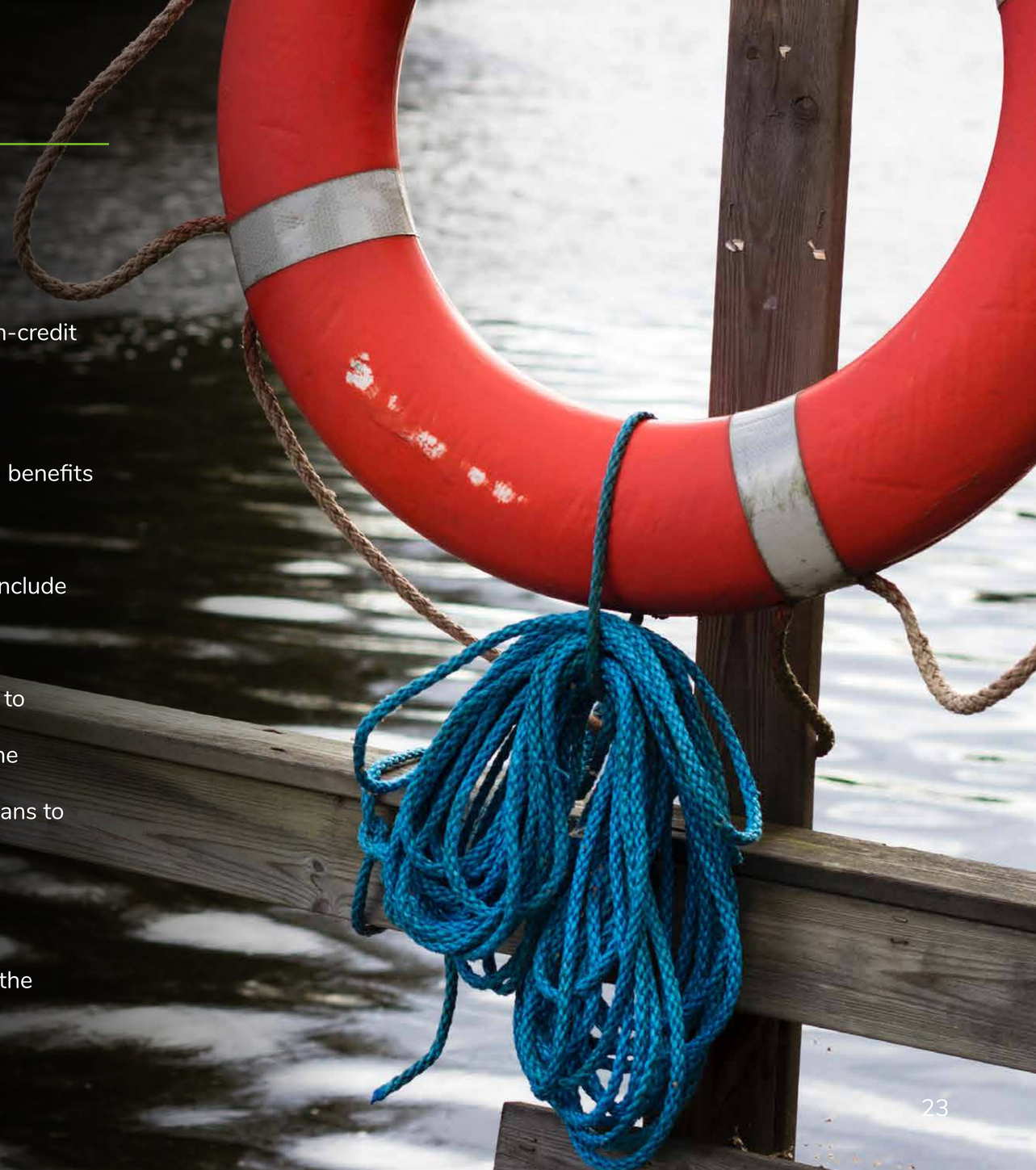
1. Unfreeze Local Housing Allowance so it is up rated with rising costs in 2023 along with benefits and the benefit cap.
2. Commission a cost of living review of social security adequacy.
3. Scrap the lower age thresholds for the National Living Wage and Universal Credit.
4. Expand Help to Save to all Universal Credit claimants, and broaden points of access to include credit unions and other providers of low-cost credit.

Increase ease of access to non-credit lifelines in a financial crisis

1. Expand the statutory Mental Health Breathing Space scheme into Northern Ireland and to households receiving a terminal illness diagnosis across the UK.
2. Ensure Financial Conduct Authority (FCA) Consumer Duty includes explicit regard for the outcomes of financially insecure customers.
3. Reduce waiting time for access to DWP and Department for Communities budgeting loans to three months and issue loans smaller than £100.

Make credit safer for people who still turn to it in a crisis

1. Introduce a cross-cutting ‘must have regard’ to financial inclusion for the FCA.
2. Urgently introduce regulation for unregulated digital Buy-Now-Pay-Later products.
3. Pilot a digital, fast-access, No-Interest Loan Scheme (NILS) and a scheme dedicated to the provision of white goods alongside the current NILS pilot.



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