

Debt and disability

Disabled people with problem debts regard the experience of living with debt as the most significant aspect of their lives according to a new study. Debt was usually the result of a combination of circumstances, often directly associated with disability but in the context of low income. The research, by Linda Grant for the Sheffield Citizens Advice Bureaux Debt Support Unit, involved detailed interviews with disabled people who were having debt problems. She found that:

- f** Most interviewees were dependent on benefits. Even those in receipt of Disability Living Allowance did not necessarily gain the additional mobility and care which DLA is intended to provide. Often the entire benefit was used to repay debts and meet general household bills.
- f** The onset of disability could lead to debt problems for disabled people and their carers, due to a sudden drop in income for some, and also because financial concerns tended to be neglected at a time of personal crisis.
- f** Many interviewees reported deteriorating mental and physical health due to the process of dealing with debt. This, in turn, made the prospect of resolving debt problems more difficult.
- f** Many interviewees had to cut back on expenditure related to their disability, such as respite care, the use of accessible transport or food for special diets, as debt repayments reduced their disposable income. Carers also cut back on their own quality of life in order to help meet the needs of the disabled person.
- f** Interviewees who had received independent money advice invariably described this help as creating a turning point in their lives, reversing a downward spiral of despair and anxiety.
- f** However, even debt advice services aimed specifically at helping disabled people did not always take account of the differing needs of people with different impairments.
- f** Whilst some creditors responded constructively to the debt problems of disabled people and their carers, many interviewees were critical of creditors' policy and practice.

Financial difficulty has long been highlighted as a feature of the lives of disabled people. However, the specific consequences for disabled people of debt problems have tended to remain hidden. The significance of the diversity of circumstances of people with physical impairments, mental health problems, learning difficulties and sensory impairments can also be overlooked, even by those with a broad commitment to providing services in a way which is not discriminatory to disabled people.

This study examined the causes of debt within the households of a wide range of disabled people and explored the experience of living with debt, dealing with creditors and seeking debt advice.

The links between disability and debt

Underlying the financial difficulties of the disabled people and carers interviewed were low income and poverty. However, the study found that factors associated with disability played a crucial role in creating debt problems.

Although all the disabled people in the study had an impairment or illness which had a significant and continuing impact on their daily lives and which incurred increased living costs, incomes were low and for 63 per cent of households not above income support levels.

Debt was usually the result of a combination of circumstances. Sometimes debt resulted from the difficulty of meeting expenses associated with disability, such as moving to accessible accommodation or altering existing accommodation.

Recurrent high expenditure on specific items, for which there was no assistance from the benefits system, was also a cause of debt; for example, the frequent need to replace essential furniture damaged as a consequence of a child's behavioural problems, the need for those unable to use public transport to travel regularly by taxi to hospital, or the need to meet high fuel and telephone costs.

Debt sometimes occurred at the onset of disability or chronic illness, or when a person first took on responsibility for the care of a disabled person. In these circumstances the significant difference between former earned income and income available from benefits was an important factor leading to debt.

The process of adjusting to the onset of disability or illness was for some disabled people, their partners or parents a period of personal crisis. In this context, financial concerns were sometimes overlooked, benefits went unclaimed and debt problems rapidly accumulated.

For many of the interviewees, exclusion from the labour market meant that dependence on benefits had been long-term or was likely to be lifelong. In this situation, even a small change in income or an additional demand on income could trigger debt problems. Sometimes debt occurred following a significant change in income, such as the loss of a benefit or partner's earnings. For disabled people with a long-term dependence on benefits, debts were difficult to resolve and tended to recur.

Reduced access to essential goods and services

Interviewees not only felt they needed to restrict spending on basic needs, such as food and warmth, but also had to do without other goods and services which they considered to be more or less essential to a reasonable quality of life and necessary to maintain their health and independence.

The kind of essential items cited by interviewees as no longer affordable ranged from respite care or help with cleaning or reading mail, to special diets and toys and the use of accessible transport or the telephone. For some interviewees even modest items, such as the cost of a taxi fare to town or a set of new sheets were beyond reach.

Being in receipt of Disability Living Allowance (DLA) did not necessarily mean that additional goods and services were affordable. Often the entire benefit was used to repay debts or meet general household bills. In 43 per cent of the households the disabled person did not in any case qualify for any DLA.

The fact that local authorities now charge for a growing range of services placed a further burden on some disabled people. The future effect of charging may be both to intensify disabled people's vulnerability to debt and to restrict their access to essential services.

Impact on carers

Caring for a disabled person can be physically and emotionally demanding, particularly in the absence of support or respite care. Carers interviewed were often found to neglect their own need for good food, warmth and social contact as they struggled to stretch the family's income to meet the needs of the disabled person.

The opportunities for carers to resolve debt problems by taking up employment were severely limited because of the absence of appropriate or affordable alternative care or support for the disabled person. Indeed, in some households the loss of a carer's earned income, because that person had left work to provide full-time care, had been a primary

cause of debt. In turn, this debt had implications for the quality of life of the disabled person for whom they cared.

The income from benefits available to a disabled person is often a significant component in determining the standard of living of their family. If the disabled person dies or leaves the family home, the consequent loss of benefits can itself cause or exacerbate debt problems, with implications for all family members.

Debt, disability and health

Many disabled interviewees ascribed the onset of mental health problems, such as depression or anxiety, to the process of dealing with debt. For those with pre-existing mental health problems, the stress of coping with debt often had serious consequences. The response of an unsympathetic or harassing creditor, for example, had taken a heavy toll on some people's health. A number of interviewees spoke of contemplating taking their own lives.

Some people's physical health had been adversely affected by the anxiety associated with debt, for example, exacerbating the physical effects of arthritis, diabetes, cerebral injury and heart disease.

Deteriorating health, in turn, made the prospect of resolving debt through employment less likely and often made taking other small practical steps to resolve debt problems more difficult.

Difficulties obtaining money advice

Although many of the disabled people and carers interviewed were in contact with a range of voluntary and statutory organisations this did not mean that they were necessarily aware that free money advice services were available. Neither did it guarantee that they were claiming their full benefit entitlement.

The disabled people and carers interviewed faced a range of difficulties in seeking and obtaining independent debt advice. These included: fear that independence and control over money might be undermined if help was sought; concern that prejudicial judgements would be made about their debt problems; the physical inaccessibility of advice services; a lack of knowledge that help was available; and inadequate information about the services an independent debt advisor could offer.

A further set of difficulties relates to the failure of some advice agencies to deliver services in ways which acknowledge the specific and distinct needs

and interests of different groups of people. The factors leading to debt, the experience of living with debt and the best procedures to resolve it can be different, for example, for people with mental health problems and people with physical impairments. An understanding of these distinct circumstances underpins the provision of services which are genuinely attractive, relevant and accessible to the needs of *all* disabled people.

Disabled people were often wary of discussing their debt problems with representatives from voluntary organisations or professionals providing statutory services. People providing services to disabled people were not necessarily familiar with disability benefits or with the existence of debt advice services.

Amongst some of the voluntary organisations in touch with disabled people there was evidence of a reluctance to accept that disabled people are vulnerable to debt problems.

Those interviewees who had received advice about their current debt problems invariably described this help as creating a turning point in their lives, reversing a downward spiral of despair and deprivation.

The response of creditors

The way in which a creditor responds to a person in debt can have important consequences not only for their state of mind and well-being but also for their ability to resolve a debt problem.

Some interviewees had received a favourable and constructive response from their creditors. This was helping them to resolve their debt problems and deal with the associated anxiety. However, many interviewees were critical of creditors' policy and practice.

Many argued that creditors should introduce procedures to enable them to identify *all* customers in debt who were disabled. Creditors were also urged to develop a deeper understanding of the financial and personal circumstances variously facing people with physical impairments, learning difficulties, mental health problems and sensory impairments.

The disabled people in debt often argued that because creditors failed to apply understanding, discretion or flexibility in their strategies to recover debt this impeded the debt recovery process. Creditors were urged, for example, to acknowledge the implications for financial circumstances of the range of demands on disabled people's income and the difficulties which can arise in the period immediately following the onset of disability.

Sometimes the debt repayment methods offered by a creditor were unsuitable for people with a particular impairment. Harassment by a creditor, such as constant telephoning, was both detrimental to the well-being of disabled people and to the efficient recovery of debt.

Inaccessible buildings and a failure to provide appropriate means of communication also hindered negotiations with creditors.

About the study

The research involved detailed interviews with people in 76 households, 52 of whom were disabled people and 24 of whom were the carers of one or more disabled people. The study is based on the experiences of 79 disabled people, aged from under 5 to over 60, including 27 people with physical impairments, 20 people with learning difficulties, 20 people with mental health problems and 12 people with sensory impairments. Only 9 households had income from a source other than benefits.

All of the interviewees had problem debts, that is they were either: unable to repay debts at the rate initially agreed with a creditor; unable to repay debts at all; forced to borrow money to repay a debt or meet a regular payment; or in arrears with general household bills. 42 per cent of the sample had received independent debt advice on their current debt problems, the remainder had received no advice.

The research was conducted in Sheffield during 1993 and 1994.

Further information

A full report, including a range of policy recommendations, is available from the Sheffield Citizens Advice Bureaux Debt Support Unit, 237 London Road, Sheffield S2 4NF. Tel: (0114) 250 1144, price £8.00, including postage and packing.

In addition, a set of Guidelines for Advice Agencies, containing suggestions of practical ways of improving the delivery of debt advice to disabled people will be available from the above address in June 1995.

Related *Findings*

The following findings look at related issues:

- 36** Repayment systems for households in fuel debt (Mar 93)
- 39** The economic problems of disabled people (Jun 93)
- 40** Financial resources of older people and paying for care in later life (Jul 93)
- 53** Strategies used by low-income families with children to make ends meet (Jul 94)
- 57** The financial well-being of elderly people (Sept 94)
- 60** Women's pay and family income inequality (Oct 94)
- 65** Income maintenance and living standards (Nov 94)
- 66** Eating on a low income (Nov 94)
- 67** Attitudes to spending on children (Dec 94)
- 68** Moneylenders and their customers (Dec 94)
- 71** Diets of lone-parent families (Jan 95)
- 73** Water debt and disconnection (Mar 95)

For information on these and other *Findings*, contact Sally Corrie on 01904 654328 (direct line for publications queries only; an answerphone may be operating).



Published by the
Joseph Rowntree Foundation
The Homestead, 40 Water End
York YO3 6LP
Tel: 01904 629241 Fax: 01904 620072
ISSN 0958-3815

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