



THE THORESEN REVIEW OF GENERIC FINANCIAL ADVICE CALL FOR EVIDENCE RESPONSE BY THE MONEY ADVICE TRUST

Introduction

About the Money Advice Trust

The Money Advice Trust (MAT) is a charity formed in 1991 to increase the quality and availability of money advice in the UK. We work with the UK's leading money advice agencies, government and the private sector to increase the availability of money advice, enhance its quality, and improve the efficiency and effectiveness of its delivery.

MAT's vision is to reduce levels of unmanageable debt by:

- Ensuring high quality money advice through training and support for advisers
- Collecting and disseminating information on debt, credit and the money advice sector
- Improving efficiency and effectiveness within the money advice sector via research and policy work
- Providing advice to the public via National Debtline and Business Debtline
- Raising funds for the sector

How we have drawn up this response

In preparing this response, we have consulted our partner agencies in the free-to-client money advice sector in order to achieve a consensus view. These partners include:

Advice NI	Advice UK
Citizens Advice	Citizens Advice Northern Ireland
Citizens Advice Scotland	Consumer Credit Counselling Service
Institute of Money Advisers	Money Advice Scotland
National Debtline	Payplan

Some of these partner agencies will also submit their own separate responses to the call for evidence. These submissions may include issues not covered below.

Please note that the responses to the "Operational Issues" section apply to National Debtline only.

STRATEGIC ISSUES

A What is happening today, how and to whom?

AS1 What generic financial advice services are you aware of in the UK? Are these provided by the public sector, the private sector or the voluntary sector?

It is hard to put parameters on our response to this question without agreeing the boundaries of what generic financial advice (GFA) is or should be. Our understanding of current common usage of the term GFA is that it has a relatively limited definition, namely of providing information and 'education' (ie, not "advice" in the sense that the FSA understands it) on financial services and products, which might include (but not be restricted to):

- Pensions
- Endowments and mortgages (including second mortgages)
- Various forms of 'human' insurance, eg life, earnings replacement, health
- Product insurance, eg house, contents, vehicle etc
- Mortgage protection insurance
- Payment protection insurance
- Credit cards, personal loans, credit card cheques, consolidation loans
- Bank accounts, including Basic Bank Accounts and Credit Union accounts
- Child Trust Fund
- Investments, stocks and shares
- Home credit, sub-prime credit and third-sector credit

However, subject to the recommendation in the box above it appears that the review's scope of interest should be extended to include:

- Dealing with debts - eg, prioritising debts, advising on solutions such as debt management plans, insolvency etc, assisting with re-payment negotiations, help with budgeting
- Income maximisation – identifying/assisting with benefit entitlements, swapping utility and phone suppliers etc

The range of types and models of service listed at section 3 of the current HMT consultation paper *Financial Capability: the Government's long-term approach*, is fairly inclusive. In our draft response to that paper, we also propose the following additions:

Families

The excellent example provided at Box 3.6 of the HMT paper regarding family learning in Sure Start Children's Centres is one of many similar initiatives developed locally to help parents deal with issues of debt and money management. For example, Blackfriars Advice Centre, based in South-East London, runs outreach advice sessions on debt and other social welfare issues in four Children's Centres.

Wider advice sources

An organisation called Fair Money is running a London-wide pilot involving training 4-6 people from a range of organisations (a home improvement agency, a disability benefits organisation etc) who will seek to improve the financial capability of low-income, vulnerable Right-to-Buy homeowners so that, if necessary, they can access equity release products that will enable them to pay for mandatory home maintenance work.

Information

Transact, a national financial inclusion agency, hosts an electronic resource library of materials on financial inclusion and capability issues. Please go to www.transact.org for further information.

Planning and retirement

Age Concern is due to launch a *MoneyTrail* electronic tool in May 2007, which will enable users, either assisted or unassisted, to carry out a pensions forecast, compare this with target income, and explore a range of methods of harmonising the two amounts.

Older people

Help the Aged is running a project in partnership with Barclays Bank, *Your Money Matters*, which delivers group awareness sessions on money management issues (including access to and different types of banking use of Chip and Pin etc), offers one-to-one appointments either on financial education or debt management issues, and provides access to the *Seniorline* telephone service for welfare rights advice.

AS2 For the services in AS1 please give some information on structure (e.g. funding, governance, scope of service, geography, legal basis of advice, scale constraints etc.)

We do not have the capacity/resources to provide comprehensive information on the issues listed in this question. We would suggest that direct contact with each of the initiatives listed in the HMT paper and above would be the most effective means of soliciting the information requested.

AS3 What do you believe is the most appropriate way of describing “generic financial advice” provision?

Please refer to our response to AS1 above. We also believe there is a need to reconsider the scope and meaning of the entire suite of terms associated with advice on money, debt, and financial capability, as definitions blur and overlap at the same time as terms are used to mean different things.

Informal discussion with colleagues in the money advice sector suggests a degree of consensus on the appropriateness of the term “personal financial education” to replace “generic financial advice”. This proposal was made on the basis that:

- What is imparted is tailored to the individual’s knowledge needs, and is therefore not generic
- The subject matter is financial
- The process of imparting knowledge (as this *Call for Evidence* acknowledges) is not “advice” in FSA terms, but is educational in the sense of advising in general terms on, eg, the difference between different types of product such as endowment/fixed rate/variable rate mortgages, and leaving the client to then decide on what course of action to pursue

AS4 Are there examples from overseas which offer good models for a national approach to generic financial advice and why?

We would recommend the New Zealand website www.sorted.org.nz, also referred to in the HMT’s current consultation paper, which provides information on a range of financial matters in an accessible and impartial manner.

AS5 What academic and other research, UK or international, should the review be aware of that would be relevant to generic financial advice provision?

- The National Consumer Council’s *Bridging the Gap* briefing on FSA’s GFA plans
- Various Resolution Foundation reports
- FSA Briefing 26 – FSA & Citizens Advice research into delivering financial advice via CABx
- A Quality Assurance Model for Generic Financial Advice (January 2007)
- The Generic Financial Advice Code. “*Creating consumer confidence and reducing provider risk*” (Jan 2007)¹

¹ These latter two documents are available at www.svarfair.co.uk

AS6 Do you consider the current infrastructure could deliver the kind of generic financial advice provision envisaged by this review? Or is a new structure required?

This would depend on what is meant by “*the current infrastructure*”, ie which existing services and organisations are under consideration. Certainly, there are useful models of high-volume telephone advice delivery, such as National Debtline (NDL), which should be assessed in order to capitalise on existing appropriate delivery vehicles. We provide detailed information about NDL’s operation in response to the “operational” questions posed by this call for evidence (see below).

We regard what is currently known as “money advice” to include the ability to advise on the issues listed below. The list demonstrates substantial overlap with GFA as we define it in our response to question AS1, which in turn acts as a benchmark against which to map current money advice services and identify what would need adding to these to enable them to be regarded as GFA services.

- Options in relation to dealing with debts, crisis intervention, priority debts and other debts
- Budgeting
- Welfare benefits (including the Social Fund) and tax credits
- Accessing charitable grant payments
- Switching fuel suppliers and different methods of paying for fuel supply
- Best options for paying for landline and/or mobile telephone services
- Water options
- Child Trust Fund – has a claim been made?
- Income tax and other tax matters
- Credit unions
- Basic bank accounts
- Shopping around for credit
- Credit reference and credit scoring information
- Endowments and mortgages
- Mortgage payment protection insurance
- Other forms of payment protection insurance
- Does the client have life insurance?
- Consumer credit agreements- is the client liable?

It is also worth highlighting the positive impact on clients’ financial capability of money advice, in terms of its holistic value. For example, longitudinal research commissioned by National Debtline (NDL) found that:

- 72% of NDL callers contacted the companies they owed money to, and 71% of these callers came to an arrangement with the companies using the advice provided by NDL
- 84% of those callers who contacted and made arrangements with companies kept to the agreement over the three-year reference period
- 75% of callers strongly agreed they felt less likely to find themselves in a similar situation again

- 60% of callers strongly agreed they felt more confident about managing money in general

As a general point, if it is agreed as feasible and desirable to widen the scope of eg, existing Not-for-Profit (NfP) social welfare advice services to incorporate GFA, then additional financial resources would have to be made available to support those further activities.

B What should the scope of a national approach to generic financial advice be?

BS1 Who should generic advice aim to serve including a view on segmentation?

We broadly endorse the Resolution Foundation's emphasis on low-median income households, but have some concerns that their approach in relation to the cut-off at the lower income level may need re-considering. For example, advice to someone thinking about the best 'home' for their Child Trust Fund voucher should form part of any GFA service. It would therefore seem illogical that access to this might not be accessible to families with incomes below a set level. Also, recent research by the Personal Finance Research Centre suggests that an interest in money management and saving is not incompatible with a low income.²

BS2 Are there groups it should not aim to serve and how might they be excluded or steered away?

This depends in large part on whether or not the service would be delivered on a free-to-client basis. For further discussion of this issue, please refer to our response to CS1 below.

BS3 What are the best ways of reaching the target market (i.e. those most vulnerable to the consequences of poor decision-making)?

If a cohesive national model of provision is proposed, we suggest that a mass marketing campaign is carried out to launch the service. For example, the current FSA campaign to demystify insurance products (linked to its wider financial capability work via the Money Made Clear website) has achieved high visibility via advertisements in both broadsheets and tabloid newspapers.

Promotional materials would have to be explicit about any limitations on access to service based, eg, on income levels.

Please also refer to our suggestions at DS5 in relation to possible face-to-face venues, some of which might also carry promotional material.

² Kempson, E. & Atkinson, A. (2006) Overstretched – People at Risk of Financial Difficulties. Bristol, University of Bristol Personal Finance Research Centre.

BS4 What should be the content of generic financial advice? Which subjects should be included/excluded?

Please refer to our responses to AS1 and AS6. We also suggest that the content of the National Occupational Standards for Generic Financial Advice might provide an indicative steer regarding what should be covered.

Advice on the merits of specific financial products and/or their relative merits, eg the benefits of Abbey and Cheltenham & Gloucester mortgages, either on their own terms or in relation to each other should be excluded.

BS5 How can the boundary between generic and regulated advice be clarified so that it is clearly understood by both consumers and those giving generic advice? Where should it be drawn?

We concur with the definition used by the Treasury as a starting point, namely “*unregulated advice which takes account of the specific circumstances of the individual, but which does not result in a product recommendation*” (*Financial Capability*, paragraph 4.40). The element of this that requires further clarification is the meaning of the term “*product recommendation*”.³

For example, we would suggest that a core aspect of GFA would be explaining the differences between various different savings vehicles. We also suggest that it might be legitimate to then go on to advise that on the basis of a given client’s particular circumstances, taking out an ISA might be a suitable course of action (within the context of explaining all relevant benefits and drawbacks).

The ‘cut-off’ would, in our view, have to be applied if, at the point at which the client might then ask which company’s ISA the adviser would recommend. This should trigger a hand-off to either a public information source, such as a relevant website, or an IFA.

BS6 What organisations and services should or could be expected to refer people to generic financial advice?

We would expect that any Not-for-Profit (NfP) and other free-to-client money advice services which do not themselves offer GFA should refer people on for GFA where needed as a matter of good practice. We also suggest it would be desirable for commercial debt solutions providers and both third-sector lenders, eg Credit Unions, and commercial credit providers to provide such referrals. Ongoing policy scrutiny should also continue to be given to the fit of GFA with the National Curriculum and the role of teachers.

³ The issue of what is and is not regulated should be contextualised with reference to the FSMA review exemptions in relation to NfP advice providers, ie that in effect they can provide limited non-individual product-specific advice on issues such as mortgages, pensions and endowments.

BS7 Where should people be referred to after receiving generic advice? Should it be possible to refer people to a commercial provider? If so, how?

The onward referral destination after receiving GFA would depend on the outcome of discussions with the client regarding their future needs. In some cases, we imagine that referral to a commercial IFA would be made, although for Not-for-Profit advice agencies this would need to be done transparently, impartially, and with no recommendations as to suitable providers that might be, or perceived to be influenced by commercial considerations.

We await evaluation of the second round of the joint CAB/IFA project with interest, not least because we are keen to test our view that across the IFA sector, there is a residual resistance to dealing with clients on low-median incomes. It may be appropriate to encourage clients that have the skills to do so to 'pre-educate' themselves via usage of websites such as www.moneyfacts.co.uk prior to making contact with an IFA in order to reduce the time spent on soliciting non-product specific information and thus make themselves more 'attractive' to IFAs.

Having gained a clearer idea of the difference between general product types and which products they might want to purchase, a client would then be in a more informed position to choose between, eg, different mortgages of the same type offered by competing commercial suppliers.

National Debtline refers callers with such needs to the www.unbiased.co.uk website, hosted by IFA Promotions, which allows tailored searches in order to enable users to choose from among a range of local IFAs.

We anticipate that, particularly if services are to be targeted at the low-median income band, a substantial amount of referrals will be made for debt advice (assuming the GFA adviser in question is not also able to assist with these issues), which will of course increase demand levels for these services, which in turn has resource implications.

BS8 What qualifications/training do generic financial advisers need and where could the advisers be sourced from?

We suggest that training, assessment and qualification routes would usefully be based on the National Occupational Standards for Generic Financial Advice.

The sourcing of advisers raises interesting issues – is it realistic to incubate and/or create a new employment sub-sector or would it be more practical to attract advisers from related sectors, eg the free-to-client money advice sector or the financial services industry?

The further, perhaps more substantial issue, is the extent to which individual GFA providers will represent an entirely new entity. In other words, the activities that comprise GFA (once these are agreed), may not all routinely be

provided by any given individual, but rather shared across a range of post holders under one roof or covered by robust referral structures.

Please also refer to our responses to questions AS1 and AS6 regarding the scope of GFA and money advice, and the interface between these two entities.

BS9 What are the legal implications of giving generic financial advice?

We are not qualified to answer this question.

BS10 How would the creation of a new generic financial advice service materially affect advice providers?

Please refer to our responses to AS6 and BS7. There are resource and capacity implications attached both to any potential rise in referral levels from GFA providers to more 'traditional' sources of NfP money advice and to any move towards expanding the scope of NfP money advice services to more formally embrace a wider range of GFA activities.

The sector continues to benefit from DTI funding to support both face-to-face money advice and National Debtline, and there are some indications that this is helping to reduce waiting times. However, as National Debtline statistics will also attest, we are not yet at the point of satisfying existing demand for current services. As such, expanding the range of the services we provide without an increase in resourcing may risk driving down access overall.

We have a longer-term concern to ensure that an either/or mentality is not adopted in relation to GFA, financial capability, and money/debt advice as these terms are currently (and arguably incompletely) understood. In other words, although enhanced financial literacy, familiarity with savings, insurance and pensions products is likely to have a beneficial impact on individuals' ability to avoid debt pre-emptively and manage their finances in general, we would not wish this to later be used as an argument to de-prioritise advice for people in debt, on the grounds that they 'should know better'.

C Cost and funding

CS1 To what extent should generic financial advice be free at the point of delivery?

It would seem reasonable to exclude higher-income households, on the grounds that those that can pay should pay. However, there are practical issues that need careful consideration here, namely the role and mechanics of means-testing.

Thought would also have to be given to the point at which any means test would be applied. For example, should an initial pre-test diagnosis of presenting issues be provided, followed by referral to, eg, an IFA in cases where a client's income and/or assets exclude them from the service? In the

event that means testing is considered, we recommend that the Review team contact the Legal Services Commission's CLS Direct team to discuss the practicalities and challenges, particularly those that apply to telephone services.

CS2 Is there any evidence that supports a commercial case for a generic financial advice service (including required changes to the existing model to improve the situation)?

See our comments to BS7. We are not convinced that there is a purely commercial case to be made for providing GFA to low-median income clients, because of the likely relatively low financial return rate from sale of services and products. This begs the question regarding the feasibility and desirability of introducing a mixed model, ie part-subsidised from public monies.

CS3 How can the wider benefits of generic financial advice, to individuals and society as a whole, be quantified?

We would expect that in the longer term, a more informed use of, eg, life assurance and pensions products, would reduce reliance on the public purse, which we understand is also a key aspect of the rationale for introducing the Personal Account scheme.

CS4 What factors should be taken into account in deciding how to split any costs of a generic advice service between the stakeholders who will benefit from the service?

Firstly, the stakeholders who would derive benefit from the impact of GFA would have to be identified, but we assume the key ones would be government and the financial services industry

CS5 How can the "generic" element of existing regulated advice processes be costed and its benefits quantified, including the process of customer engagement and the "fact find"?

This question might most usefully be answered by existing commercial providers of financial advice.

D How can potential users be engaged?

DS1 How can consumers be encouraged to improve their financial capability and take an active interest in their personal finances?

Many people will only be persuaded of the value of taking an interest in improving their financial capability if they are provided with very clear and simple arguments that both demonstrate the benefits of doing so and the drawbacks of not doing so.

In our view, there is a fairly common perception that thinking about money matters is 'boring'. There are further obstacles that apply to marketing GFA, relating to clients' income level. For example, it might be more difficult to 'sell' the benefits of saving as a general concept to the lower-income market, because even a small amount taken out of daily disposable income will have a stronger impact.

In any event, the Government is initiating a range of products which either by 'compulsion' or incentive will encourage people to take a greater interest in their personal finances, namely:

- The Child Trust Fund – we welcome the intention to make this a learning vehicle for secondary school children
- The Savings Gateway
- The introduction of Personal Account pensions

It would therefore make sense for relevant government departments and/or quangos to oversee and contribute to the costs of mass marketing campaigns that 'join the dots' between a national GFA resource and relevant existing and emerging government initiatives.

DS2 Are there campaigns that have effected analogous behavioural change relating to generic financial advice or other scenarios? What made them successful?

We are unable to comment on this question.

DS3 What would an attractive brand for a generic financial advice service look like?

We suggest that the key terms to include in a promotional message in support of a brand are "free", "independent", "clear", and "easy to use".

DS4 Is there evidence on which engagement mechanism(s) is likely to work best overall and with different segments of the target population (e.g. which media, messages etc.)?

Comparing the socio-economic status of users of National Debtline (an exclusively telephone and electronic service) with that of users of the predominantly face-to-face CAB service suggests that while NDL users tend to broadly mirror the overall profile of the UK population, CAB users tend to come from the 'lower' socio-economic groups.

Telephone advice and web-based channels are clearly highly cost-effective and are suitable for a substantial proportion of the population. However, we would counsel caution in dedicating all front-end contact to these channels, since in our view this may militate against usage both by low income groups and by people with particular access problems (language, mental health problems etc).

DS5 For face-to-face advice, are there particular locations that would be attractive generally for different segments of the target market?

In order to answer this question, agreement would be required on the composition of the target market. Depending on income, and levels of need/use of other services of a given social group or individual, one or a number of the following venues might be appropriate:

Advice agencies	Community centres
Banks	Extended schools
Libraries (out of hours)	Council 1-stop shops
Credit unions	Children's Centres

DS6 Do you believe a new generic advice provision would lead to a change in consumer behaviour? If so, how?

In our view, GFA will have an impact on consumer behaviour, but it is likely that some of its effects will only become evident over a relatively lengthy time period. This is due to the fact that a comprehensive GFA service that embraces wider issues of financial capability should be as much about changes in behaviour as about selection of products.

For example, levels of take-up of contents insurance remain low amongst lower-income households, despite the best efforts of some local authorities and Registered Social Landlords. It is understandable that people might adopt an "I'll chance it" attitude regarding this issue, if an insurance premium (even a subsidised one) represents a proportionately fairly high percentage of their income.

Clearly, such people are at a stage that immediately precedes any discussion about products, as they are not convinced of the intrinsic worth of the product itself. The need to effect 'culture change' is likely to apply to a range of products, and will include the need to actually flag up the existence as well as the value of some of these products to a portion of the consumer market

Please also refer to DS1 – changes to government policy will act as an incentive over time for people to use GFA services, which in turn increase the rate of influence of GFA on attitudes to saving, borrowing, pensions and insurance in particular.

E What should the governance arrangements look like?

ES1 What organisation(s) should be responsible for oversight of and/or delivery of a national generic financial advice service (e.g. national vs. regional oversight; existing vs. new body)?

GFA is one of three forms of advice/education that are currently defined in distinction from each other, the other two being financial literacy work and money/debt advice. In our view, all three activity areas are inter-related, and could be described by the overall term “financial capability work”.

The paragraphs below describe the form of coordination and oversight that we feel would be appropriate to financial capability activities nationally, and are reproduced in our response to the HMT *Financial Capability* paper. Given that, in our view, GFA is covered by the wider financial capability rubric, we suggest that the membership and priorities of the group described below should by definition apply to GFA.

This group would represent the range of relevant stakeholder groups, including:

- Central and local government departments and non-departmental public bodies⁴
- The commercial sector, in its dual capacity as funder of advice services and provider of financial products
- Organisations which provide financial capability services, eg pfeg
- Consumer bodies, eg, Citizens Advice, Citizens Advice Scotland, Citizens Advice Northern Ireland, Advice UK, Advice NI, Money Advice Trust, Money Advice Scotland, National Consumer Council, Which, the Resolution Foundation, Help the Aged, Age Concern, RNIB, RNID, Gingerbread, Disability Action, housing rights services, National Union of Students, NUS-USI⁵⁶
- Other free-to-client advice providers, eg CCCS and Payplan
- Representatives of consumer panels

⁴ For example, HM Treasury, Department of Trade and Industry, Department for Work and Pensions, Department of Communities and Local Government, Financial Services Authority, Office of Fair Trading, Department for Constitutional Affairs, Legal Services Commission, Local Government Association, Scottish Executive, Welsh Assembly, Department of Enterprise, Trade and Investment (Northern Ireland), Department for Social Development (Northern Ireland), Office of the First Minister and Deputy First Minister (Northern Ireland).

⁵ NUS-USI is a joint body comprising the Northern Ireland branch of the National Union of Students and the Union of Students in Ireland.

⁶ National Debtline would not be mentioned separately, as they are part of the Money Advice Trust.

The key functions of this group would be to:

- Map existing and planned resources and projects
- Share best practice in the effective delivery of financial capability services
- Identify and establish effective delivery and funding partnerships

In line with our recommendation in response to a parallel question in the HMT financial capability consultation paper, we suggest that such a group should carry out an oversight role that will bring together all complementary fields of activity, eg debt advice services, generic financial advice provision, and money management training, drawing on and extending existing partnerships.

ES2 How should any generic financial advice service be made accountable (e.g. targets, performance management, reporting lines etc)?

We suggest that the entity should be a registered charity, reporting to an independent board, whose outputs and financial arrangements would be made publicly accessible via an annual report.

ES3 What should the relationship be between any new delivery body (assuming one is deemed necessary) and existing services?

Please refer to our comments in response to AS6 and others throughout this paper. As the phrasing of the current question implies, it is hard to answer without having made a decision as to whether a new delivery body is indeed necessary or delivery can be integrated with existing services.

ES4 What mechanism should be used to collect and distribute any potential financial contributions e.g. from Government, industry etc?

One contributor to this response has suggested a levy on the pre-tax profits of all FSA-regulated companies.

*Jim Fearnley
Money Advice Trust
April 2007*

OPERATIONAL ISSUES

A What is happening today, how and to whom?

AO1 What advice service are you or your organisation responsible for delivering (this need not be generic financial advice)?

National Debtline (NDL) is a national telephone helpline for people with debt problems in England, Wales and Scotland. We give expert advice over the telephone and via email, and send callers in debt a self-help information pack free of charge. The service is free, confidential and independent. National Debtline can also assist callers who wish to deal with their debts through a Debt Management Plan (DMP).

AO2 How is your advice delivered (e.g. face-to-face, web-based or telephone)?

Advice is provided over the telephone and via email and letter. Our website has a range of information including the NDL self-help pack, factsheets, sample letters, and a budget sheet to complete. Email enquiries can be made by completing an email enquiry form on the website. We do not give face-to-face advice.

AO3 What is the legal, organisational and governance structure of your service?

NDL is part of the Money Advice Trust (MAT) and operates as its service wing. NDL does not have a separate legal identity. MAT is a limited company with charitable purposes. The senior officers of MAT report to the directors of the company who also act as trustees of the charity.

AO4 How is your service funded?

Funding is provided in a variety of ways. Currently, 30% of funding comes from government sources, with 60% from the finance sector and 10% constituting self-generated funds. These proportions vary from year to year.

AO5 How did you identify your customer and their needs?

NDL developed from the Housing Debtline service established by Birmingham Settlement and the Money Advice Association in 1987. The aim of this service was to provide an alternative route via the telephone for clients to access money advice. Up to that point, money advice was mainly provided by traditional face-to-face casework services.

The target audience was anyone with unmanageable debts in England and Wales. This was expanded to include anyone with debts in Scotland in 1996.

It was felt that advice over the telephone would provide quick and easy access to advice for callers who might be in a position to use self-help techniques to manage their debts. It would also free up waiting room space for those who required face-to-face assistance. It was felt to be a flexible delivery channel for those who wished to remain anonymous, and to have a preventative and educative role to allow callers to access advice at an earlier stage and learn how to manage their finances in the future..

B What should the scope of national approach to generic financial advice be?

BO1 Who is your target market, and how do you target them? How well do your actual clients match your expected target market?

The target market is anyone with debt in England, Wales and Scotland. We do not conduct any active advertising of the service as demand has always exceeded our ability to respond. We have conducted limited advertising in the past such as in Yellow Pages, which has now been discontinued.

Statistics indicate that the socio-economic and demographic profile of our users (at least in the areas we record) broadly mirror those of the overall UK population.

BO2 How many people use your service per annum? What sorts of questions do they ask?

In 2006, approximately 100,000 calls were dealt with. It is anticipated that by the end of 2007, the service will have dealt with 125,000 calls during that year and 230,000 in 2010, due to an increase in staff resources planned for over this time period.

It is not possible to give an exhaustive list of the type of questions asked by service users. They can range from queries about credit reference files, to how to deal with credit debts, county court action and enforcement, bankruptcy, Individual Voluntary Arrangements (IVAs), bailiffs, magistrates' court fines, rent and mortgage arrears, and how to deal with emergency priority debts.

The complexity of enquiries can range from how to deal with a credit card to advising on how to put in a defence to a mortgage shortfall using a limitations argument and looking at unenforceable credit agreements.

We collate statistical information from our caller database on the types of debt that callers may have over any period. We also collect statistics on the categories of advice we provide to callers, which indicate the frequency of types of debt problem notified, but would not indicate the complexity of a particular problem in any individual instance.

Sample statistics are available on request.

BO3 Do you know how many people you turn away? If so, is this a capacity issue or have they come to the wrong place?

National Debtline operates on a self-help basis. Callers are welcome to ring us as often as they like to receive advice on how to deal with ongoing debt problems. We actively encourage service users to contact us again.

We understand that around one-third of those attempting to access the service currently fail to get through. This is a capacity issue for the service. Our growth plans are to reach a capacity of 150,000 by the end of 2007, a capacity of 200,000 by the end of 2008, and a capacity of 230,000 by the end of 2009.

Our records show that very few callers come through to the wrong place. We receive a limited number of calls from people who contact us when they meant to ring a creditor or credit reference agency directly.

BO4 If you operate some form of “triage” or “sifting” of calls, what criteria do you use?

When a caller rings National Debtline, they are asked to select from three options. Members of the public can decide to speak to an adviser or order literature such as a self-help pack only. The third option applies to callers from organisations, who may want to speak to an administrator.

The telephone system is set up to sift callers from Scotland, so that they are put through to an adviser who is trained in Scottish law. This would not be apparent to the caller who is not aware that their call has been sifted. The telephone system is able to recognise a Scottish landline STD code and sift the call accordingly. Not all our advisers are trained in Scottish law, as such training is only undertaken once an adviser has been fully trained and is confident in the English legal system.

BO5 What referral policy do you operate and how (e.g. boundaries with other organisations, relationship with others, potential issues to manage etc.)?

We operate a referrals policy that specifies when advisers should consider making a referral to another agency. This is generally done as a signposting exercise, ie advisers simply supply the contact details of the relevant agency. Our database allows us to record and report on the types of agency to which we have made referrals in any given period.

A copy of our referrals policy and a sample referrals report is available on request.

We may refer a caller to another agency for a variety of reasons, and not just in relation to debt issues. For example, we may refer someone to an Ombudsman service to make a complaint about a particular issue that is non-debt related, but that caller would still be able to use NDL for advice about their debts. Even where we have referred a client to another agency to deal with one specific debt matter, we can still advise them on their other debts.

However, there will be occasions where we decide that it would be more suitable for a caller to have their overall debt 'scenario' dealt with by another agency, including face-to-face services. This may be because of issues such as overwhelming stress, literacy issues, language needs, or a need for court representation.

Our recording systems differentiate between referrals for debt matters and referrals for other matters. This means we can attempt to track how many callers we have decided would be more suited to receive face-to-face debt advice rather than use telephone self-help.

We have a direct referrals procedure for debt management plans (DMPs) with Payplan and the Consumer Credit Counselling Service (CCCS). National Debtline carries out initial enquiries as to a client's eligibility for a DMP, and where this option is identified as appropriate, transfers their record electronically to one or other of these companies for ongoing payment of debt under arrangement.⁷

BO6 What management information do you capture?

We capture a great deal of management information using our caller database and the telephone system. As an example, we have attached a blank "Key Performance Indicators" form, which shows the type of data we capture. We have also attached a copy of a form showing the statistical information we can capture through the caller database.

BO7 How do you monitor quality and consistency of advice given (e.g. quality control, customer feedback, complaints handling etc.)?

National Debtline commissions an independent evaluation exercise every year, which includes mystery shopping and interviews with random clients.

Every month, randomly selected callers are also invited to send in a questionnaire about their experience of the service. The results are collated and form an internal quarterly report. Complaints are followed up.

⁷ This is done on an alternating basis, eg client A would be transferred to CCCS, client B to Payplan etc, client C to CCCS etc.

There is a similar questionnaire system for clients who contact the service by email.

We have a complaints policy, which is available as a fact sheet for callers. Records of any complaints are kept centrally.

Feedback can be provided about our website on an electronic form in the “about us” section of www.nationaldebtline.co.uk.

We operate a rigorous and extensive call quality monitoring system, which involves senior staff listening in to selected calls taken by each adviser, monitoring case records, and running a system of peer review for supervisors. We have the CLS General Help Quality Mark and Telephone Standard Quality Mark, which sets out relevant procedures that need to be developed, adhered to, and monitored for effectiveness.

A copy of our complaints policy and other quality documents are available on request.

BO8 How do you deal with questions of liability for inappropriate advice (e.g. indemnity insurance)?

National Debtline has professional indemnity insurance, which is renewed annually.

BO9 What level and type of training do you offer for your staff (e.g. costs, duration, suppliers, accreditation, etc.)?

When trainee money advisers start at National Debtline they embark on a nine-month training plan, and begin to contribute to service delivery from the fourth month of their training. The cost of an adviser undergoing a full training programme is currently £15,000 per head.

Our trainee advisers will often be new to money advice. They will tend to have transferable skills from previous employment but will not be experienced money advisers. Our comprehensive training programme includes elements on money advice, housing, welfare benefits and telephone skills to equip our new advisers to give expert money advice over the telephone. They will ultimately be providing advice at a highly skilled level.

The training programme is a blend of elements including:

- Classroom-based training provided by external and internal tutors
- Practical hands-on training using the NDL client database and other software available to NDL advisers
- Presentations from external speakers
- A visit to a credit reference agency
- Court visits

Trainees are provided with opportunities to listen in to their colleagues' calls. They will also take part in a wide range of mock calls and will be expected to take their first supported live calls approximately fifteen weeks after joining us.

External training is provided by a range of organisations including wiseradviser (part of MAT), the Institute of Money Advisers, Shelter etc. The training complies with the wiseradviser money advice standards. There is no formal accreditation of individual advisers at present, but MAT is currently engaged in researching options in this area.

The wiseradviser money advice standards are available on request. We can also supply a detailed sample training plan and list of courses if required.

BO10 What are the payment arrangements for your advisers (e.g. payment levels, sponsorship, pro bono etc.)?

All our advisers are salaried and are a mixture of full time and part time staff.

Trainees start on a salary of £17,454 and progress to a salary of £21,807 at the end of a nine-month probationary period. This salary includes an out of hours allowance to reflect the requirement to work shifts.

There is an overtime and time off in lieu system in place.

BO11 Who are your advisers (background, length of service etc.)?

Most advisers start as trainee money advisers and will have varied backgrounds. We have conducted some monitoring of the employment backgrounds of trainees. We also have information regarding gender, ethnic profile and age of our trainees.

The chart below indicates the length of service of the current money advisers at National Debtline.

Start Date	Number of employees
October 1991	1
January 1993	1
October 1995	1
November 1997	1
December 2001	6
November 2002	1
April 2003	8
September 2004	6
April 2005	15
September 2005	1
April 2006	13
September 2006	21

BO12 How do you ensure that you work effectively with other relevant organisations?

MAT works in partnership with the following key free-to-client stakeholders:

- Advice UK
- Advice NI
- The Citizens Advice service across England, Wales, Scotland and Northern Ireland
- Consumer Credit Counselling Service
- The Institute of Money Advisers
- Money Advice Scotland
- Payplan

MAT has two tiers of governance, a regular Board of Trustees and also a Partnership Board, which brings together partners in the sector, key funders and government departments. This meets twice a year and provides MAT with strategic guidance.

National Debtline also engages in informal referral arrangements with organisations such as Consumer Direct and CLS Direct, and we have ongoing partnerships with Consumer Credit Counselling Service and Payplan to transfer clients in need of debt management plans.

National Debtline is a member of adviceUK and the Telephone Helplines Association, and all senior staff are members of the Institute of Money Advisers. We also work with external partners on social policy issues of shared concern and emerging developments in money advice practice.

C Cost and funding

CO1 What is your operational model?

Our operational model is to provide advice via the telephone, email/letter and through self-help literature which is available in paper form or via our website.

CO2 What is the cost structure of your service (e.g. set-up vs. ongoing; capital vs. operational)?

The overall budget for the service is £5m for 2007, which will rise to £8m in 2009. As an expanding service, we require substantial capital and training expenditure. Currently two-thirds of our costs represent staff costs. Once the service reaches capacity, staff costs are estimated to represent 75% of overall costs.

CO3 How long did it take to set up the service from blueprint to launch date? Did you pilot it first? If so, please provide details.

Housing Debtline was launched in 1987 by Birmingham Settlement and became National Debtline in 1989. The British Bankers' Association commissioned a feasibility study, published in August 2000, which led to an "Invest to Save" bid via the DTI to the Treasury. This process included joint working with MAT to raise money from the finance sector.

The expanded National Debtline began a pilot phase in 2001, which substantially increased service capacity. A full report of this pilot followed.

A history of National Debtline and a copy of the independent evaluation of the pilot by Deloitte & Touche are available on request.

CO4 What are the components of your model and how do they relate to each other (e.g. telephone, face-to-face and online)?

There is no face-to-face element to the National Debtline service. The client has a choice about how to access the service. The main medium for contact is the telephone, which accounts for 90% of the contacts. There is approximately 5% contact through email/letter and 5% of contacts through orders for self-help literature.

CO5 If you operate an online service, how many people use your site and do they have to pay to use it?

We operate a website www.nationaldebtline.co.uk. There is no charge to users of our website. In 2006, there were 21 million hits on the website. It is anticipated that 2007 and beyond will yield 30 million hits and more, following the intended growth of the service.

CO6 Please provide information on the key statistics about your service (e.g. duration of session, average cost per session, approach to booking etc.).

The average length of a “session”, ie individual advice intervention with client, is 25 minutes. There are an average of 1.33 contacts per caller which works out at 33 minutes per client on average. The average overall cost per client has been worked out as £30-35.

There is no booking system as clients can contact us when they wish within opening times. We do not provide a callback service except in emergencies, but will call existing clients with follow up information where necessary.

CO7 How are you funded and what do you have to do to qualify (e.g. grant-in-aid, customer payments, commercial capital etc)? How much do customers pay?

National Debtline is primarily grant aided although there we bring in approximately 10% of our total income in self-generated income.

We do not levy any charge to our clients for using the service. Our helpline has a freephone number so there is generally no telephony cost for clients. The exception can be for mobile phone calls, although through our membership of the Telephone Helplines Association, many calls from mobiles are free too.

CO8 Are you able to quantify the social / public policy benefits of your service?

As well as an annual independent evaluation of the service, we have undertaken an independent longitudinal study of the benefits of our service for clients. We attach a headline summary of results as a separate document.

CO9 If your service is required to show a return on capital, what are the Internal Rate of Return (IRR) and payback periods?

This is not applicable to our service.

CO10 How do you measure the effectiveness of your service?

We measure the effectiveness of the service in a number of ways and using a variety of methods:

- Annual independent evaluation of the service
- Mystery shopping as part of the independent evaluation
- Complaint monitoring
- Service questionnaire and reports
- Compliance with the Community Legal Service Quality Mark
- Internal policies and procedures
- Quality monitoring of advisers

D How can potential users be engaged?

DO1 What market research did you do before setting up your service?

We are unable to provide any details as to whether market research was carried out before the service was set up in 1987. Before the pilot phase in 2001, an independent feasibility study was commissioned, which resulted in successful bids for funding.

DO2 What approach to advertising have you taken at the various stages of the development of your service (including an indication of level)?

National Debtline has not needed to do much in the way of direct advertising because demand has always exceeded supply. There has been occasional advertising that we have paid for such as in Yellow Pages. We have a high media profile and a high web profile.

We keep statistics on where callers hear about our service on our database. Currently the most frequently mentioned sources in 2006 were:

Advice Agency	14.91 %
Banks / Building Society	6.46 %
BT Directory	7.69 %
Friend / Relative	9.84 %
Internet	30.51 %
Media	8.96 %
Yellow Pages	7.38 %
All Others	14.25 %

Awareness sources data has changed over time, notably with a fall for Yellow Pages and the media in favour of the internet as a source. In the year 2000, only 1.36% of callers had heard about National Debtline through the internet.

We appear in many directories run by other organisations. We have publicity materials for advice agencies and other organisations to display or hand out to clients, and we welcome referrals from a wide variety of sources, from advice agencies to the credit industry.

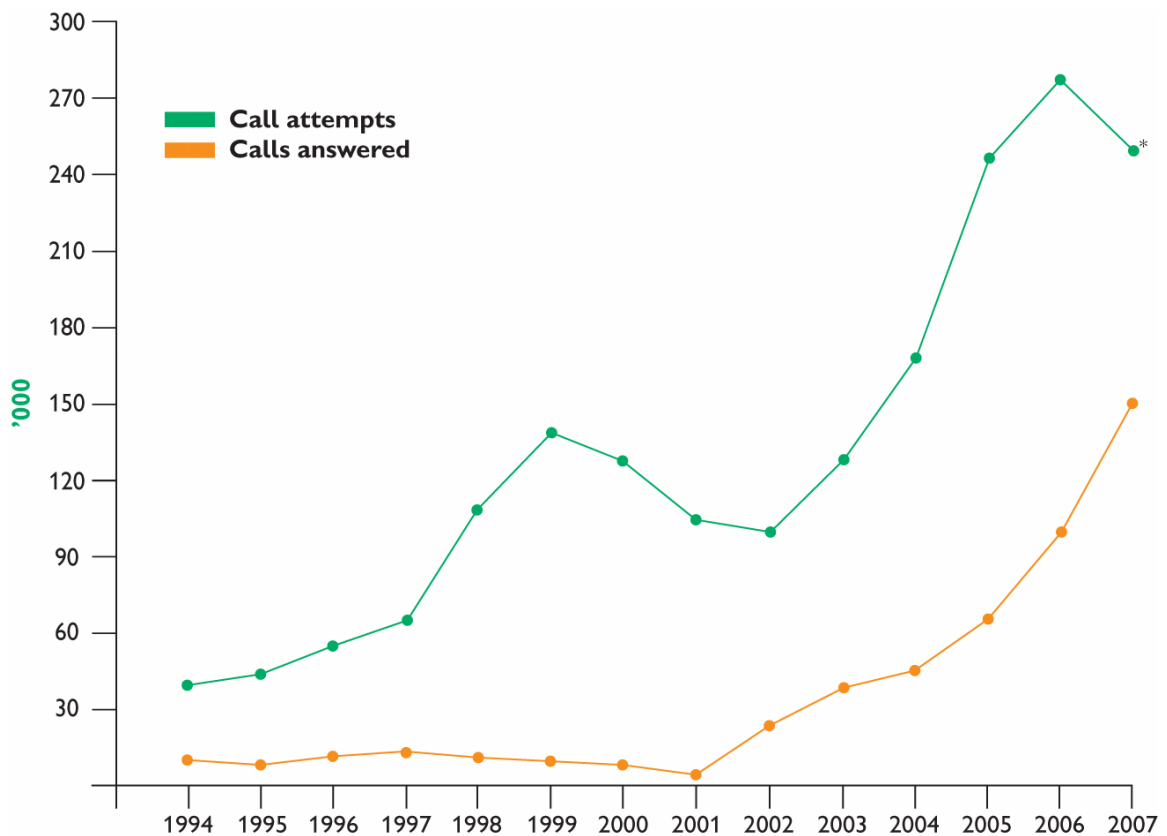
DO3 How has your service evolved over time?

The service has changed beyond recognition. We refer you to our "*History of National Debtline*" pamphlet, which highlights the changes from 1987 to 2007. As an indication of the change in scale of the organisation, we had two advisers in 1987 and, as of the date of this paper, now have 90 advisers (with a further eight advisers working for our sister service, Business Debtline).

DO4 How did customer usage build up over time?

This could be described as a “slow burn.” National Debtline has not needed to do much in the way of direct advertising because demand has always exceeded supply. However, we are frequently mentioned in the media as a source of referral and are proactive in dealing with the media through our Press Officer. We have found in the past that there would be large jumps in our call levels after a mention on live daytime television shows, for example. This level would fall swiftly but would settle at a higher level than previously. Hence, awareness of the service has grown over time.

A chart showing the growth in NDL call attempts and calls answered is shown below.



DO5 Do you have information about what your customers do as a result of your advice?

As we are a self-help advice service we do not have the ability to monitor outcomes for every caller. Some clients will ring back and let us know that they have, eg, gone bankrupt or taken out an Individual Voluntary Arrangement (IVA), but in many cases they do not.

It was therefore very important to conduct a survey to try to find out more about client outcomes. Through our recently completed longitudinal evaluation study, we have collected some detailed information as to what service users have done as a result of the advice they have been given and the effect that our advice has had on their debt problems and wider lives. The headline results are given in the summary report attached, which we refer to in our answer to question CO8.

*Meg van Rooyen
National Debtline
April 2007*