

Helping over-indebted consumers

Methodology

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The following table shows each of the main elements of our fieldwork, which took place between May and September 2009, and its purpose.

Selected method	Purpose
<p>1 Review of key documents</p> <p>Our review included:</p> <ul style="list-style-type: none"> ● procurement documentation including preparation of the tender document and evaluation of bids; ● project management information from the 16 projects; ● financial monitoring and performance management returns; and ● BIS's monitoring arrangement for the level and profile of over-indebtedness. 	<p>To inform our understanding of:</p> <ul style="list-style-type: none"> ● how BIS had procured face to face advice; ● how effectively the project was managed, whether it was delivering on time and on budget; and ● BIS's use of information in refining it's plans.
<p>2 Literature review</p> <p>We reviewed current research on consumer over-indebtedness debt advice. We concentrated on research published by the Personal Finance Research Centre in Bristol and research commissioned by the Department.</p>	<p>To understand how the department monitors over-indebtedness, to develop questions for our surveys, and to get an understanding of how well debt advice works for consumers.</p>
<p>3 Semi-structured interviews</p> <p>We interviewed 20 key stakeholders from the following organisations:</p> <ul style="list-style-type: none"> ● Staff from other government departments: <ul style="list-style-type: none"> ● Department for Work and Pensions ● Ministry of Justice ● Her Majesty's Treasury ● Regulators <ul style="list-style-type: none"> ● Financial Service Authority ● Office of Fair Trading ● Debt advice agencies <ul style="list-style-type: none"> ● Citizens Advice ● Consumer Credit Counselling Service ● Payplan ● Advice UK ● Industry groups <ul style="list-style-type: none"> ● British Bankers Association ● UK Cards Payment Association 	<p>To identify:</p> <ul style="list-style-type: none"> ● how the tackling over-indebtedness strategy has been implemented, specifically from those other government departments who had role to play in the strategy. We also sort the perspective of advice providers and industry groups; and ● how effectively BIS was managing the programme. We sort to gain the perspective of advice providers and other interest groups as to how well government was managing the programme to tackle over-indebtedness.

Selected Method

4 Survey of over-indebted consumers

We engaged consultants, GfK-NOP, to manage a telephone survey of over-indebted consumers. We divided the sample of over-indebted consumers into three groups:

1361 consumers who identified themselves as over-indebted. We used this indicator rather than the more objective indicators because we wanted to capture those who are at-risk of becoming over-indebted, as well as those who already are. In addition there are a group of people who access services because they perceive their situation as being over-indebted, however according to the objective indicators they are not. This group were sampled using a random digit dialling and asking a screening question. Those respondents who reported themselves as either falling behind on bills or credit or commitments, or struggling to keep up were then selected to be interviewed;

445 users of three debt advice services. This sample was split between three different sub-groups. The first included 207 respondents who had received advice from BIS funded face to face debt advice projects. To sample this group we worked with the project managers of the BIS face to face advice projects. The second sub-group had 113 respondents who had received advice from National Debtline. This group was sampled by working with National Debtline. The third sub-group had 125 respondents who had received advice from the Consumer Credit Counselling Service. We worked with the Consumer Credit Counselling Service to obtain this sample. For each of the three sub-groups we asked the advice services to send a letter to their clients. The letter invited respondents to opt-in to the survey by sending an email or calling a free phone number; and

271 consumers from the individual insolvency register, divided between 150 consumers with an IVA and 121 consumers who had gone bankrupt. We obtained the electronic individual insolvency register from the Insolvency Service, and selected 15,000 IVAs whose arrangement date ranged from 23/3/09 to 25/9/09; and 7,000 bankruptcies whose charge date ranged from 22/6/09 to 24/7/09. A phone number matching exercise was then conducted, and for those that we received a match for a letter was sent from GfK-NOP to these potential respondents inviting them to opt-out for the survey. After a two week window, GfK-NOP began to call people who had not opted out to invite them to take part in the survey.

Purpose

To explore and evaluate the extent to which the Tackling Over-indebtedness strategy is meeting the needs of over-indebted consumers including:

- types of debt and severity of situation;
- demographic characteristics of over-indebted consumers;
- consumer preferences in advice channel delivery;
- awareness of advice services;
- levels of consumer trust;
- barriers to accessing advice services;
- experience of advice services;
- attitudes towards over-indebtedness; and
- experiences of bankruptcy procedures and IVA arrangements.

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<p>4 Survey of over-indebted consumers continued</p> <p>We followed up responses in greater depth through in-depth face-to-face interviews with 20 consumers across all three groups.</p> <p>The questionnaires for the survey and the interview transcript for the in-depth interviews were developed by the National Audit Office and GfK-NOP.</p>	
<p>5 Survey of debt advice providers</p> <p>We carried out a web based survey of debt advice providers. We received responses from 140 debt advice providers:</p> <ul style="list-style-type: none"> ● Government funded third sector debt advice providers. ● Other third sector debt advice providers. ● Providers of civil legal aid debt advice. ● Fee-charging debt advice companies. 	<p>To identify:</p> <ul style="list-style-type: none"> ● the extent to which BIS are complying with the third sector compact in terms of: <ul style="list-style-type: none"> ● procurement procedure; ● monitoring arrangements; and ● full cost recovery ● the nature of supply in the debt advice sector.