

**Scottish Parliament Social Justice and Social Security Committee**  
**Low Income and Debt Inquiry**  
**Submission by Advice Direct Scotland**  
**Date Received: 25 April 2022**

**Please note: In order to safeguard our customers' right to privacy, we have altered the names and personal details for the following case studies.**

**Case Study: BAME customer with large debts assisted with DAS**

*"Mr. Zaid contacted us as he had seen a moneyadvice.scot post on a Facebook page for Indians in Glasgow, outlining free support and help for people who were struggling with their finances. Our engagement with digital BAME communities has meant that moneyadvice.scot continually receives increasing enquiries and requests for support from citizens identifying as ethnic minorities.*

*During an initial conversation with our adviser on webchat, Mr. Zaid called our advice line, where he was provided with a full income and expenditure check. It was found that Mr Zaid's total monthly income is £1,646.67 while his total debt amounts to £10,563.24. He has the following debts:*

- *Council Tax - £4,911.24*
- *Benefits overpayment - £145*
- *Personal loans and overdrafts - £2,958*
- *Credit-card - £2407*
- *Phone contract - £142*

*Following a comprehensive income and expenditure check, Mr Zaid was provided with advice on how to reduce expenditure on everyday purchases, including subscription services. Mr Zaid was then provided with a benefit check, which demonstrated that he is claiming all that he is currently entitled to (Universal Credit). It was also confirmed that an overpayment he previously received was indeed correct.*

*Mr Zaid had council tax arrears and would eventually face wage or bank account arrests if payments were not maintained. The council had not yet issued a summary warrant, so he had greater capacity to negotiate repayment. We negotiated with the council on his behalf and set up a plan for more realistic repayment.*

*Mr Zaid had money remaining each month after essential bills and can clear his debt if given a reasonable timeframe. This means that he qualifies for the DAS formal debt solution. Mr. Zaid expressed disbelief that he now has a plan which will ensure that he can eventually lead a debt free life. However, the advisor assured him that it would provide him with a repayment process based on disposable income and that*

completing the process would prevent creditors from pursuing him for further payments.”

### **Case Study: Woman struggling financially and mentally with Council tax debt**

*“Miss Yue contacted moneyadvice.scot as she was worried about her gability to pay her council tax debt, which she said was causing her “huge amounts of anxiety and sleeplessness”. After discussing the situation with our adviser, it was confirmed that Miss Yue had £1,059.16 of priority debt, across both council tax payments and universal credit advance payments.*

*Miss Yue is unable to maintain her current repayment schedule of council tax debt and worries about her ability to afford heating and food, largely due to the rising cost of living. She had sustained a long period of unemployment and was forced to rely on Universal Credit. During this period, she was in such dire financial circumstances that she needed to apply for an advance payment of universal credit. An ongoing spinal condition made it difficult to travel far and there were very few opportunities for both work and support in her village.*

*She was eventually able to secure a relatively close job and was on track to rebuilding her finances. However, she had fallen behind in her council tax payments. Arrears have existed for so long that the debts have been passed onto Scot and Co, a debt collection agency. This is a serious debt situation that could result in her wages or bank account being arrested. She is frightened that she will not be able to maintain rent payments and that her neighbours would shun her if the debt was found out.*

*We found that a debt repayment plan would be the best solution to her problem debt. She would be able to afford a reasonable rate of repayment with hardship. At the same time, her situation would only worsen if she was to lose assets or have her credit rating affected. We ensured that the payment agreement was realistic, considering her circumstances. Following a comprehensive income and expenditure check, Miss Yue was also provided with specific advice on budgeting, ensuring that she was able to maintain payment for the duration of the agreement.”*