

PRESS RELEASE

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Citizens Advice Rotherham launch new Debt Adviceline as tactics of credit card lenders risk pushing people into debt problems,

Citizens Advice Rotherham is warning that tactics used by credit card lenders are putting people at greater risk of long term debt problems.

Citizens Advice have recently launched a major new report on long term debt, which finds that 1 in 5 people who are struggling to pay off their credit cards have had their credit limit raised without them requesting it - risking pushing them into further debt. To support local residents Citizens Advice Rotherham has set up a Debt Adviceline – **01709 794980** – for people concerned about any type of debt issues, they can call to speak to an adviser or make an appointment. The line is open Monday to Friday 9am – 4pm.

The *Stuck in debt* report also found that people with credit card debts were more likely to get into long term debt than those with personal loans and were less able to pay their debt down. Only 60% of people struggling with credit card debt were able to reduce it over two years, compared to 72% of people struggling with a personal loan - with credit card borrowers paying off £449 over two years, compared to a repayment of £620 for people with personal loans.

In the 12 months to June, Citizens Advice Rotherham helped local people with £288.000 worth of credit card debt this was an increase of 11% for the same period last year.

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Alan (name has been changed) had been in full time work since leaving school and never thought he would need debt advice. This all changed when he was made redundant and he found himself no longer being able to keep up with his rent and council tax bills. Alan found it more and more difficult to manage his debts and found himself becoming depressed as the bills kept coming and his creditors started ringing him. Alan's went to his GP for medication and she advised him to visit Citizens Advice for support with his mounting money problems. Alan's debt caseworker talked him through his options, negotiated with his creditors and put a stop to the constant creditor phone calls he was receiving. With a repayment plan agreed, Alan has felt able to start looking for another job, and move on with his life.

Citizens Advice Rotherham is urging people who are struggling to repay their debts to seek advice and avoid entering into a debt spiral.

Nick Bussey CEO of Citizens Advice Rotherham said:

“Irresponsible lenders are pushing people further into the red. Research from Citizens Advice’s shows that some credit card providers are extending people’s credit when they’re barely keeping on top of their minimum monthly repayments - which leaves them in a worse financial position. It’s really important that anyone who is struggling to pay off their credit card each month, seeks help from us as soon as possible. We can help you to work out the best way manage your finances and how to make repaying your debt more manageable.”

The national charity is calling for changes to protect people from falling into long term credit card debt, including:

- Firms to be banned from raising people’s credit limits without obtaining their explicit consent to give people more protection against ever increasing debt.
- The Financial Conduct Authority to provide clear guidance to lenders stressing that before increasing a borrower’s limit, they must check their ability to repay it.

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Notes to editors:

1. Citizens Advice commissioned a nationally representative opinion poll with a number of questions relating to household finances, life events, debt, savings, expenditure and other behaviours. Online field research with 2,116 respondents was conducted 23 to 26 June 2017. The figures have been weighted and are representative of all UK adults (aged 18+).
2. The survey defined people in problem debt as those who felt their debts were a burden and had not felt able to afford household bills or debt repayments for more than a year.
3. The number of people in long term credit card debt was calculated using longitudinal data from the ONS Wealth and Assets Survey. This found that of people struggling with debts in 2010-12 who used a credit card, 48% were still struggling two years later. This is equivalent to 900,000 people.
4. Citizens Advice calculates that the average credit card debt of British adults is £1,600.

Picture

Steve Foers

Rotherham Debt Team Manager

