



Institute of Money Advisers Annual Conference & AGM 2017



Built to last: quality and sustainability in money advice



Cuts, Council Tax and Computers: Responding To A Changing Environment

Impact of Computers on Debt and Benefits Cases:

- * Less human input and interaction
- * Dependence upon computer records by DWP/LAs
- * Exclusion of vulnerable clients
- * The rise of computer generated debts by recovery
- * Wider social impact caused by welfare cuts
- * Implications for Money Advice Services facing cutbacks



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- Benefits which create the problems:

Problems arise from:

- **Means-tested benefits created 1987-1995 and replacement by Universal Credit e.g. JSA, Income Support, Housing Benefit,**
- * **Tax Credits**
- * **Sanctioning of benefits**
- * **Changes under the Welfare Reform Acts 2008-2012**



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LEGAL RESPONSES

Strict Proof of facts

Proof of assignment of debts – can the instrument be produced?

Importance of Witness Testimony – Witness Statements

(Hint: ‘A computer can’t swear a Witness Statement’)

Challenges to the operational efficiency of the computers

Was the computer working properly?

Facebook is *not* valid for service



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Cross-examining computer evidence:

What were the dates the computer was operating ?

Who was the person in charge?

Is there a certificate to verify that all material times the computer was functioning correctly?

What explanation is there of the system or systems?

What safeguards are there in place against error or breaches of data security and how many computers are involved?



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New Debt Protocol 1 October 2017

Made by the Master of the Rolls issued by MoJ 21.3.17

- *Applies to business creditors
- *The debtor is an individual or a sole trader
- *Places a duty on the creditor to take certain steps before court
- *Places an expectation on the debtor to co-operate
- *Many steps expected to be via computer



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The Protocol should be read in conjunction with industry and government good practice guidance for recovering debts from individuals that is in place.

***Does not apply* when there is another protocol in place e.g. mortgage arrears ; HM revenue and Taxes.**

Requires a 30 day warning Claim Letter to be sent to the debtor



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Letter of Claim should contain key information:

- (i) the amount of the debt;**
- (ii) whether interest or other charges are continuing;**
- (iii) the basic terms whether oral or written, date and where made.**
- (iv) Offering a written copy**
- (v) Details of assignment**



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If the debtor does not reply to the Letter of Claim within **30 days** of the date at the top of the letter, the creditor may start court proceedings, subject to any remaining obligations the creditor may have to the debtor (for example, under the Financial Conduct Authority's *Handbook*).



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If the debtor indicates in the Reply Form that they are seeking debt advice that cannot be obtained within 30 days of their reply, the debtor must provide details to the creditor as specified in the Reply Form.

The creditor should allow reasonable extra time for the debtor to obtain that advice where it would be reasonable to do so in the circumstances.



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What are implications for the advice sector?

More debtors presenting more complex problems – including Protocol breaches

Cuts in funding likely to continue

Future trends – Council spending will fall 2017-2022

Council tax debt will rise

Unemployed and low income households will be forced to move



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nucleus
● legal advice centre

Nucleus Legal Advice, Earl's Court

Things we got right and things we got wrong 2006-2017....



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Nucleus founded in 1974 legal advice to the community

By 1991 there were five advice centres in the area.

First round of cuts and redundancies 1997-98

After 1997 there were three centres ; after 2009 there are just two.



What we got wrong in 2000-2007:

- * Stayed in areas which were declining such as immigration & employment;
- * Stayed in areas despite cuts in legal aid;
- * Did not look closely enough at demographic trends and changes;
- * Did not diversify funding in 2000-2007;
- * Made attempts at partnerships with organisations that were going to suffer from similar impacts or fragile funding bases



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- * Bought the building for the centre
- * Moved into debt advice as the main service in 2007;
- * Developed specialisms within debt advice;
- * Diversified funding streams & took short-term advice contracts
- * Tried to anticipate impacts of cuts and plan for them and helped support successful parts of other agencies.