

COVID-19 DEBT ANALYSIS:
insight and trends

Foreword by CEO



Paul Mason
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Finbora Group
Parent company of Creditfix
and Carrington Dean

As the world dramatically changes in a way most of us never imagined, the impact of Covid-19 on everyday lives continues to unfold. The astronomical and still mounting cost of the crisis has yet to be fully realised with the financial effect on households across the UK hitting home hard for many.

Our insight at Creditfix, coupled with independent research conducted by YouGov, indicates that people across the UK are starting to focus on managing their long-term finances as well as contemplating how they will withstand the unknowns and economic fallout of the crisis.

A number of factors mean the coming months are likely to be more telling: the end of the furlough scheme and other financial relief measures, coupled with the onset of winter and the temptation to over-compensate at Christmas. There are serious concerns about how long the financial uncertainty can be sustained and the repercussions this may have on people and families across the nation.

The uncertainty that Coronavirus has created in socio-economic terms presents a real, tangible threat to how people will adapt. This crucially includes their health, welfare and mental wellbeing.

Debt is not discriminatory and as is commonly quoted, many people are only a pay cheque away from being in debt. People from across all walks of life are being affected financially and in order to help navigate them through these uncharted waters, it is vital that as much information as

possible is made widely available to let them know about the wide range of support and options available – and, crucially, to let them know they don't have to deal with it alone.

Prior to Covid-19, millions of people already had debt issues in the UK which was just getting back on its feet from the last recession. However, unlike the global financial crash in 2007 when the public sector played a larger part helping people with debt, this has unfortunately not been the case during the pandemic which has impacted heavily on public sector resources.

It is therefore fundamental that there is more cohesion between the private and public sectors to ensure people get support as and when they need it – particularly if the pressure on organisations such as the NHS and social services continues to prevail because, in turn, there's a high probability that providers of debt support and advice are going to be on the front-line.

The team at Creditfix and Carrington Dean help support people, many who are in their darkest moments, and often our role is simply to listen. We understand that being in debt or the prospect of getting into debt can be daunting and brings with it additional stress and pressures but finding a way a way through it is not as complicated or overwhelming as some people may think. Even for people, who have fallen through the net and been unable to get financial support or respite, there is still help available for them.

There are many misconceptions about being in debt and at Creditfix, we take our social responsibility very seriously. Our dedicated specialist teams are highly experienced in helping clients find the right financial arrangement - one which involves close consideration of their circumstances and lifestyle - as well as supporting them throughout the process and helping them get back on track.

We also work closely with partner organisations who can provide further support for those dealing with difficult and potentially volatile or desperate situations.

In these austere times, we must help look after those most vulnerable and unsuspecting of how the pandemic has impacted their situation. As a nation, we must work together and put on a united front. After all, there is no vaccine for poverty.



Summary

Creditfix conducted an in-depth analysis of more than **22,500** clients across the UK as well as commissioned an independent YouGov survey to help paint an overview of the financial pinch points brought on by the pandemic for people, how they are coping with their money - or sadly not, in some cases - **and how this is affecting their all-important health and wellbeing.**



An example of our findings

SCOTLAND



32%

would cut down on grocery shopping to save money

SOUTH OF ENGLAND



20%

would feel pressure relating to mortgage/rent payments or credit card re-payments

NORTH OF ENGLAND



21%

would also save money by cutting down on food essentials

GREATER LONDON & WALES



22%

are worried about debt collectors or bailiffs

Summary

More than **2,000 people** from throughout the UK took part in the YouGov survey. The analysis of Creditfix's database involved examining how people were tackling debt and personal insolvency during April and September, 2020, compared with the same period last year.

Together, the findings of both surveys underline how **protecting personal finances is a top priority** during these extremely precarious economic times and signifying that debt issues are undoubtedly going to be on the rise.

According to the Creditfix data, there was a sharp rise in the number of people on higher incomes seeking debt arrangements which would protect assets such as their homes and cars – with a **30% increase** in clients entering a debt solution with a combined income and assets of £55,500 or more, being a stark contrast from the same period in 2019.

Over 30% (32%) of respondents in the YouGov survey fear the impact that a second spike in Covid-19 could have on their income – just slightly higher than fears of losing a loved one to the virus – while **more than 20%** (23%) were concerned about losing their job or not being able to find work. Participants aged **35 and under** expressed these worries more than any other age group.

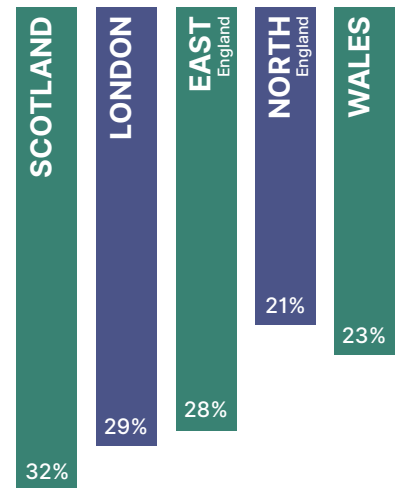
The survey also indicated that people's **money worries are very immediate**. The main day-to-day financial pressures cited ranged from not being able to cover the cost of heating at home to concerns about not being able to eat a well-balanced diet.

These worries were mirrored at Creditfix where almost **70%** of the company's debt advisors sensed that people were struggling to meet everyday costs like food. While the average income for Creditfix clients in the UK had slightly increased during lockdown, those with an increased disposable income were more likely to put it towards their debt arrangement.

When asked what expense they would give up first to save money, the majority of YouGov respondents (over 25%) said they would **cut back on grocery shopping** with respondents in Scotland rating this highest (32%) closely followed by London (29%) and the East of England (28%). This compares with respondents in the North of England (21%) and Wales (23%).

Similarly, **30% of females** said they would reduce their shopping bill which contrasted with **21% of men** who said they would cut back car-related expenses (22%) compared with 17% of females.

Reduce grocery shop to save money



Impact of a second spike



Tackling debt can be a daunting and harrowing experience, and the survey findings signal there is still a **stigma attached to being in debt**. When asked if they would be comfortable speaking with a family member about their situation, there was an **exact split** (45%) between those who said they would be comfortable and those who would not while the majority (56%) said they would not be at ease discussing their finances with a friend. More people (46%) would also be more comfortable speaking with a personal debt advisor than a lender (33%).

Across the UK, there were slight differences over the factors that contributed to the pressure people feel in relation to their finances and any debt they may be in. Most men (22%) were concerned about personal pressures and making ends meet while **21% were worried about debt collectors**. These worries were heightened amongst women with 28% feeling personal pressure, 27% concerned about running out of money or savings to buy day-to-day essentials, 21% worried about paying household bills and 19% concerned about debt collectors.

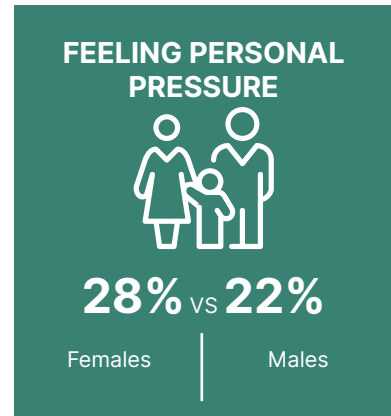
On top of personal pressures and worries about being able to buy essentials, people in the 45-54 age group were worried about debt collectors (26%), those aged between 25 and 34 were concerned about paying household bills (31%) and making mortgage or rent payments (29%). It was similar for **18 to 24-year-olds** with 25% saying household bills and also 25% citing mortgage or rent payments as factors that added to financial pressure.

In London and Wales, 22% were worried about debt collectors or bailiffs (also 22%) – a similar concern for those in the East of England and North of England with 23% and 20% concerned about debt collectors respectively and 21% and 19% about bailiffs respectively. In Scotland, 18% said credit card re-payments and 18% said debt collectors would **add to their pressures** while for 20% of respondents in the south of England, it was either mortgage/rent payments or credit card re-payments.

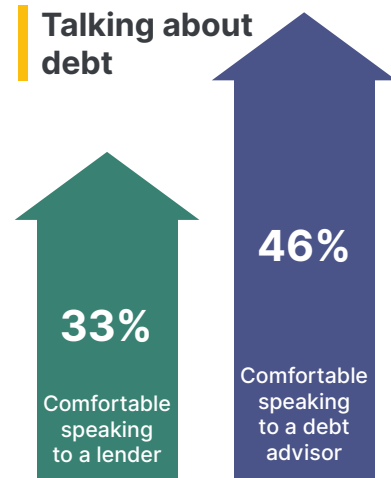
While there were variations on how the economic crisis is impacting on people's purses between different parts of the UK, one impact on health and wellbeing that a quarter of respondents had in common (25%) was that they were **struggling to sleep** because of their financial situation.

This, combined with **20%** of respondents saying that being confined even more to their home environment because of monetary constraints on top of COVID restrictions, paints a stark picture of the **financial and emotional turmoil** being experienced up and down the country.

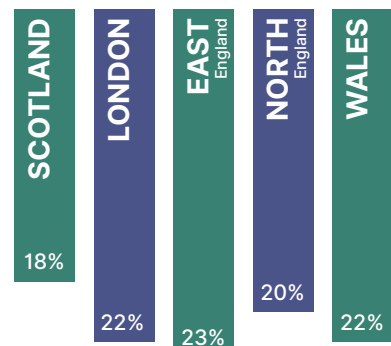
The pressure of finances



Talking about debt



Worried about debt collectors/bailiffs



Contents

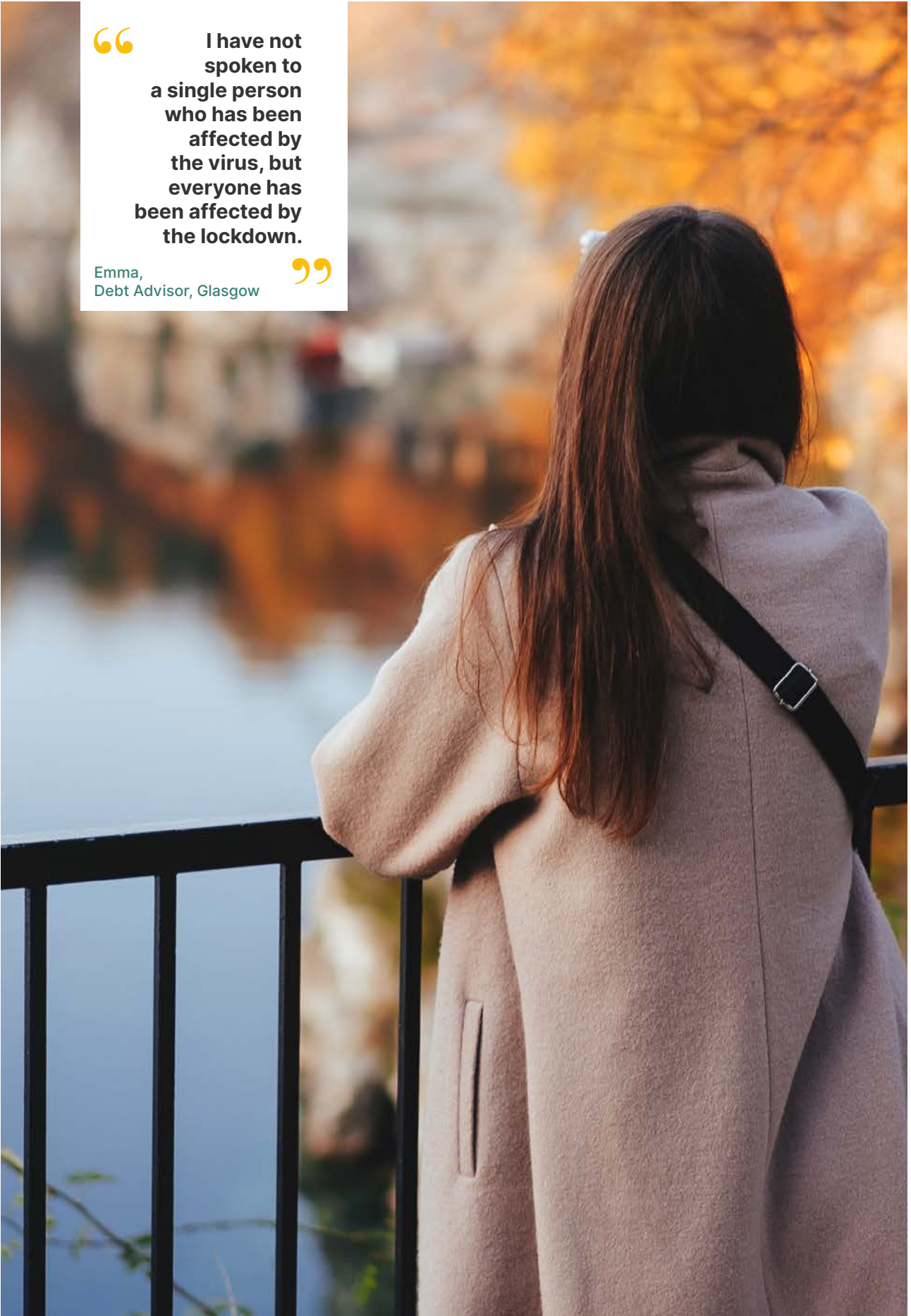
Foreword	02
Summary of Debt Analysis	04
Case Study No. 1 Mental health and wellbeing - James' story.	10
Demographic Shift People of all ages worried about paying their bills including emerging income and employment trends.	12
Tackling Debt Barriers faced when talking about, and tackling, debt.	16
Debt Breakdown Sharp increase in homeowners entering a Debt Arrangement Scheme.	18
The Impact of Debt How financial pressures are affecting health and wellbeing.	20
Case Study No. 2 Furlough - Craig's story.	21
Concerns More people fear debt than losing a loved one.	22
Case Study No. 3 Self-employed - Amanda's story.	24
Epilogue An outlook on the nation's purse strings.	26
About Us Overview of Creditfix and Carrington Dean.	27
Glossary	28

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I have not spoken to a single person who has been affected by the virus, but everyone has been affected by the lockdown.

Emma,
Debt Advisor, Glasgow

”



Case Study

A young Glasgow dad feared lapsing into depression and suicidal thoughts after he found himself jobless in lockdown with £17,000 debt.

Self-employed actor, James*, 26, faced supporting a young family with almost nothing. Having suffered depression after losing his father in 2017 and attempting suicide last year, James knew it could tip him over the edge.

The impact of Coronavirus opened James' eyes to his problems. He has not only taken control of his life and money worries but has also begun working as a chef.

"Money problems are something that stemmed from my childhood," he said. "My dad, who was also depressive, was made bankrupt twice and although we struggled for money, I was never really aware of it."

James aspired to being an actor: "While at university, I worked as a chef, took on acting jobs and was a personal trainer. I always thought I was quite good with money."

But after landing a role with a big theatre production in London, James' mum stopped working to help care for his dad who was diagnosed with cancer. While James sent money to support his parents, he underestimated the cost of living in London and after losing his dad before getting married and becoming a father himself, he battled against depression and financial worries:

"I just didn't want to talk about money. Eventually it all got too much, and I cracked. I walked out on my family and made an attempt on my life."

After seeking help and making progress, lockdown brought James back to the brink: "I started getting those looming thoughts again, so I knew that I had to get help again – this time with my money."

James searched for advice and through Carrington Dean, entered a Debt Arrangement Scheme (DAS).

"My life is so much better," said James. "I have a better attitude, relationship and there's a such a difference in my outlook."

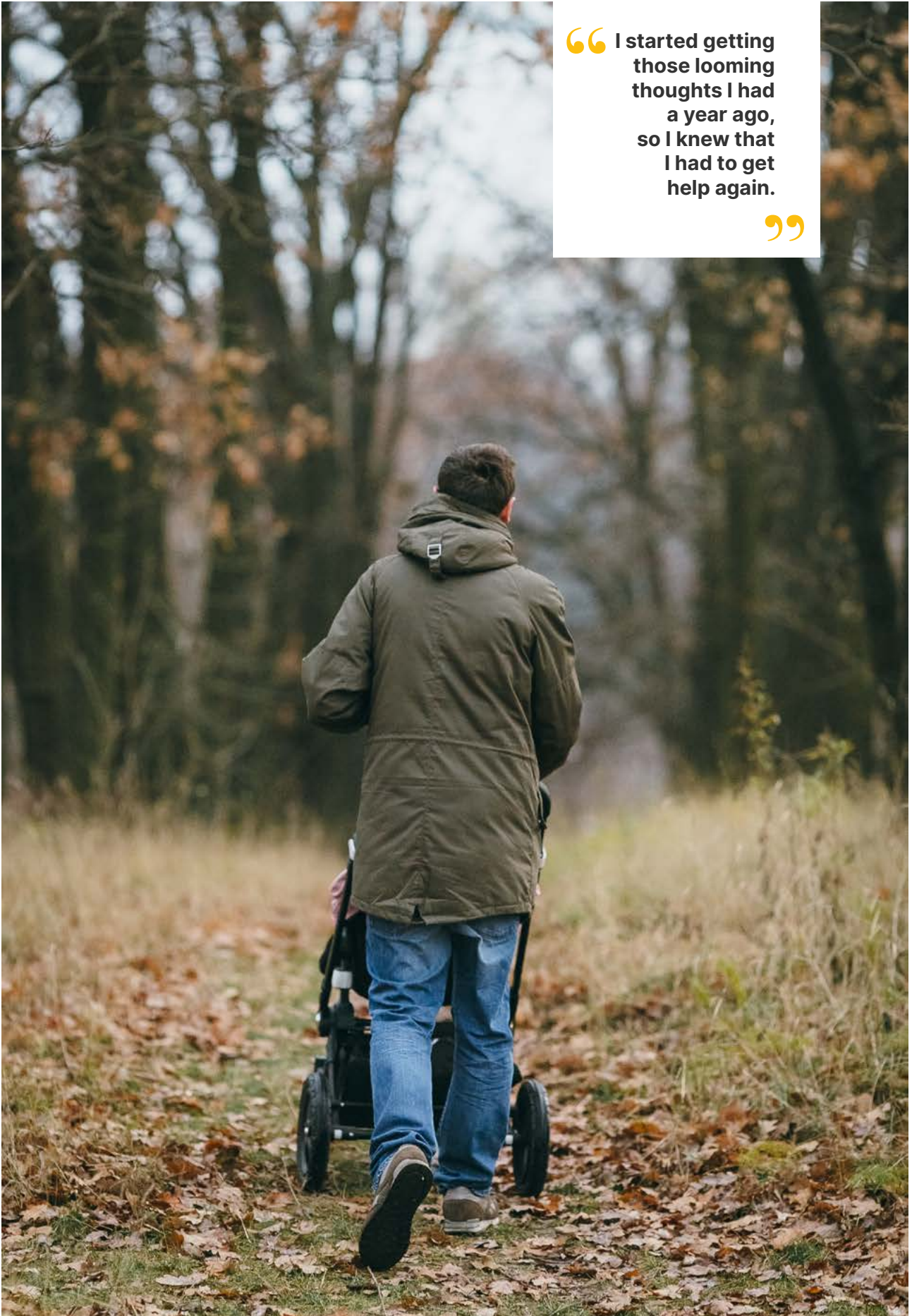
“ I’m still in the water, but it’s the shallow end and I know there’s an end to my debt in sight.



*Name has been changed to protect identity

“ I started getting those looming thoughts I had a year ago, so I knew that I had to get help again.

”



Demographic Shift

Debt affects different groups in different ways. YouGov's independent research underlines how **people of all ages are worried about paying their bills**, meeting household expenses and the impact that being out of work would have on them. For younger people, these worries are particularly acute. Those under 45 are more likely to be losing sleep over their financial situation than those over 45.

Creditfix's data indicates that more people across the UK are struggling to pay lower amounts of debt because **the average debt owed has decreased by 7.3%**. This increase in debt is despite an increase of average income (+2%) and average disposable income (+3%).

It suggests that although income has been stabilised by the furlough scheme, and many have been able to use savings such as commuting costs to repay credit card debts during lockdown, **people are still struggling to repay debt on a lower income** with 80% of income not enough to cover outgoings.

Gender

Across all the debt solutions that Creditfix offers, there has been a 5% increase **from 42% to 47%** in the number of men being approved for debt solutions while the percentage of women has dropped slightly but still makes up a slight majority.

Reflecting on the YouGov findings, which shows **women are comfortable speaking about their debts** and would contact a debt advisor about help, Creditfix's data shows that **less women are accessing support** at the same rate compared with the same period in 2019. This could hint that while female employment has been more affected by the pandemic, there may be a slight decline in women accessing debt help because of changes to their financial situation such as a loss of income or unstable employment that would disqualify them from the protections of an Individual Voluntary Arrangement (IVA) or Trust Deed agreement.



53%

Less women going into debt arrangements








47%

More men going into debt arrangements



Income & Debt Difference at a Glance

Across the UK between 2019 & 2020

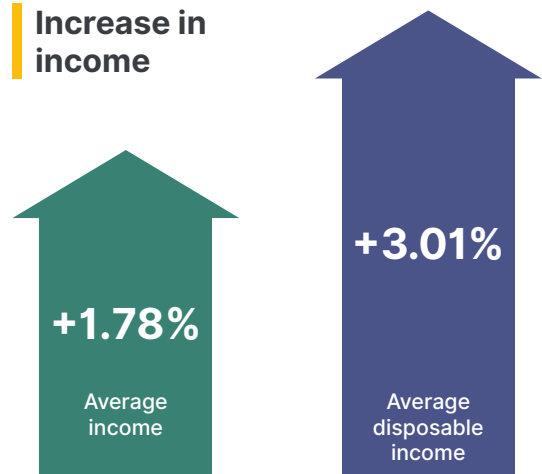
UK income and debt averages		Change year on year
Average Debt Amount		-7.30%
Average Debt Amount - Men		-8.58%
Average Debt Amount - Women		-5.91%
Average Income		+1.78%
Average Disposable Income		+3.01%

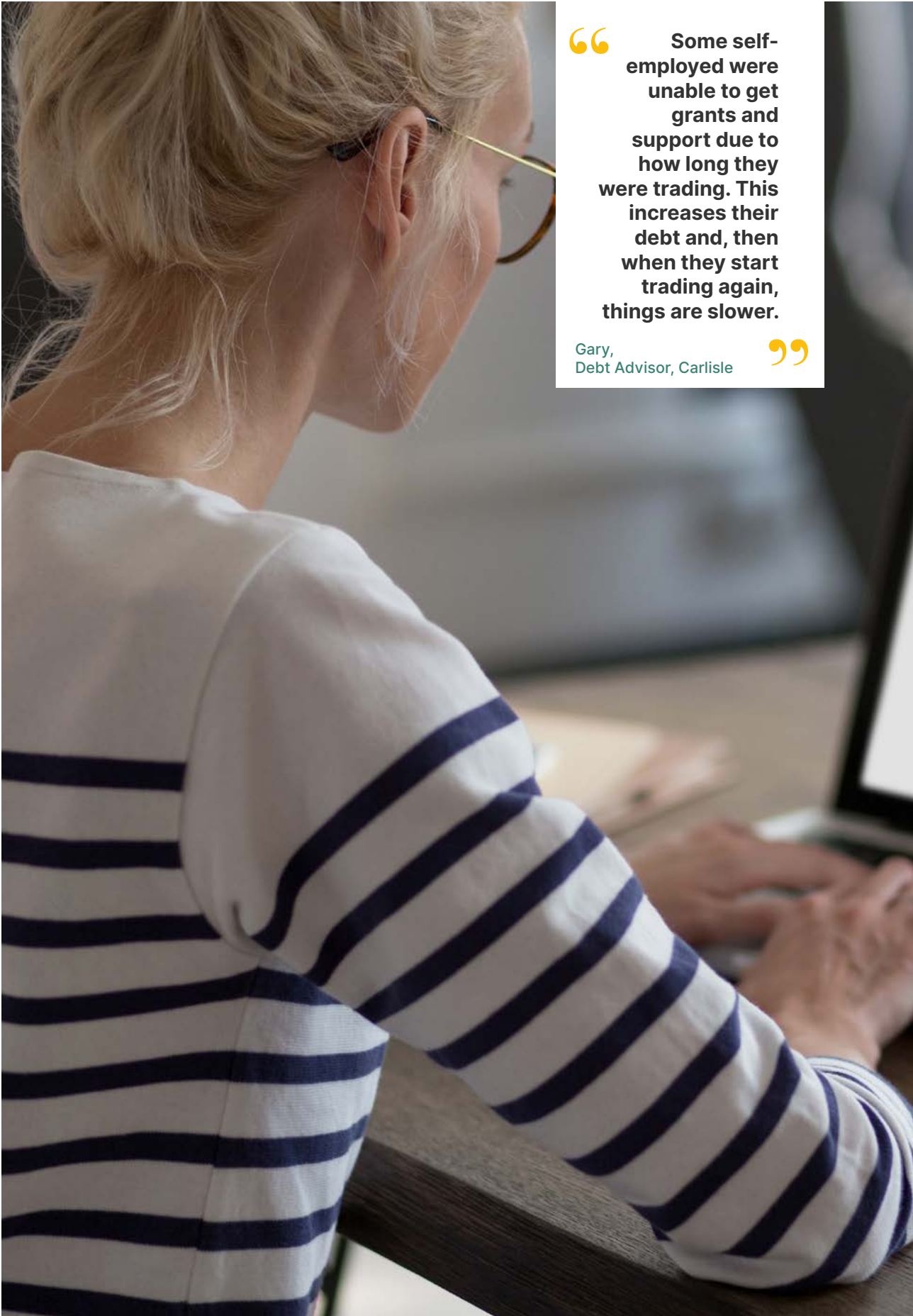
Creditfix & Car

Average debt increase



Increase in income





“ **Some self-employed were unable to get grants and support due to how long they were trading. This increases their debt and, then when they start trading again, things are slower.**

Gary,
Debt Advisor, Carlisle



Self Employed

Across its UK client base, Creditfix has noted an increase of 20% in the debt owed by self-employed people. In contrast, debt owed by those in full-time employment has dropped by 10.4% and for those in part-time employment by 19.8%.

The level of debt owed by self-employed people is likely to have increased due to a difference in the level of government financial support available as the furlough scheme for PAYE workers.

UK Employment Debt Between 2019 & 2020

Employment type	Change year on year
Self Employed	+20.36%
Employed	-10.41%
Part-Time	-19.89%

Employment Trends

Self Employed

More debt during lockdown



Employed

Less debt during lockdown



Part Time

Less debt during lockdown



Tackling Debt

Despite debt worries pre-occupying millions of people’s minds, talking about debt remains a challenge. A majority of YouGov respondents indicated that either no one in their family had been affected by debt or that they didn’t know whether this has been the case. While people are aware of their financial situation, there appears to continue to be a level of **stigma attached to discussing debt** with those closest to us.

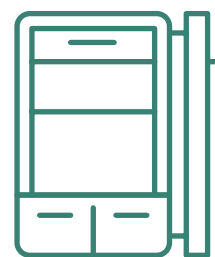
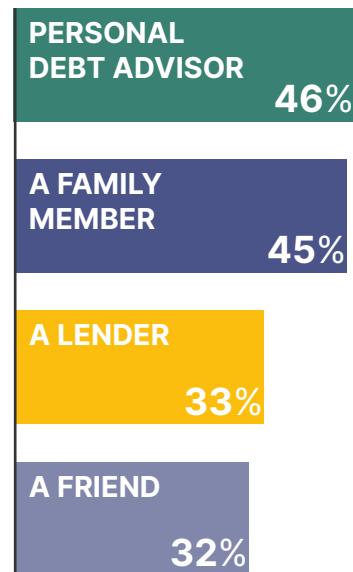
Between a third and a half of respondents to the independent YouGov research said they would be ‘very comfortable’ or ‘fairly comfortable’ speaking to friends, family, personal debt advisors or lenders about their situation. Of those who indicated they would be **comfortable speaking to someone about their debts**, 46% indicated they would be very comfortable/comfortable speaking to a personal debt advisor, compared to 45% for a family member, 33% for a lender and 32% for a friend.

Whoever individuals are comfortable speaking to about their debts, Creditfix’s research shows the importance of getting debt advice because **debt has a very real day-to-day impact** on individuals and families’ lives, as the next section of this report highlights.

When asked about the types of expenses or spending people would cut back on to try and manage their finances or debts, over a quarter (25.80%) of YouGov respondents named **food expenses as the payment they would stop making** or reduce first, higher than any other category.

This question is one which saw a comparable level of responses from those over 55 to those under 55 – older respondents were as likely (23% against 26% overall) to indicate they would cut back on food expenses. Just under a fifth (19.30%) of respondents indicated they would **reduce car related payments**.

Most comfortable talking to about debt to:



Tenants are **more likely to cut back on food expenses**

A higher percentage of respondents in Scotland

(32%) indicated food expenses would be where they would cut back than in either England (25% overall) or Wales (23%).

Respondents living in both private or rented accommodation (33%) or local authority rented housing (29%) were more likely to cut back in this area than respondents who own their home outright (22%) or own their home with a mortgage (26%).

There is some evidence that **attitudes towards discussing debt might be changing**. Among the younger respondents, those aged 18-24 were slightly more likely to describe themselves as 'comfortable' or 'very comfortable' talking to a personal debt advisor compared with those aged between 25-34, even though they are among the groups most worried about some aspects of their finances.

Those aged over 55 appear generally **less comfortable speaking to someone** – whether friends, family, personal debt advisors or lenders – about their debts/finances - and they are not any less comfortable speaking to personal debt advisors than anyone else.

Debt advice and support have never been more important.

Cut down on food expenses



32%

Respondents in Scotland



25%

Respondents in England



23%

Respondents in Wales

Debt breakdown

More clients are choosing DAS*

Anyone can get into financial difficulty and while there is a perception that lower income groups with fewer assets make up the majority of those in debt in the UK, there has not surprisingly been a shift in this area that may highlight a break in this trend.

Across the Scottish insolvency industry, there has been a shift towards a Debt Arrangement Scheme (DAS), which is currently not available in the rest of the UK. This is mirrored in the data of Carrington Dean – Creditfix’s sister company in Scotland. In 2020, DAS accounts for 53% of all Scottish debt solutions, an increase of 27% on 2019.

The number of homeowners in a DAS has also **increased – by 40%** - whereas Creditfix has seen a **50% decrease** in the number of homeowners entering an Individual Voluntary Agreement (IVA) across other parts of the UK.

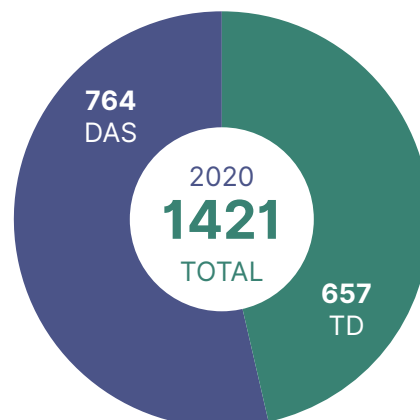
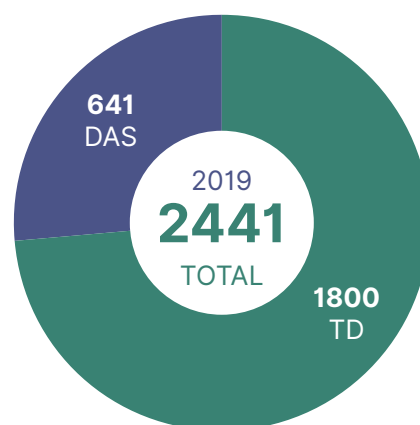
On average, those that enter DAS have a higher income (+9%) and disposable income (+65%) than those who enter a Trust Deed. It is likely that those who enter a DAS, on average, have a higher income and higher disposable income because **they aren’t required to surrender their full disposable income to the arrangement**, unlike those in a Trust Deed or IVA. Therefore, DAS clients will have more money to spend at the end of each month outside their monthly repayments.

Figures also show that the number of DAS clients with dependants has risen by **175.51%** while there has been a drop in the number of clients entering a Trust Deed or IVA with dependants. This shift is likely due to DAS clients not having to pay their full disposable income into the arrangement combined with the **cost of looking after children**, particularly during lockdown.

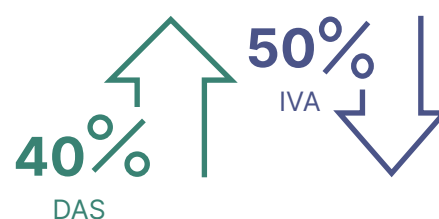
As **a DAS doesn’t have a minimum debt requirement**, the average debt owned is 19% less than Trust Deeds.

This suggests that **DAS is a preferable solution for homeowners** and those on a higher income due to protection of assets. The impact of COVID is that many may have felt the changes to their financial situation were temporary and would improve post-COVID, therefore DAS is a more flexible solution to a temporary problem and it also comes without the employment implications.

Scotland Debt Solutions 2019 & 2020



Number of homeowners in a DAS vs IVA



Percentage DAS of Scottish Cases

April - September 2019 vs 2020

Year	Percentage DAS of Scottish Cases APR-SEPT
2019	26.25%
2020	53.76%
Increase	27.51%

Percentage Homeowners Difference

Between 2019 & 2020

Debt Solution	Homeowner Percentage Change
Debt Arrangement Scheme (DAS)	+40.46%
Trust Deed	-58.00%
Individual Voluntary Arrangement (IVA)	-50.14%

* Please see page 28 for the full definition of a Debt Arrangement Scheme (DAS), Individual Voluntary Arrangements (IVA), and a Trust Deed.

The impact of debt

High levels of debt are a concern, not only due to the growing financial pressure they cause but also the detrimental effects to people's **mental health and wellbeing**.

Beyond the immediate financial pressures debt contributes to, when asked about the impact of finances on wellbeing, more than a quarter of YouGov respondents (25.27%) said **their financial situation since March 2020 has caused them poor sleep**. Those under 45 are more likely to be losing sleep over their financial situation than those over 45 while women (29%) are more likely to be losing sleep over their financial situation than men (21%).

Those aged 18-24 and 25-34 were more likely than other age groups to indicate they have lost sleep along with being more likely to say that worries about their finances have impacted their diet and work-life balance. Respondents in the East of England were the most affected by poor sleep (31%).

The same age groups are also the most likely to **express concerns about meeting household bills** and expenses and being out of work post-October.

Losing sleep over their finances

UNDER 45



more likely to lose sleep over finances than over 45s

MEN



21%

would lose sleep over finances

WOMEN



29%

would lose sleep over finances

Case Study

While furlough helped protect Craig's* job as a store manager, it brought a stark reality check to his finances. With already £7,000 of debt accrued since splitting with his partner, the Gateshead dad-of-three struggled with an 80% salary.

"Lockdown was tough," he said. "Some people think losing 20 per cent is manageable. While I saved on commuting costs, it's a big loss when you're down to the wire every month like I am, even when on 100 per cent pay.

"Being at home 24/7, there were extra costs for food and electricity to take into account as well as the standard bills and child maintenance payments. I also had ongoing concerns about job security due to the imminent deadline of the furlough scheme."

After climbing the ranks at his company, Craig had just started his newly-promoted job only to shut up shop the next day for lockdown. He moved in with his family and while heartbroken at being apart from his children, he was committed to continuing to support them and addressed his debt, made up of loans, credit cards and mobile phone contracts.

"Coronavirus has made me look at my finances and I want to do things differently for my children. The debt I have is just from trying to live everyday life and I've been in a dire place worrying about it. I want to pay it back and Creditfix has helped make that possible.

"I'm not normally an open person but when I spoke to Creditfix about my money worries, it felt like a massive weight had been lifted from my shoulders."

Craig went on to enter an Individual Voluntary Arrangement (IVA) and was fortunate to return to work. He said: "It's reassuring to know I have an IVA in place, and I can look forward to a fresh start for my children when it's all over."

“Some people think losing 20 per cent is manageable but it's a big loss when you're down to the wire every month.”

*Name has been changed to protect identity



Concerns

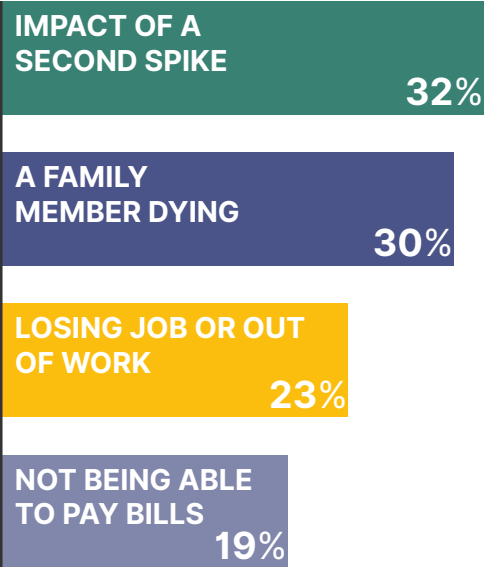
In a matter of months, life has changed dramatically and Covid-19 continues to force people around the world to live in radically different ways. As local economies are forced into lockdown and companies continue to make job cuts, there are growing concerns over how the economy will evolve following termination of the job retention scheme in October.

Post-October, nearly a quarter (23.43%) and a nearly a fifth (19.24%) of YouGov respondents identified losing their job or being out of work and not being able to pay bills as scenarios they are most worried about. Two fifths of respondents aged 18-24 (40%) and over a third of those aged 25-34 (35%) cited losing their job or being out of work as the greatest worry after October.

Meanwhile, the fear of being out of work decreased in the 35-44 (27%) and 45-54 (29%) categories, which could reflect the high number of jobs already lost in the leisure and hospitality sectors due to a typically younger workforce, ahead of the termination of furlough support and the Eat out to Help out schemes.

Overall, the impact of a second spike (32%) and a family member dying due to Coronavirus (30%) were amongst the greatest concerns, followed by losing jobs or being out of work (23%) and not being able to pay household bills (19%).

Worries from Covid-19



“The debts themselves were what kept clients under pressure/losing sleep. Covid-19 didn't necessarily increase stress levels but mainly made clients understand the gravity of their situation and were more open to listen to their options

Michael,
Debt Advisor, Manchester

”



Case Study

The pandemic changed life in a way Aberdeen businesswoman Amanda* never imagined. Forced to close her business, she relied on Universal Credit to support her four young children on her own whilst juggling mounting debt.

“It’s been a nightmare,” she said. “The thing about being self-employed is if you don’t work, you don’t get paid. But I still had to cover the cost of my work – insurances and clinical waste costs. I also had to pay my home rent and bills.

“I eventually signed up for Universal Credit but it takes six weeks for those payments to start and my tax credits were stopped because of it.”

Unable to make once manageable debt repayments, Amanda’s priorities were to keep food on the table and the heating on: “I couldn’t pay my credit card or loan repayments. Then the road tax and car insurance was due... I didn’t know what to do.

“Paying for food has been the scary bit. During lockdown, I got £75 of school meal vouchers every fortnight. I used to add £50 of my own money and get a big shop so we’d have supplies for the first week and second week, it was milk and a loaf.

“The money I did get was based on the last three years’ earnings but my turnover is much more than I take home because of my outgoings. Once you go onto Universal Credit, it deducts your money so basically, you’re just giving it back.

“To make it worse, I wasn’t entitled to the small business grant because I’m a sole trader. Someone suggested that I get a loan and pay it back next year but how do I know what’s going to happen? Last year, everything was working out great then it changed in the blink of an eye.”

With around £8,000 of debt, Amanda entered the Debt Arrangement Scheme: “I had to get help for my own mental health. I didn’t know who to pay when and what. It was a relief speaking with someone and now, I know what I’m paying and what money I do have.”

*Name has been changed to protect identity

“ It was a relief speaking with someone and now, I know what I’m paying and what money I do have.



“ Last year everything was working out great and then it changed in the blink of an eye. ”



Epilogue

Paul Mason

Chief Executive Officer Finbora Group

Our COVID-19 Debt Analysis, including the YouGov findings, is a strong indication of the financial pressure points being felt across the UK and the impact this is having on households. While many people's money concerns are very immediate, such as being able to pay for groceries and bills, there is also an emerging trend of people seeking to protect their longer-term finances and manage debt.

Notwithstanding the heartbreak of those who have lost loved ones to coronavirus, the sudden and profound effect of the pandemic on people around the world has changed everyday lives in a way most never imagined. And for many, it has underlined more than ever why no one can take anything for granted. Thousands of people will be wondering where they will be in the next six months.

Overall, the tolerance and endurance shown by the nation against the disruptive and often devastating impacts of the pandemic has been nothing short of admirable. But the coming months are widely expected to be the most revealing of all in terms of how COVID-19 will hold its grip on the nation.

By August, 2020, the UK's unemployment rate soared to its highest level in three years with almost half a million people affected since COVID-19 struck and a highly disproportionate 60% aged between 16 and 24. The number of redundancies also rose to record levels with 227,000 recorded – the highest level since the last recession in 2009.

The reality is that thousands of people no longer have jobs, families have lost income and with limited employment opportunities, an increase in poverty is very possible - putting even more pressure on relationships, welfare, mental health, and those most vulnerable.

As the dark nights draw in, with new lockdown measures introduced across parts of the UK and reduced government relief available, all will have a bearing on how people cope.

There is also a heightened concern about how front-line public and third sector services will manage, with the virus having already taken a heavy toll on resources. This could be stretched to the ultimate limits as they deal with fluctuating levels of new cases as well as the traditional spike in support that is typically experienced during the winter months.

As a consequence, there could be a cascading knock-on effect on other support services and the UK may pay an even higher price for the pandemic in respect of the nation's welfare and resilience.

It is therefore yet another stark reminder of why the public and private sector must urgently work much closer together, and collectively put joined-up contingency plans in place. From debt advice to networks of third-party support, the private sector is well positioned to act a buttress for the public sector.

About Us

Overview of Creditfix and Carrington Dean

Creditfix provides personal insolvency solutions for England, Wales and Northern Ireland while its sister company, Carrington Dean, serves Scotland. Both companies are part of Finbora Group and work in accordance with respective government guidelines to provide free specialist and impartial advice to help people manage their debt and personal circumstances in the most efficient and effective way possible.

The companies tailor solutions to individual needs, based on best industry practice, as well as providing long-term support to help clients rebuild their finances. They have in-depth knowledge of insolvency and are highly experienced in helping clients find the right financial arrangement – one which involves close consideration of their circumstances and lifestyle - as well as supporting them throughout the process towards getting back on track.

Established in 2007, Creditfix has since helped more than 160,000 people across the UK to solve their debt issues and has become one of the UK's largest personal insolvency practices. With over 70 years of experience between its insolvency practitioners in the financial industry, Creditfix has more than 600 dedicated employees and supervises over £2.8 billion of consumer debt.

Carrington Dean is the largest independent provider of debt solutions in Scotland and the first Scottish debt solutions company to be authorised by the Financial Conduct Authority (FCA). Since 2001, the company has helped more than 24,000 Scottish people regain control of their unsecured debts and continue to take strides in helping families and individuals find the right solution for them across the country.

Creditfix and Carrington Dean are proud supporters of various charities and organisations, including Shelter and the Glasgow Children's Hospital Charity, Disability Confident Committed, Scottish Business Pledge, and Living Wage Scotland.

For more information, please visit our websites:

[Creditfix](#)

[Carrington Dean](#)

Glossary*

Asset	Something that is owned by a person, company, or organisation, such as money, property, or land. In personal insolvency, this would usually refer to a property, windfall or vehicle.
Bankruptcy	A formal personal insolvency option and involves proceedings following a petition to the court. The petition can be made by the individual or someone they owe money to (a creditor). Bankruptcy can impact on an individual's property and other valuable belongings. Any funds realised from any sale are then shared among the creditors.
Creditors	A person or company to whom money is owing.
Debt advisor	Also known as debt counsellors, money advisers and financial advisers, they work with people who are struggling to pay off debt. They help clients to find ways to repay debt affordably and provide advice on dealing with the impacts of debt.
Debt Arrangement Scheme (DAS)	<p>A Scottish Government-backed debt management scheme which allows you to repay your debts through a debt payment programme (DPP) over an extended period of time while giving you protection from creditors who may be taking action against you to recover the debt. It can last for any reasonable length of time and, if approved, will freeze all interest, fees and charges on the debt included, resulting in them being waived if you fully complete the programme. You can apply for a DPP with any amount of debt and with your spouse, civil partner or co-habiting partner if both are liable for at least one debt. The DAS might be an option if you have enough money to make regular payments, don't want to have to sell your home and if your job might be affected by other debt options.</p> <p>More about DAS here.</p> <p>Currently only available in Scotland, there are proposals to introduce an arrangement similar to the DAS into other parts of the UK.</p>
Debt Management Plan (DMP)	An informal agreement between an individual and their creditor(s) and a regulated DMP company. A DMP is only applicable in England, Wales and Northern Ireland.
Disposable income	A person's income after personal taxes have been deducted.
Individual Voluntary Arrangement (IVA)/ Voluntary Arrangements	Only available in England, Wales and Northern Ireland, these are procedures that allow someone who owes money to enter into an arrangement with creditors to repay all, or a percentage of, the debts. The Insolvency Practitioner, acting as a supervisor, makes sure the agreed terms of the arrangement are met. Individuals can enter into voluntary arrangements via an IVA or companies through a Company Voluntary Arrangement (CVA). There are other forms of debt repayment or management solutions, but these do not always involve an IP. More about IVAs here.

* Information sourced from industry regulatory bodies – the Insolvency Practitioner's Association, and Scotland's Insolvency Service, Accountancy in Bankruptcy (AIB) – and UK charity, the Debt Support Trust.

Insolvency Practitioner (IP)	Someone who is licensed and authorised to act in relation to an insolvent individual, a partnership or company. If you are insolvent, it means you cannot pay your debts when they become due. IPs must follow the law, and their work is monitored by regulators to make sure that they do.
Lender	An individual, a public or private group, or a financial institution that makes funds available to a person or business with the expectation that the funds will be repaid.
Personal insolvency	If an individual is unable to pay their debts, they are insolvent.
Personal Insolvency Arrangement	Only available in Ireland, it is a statutory mechanism for individuals who cannot repay their debts as they come due but who wish to avoid bankruptcy.
Protected Trust Deed	Only available to people living in Scotland, this is a special kind of trust deed that is binding on all creditors. Provided the debtor complies with the terms of their protected trust deed, creditors can take no further action to pursue the debt or to make the debtor bankrupt. A protected trust deed prevents the debtor from applying for their own bankruptcy or take part in the Debt Arrangement Scheme. If a debtor acquires any new debts after they sign the trust deed, they will not be protected from action by their new creditors. There is a £5,000 minimum level of debt before a trust deed can become protected.
Trust Deed	A trust deed, which is only available in Scotland, is a formal debt solution intended to take away the stress of multiple and/or unmanageable debt payments by combining these debts into a single regular payment. It can offer protection from creditor legal action and protect repossession of assets, including your home. Trust deeds can be voluntary, but it is only when it becomes protected that you are offered these kinds of legal safeguards and they become binding on creditors. More about Trust Deeds here.
Voluntary Trust Deed	A voluntary trust deed is only available in Scotland and is an agreement made between a debtor and their creditors to repay part or all of what they owe. A trust deed transfers the debtor's rights to the things they own to a trustee who will sell them to pay creditors part of what is owed to them. A trust deed will normally include a contribution from income for a set period. This is usually 48 months but can vary. A voluntary trust deed is not binding on creditors unless they agree to its terms, which means it then becomes protected. Trust deeds should only be agreed if there is an intention to have the terms presented to creditors for protection.

