# Supporting people in problem debt.

Six priorities for a cost of living government.

**September 2026**

StepChange is a registered charity providing free and non-judgemental debt advice and support to people across the UK. Since 1993, we have helped more than 7.5 million people with debt problems take back control of their finances and their lives.

# Foreword

**Vikki Brownridge**
CEO, StepChange Debt Charity

Household budgets continue to be stretched by rising costs, while incomes have failed to keep pace. Urgent action is needed to alleviate these pressures, so it is encouraging to see the Prime Minister's focus on household budgets and his commitment to lead a 'cost of living government'.

We are delighted to see good progress on our longstanding campaigns – including the removal of the two-child limit, reform of Council Tax collection, and steps towards a statutory bailiffs' regulator – but we know that more needs to be done to ease financial burdens on households.

At StepChange, we see the impact of the cost of living crisis every day. Among our clients, spending on food has risen by almost a quarter (24%) since 2021, and spending on energy has risen by almost half (48%) over the same period, with further rises expected this winter.[1]

While these pressures are felt by everyone, some groups – including women, single parents, and those with additional vulnerabilities beyond their financial circumstances – are particularly affected. A cross-government approach to the crisis is therefore welcome and offers a new opportunity to tackle the affordability issues facing families in a meaningful and sustainable way.

While solutions are not always simple, action can be taken to ease the immediate pressure of rising costs while helping households build greater financial resilience over the longer term. This would not only provide vital support to those struggling with higher costs, but could also deliver wider economic benefits, including improved wellbeing, greater participation in the labour market, reduced health and welfare costs, and stronger economic growth.

[1] Analysis of StepChange client data

# Introduction

Recent years have put immense strain on household finances, and StepChange is on the front line helping people with these challenges. Last year, we supported over 163,000 new clients with full debt advice, and while each debt journey is unique, there are many common issues. Rising Council Tax, persistently high energy bills and spiralling housing costs, coupled with lacklustre income growth, mean more households are turning to borrowing simply to make ends meet. Last year, 29,000 clients told us their primary reason for debt was a cost of living increase, with a similar number citing a lack of control over finances.[2]

While debt can affect anyone, certain groups are at particular risk. Over half (54%) of our clients have an additional vulnerability beyond their financial difficulties – including mental health issues and disabilities. Women (60%) and single parents (26% vs UK average of 7%) are also significantly overrepresented in our client data.

The impacts of debt are wide-ranging and can be deeply harmful to people's wellbeing. Our research on energy affordability challenges has uncovered some of the worrying coping mechanisms that people are taking to try to cut down their spending, like putting off turning on the heating, confining activities to one room, and even going without meals.[3] As the cost of essential bills rises, more people are forced to rely on credit to make ends meet, deepening financial difficulties and leaving households trapped in a spiral of rising costs and growing debt. Many people who are already struggling with existing debt repayments can also find themselves locked out of mainstream lending, forcing them to turn to harmful high-cost lending products.[4]

As well as the impact on individuals and households, these issues have a profound macroeconomic impact. Research shows that improving financial inclusion could add £6.4 billion per year to the UK economy by boosting GDP, fixing the drain that poor financial wellbeing has on productivity, and removing the poverty premium on financially excluded households.[5]

We welcome positive steps taken by the government to help households under financial strain, like temporarily cutting VAT on energy bills and capping bus fares. But too many people are still struggling to stay afloat and wait too long before getting the help they need.

That is why we are calling on the government to put financial security at the heart of its agenda. We need bold action to prevent hardship becoming entrenched, tackle avoidable harm and build genuine financial inclusion. StepChange has identified six priorities that would provide immediate support to households under pressure while helping people build greater financial resilience for the future.

1. **Introduce a national energy social tariff**
2. **Increase the uptake of Council Tax Support**
3. **Introduce a statutory regulator for bailiffs**
4. **Increase the uptake of the Help to Save scheme**
5. **Introduce a national No Interest Loan Scheme (NILS)**
6. **Introduce a new debt solution – Statutory Debt Repayment Plans (SDRP)**

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[2] StepChange Debt Charity (2026) 2025 Personal Debt Trends and Statistics
[3] StepChange Debt Charity (2026) Plugging the gap
[4] StepChange Debt Charity (2026) Credit cards and persistent debt
[5] Fair4All Finance (2025) The £6.4 billion growth opportunity - it starts with inclusion

# 1

# Introduce a national energy social tariff

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**It was literally a choice between not eating or not having energy — and not eating and feeding our daughter wasn't an option.**

Naomi, StepChange client

Energy arrears are the most common form of priority debt among StepChange debt advice clients. Nearly two in five (38%) new GB clients responsible for paying energy bills in 2025 were in arrears, and the amount owed has risen sharply in recent years, with total energy debt across Britain climbing to a record £4.79 billion.[6] In April 2026, nearly half (45%) said they were worried about paying their energy bills over the next six months.[7]

Households are turning to troubling coping mechanisms just to make ends meet. Among those who have attempted to reduce spending on energy, 44% have cut back on non-heating electricity and 20% have confined activities to one heated room — restrictive steps that represent a shrinking of someone's world. More worryingly, almost one in ten (8%) have gone without meals to avoid cooking, and one client told us that "food becomes secondary to paying energy bills".[8]

Households are bracing for another increase this winter, with the price cap set to rise to a three-year high from October. While the government has hinted at further short-term support this winter, high energy costs are no longer a temporary shock. Among our clients, energy costs are 48% higher than they were in 2021, and existing support is failing to prevent many households from falling into energy poverty. Action is needed to tackle historical arrears and ongoing affordability pressures.

Current support relies almost entirely on whether someone claims Universal Credit, but this is a blunt tool and leaves out many who need support. We want to see the Warm Home Discount transformed into a genuine social tariff: extending eligibility to low-income households outside the means-tested welfare system, and tiering support so it reflects actual need rather than a flat, one-size-fits-all payment.

**The government should introduce a national energy social tariff to plug the gap in energy support for those struggling most. This can be done through the transformation of the existing Warm Home Discount Scheme. A social tariff would provide targeted, ongoing support rather than relying on repeated short-term interventions.**

## How you can help.

Please write to Polly Billington MP, Minister for Energy Consumers, to call for a national energy social tariff. StepChange can support with a draft letter and constituency-level data.

For more information, email **james.cleverley@stepchange.org**

[6] Ofgem (2026) Debt and arrears indicators
[7] YouGov survey of 2,104 UK adults. Fieldwork: 6-7 April 2026.
[8] StepChange Debt Charity (2026) Plugging the gap

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# Increase the uptake of Council Tax Support

## Council Tax arrears are a major source of financial hardship for our clients and wider society.

Council Tax arrears are a major source of financial hardship for our clients and wider society. A third (33%) of our clients were in Council Tax arrears in 2025 – and average arrears have grown from £1,972 in 2024 to £2,137 in 2025. This is compounded by the fact that among our clients, spending on Council Tax has risen by 21% since 2021, with income growth lagging behind.[9] Many in Council Tax arrears are also behind on other bills, creating a cycle of debt that can be difficult to escape.

The impact falls disproportionately on certain groups. Clients with Council Tax arrears are disproportionately likely to be single parents and women; many are both. Research has found that Council Tax enforcement has a disproportionate impact on women, including those who may need to flee their home to escape from domestic abuse,[10] as women are more likely to have bills in their name. Improving access to Council Tax Support could help prevent vulnerable households from being pushed further into financial hardship and harmful debt collection processes.

## Help is available for those who are eligible, but awareness remains low.

An estimated 2.5 million households are missing out on over £3 billion in Council Tax Support.[11] For those in severe financial difficulty, this support could relieve a huge amount of pressure and help prevent needless enforcement action that can make debt problems worse.

**The government should ensure more eligible households receive Council Tax Support by enabling councils to use auto-enrolment and Universal Credit data. Regulations should be updated so that councils can treat a UC claim as an automatic application for Council Tax Support.**

### How you can help.

Please meet with us to discuss how we can boost uptake of Council Tax Support. We can provide data showing the impact of Council Tax arrears in your constituency and other insights to support your work.

For more information, email **james.cleverley@stepchange.org**

[9] Analysis of StepChange client data
[10] Social Market Foundation (2019) Scrap prison terms for council tax debt, says QC
[11] Policy in Practice (2025) *Missing Out 2025*

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# Introduce a statutory regulator for bailiffs

**The tone of their [visit] was aggressive. They would not listen to me about shared responsibility for the debt and told me they were coming for me as I was easier to locate. They told me they were coming back with other men to gain entry to my house.**

StepChange client

Although bailiff enforcement should be a last resort, doorstep visits are common. There are an estimated 7 million enforcement cases each year, with around two-thirds involving a visit to the person's property.[12] Too often bailiff conduct falls short, with reports including threats, harassment and other unacceptable behaviour.[13] Some vulnerable people feel pressured to pay more than they can afford or get into debt elsewhere to deal with bailiffs' payment demands. In a 2024 survey of StepChange clients who were charged bailiff fees, a significant proportion of respondents said that they went without a healthy diet (60%), missed other utility bill payments (58%) or missed rent or mortgage payments (44%) as a direct result of additional fees.

Aggressive collection practices targeted at those with no ability to pay are counter-productive, cause harm and increase public costs to the NHS and other public services. In contrast, good debt collection practices benefit individuals and boost collection rates among those who can afford to repay. That is why we have long made the case for the enforcement sector to be placed under a statutory regulator, to ensure debt recovery is approached fairly and does not push people into deeper hardship.

Bailiffs are currently subject to some oversight by the Enforcement Conduct Board (ECB). The government recently announced that all bailiffs in England and Wales will exclusively have to work with ECB-accredited firms, effectively binding enforcement firms to ECB accreditation. This is a welcome step – but falls short of full statutory regulation, without which the ECB's oversight remains fragile and limited.

**The government should build on the positive steps it has taken by legislating to give the Enforcement Conduct Board statutory underpinning in the next session of Parliament. This will fulfil the vision of the ECB as an independent, effective regulator that holds firms to account and is there for people if things go wrong.**

## How you can help.

Please write to Sarah Sackman KC MP, Minister of State at the Ministry of Justice, calling for full statutory regulation of bailiffs to be brought forward in the next session of Parliament. StepChange can support with a draft letter and constituency-level data.

For more information, email **james.cleverley@stepchange.org**

[12] Enforcement Conduct Board (2026) Insight Report
[13] StepChange (2024) Looking through the keyhole

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# Increase the uptake of the Help to Save scheme

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**I feel like we lost everything. We ran through all of our savings, we had to tap into our friends and family and we started a GoFundMe.**

Sophie, StepChange client

Savings are central to building the financial resilience that helps protect people against problem debt arising from disruptive life events. Particular groups, including single parents, unemployed adults, renters, and those with an annual household income of less than £15,000, are most likely to have low financial resilience. Our research has shown that the likelihood of falling into problem debt is 44% lower if a household has £1,000 saved.[14] However, the level of savings among UK households is too low. According to the FCA's most recent Financial Lives Survey, 10% of UK adults have no cash savings at all, and a further 21% have less than £1,000 in savings.[15]

Help to Save, launched in 2018 and expanded this year to all working Universal Credit (UC) claimants, allows people to get a bonus of 50p for every £1 they save over four years. From April 2028, the scheme is due to expand further to include UC claimants who receive the child element or caring element, even if they are not in paid work.[16] We welcome these changes, but uptake remains far below expectations.

Despite the generosity of the scheme, uptake remains low, with ten times fewer people benefiting from the scheme than the government originally expected.[17] Low awareness and design barriers appear to be limiting uptake, even among people who could benefit from the scheme. Evidence from workplace pensions shows that automatic enrolment can significantly increase participation by removing barriers to action and encouraging positive financial habits. A similar auto-enrolment approach could help many more eligible people benefit from Help to Save.

**The government should explore a form of auto-enrolment for the Help to Save scheme, and bring forward extension of the scheme to eligible parents and carers to next year, to boost financial resilience among those on low and middle incomes.**

## How you can help.

Please write to The Rt Hon Lucy Rigby KC MP, Economic Secretary to the Treasury, to call for the introduction of an opt-out system for the Help to Save scheme, and to bring forward extension of the scheme to next year. StepChange can support with a draft letter and constituency-level data.

For more information, email **lucy.hooper1@stepchange.org**

[14] StepChange (2017) Becoming a nation of savers 2017
[15] FCA (2025) Financial Lives 2024 survey
[16] HM Revenue & Customs (2025) £220 million boost for the Help to Save club
[17] Resolution Foundation (2023) Expand the Help to Save scheme to help the poorest

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# Introduce a national No Interest Loan Scheme (NILS)

> **Our debts just mounted up as we took out sizable loans to pay off credit cards, but it was just a vicious cycle.**
>
> Sophie, StepChange client

A series of economic shocks has left many households with little financial resilience. When unexpected or lumpy costs arise, such as replacing a broken fridge, repairing a car, or fixing a boiler, many people do not have savings to fall back on. In an April 2026 poll, one in four (24%) people said they had no savings they could use for a rainy day.[18]

For many households, the challenge is not just a lack of savings but also a lack of access to affordable credit. StepChange estimates that 21.6 million UK adults would be unable to meet an unexpected £1,000 expense without borrowing. However, around one in five UK adults reports having an impaired credit record, including a poor credit score or thin credit history, meaning they are likely to struggle to access affordable credit from mainstream lenders.[19]

This leaves millions of people caught in a gap where they are unable to absorb a financial shock through savings, but are also unable to access or sustainably repay mainstream commercial credit. As a result, many are forced to turn to higher-cost borrowing, take on unsustainable debt, or go without essentials altogether.

A No Interest Loan Scheme (NILS) would provide a safer alternative. The scheme would allow people on lower incomes to borrow small amounts to cover unexpected or lumpy costs without paying interest, helping them avoid expensive forms of credit and reducing the risk of falling into problem debt. Early evidence from the Fair4All Finance pilot suggests that no-interest loans can help people manage unexpected expenses while improving their longer-term financial resilience.[20] By providing a safe option for people who have neither savings nor access to affordable mainstream credit, NILS would help ensure that a short-term financial shock does not escalate into long-term hardship.

**The government should roll out a national No Interest Loan Scheme, giving people access to safe and affordable credit when they need it most and preventing unexpected costs from turning into problem debt.**

## How you can help.

Please meet with us to discuss how you can help support our campaign to boost financial resilience across society.

For more information, email **james.cleverley@stepchange.org**

[18] YouGov survey of 2,104 UK adults. Fieldwork was undertaken between 6-7 April 2026.
[19] StepChange Debt Charity (2025) Somewhere safe to turn
[20] Fair4All Finance (2025) No Interest Loan Scheme

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# Introduce a new debt solution – Statutory Debt Repayment Plans (SDRP)

Millions of people in the UK are currently struggling with problem debt, meaning they can no longer afford to keep up with their credit commitments and household bills. The high cost of living has exacerbated this problem and, in many cases, directly caused it.

**The cost of living, alongside a lack of control over finances, is consistently among the most common reasons clients seek debt advice from StepChange.**

Around 40% of StepChange clients could benefit from a Statutory Debt Repayment Plan (SDRP): a new debt solution that would allow people to make a single affordable repayment each month, while being protected from enforcement action, interest and charges. Unlike informal debt management plans, which rely on voluntary creditor participation and can leave people exposed to inconsistent treatment, an SDRP would provide a clear, legally protected route out of debt for people who can repay what they owe but need time, structure and support to do so.

The SDRP is one of the few major debt reforms that can be delivered quickly, through secondary legislation and at minimal cost to the public purse. The proposed funding model, which has support from major banks and lenders, would see creditors contribute a small proportion of repayments to fund the operation of the scheme. As a result, the primary cost to government would be introducing the necessary regulations and conducting any subsequent reviews.

**The government should introduce Statutory Debt Repayment Plans, providing millions of people with access to a fair, sustainable and legally protected route out of problem debt.**

## How you can help.

Please write to The Rt Hon Lucy Rigby KC MP, Economic Secretary to the Treasury, to call for the introduction of Statutory Debt Repayment Plans. StepChange can support with a draft letter and constituency-level data.

For more information, email **sophie.morris@stepchange.org**

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For more information, visit the StepChange Debt Charity website.
For help and advice with problem debts call (Freephone) 0800 138 1111 Monday to Friday 8am to 8pm and Saturday 8am to 2pm, or use our online debt advice tool.

**Get in touch:**

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