

# Supporting people in problem debt

StepChange's manifesto for  
the next Government



# Introduction

**The financial resilience of UK households has been buffeted by a cascade of crises—the pandemic, a housing emergency, exploding living costs—and more people than ever are at risk of problem debt.**

13 million (24%) UK adults have recently used credit to pay for essential bills.<sup>i</sup> Nearly six million (11%) recently used credit to keep up with existing credit repayments. Millions of people struggling with living costs are being pulled into a debt trap, adding to the four million already in serious problem debt.

Harsh debt collection practices compound this hardship: hundreds of thousands of people struggling with high bills like council tax are chased by bailiffs every year, with an estimated one in three facing poor conduct by bailiffs breaking the rules.

Problem debt is painful and harmful. It is damaging for health, relationships and work, with huge social costs that affect us all. And people in the most vulnerable situations, like single parents, people affected by disability or health problems and those facing life shocks like unemployment, are most exposed.

Developments like the Breathing Space scheme and regulatory action to tackle harmful high-cost credit have made inroads into the challenge of preventing problem debt. The next Government must build on these steps through four key priorities:

- 1. Help people affected by the housing crisis**
- 2. Introduce a statutory regulator for bailiffs**
- 3. Rebuild the financial resilience of UK households**
- 4. Support the debt advice sector to help more people**



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<sup>i</sup> Data from StepChange analysis of YouGov Plc. Total sample size was 2,168 adults. Fieldwork was undertaken between 8th - 9th May 2024. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

# 1. Help people affected by the housing crisis

**The housing market is broken. There are not enough affordable homes and rental costs are increasing for the nine million private renters across the UK. One in three (31%) private renters have used a form of credit to ensure they can afford their rent payments in the last year.<sup>ii</sup> Two thirds of StepChange clients living in the private rented sector tell us they are struggling or unable to afford rent payments.<sup>iii</sup>**

At the same time, the long-term decline in access to social housing means more people in vulnerable situations, like those with health problems and disabilities, are living in private sector tenancies unsuitable for their needs.

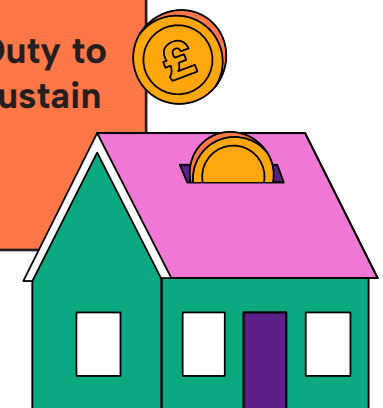
The solution to this crisis is to increase the supply of high-quality affordable housing. But this will take time. In the meantime, the next Government should deliver on the promise to end section 21 evictions and deliver greater security for renters.

A vital step to achieve this is to address the threat of hair-trigger evictions for tenants who fall behind on their rent. At the moment, private landlords can obtain an automatic possession order when tenants fall behind on rent by two months or more.

This creates a looming threat of housing insecurity for tenants affected by difficult life events and causes debt problems as tenants scramble to cope through desperation borrowing.

StepChange has proposed a Tenancy Support Duty to support struggling tenants to sustain tenancies wherever possible. The Duty would require landlords to signpost tenants to advice, provide time to access support and make reasonable attempts to agree an affordable repayment plan, reflecting practice in the social rent and mortgage sectors. Courts would be given discretion to suspend eviction proceedings where these steps have not been taken.

**The next Government should introduce a Tenancy Support Duty to support struggling renters to sustain tenancies and prevent housing insecurity and problem debt.**



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<sup>ii</sup> StepChange analysis of YouGov polling, as per footnote p1.

<sup>iii</sup> StepChange (2023) [Trapped in rent.](#)

## 2. Introduce a statutory regulator for bailiffs

**Bailiff enforcement should be a last resort, but doorstep visits are common, with millions of people affected every year. Too often, bailiff conduct falls short.<sup>iv</sup> This includes threats, harassment and pressuring vulnerable people to pay more than they can afford.**

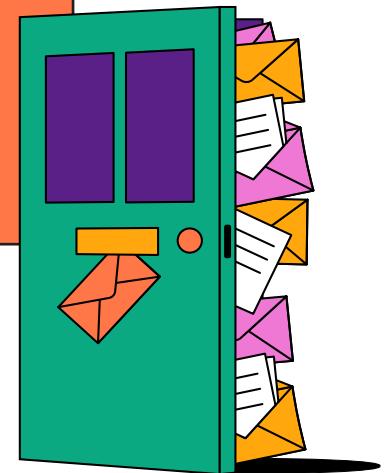
Poor bailiff conduct often makes the situation worse: three in four people impacted say bailiff contact negatively affected their mental health, making it more difficult for them to resolve debt problems.<sup>v</sup>

Over the last 20 years, regulated sectors like private debt collection have modernised, improving standards and supporting better outcomes for people struggling with debt. In contrast, bailiffs continue to break rules and pursue unacceptable practices.

The establishment of the Enforcement Conduct Board (ECB) as a new oversight body for the bailiff sector is a step in the right direction. A statutory regulator is necessary to deliver on the promise of this new approach. It would give the ECB the full legal powers and independence it needs to set standards and tackle unacceptable behaviour.

Statutory regulation of bailiffs is long overdue to give people facing unfair and intimidating bailiff action the protection they deserve.

**We urge the next Government to commit to a statutory regulator for the bailiff industry to improve standards and protect vulnerable people from harm.**



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<sup>iv</sup> Citizens Advice (2023) [Bailiffs behaving badly: stories from the frontline](#).

<sup>v</sup> Ibid.

## 3. Rebuild the financial resilience of UK households

**Too many UK households are unable to keep up with basics like utilities, council tax and groceries. Even before the spike in inflation, an increasing number of people struggling with debt problems had a negative budget, where their basic living expenses are greater than their income.**

Despite inflation falling, the cost of essential bills like energy and housing is likely to stay high for the foreseeable future.

Repeated real-terms cuts to the social safety net have reduced support for working age adults to its lowest level in decades, while unaffordable debt deductions from benefits push people further into the red.<sup>vi</sup>

Destitution has been rising. Over four in ten StepChange clients are in full time work, one in five of them with a negative budget after advice. This is not just a benefits issue. It is a work issue and a cost-of-living issue.

We urge the next Government to commit to significantly improve the affordability of essentials by the end of the next parliament and reduce the factors that drag incomes below an adequate level.

The means to do this include:

- The development, roll out and take up of social tariffs for domestic energy, water and broadband as part of a holistic strategy to end fuel, water and data poverty in the UK.
- Taking urgent steps to address drivers of destitution in the benefit system, including stopping unaffordable debt deductions from Universal Credit, and committing to uprate benefits in line with inflation. This includes maintaining the link between Local Housing Allowance and the real cost of rent.
- Taking steps to establish a Minimum Income Commission to advise Government on a sustainable plan to increase and maintain benefits at an adequate level.
- Making the Household Support Fund, which provides essential help to people in crisis via local services, permanent.
- Re-introducing an effective Council Tax Support Scheme.



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<sup>vi</sup> Joseph Rowntree Foundation & Trussell Trust (2023) An [‘Essentials Guarantee’ – full report.](#)

The ability of UK households to cope with financial shocks has been deeply undermined by a series of economic crises. Many people have little or no savings to cope with unpredictable costs: four in ten (41%) UK adults say they would not be able to meet all of an unexpected £1,000 expense without borrowing, forcing them to rely on desperation borrowing.<sup>vii</sup>

Financial services are not working for all, with limited access to affordable credit forcing people to use risky, high-cost products or leaving them excluded altogether. A poverty premium for services like insurance means those with the least access to the resources to cope with unexpected shocks are most exposed to risk.

Financial inclusion is vital to tackle poverty, prevent problem debt and support people to pursue their aspirations.

The next Government should convene key stakeholders to develop a national financial inclusion strategy to reduce financial exclusion and remove barriers to accessible and affordable financial products that meet their needs, including credit, insurance, savings and banking services.

The strategy should seek to kick-start rainy day savings by extending the uptake and reach of the Help to Save scheme and supporting employers to roll out payroll savings schemes to massively increase the number of people saving for a rainy day.

And to reduce debt problems, the strategy should include steps to grow the availability and sustainability of a spectrum of safe and affordable credit options, including a national No-interest Loan Scheme targeted at those unable to afford interest charges.



**The next Government should rebuild the financial resilience of UK households by tackling the drivers of negative budgets and developing a national financial inclusion strategy.**

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<sup>vii</sup> StepChange analysis of YouGov polling, as per footnote p1.

## 4. Support the debt advice sector to help more people

**Debt advice is essential to prevent the harm of problem debt and help people who have experienced debt problems to build financial resilience. But some 1.5 million more people need advice than the sector has capacity to help.<sup>viii</sup>**

Debt solutions are a vital route out of debt, providing a fresh start and a safe protected space to repay debts. But the current statutory solutions landscape is fragmented and does not work for everyone, leaving many without access to a suitable debt solution.

And too many people seeking help with their debts online face a wild west of scammers, ads impersonating charities and debt solution providers operating to different consumer protection and redress standards.

The next Government should commit to a 10-year strategy to ensure safe access to debt advice and debt solutions for everyone that needs help.

To support the strategy, funding for debt advice should be increased by ensuring all sectors that benefit from advice, including utilities and the public sector, contribute funding.

Policy makers have made good progress in improving access to debt solutions by introducing the statutory Breathing Space Scheme and removing Debt Relief Order fees. But more needs to be done to create an accessible, joined up, non-stigmatising debt solutions landscape.

Alongside a new advice strategy, the next Government should support reform and modernisation of the personal insolvency framework begun by the Insolvency Service. As part of this process, the Government should extend the Breathing Space scheme and re-start work on a practical statutory debt repayment scheme.

The Government should also ensure safe pathways to debt solutions by taking action to bring lead generators and IVA providers within an effective regulatory framework and ramping up action to stop harmful and misleading online and social media debt advice and solution ads.

**The next Government should commit to a long-term debt advice strategy and deliver reform of the personal insolvency framework.**



<sup>viii</sup> StepChange analysis of YouGov polling, as per footnote p1.

## About us

As the UK's leading debt charity, we are contacted by hundreds of thousands of people a year online and by phone, across all nations and regions. We work in partnership with a broad network of organisations – from mental health charities to income support services to achieve that purpose. For those we can't help directly, we offer triage and information to ensure they receive the support they need.

## Our mission

To break debt's stigma and change lives for the better.

Debt often gets treated like a dirty word. And we want to clear up the stigma. Our aim is to shine a light on what debt really looks like and bring some clarity to the murkiness. We've been around for over 30 years, through the ups and downs, financial crashes and a worldwide pandemic, and will continue to be, because debt happens. So, let's deal with it.

## Get in touch

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.



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