



Debt and mental health

Fact sheet no. 53 Debt and mental health

October 2019

This fact sheet explains how debt and mental health can affect each other, and looks at various approaches you can take to deal with your debts. Use this fact sheet to:

- consider how debt and mental health can impact on each other;
- decide whether to let your creditors know that you are experiencing mental health issues;
- understand that a range of options may be available for dealing with your debts; and
- understand when the Debt and Mental Health Evidence Form (DMHEF) can be used to tell your creditors how your mental health is affecting the way you manage your money and debts.

In partnership:



with the Money and Mental Health Policy Institute

We would like to thank the Money and Mental Health Policy Institute for their help with the writing of this fact sheet.

Links between debt and mental health

Around **one in four adults** in the UK experience a mental health issue in any given year. Mental health issues cover a range of experiences, including anxiety and depression, schizophrenia, phobias, as well as many other conditions. Mental health issues can be for short periods of time or last much longer. Experiences of mental health conditions can also change over time, and sometimes even from day to day. Mental health issues, like physical illnesses, vary greatly from person to person.

Experiencing a mental health issue does not automatically mean that you are unable to manage your money or deal with your debts, but it can make it more difficult. Research shows that 50% of adults who are struggling with debt, also have a mental health issue. Being in debt can be stressful and this fact sheet gives you information on how you can deal with your creditors.

Get advice

It is better to get advice on dealing with your debts as soon as possible, but it is never too late to contact us. Often there are several options available to you for dealing with your debts.

Sometimes people feel nervous or embarrassed about discussing their debts or their health situation. We offer free, unbiased advice. We do not judge, and we will treat any information you give us confidentially. We will not share your details with any other organisation, unless you ask us to do so and we agree to this. You can choose to:

- contact us by phone or webchat (you can remain anonymous if you want to);
- use our online advice tools;
- give your contact details so that we can send you tailored information, such as fact sheets and sample letters to use;



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- give us permission to speak to a friend or relative about your options (we will not speak to anyone without your permission);
- remain anonymous and use the information on our website; and
- end a discussion if you need to at any time.

It is always your choice whether to share information about your mental health condition with us. If you do, it will help us to tailor the conversation and our advice to suit your circumstances. We will always ask your permission before we add any information you tell us to your client record.

- We can discuss asking your creditors for 'breathing space' while you get advice, and how we can best provide you with the information you need.
- If you are struggling to take in a lot of information, the adviser might suggest breaking down the advice you need over several conversations. We will deal with the most urgent things first.
- Usually, our advisers will talk you through your options and advise how you can deal with your debts. However, sometimes it might be better for a casework adviser to deal with your debts for you. If this is the case, we will do our best to put you in contact with an organisation that can help.

Information:

INFO

breathing space

You can ask your creditors not to contact you for **30 days** so that you can get debt advice. If you need more time than that you can also ask for an extension, **contact us for advice**.

Consider telling your creditors about your mental health issue

If you are finding it difficult to deal with your debts, then you may want to tell your creditors that you are experiencing mental health issues. It is your choice, but it may help with your negotiations.

Creditors have to comply with the law. In some cases, people with mental health conditions will be offered protection by the **Equality Act 2010** which says that your creditors must make reasonable adjustments to help you. Most creditors will also have rules and guidelines to follow when dealing with clients who need extra support.

If they are aware of your circumstances a creditor may:

- agree to put collection activity on hold for a short period;
- agree to contact you at set times only;
- agree to contact you in certain ways, such as by letter rather than phone;
- allow you extra time to gather information;
- agree not to pass your debt to a debt collection agency; and
- use specialist staff to deal with your case.

Providing evidence of your mental-health situation

Creditors do not always need extra evidence to decide how they should deal with your case. You may be able to agree a plan of action by simply discussing your situation over the phone or in writing with your creditor. However, in some circumstances this may not be possible, and you or your creditor may want to use medical evidence to help decide what to do next.



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If this is the case, ask your creditors what type of evidence they will accept. Your creditors may agree to use a copy of your latest prescription or a letter confirming a hospital or health-care appointment as evidence of your situation. If your creditors will **not** accept evidence that you already have available, you can consider using the Debt and Mental Health Evidence Form (DMHEF). See the section **Debt and Mental Health Evidence Form (DMHEF)** later in this fact sheet.

Help from relatives and friends

You may want a third party, such as a relative or friend, to deal with your creditors. By law, your creditors will need your permission to discuss your details with the person you have chosen. Ask each creditor how you can give your permission. Some creditors may agree to take your consent over the phone, but others may want it in writing. Some creditors will have their own form for you to complete.

Codes of practice

The rules and guidance that creditors should follow will depend on the type of debts you have. Here are some examples.

- Most types of personal debt, such as credit cards and loans, are regulated by the **Financial Conduct Authority (FCA)**. The FCA monitors financial organisations and sets out rules and guidance on how they should treat their customers. The **FCA's Consumer Credit sourcebook (CONC)** says that a lender must have clear policies in place for customers who are in arrears and particularly vulnerable. This includes customers who have 'mental health difficulties'.
- If you owe money on a credit card, overdraft or unsecured loan, your lender may have agreed to follow the principles shown in **The Standards of Lending Practice: Personal Customers**. These standards give guidance on how firms should deal with clients who are identified as being in a vulnerable situation. Customers who are in financial difficulty and considered vulnerable should be dealt with positively and sympathetically.
- If you owe money to the council, such as council tax, you can ask the council whether they have a 'vulnerability policy'. It may show you who the council consider as 'vulnerable' and how they should deal with your case.
- The **Taking Control of Goods: National Standards** gives guidance on good practice for bailiffs (also known as enforcement agents), including those used by a council. Where a debtor is vulnerable, a creditor must consider whether it is appropriate to refer a case to bailiffs. Creditors and bailiffs should also show an appropriate use of discretion and assess each situation on a case by case basis. If you are concerned about bailiff action, **contact us for advice**.
- You may owe HM Revenue and Customs (HMRC) a debt, such as income tax or tax credits. HMRC's internal guidance says that they should make reasonable adjustments for a person with mental health issues which have a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities.

There may be other codes that can be used when dealing with your creditors, **contact us for advice**.

Options for dealing with your debts

It is important to select the option that is best for you. When you contact us for advice we will ask you questions about your debts and your assets. We will also ask you about your income and outgoings so that we can help you produce a budget. This will show what money is available for your creditors and what options are available to you.



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Options can range from informal debt routes, such as negotiating reduced payments with your creditors, to the more formal insolvency options such as bankruptcy, and there are many options in between. Our advisers and online tools will explain the advantages and disadvantages of the options available to you. We have a fact sheet that gives an overview of the various options for dealing with your debts, as well as more detailed [fact sheets](#) covering particular debt options.

**See our fact sheet:
Ways to clear your debt**



Mental health and debt write off

If your circumstances are unlikely to improve then you can ask your creditors to write off the debt. Write off is usually seen as a last resort, where there are no assets or money to pay the debt. Creditors do not have to agree to this, but you can use our [Write off the debt](#) sample letter to ask them to consider this option.

When asking a creditor to write off your debt, you can also refer them to the [Good Practice Awareness Guidelines for helping consumers with mental health conditions and debt](#) produced by the Money Advice Liaison Group (MALG). These are guidelines only, but suggest that creditors consider writing off unsecured debts when mental health conditions are long-term and there is little chance of the debt being repaid. **Contact us for advice.**

Further credit and spending

Some mental health conditions can make it more difficult to manage money. Sometimes this can mean that you take out more credit that you can afford, or spend money on things that you don't really need. This can make your overall situation more stressful, increase your debts, and make it difficult to keep to payment arrangements with your creditors. In these circumstances it might be helpful to add a 'notice of correction' to your credit reference file.

Notice of correction

Details about your credit agreements and payment history are held by credit reference agencies. This information is used by creditors when they decide whether to lend you money.

If you are worried that you might take out unnecessary credit, you can add a 'notice of correction' to your credit reference files. This is a statement of up to **200 words** that allows you to explain your circumstances to potential creditors. Our Credit reference agencies and credit reports fact sheet has more information.

**See our fact sheet:
Credit reference agencies
and credit reports**



- Adding a notice of correction will mean that your application is read by a person and not just given a computer score.
- You can ask the credit reference agencies whether they have any standard wordings that you can use, or adapt.
- Applications usually take longer to assess when there is a notice of correction on your file. This can be useful if you are likely to make unnecessary applications for credit, as it gives you time to reconsider.
- It can be used as a temporary measure, and you can remove the notice of correction at any time.
- Only organisations that are actively checking your credit reference file will see the notice.



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- It is a good idea to review whether you need the notice of correction regularly.

Debt and Mental Health Evidence Form (DMHEF)

Medical evidence is only usually needed where your mental health is **seriously** affecting your ability to manage your money and debts. If your creditors will **not** accept evidence that you already have available, such as your latest prescription, consider using the Debt and Mental Health Evidence Form (DMHEF).

The DMHEF is a standard form that is used to ask health and social-care professionals for evidence of your circumstances. It was designed to make it easier to collect this information for you and your creditors.

Once the form is completed, it can be photocopied and sent to all your creditors. The DMHEF does not have to be accepted by your creditors, but many are familiar with its content and some were involved in its design. The DMHEF is also recognised by the FCA, which is the organisation that regulates the credit industry.

The DMHEF is a short form, which asks your health or social-care professional to confirm that you are experiencing a mental-health issue. It also asks them to answer three optional questions to give an overview of how your mental health issue affects you. This can help your creditors to assess what support they can offer you when dealing with you debts.

Optional questions

- How does the mental health problem(s) affect their ability to manage money?
- How is the person's ability to communicate affected by their mental health problem(s)?
- Is there anything else you can tell us that would help the person (severity/duration; relevant treatment; whether in crisis)?

If you are considering using the DMHEF, **phone us for advice**.

Useful contacts

Anxiety UK

Offers supports for people living with anxiety disorders by providing information, support and understanding through a range of different services.

Phone: 08444 775 774

www.anxietyuk.org.uk

Financial Conduct Authority (FCA)

Phone: 0800 111 6768 or 0300 500 8082

www.fca.org.uk

Information:



Fees and charges

General practitioners (GPs) in England can no longer ask you to pay them to complete the DMHEF. Other health and social-care professionals will not usually charge you to complete this form.

If you are being asked for payment, **contact us for advice**.



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Hafal

Provides advice and support to individuals living in Wales who are experiencing a serious mental health illness.

Phone: 01792 816 600

www.hafal.org

Mental Health Foundation

The website provides useful information on looking after your mental health and wellbeing. See the [Your Mental Health](#) section.

www.mentalhealth.org.uk

Mind

Provides confidential advice and support to anyone experiencing a mental health problem.

Phone: 0300 123 3393

www.mind.org.uk

NHS Choices

The website offers information on a range of mental health issues.

www.nhs.uk/Livewell/mentalhealth/Pages/Mentalhealthhome.aspx

Rethink Mental Illness

Runs a national helpline and support groups for people living with mental illness, their carers and relatives.

Phone: 0300 5000 927

www.rethink.org

Samaritans

Runs a confidential listening service.

Phone: 116 123

www.samaritans.org

Sane

Provides emotional support and information to anyone affected by mental illness.

Phone: 0300 304 7000

www.sane.org.uk

Shout

Provides a confidential text service for anyone in crisis.

Text the word 'Shout' to 85258

www.giveusashout.org

Extra advice:



in an emergency

You can call **999** if you are worried that you or someone else is in immediate danger.

You can also ask to stay on the line while you wait for help to arrive.



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