

**A HELPING HAND FOR PEOPLE
IN DEBT**

The main reason why people get into debt is ill health in the family. Other major reasons are loss of job, separation, or death in the family. These are some of the findings of a survey by COMAC, the Ballyfermot-based money advice centre which is funded by the Department of Social Welfare.

There is a popular misconception that people are in debt due to irresponsibility but this is rarely the case. Anyone who runs a home can get into debt. Many people on low incomes are engaged in the delicate balancing act of managing on a day to day basis. A detrimental change in circumstances can be the trigger that pushes them over the edge into debt, which often escalates out of control. Debt in disadvantaged areas can often be crippling. A study of ten cases by COMAC reveal an average debt per person of £5,587, with an average of six debts per person. The types of debt were as follows:

	%
Rent	15.0
Gas and Electricity	13.3
Banks/Building Societies	11.7
Finance Houses	11.7
Money Lenders	8.3
Telecom	6.7
TV Licence	6.7
VAT/Tax	5.0
Cable TV	3.3
Credit Card	3.3
Credit Union	1.7
Other	13.3
	100.0

It can be seen that illegal money lenders are a relatively minor part of the problem. The basic problem is low income, which makes people unable to meet the expenses of running a home. Action taken by statutory bodies can be just as traumatic as that taken by illegal money lenders. Six of the ten people in the sample were facing court action, two were facing eviction, and four had their fuel supply or phone disconnected.

A money advice centre such as COMAC helps people by going through nine steps with them:

- find out the problem (counselling, gathering facts);
- set priorities (identify emergencies, prioritise);
- maximise income/minimise expenditure (check benefit entitlement, apply to charities);
- draw up a financial statement (to calculate possible offers);
- negotiate with priority creditors;
- negotiate with secondary creditors;
- make appropriate referrals (to 'home maker', counsellor, social worker, credit union);
- monitor progress;
- close case.

* A Home Maker, or Budget Support Worker, is one of the Money Advice Centre team who visits the home by invitation, and helps families to manage their household budget.

For those who want it, Group Work sessions are provided by the Money Advice Centre to address issues such as nutrition, low budget cookery and money management.

It is rarely possible to deal with debt without looking at underlying problems such as ill health, addiction, relationship difficulties, and family members not contributing their fair share.

Contacting a money advice centre does not guarantee an end to debt problems, but results so far from these pilot projects has been impressive, with a number of people willing to come forward and testify how they have managed to straighten out their affairs with the support of centres such as COMAC.

