

COVID-19: Has Coronavirus made us more 'debt aware'?

The last few months have been out of the ordinary to say the least. Many of us have been living day-to-day, or week by week, becoming increasingly unsure of where one day ends and another begins. Our usual plans have been put on hold and chat has turned from 'what are you doing this weekend' to 'how are you feeling? No, really...'

Lots of the information that we've been reading - opinions, articles, the news - has felt very temporary. The truth is, many people haven't known what is around the corner. Even when we thought we did; we were probably wrong. Free debt advice provider, PayPlan, has taken the opportunity to find out how their clients have felt over the last few months and whether Coronavirus has impacted the way they approach their finances.

How Coronavirus is changing behaviour

The pandemic has brought about behaviour change on many levels. From washing our hands at every opportunity to working from home and adapting our everyday lives to avoid infection.

Almost two thirds of people who contacted PayPlan over the last few months said that Coronavirus has contributed towards their financial difficulties. We could look at that in a few ways. Either Coronavirus has overwhelmingly negatively impacted the amount of money that people have (which, in lots of people's cases, it has), or the pandemic is making people more comfortable to ask for help when they need it.

When we couple this information with the fact that three-quarters of people in debt were struggling before COVID - we can draw the conclusion that it's the latter that is true for more people who answered the survey. The pandemic is giving people the motivation to change their behaviour in more aspects of their lives than just their physical health.

Why is paying back debt right now a priority?

More than two thirds of people that PayPlan surveyed said they view paying back their debt as an immediate priority. One thing that most people have always taken comfort in is planning. Making plans for the weekend, planning where they will go on holiday and even planning what outfits they will wear for specific occasions.

Having plans can bring people a sense of calm and 'normality'. If we take these plans away, then today's problems and situations can seem more real and important than before. Almost three quarters of people in arrears don't feel confident that they'll be able to repay their debts when their income returns to normal, and these results suggest they don't want to wait to find out. People's sense of job security is also disappearing. More than one in four UK workers are now furloughed, yet PayPlan found that 61% of furloughed employees don't feel that their job is secure.

Behaviour change from lenders

UK lenders have granted nearly 1.2m payment holidays on credit cards and personal loans for people struggling as a result of the outbreak. While these breaks have always been in existence, they have not always been so readily available.

This is a huge move from banks who have very robust payment chase processes and evidence requirements. Most banks have now also offered to waive interest on overdrafts of up to £500 for 27 million customers.

So, let's think about this in context of what we've learnt from the debt and Coronavirus survey. We know that many people were struggling before the pandemic, so taking a break in this situation could be prolonging the problem, rather than facing it head on.

For many people, their initial payment break may now have come to an end and they will be in a position where they need to decide what action to take next. Banks are offering several options like choosing a new deal, changing terms, or to make an overpayment if circumstance have changed.

The best advice for people that have wider financial concerns, and that are struggling to make payments on other bills, is to seek free independent debt advice. Getting in touch with an adviser at PayPlan means you can look at all of your debts and work out the best solution for current circumstances.

How can I get free advice if I'm worried about my repayments?

If you have multiple debts and are worried about how you are going to afford to make these payments, or if you'd like some budgeting advice, whatever your concerns are when it comes to debt, PayPlan are there to help. Talk to a member of the PayPlan team or check out their helpful articles and guides online. PayPlan help with confidential advice and personalised debt solutions. PayPlan offers free, confidential advice and they will work with you to find a solution that is tailored towards your needs.

The debt solutions PayPlan advise on include:

- Individual Voluntary Arrangement (IVA)
- Self-Employed IVA
- Full & Final IVA
- Debt Management Plan (DMP)
- Bankruptcy
- Debt Relief Order
- Admin Order
- Repayment Arrangement
- Debt Settlement
- Trust Deed
- Minimal Asset Process
- Sequestration
- Debt Arrangement Scheme

If you are experiencing problems with finances or dealing with debt, you can also contact Care first. Care first are an independent, leading provider of professional employee support services. Care first employ professionally qualified Counsellors and Information Specialists, who are experienced in helping people to deal with all kinds of practical and emotional issues. We recognise that having money worries and/ or being in debt can make you feel isolated, scared and anxious. It has a negative effect on your work, your health and your family. Making that initial request for help is always the most difficult – but once you have made that initial call you have taken the first step towards getting the right help to a better quality of life. Care first Counsellors are available 24/7 to support you with the emotional impact of financial difficulties.

Most people delay dealing with their money problems longer than they should. Finances are a core part of our lives and can be the root of many issues. Asking for help early on may help prevent problems later down the line. A good starting point would be to talk it all through confidentially with an Information Specialist at Care first, who will help you make informed choices about what to do and how to do it. Care first Information Specialists are not Financial Advisors but are money trained experts, so whether you are at breaking point and need ongoing guidance to resolve debts, or just have a simple question – our Information Specialists are here to help with a range of issues, some of which include; debt, budgeting, rent/mortgage arrears, reduced income, tax, benefits and many more.

All employees are eligible to use Care first, our services include; telephone counselling, information services and online support. Call Care first on the Freephone number provided by your organisation and you can speak to a professional in confidence.

If you would like to view the Webinar with Guest Speaker: Lizzie Marlow from PayPlan on 'How PayPlan and Care first support people with debt' this is being delivered live on Friday 24th July at 12pm, please use the link to register for this session - <https://attendee.gotowebinar.com/register/6286398766301738510>

If you are unable to join the webinar live, a recording of the session can be accessed using the same link above after the webinar has taken place.