

# A letter on debt and debt collectors

3 November 2009

*On "The American way of debt: Turning a profit by preying on the poor"*

Dear Nancy,

I read your article, "The American way of debt: Turning a profit by preying on the poor", with interest and wholeheartedly agree with what you said, particularly with respect to the tactics of these "scavengers".

I work in an inner city mental health agency in the UK. Many of my clients are in debt or financial difficulty and often present in a state of fear, too scared to open the door, open letters or answer the telephone, worrying that it will be a bailiff visit or a telephone call from a debt collection agency.

I have regular contact with debt collection agencies and bailiffs on behalf of my clients. Often there is a staggering insensitivity to their plight. Most of my clients are in receipt of state benefits due to illness or unemployment, and there is very little consideration of their inability to pay the stated minimum payments. It is also worth noting that many clients will have had extra costs added to the original debt as part of imposed court costs and fees for the debt collection agencies or bailiffs' visits/letters to the client's home.

It is sometimes difficult to believe that somebody could have originally owed £40, and with added costs they now owe up to £300 or more, and that the majority of the money owed will be money now due to debt agencies and bailiffs.

I have listened to clients who have had to put up with bullying, harassment and threats, and behaviour that amounts to illegality (i.e. pushing the door open, and barging their way into someone's home. This still constitutes trespass). The distress this causes clients is clear to see, with a marked deterioration in their mental health as they are living in a constant state of fear, worried about every knock at the door.

The Citizens Advice Bureau (a nationwide advice agency in the UK) has reported on a number of occasions the effect of debt and how debt collection is carried out in the UK, and I have included two examples here.

A CAB in West Yorkshire reported on a client who owed council tax arrears of £389.89. The council referred his case to bailiffs as he is now living outside the council area. The bailiff said they were coming to remove property valued at £489; that is, £100 more than the original bill. The bailiff was rude and threatening and said if he wasn't allowed access he would break the door down. The bailiff refused to accept an installment payment, even though the client could pay almost half the amount straight away. The client was left frustrated and distressed by this.

In another case, a CAB in London cited bailiffs arriving at the home of a client and threatening to break the door down. Finally the client's ex-husband and six year-old child inside became so frightened, they let the bailiff in. The bailiff then threatened to take the family dog and puppy along with other possessions, and intimidated the man into giving him details of his son's bankcard and security code to withdraw funds. Offers to pay by installment were also rejected.

The CAB have summarised the points aptly. According to their evidence, bailiffs often: misrepresent their powers, are abusive and aggressive, lie and cheat their way into homes, use threats of violence and prison to pressurise people into paying lump sums they cannot afford, impose fees that can double, treble or increase the original debt many times over, take away or threaten to seize essential household equipment such as kettles, hoovers, fridges and washing machines, and remove property from the wrong person or take goods not owned by the person in debt.

It is clear that in the UK, as in the USA, the growth of debt collection agencies is big business. With the economic crisis and the loss of jobs, this can only result in people being pursued more ruthlessly by these agencies.

A report published in *The Independent* newspaper (UK) titled "Merchants of Misery" pointed out that debt collection is one of the UK's fastest-growing industries. In February 2008, the Credit Services Association (CSA), a body that represents the majority of the debt collection agencies in the UK, said that its membership had more

than doubled in the last five years. As of 2007, they had 20 million cases annually.

As mentioned earlier, many of my clients are in receipt of state benefits, and it is worth pausing to enquire what that amounts to each week. I have provided one example that readers may find useful. A single person in the UK claiming benefit will receive (dependent on age) between £50.95 to £64.30p a week. This figure excludes basic costs for housing/rent that is paid separately. From this amount a person has to pay for food, electricity, gas, water, and any other outgoing costs to keep body and soul together. Then along comes the debt collection agency/bailiff and demands £20 a week to repay a debt, a debt a person may have possibly accumulated whilst working some time ago when they had access to credit. I have had to argue with debt collection agencies that someone cannot afford £2 a week because they have no money left when all their outgoings are accounted for—to which the person on the other end of the phone has replied, “Could your client spend less on food as their food bill appears somewhat excessive”! All this to try and recoup a measly extra couple of pounds to repay a debt.

It is my opinion that however hard I and my colleagues work to try and deal with the debts and the resultant problems that our clients experience, with debt collection agencies and bailiffs, the fundamental problem lying at the heart of this matter is the explosive growth in financial inequality that permeates our society.

As you have demonstrated clearly in your article, there is a correlation between the indebtedness of the working class and growth of the parasitic industry of debt collection, and all its wretched hangers on.

Thanks again,

Den

Manchester, UK

23 October 2009



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Socialist Equality Party visit:

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