

# Report: UK low-income families cannot afford basic requirements to live

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Many low-income families in the UK are unable to afford the basic necessities to live, a new survey by debt advice charity Christians Against Poverty (CAP) reveals.

The charity, which last year helped roughly 21,000 indebted low-income families and individuals, reported that from its survey of 1,200 clients, more than a tenth (11 percent) did not have a bed to sleep in, as they could not afford one. Another 6 percent of clients revealed that they were renting their bed, often through punitive rent-to-buy schemes by which customers pay costly weekly contributions over a set period.

A third of CAP clients could not afford basic necessities such as beds, refrigerators, washing machines or sofas. Eight percent of CAP's clients were renting a sofa, while 12 percent were forced to rent a fridge freezer. Almost a third of the charity's clients could not afford a washing machine, with 17 percent thereby going without and 15 percent renting one.

One CAP client, Chris, who was evicted from his home after a death in his family forced him to give up work to look after his children, reported that he and his two young children had to sleep on bin bags stuffed with clothes, with a coat for a blanket, as he could not afford a bed. He also relied on emergency food handouts from food banks to feed himself and his children. After being evicted from his home, Chris was rehoused by his local council in an unfurnished house, living on only £7 a week while facing a seven-week wait for benefit payments to come through. He and the children were forced to live in these appalling conditions for three months.

The CAP survey links these shocking levels of poverty with rocketing personal debt. The latest CAP figures show that more than 6 in 10 (63 percent) of their clients are living below the poverty line, with low

income the most common reason cited for debt problems.

The CAP survey reveals that the average "priority debt" owed by their clients has tripled in the last decade, from £1,412 per person in 2006 to £4,582 last year. Priority debt refers to costs such as mortgage repayments, rent, utility bills and council tax, which can have serious consequences including eviction, imprisonment and gas, water or electricity shutoffs if not repaid.

Forty-seven percent of CAP clients reported that they had fallen behind with rent or mortgage repayments, while 43 percent had not been able to pay their council tax and 40 percent had unpaid debt from gas or electricity bills.

While the average total debt of CAP clients has declined slightly since 2006, it remains at a staggeringly high £14,298, and the proportion of priority debt owed by clients has ballooned from 9 percent of the total in 2006 to 32 percent last year.

The survey provides a snapshot of a wider problem affecting many more people than CAP's 21,000 clients.

According to research carried out by the Trades Union Congress (TUC), total unsecured debt in the UK reached an all-time high of £349 billion in the three months to the end of September 2016. Unsecured debt includes credit card debt, payday loans and student loans, but not mortgages. Based on figures from the Office for National Statistics (ONS), the findings suggest an average household debt of £12,887—that is, a 27.4 percent share of average household income.

Low income and debt have been cited as key reasons for the massive increase in food bank usage. A record 1.2 million emergency food parcels were handed out in the last year by the Trussell Trust food bank charity, with low income (26.45 percent) and debt (7.78

percent) cited as major reasons for reliance on food banks by large percentages of users. The most prominent causes of crisis situations faced by Trussell Trust clients were delays or changes to their welfare benefits payments, with nearly 43 percent of the charity's users reporting that this was the reason they could not afford food.

Similarly, 50 percent of CAP clients reported that they had run up debt due to benefits delays or sanctions. Other clients reported that their financial situation had deteriorated after having to take up caring duties or pay funeral costs.

Nearly all (89 percent) of CAP clients have incomes that are lower than the national average, with 63 percent living below the poverty line.

Poverty levels are rocketing across the UK. After nearly a decade of pay stagnation and freezes, the prevalence of zero-hour contracts—amid a mushrooming of the lowly paid and highly exploitative “gig economy”—one third of the UK population is now officially below the poverty line, while more than half of all households depend upon state benefits.

Millions more only manage to stay afloat by relying on savings, credit cards and loans. Credit card borrowing is on the rise, while by the end of 2016, the amount of savings held by British households hit a record low.

This UK-wide phenomenon is reflected in the CAP report. The large majority (90 percent) of CAP clients had taken out loans, run into their overdrafts or relied on credit cards to pay everyday domestic bills. The proportion of clients using credit cards to stay afloat has increased each year, from 49 percent in the 2015 to 64 percent last year.

As with the Trussell Trust report, which indicated that one in four food banks found that problems associated with Universal Credit benefits payments had led to an increase in mental health difficulties, the CAP survey found that debt and low income had had an adverse effect on their clients' mental health. More than a third of CAP clients reported that they had considered suicide, with three quarters having visited a doctor for debt-related problems. Over half of those surveyed had subsequently been prescribed medication or therapy.

While the media often attempts to demonise the indebted and poverty-stricken and present their

problems as self-inflicted due to “laziness” or being careless with money, the CAP report stresses that this is not the case. Matt Barlow, CAP chief executive, explained: “It’s easy to say that people get into debt because they are thoughtlessly overspending. That view is now not only lacking in compassion, it’s thoroughly out-dated.”

He continued: “We know the downward spiral most commonly begins with low income and that fragile situation only needs hours to be cut, a relationship to break down or even something as mundane as a broken washing machine, and that person’s finances are in free fall.”



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