

# iNprint

## A look at the good and the bad in coverage of housing associations and their tenants and partners

### Call to stamp out doorstep lending

*Communities Today* 23 November 2005

Radical government action must be taken to help the poorest build financial security and escape spiralling debt and predatory lenders, an alliance of social landlords is demanding. The National Housing Federation, in conjunction with **Debt on our Doorstep**, today launches the Pathway to Financial Inclusion campaign. The Federation told *Communities Today* it wants Government and banks to provide alternatives for low income households targeted by doorstep lenders.

### Millions vulnerable to loan sharks

*The Guardian* 25 November 2006

Millions of people in deprived areas are forced to borrow money from unscrupulous loan sharks because they do not have access to mainstream banking, researchers warned today. The Housing Corporation called on housing associations and social landlords to help provide financial advice and support to their tenants in a bid to address the problem. Its chief executive, Jon Rouse, said: "Housing associations and other social landlords are not just there to collect the rent. They can help ease the stress that people face when they have little money to live on and urgent bills to pay."

### MP Jim tackles loan shark misery

*Rochdale Observer* 14 December 2005

Castleton, Norden and Bamford MP, Jim Dobbin is backing a campaign to curb rip-off money lenders this Christmas. The campaign, which is being run by the National Housing Federation and Debt on your Doorstep, is calling for the government and high street banks to provide real alternatives to doorstep money lenders. It is pushing for alternatives to loan sharks by asking the government to put a cap on the sky-high APR fees charged by home credit card companies and ensure that every UK citizen has the right to a basic bank account.

### Basic bank accounts must be obligatory, say housing experts

*New Start* 20 January 2006

MPs have been told bank accounts should be legally required to do more to help people on low incomes. The National Housing Federation has told the Treasury Select Committee on financial inclusion that banks should be forced to provide basic banking services to people on low incomes - and make them more attractive. Meanwhile, social landlord Places for People has urged banks to introduce a probation period on basic bank accounts, exempting customers from punitive charges in the first months. In a submission to MPs, it calls for a fair charging system after the trial period expires.

## iNpractice



### RUSSET HOMES

FINANCIAL INCLUSION IN PARTNERSHIP WITH CITIZENS ADVICE BUREAU

In April 2004 Russet Homes launched a new scheme to offer financial advice and debt counselling to its tenants by part-funding a specialist debt counsellor, who is employed by the local Citizens' Advice Bureau. The contract is for a three year period with funding shared between the Russet Homes and Citizens Advice.

Operational Services Manager at Russet Homes, Jacqueline Wilkinson, explains: "Our research indicated that many people had reservations about using a service directly provided by their landlord, as they did not feel comfortable disclosing personal financial information to us. The Citizens Advice Bureau is well known for providing a free, impartial and confidential service, and we have found that tenants who have previously declined the offer of in-house counselling have been prepared to take part in this new scheme".

Over 160 tenants have used the service since April 2004, with more than 60 using a complimentary scheme operated by a local church, known as the Tonbridge Debt Advice Centre, to which the Russet Homes makes referrals and supports with training and accreditation costs.

Both schemes offer value for money, benefiting individual tenants, who in many cases have been able to resolve long-standing financial problems and helping them to develop a more structured approach to money management. Russet Homes also benefits from this new and preventative tool as part of their arrears management procedures.

Tenants who have used the scheme described it as "helpful and thorough" and said that it "really made a difference".

For more information, contact Jacqueline Wilkinson, at Russet Homes on 01732 780999, or e-mail [jacqueline.wilkinson@russethomes.org](mailto:jacqueline.wilkinson@russethomes.org)



Above: Debt Advisor, Sarah Dixon



## iNprogress

**Hereward Housing** in East Cambridgeshire regularly surveys its tenants and in 1998 they asked 4000 tenants if they had contents insurance. 30% did not. The survey also asked if tenants were interested in an insurance scheme,

allowing weekly or fortnightly payments with rent, and 42% said they would. Hereward Housing then approached United Friendly who insured many other tenants, (the scheme is now with AON) and worked with them to tailor a scheme for Hereward's tenants. Now payments are made to the rent, however it is paid. A minimum

sum insured is £10,000 for most tenants, but £8,000 for those over 60, with premiums based on £1.15 per week for every £10,000 insured. This provides "New for Old" cover except for clothing/linen and an easy way to pay for insurance for people without bank accounts. The scheme has been promoted through the Hereward Herald and there

have been joint with AON. The scheme currently serves just over 11% (470) of 4100 tenants and Hereward hopes to help even more tenants insure their homes with this good quality affordable scheme. [www.herewardhousing.org.uk](http://www.herewardhousing.org.uk)



**business for neighbourhoods**

**For more information on iN business for neighbourhoods please contact:**

National Housing Federation

Lion Court

25 Procter Street

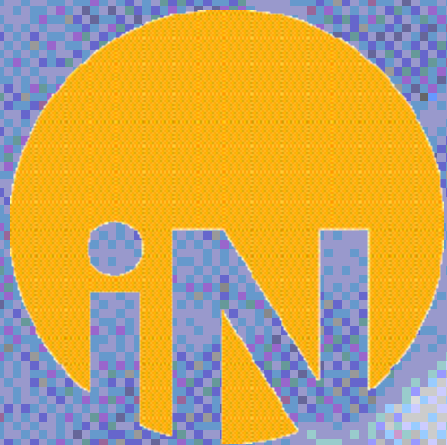
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[www.iNbiz.org](http://www.iNbiz.org)



# **iN**fact: Financial Inclusion

**Issue 10**  
**Spring 2006**

# welcome

Welcome to the 10th edition of **iNfact**, the quarterly newsletter from the National Housing Federation that showcases housing association best practice throughout the country. **iNfact** demonstrates the commitment that housing associations have made to customers, neighbourhoods and excellence.

This edition focuses on **financial inclusion** and the work that housing associations are doing to tackle exclusion from financial services. The National Housing Federation represents housing associations that provide homes for 5 million people in England and is campaigning with **Debt on Our Doorstep** for banks to be required by law to ensure low income customers have access to basic services at an affordable price.

The campaign is calling on the Government to explore legislation that will require banks to provide accounts that are accessible to everyone. We also want the Government to end the extortion of low income families by setting a fair ceiling on the interest rates charged by home credit companies.

Around 2.8 million people currently do not have a bank account and around 60% of financially excluded people are housing association or council tenants. Unable or unwilling to use banking services, many turn to doorstep lenders. The country's leading home credit company quotes a typical APR rate of 177%.

The Federation has called for a Universal Service Obligation (USO) on the banking industry which

would allow low income customers a small buffer zone on going overdrawn, which is not available on the Basic Bank Account currently being offered by the banking industry. Low income customers should also be able to access core services that others enjoy. These include the right to face-to-face advice and the option of regular statements for those on weekly wages.

The Federation also wants to see a cap on interest rates to stop people on low incomes from being ripped off by doorstep lenders. It is time for the Government to introduce a legal requirement for affordable and accessible banking services available to everyone, including:

- the right to a basic bank account for every UK citizen;
- a cap on the sky-high APR fees charged by home credit companies; and
- a requirement for home credit companies to pass on their customers' repayment records to credit reference agencies, so that borrowers can build up a good credit history and access more affordable credit elsewhere.

To join the campaign and lobby your MP click on [www.housing.org.uk/debt](http://www.housing.org.uk/debt)

# iNdialogue

## What do you think the Government should do to end financial exclusion?



**David Eastgate, Chief Executive  
The Hyde Group**

Many of our tenants live on low incomes without savings or access to mainstream credit. Therefore, they often find themselves at the mercy of loan sharks or doorstep lenders. At Hyde, we are introducing a number of measures to maximise individual household incomes and increase the availability of affordable credit. But our biggest challenge is to help the most vulnerable who often lack the basic skills to manage and understand their finances. Interventions like this take time and cost money. Whilst we support applying pressure on the banks to better serve our residents and introduce legislation to curb the unscrupulous practices of some lenders, our biggest plea to Government is put additional resources into the provision of accessible and appropriate education and advice.



**Claire Kober, Policy and Campaigns Manager  
Leonard Cheshire Foundation**

There are well established links between disability, poverty and financial exclusion. A recent Leonard Cheshire report found that many disabled people's basic income was not sufficient to meet the extra costs of disability - nine out of ten reported running out of money on a regular basis and many were using credit to pay for essential items such as food and fuel. The Government must work to tackle disabled people's poverty, both in work and out; ensure that disabled people are able to access financial services on the same basis as non-disabled people and also build financial capability through a programme of education. The financial services industry also needs to develop its understanding of disability and the way in which it responds to a change in a borrower's circumstances when they acquire an impairment.



**Nigel Howlett, Chief Executive  
Cambridge Housing Society**

We know what financially excluded people want from their financial services - like everybody else they want customised products and services from organisations they trust. We play an important part in bridging the relationship between consumers and services but the Government could do much more to support the financial security of excluded groups. For instance, it should legislate to make the home credit market more competitive and improve consumer protection against unscrupulous lenders; it should extend access to Social Fund loans; it should apply more pressure on the financial services sector to develop customised products and services; and, given that we are a key route to market, it should consider how the regulatory regime can better support the financial inclusion agenda.



**NEW CHARTER  
MiNT - PROMOTING FINANCIAL  
INCLUSION - MANCHESTER**

**MiNT** (Money Information Network Tameside) is a partnership involving organisations ranging from social landlords, local authorities, education establishments and advice agencies offering a wide range of advice and assistance to the whole community.

The purpose of **MiNT** is to create a strategy to promote financial inclusion in Tameside. **MiNT** wants to change things and help the people of Tameside to access a quality service at the time when it's most needed.

**MiNT** offers a range of services aimed at tackling financial exclusion through:

- Providing options and tools to help access assistance,
- Developing the knowledge and understanding within the community,
- Offering access to products in the market place,
- Providing people with the skills and training to make informed choices.

To highlight the services available **MiNT**:

- organises promotional events
- works with housing associations to provide information on the services available to tenants
- works through local authorities who provide **MiNT** promotional leaflets with all benefit notices, ensuring those who may need advice know where to get it.

Once members of the local community contact **MiNT**, they are provided with:

- opportunities to access educational services to improve education and financial awareness
- ability to speak with people who can offer debt advices and highlight the options available.

Anyone can log on at **www.mintameside.co.uk** - There's a public area where self-help information on benefits, money advice and services, plus a members area to share information.



**Above: Fishing for Money**



**Above: Angling for cash**



**HOME GROUP  
FIGHTING LOAN SHARKS**

**LOAN** shark rates of 400 per cent on tenant debt forced the residents of Cleator Moor, near Whitehaven in Cumbria, to form their own credit union ten years ago and the community has never looked back, as Andy Lee, National Director of Communications at Home Group, found out.

Jim Youdale, a volunteer credit union worker, paints a grim picture of life for a tenant dealing with 400 per cent interest rates and loan sharks at the door. In fact, says Jim, Home Group tenants on the Cleator Moor estate, often felt trapped in a dark hole with loan sharks staring in on them.

"The problem is, and was, that people get trapped into borrowing from sharks and disreputable lenders. Many of them cannot access bank accounts and it becomes difficult for them to save, let alone borrow." When it formed, just over ten

years ago, Cleator Moor Credit

Union boasted a handful of savers and some noble intentions.

Now, a decade on, with Home Group as a partner lending financial assistance throughout, it has 600 senior and 200 junior members, an asset base of £250,000 and has been responsible for 1.25 million pounds worth of loans to members, thanks to its 20 staff of mostly volunteers.

Jim explains: "We have tried to be creative with the things we offer to members, and even non members. For example we have launched a Back to School fund to help pay for uniforms as well as insurance and loan guarantees."

Jim maintains that using a credit union is cheaper than using a high street bank. He says: "It's a no brainer. It's much cheaper to pay for your holiday abroad with a credit union than a credit card."

Given the startling success of Cleator Moor CU, who's arguing with him?

**March**

**Chief Executives' Conference  
2-3 March 2006**

Victoria Park Plaza Hotel,  
London  
Contact: Sales & Business  
Support 0870 010 7676

**Finance Conference &  
Exhibition**

15-17 March 2006  
University of Warwick, Coventry  
Contact: Sales & Business  
Support 0870 010 7676

**Communications and Marketing  
in Housing Conference**

**30 March**  
Inmarsat, London  
Contact: Sales & Business  
Support 0870 010 7676

**April**

**Stock Transfers Conference  
25 April**

Crowne Plaza, Nottingham  
Contact: Sales & Business  
Support 0870 010 7676

**May**

**Housing and Neighbourhood  
Management Conference**

**3 May**  
Inmarsat, London  
Contact: 0870 010 7676

**IT Conference  
8-9 May**

Burlington Hotel, Birmingham  
Contact: Sales & Business  
Support 0870 010 7676



Above: Help at hand... HOME tenants have the ability to access several credit unions across the Group thanks to partnership working.



Above: Credit where its due - credit unions are one of the cheapest ways to borrow

**iNpractice**  
**mosaic**  
homes

**MOSAIC**  
HACKNEY CREDIT UNION

Mosaic Homes' support for the development of local credit unions began as a result of lobbying from its own residents for local access to credit union services. The first of these to be launched is the Hackney Credit Union, a not-for-profit financial

organisation that gives Hackney residents and workers access to a range of affordable financial services. It has enjoyed early success in attracting members following its launch in November 2005 with over five hundred and fifty members joining in the first three months of trading. Numbers of Mosaic residents and staff are included in this early groundswell of local support. Hazel Capper, Hackney Credit Union's Chair said: "The Credit Union encourages its members

to build up savings in a range of safe and convenient saving accounts. Each year the profits are redistributed back to all members in the form of an annual dividend, thus keeping money in the pockets of local people. It also offers access to low-cost borrowing. We lend in a responsible and straightforward manner, ensuring that the individual can actually afford the repayments that they are taking on." Mark Viggars, Head of Community Development and Tenant Involvement at Mosaic

Homes says, "Financially excluded social housing residents are seen as a key area of benefit for the credit union in an area where a growing number of people are sidelined by mainstream banks and find it difficult to access bank accounts." Mosaic Homes are also promoting the credit union to their staff by offering salary deductions to encourage regular saving.

**noticeboard**

A forum for members, tenants and partners

noticeboard@housing.org.uk

Is it possible for organisations other than housing associations to become involved in iN business for neighbourhoods?

Yes, it is possible for some organisations to be involved, because iN business for neighbourhoods is all

about working in partnership to create places where people want to live. Being a supporter means making an active commitment to the objectives and values of iN business for neighbourhoods. Your organisation would need to sign up to the following statement:

- We have a good working relationship with housing associations and local authorities in the areas in which we work, and are committed to improving our partnership working
- We will sign up to the iN business for neighbourhood commitments to customers, neighbourhoods and

excellence (see [www.iNbiz.org](http://www.iNbiz.org)) where they apply to our business

- We will endeavour to publicise our support for iN business for neighbourhoods to our stakeholders
- We will recognise iN business for neighbourhoods as a trademark and use it according to guidelines laid down

by the National Housing Federation

- We will not use our supporter status as a means to solicit business or for commercial gain

For further information contact Stephen Bull on 020 7067 1035 or [stephenb@housing.org.uk](mailto:stephenb@housing.org.uk)