Debt Support

Collected Innovation – Session output

Overview

This session brought together participants to discuss key challenges and solutions in delivering better debt support. Discussions focused on four key areas: **Debt Advice**, **Affordability**, **Vulnerability**, **Data & Analytics** and **Compliance**, capturing priorities, barriers, enablers, and potential actions.

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Key Themes and Insights

1. Debt Advice

- **Priorities:**
  - Improving **data sharing** between creditors and advice providers.
- **Barriers:**
  - Concerns around **data protection** and **privacy** limit information exchange.
- **Enablers:**
  - Not specifically identified, highlighting a lack of clear mechanisms to overcome barriers.
- **Actions/Solutions:**
  - Focus required on developing **privacy-compliant data-sharing frameworks** to enable smoother referral processes and support.

2. Affordability

- **Priorities:**
  - Improve **customer alignment to SFS (Standard Financial Statement) standards**.
  - Enhance **understanding of customer needs**.
  - Ensure clarity on **why affordability conversations are important**.
  - Facilitate effective **digital interaction across channels**.
- **Barriers:**
  - Poor understanding of the **affordability process** by customers.
  - The **length and complexity of the SFS**, leading to disengagement.
  - **Attention span and time constraints** during conversations.
  - Difficulty accommodating **specific customer nuances**.
  - Limited use and trust in **Open Banking**.
- **Enablers:**
  - **Technology and AI** to simplify processes.
  - **Data-driven segmentation** to personalise interactions.
  - Improved **sharing of data** to reduce duplication.
- **Actions/Solutions:**
  - Conduct a **sense check early in the customer journey** to confirm understanding and relevance.
  - Improve **customer education** about the importance of affordability assessments.
  - Streamline communications and processes for ease of use.

3. Vulnerability

- **Priorities:**

  - Better **identification, classification, and consistency** in recognising vulnerable customers.
  - Enhanced **systems** to support vulnerability handling.
- **Barriers:**
  - Customers who **won't engage**, making identification difficult.
  - **Cost constraints** in deploying effective solutions.
  - Lack of **public trust** in debt collection, affecting openness.
- **Enablers:**
  - **Technology and AI** to support identification and classification.
  - **Data interoperability** between organisations.
  - A suggestion for **government-endorsed messaging** to improve the public image of debt collectors ("Government needs to say debt collectors are nice people").
- **Actions/Solutions:**
  - Drive **system improvements** for capturing and managing vulnerability data.
  - Foster **cross-sector collaboration** to share best practices and improve public confidence.

4. Data & Analytics and Compliance

- **Priorities:**
  - Ensuring a focus on **consumer outcomes**.
  - Comprehensive **scoping of current ('as is') processes and gaps**.
- **Barriers:**
  - **Inconsistent creditor data**.
  - Lack of **relevant MI (Management Information)**.
  - Concerns around **costs vs. returns** of implementing data solutions.
- **Enablers:**
  - **Stakeholder support** to drive change.
- **Actions/Solutions:**
  - Clearly define **'as is' and 'to be' states** to guide improvement efforts.
  - Develop relevant **MI frameworks** to monitor progress and outcomes.

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Common Themes

- Data sharing is a **recurring challenge** across all areas, driven by privacy concerns but critical to effective support.
- **Technology and AI** are seen as important enablers but require careful deployment to handle complexity and cost.
- There is a strong desire for **greater consistency** in both affordability and vulnerability practices.
- Improving **public perception** of debt support services is considered necessary to encourage engagement.

Recommendations

- **Develop sector-wide data-sharing protocols**, balancing data protection with customer support needs.
- **Simplify affordability assessments**, reducing complexity for customers and leveraging technology where possible.
- **Strengthen systems for vulnerability identification**, including investment in interoperable data and AI-driven tools.
- Promote a **common framework for data, analytics, and compliance**, ensuring alignment with Consumer Duty obligations.
- Work with government and sector bodies to **improve the public narrative around debt support and collections**.