CHASM Centre on Household Assets and Savings Management

Introducing a time delay on access to credit

Is it just delaying the inevitable?

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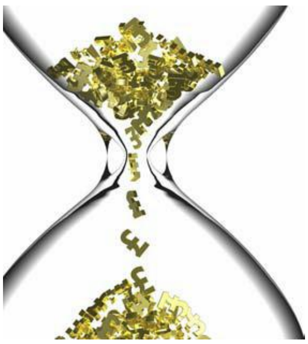

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Introducing a Time Delay on Access to Credit:
Is it Just Delaying the Inevitable?

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Introduction

High-cost credit, particularly payday lending, has been the focus of considerable policy and media attention in the last couple of years. Major reforms have been (or soon will be) introduced, including a cap on the total cost of credit. But further reforms are also under discussion, including a time delay on accessing credit. This report explores the potential impact of a time delay on access to credit, particularly high cost credit[1], on consumers[2]. It draws on secondary analysis of in-depth interviews with people who had borrowed from a range of credit sources. These interviews were initially carried out as part of a broader project on *Responsible Lending and Borrowing* for the Arts and Humanities Research Council (AHRC). While these interviews were not specifically designed to explore the potential impact of a time delay they nevertheless provide extremely useful data here to inform our understanding of the potential impact (see Appendix 1 for details of the research team and Appendix 2 for our methodology).

The first part of this report provides the context within which a time delay might be introduced and discusses the rationale, in theory, for a time delay. The second part draws on our in-depth interviews with consumers to explore the potential impact of a delay in practice. The third part of the report brings together our key findings to summarise and discuss the possible advantages, disadvantages and challenges involved in introducing a time delay on accessing credit.

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[1] We use the term 'high-cost' credit to include all forms of high cost commercial (for-profit) lending such as payday lending (both online and retail), home-collected credit, and rent-to-own markets. Our research also includes individuals that used not-for-profit credit unions, which we do not categorise as a form of high-cost credit but increasingly offer some products in competition with for-profit lenders.

[2] This research was (part) funded by the Arts and Humanities Research Council as part of the broader project on 'Responsible Lending and Borrowing' and also (part) funded by the Archbishop's Task Group on Responsible Credit and Savings as one of a number of pieces of background research to help inform their thinking

The Context and Rationale for a Time Delay on Accessing Credit

High-cost credit has received considerable media and policy attention over the last few years. This attention has particularly focused on payday lenders who have seen their businesses expand considerably since the Global Financial Crisis. In April 2013, the Financial Conduct Authority (FCA) acted in response to concerns over High-Cost Short-Term Credit (HCSTC)[3] by introducing a range of reforms. These include limiting the number of rollovers per loan, limiting the use of Continuous Payment Authorities (CPAs), enhanced affordability assessments, the requirement for a risk warning on advertisements of HCSTC, and a requirement for lenders to give borrowers who rollover their loan an information sheet which includes information on how to access debt advice.[4] These reforms are designed to increase responsible lending and prevent borrowers from accumulating problem debt or going into credit spirals.

Further, on 2 January 2015, the FCA will introduce a cap on the total cost of credit. At this time, the cap will apply only to credit with an annual percentage rate (APR) which is equal to or exceeds 100% and is due to be substantially repaid within a maximum period of 12 months. This definition of high-cost short-term credit does not cover: credit agreements secured by a mortgage or a charge or pledge; credit agreement where the lender is a community finance organisation; a home credit loan agreement, bill of sale loan agreement or overdrafts. The cap will limit interest to 0.8% per day, or 1,270%APR. There is also a restriction of £15 for default fees and charges and a 100% borrowing limitation, meaning that consumers will never have to pay back more than double the cost of their initial loan.[5] These reforms look set to mean that:

> *a) 'Lenders who currently price above the cap are likely to tighten their lending criteria.*
>
> *(b) The profitability of some lenders is likely to fall, with the result that some of these lenders may exit the market.*

[3] The FCA have defined 'High-Cost, Short-Term Credit' (or HCSTC) as loans of over 100% APR and under 12 months in length, specifically excluding home-collected credit and Community Development Finance Institutions. This is a different definition from the one used in this report.

[4] For further details see, FCA (2014) Detailed rules for the FCA regime for consumer credit, http://www.fca.org.uk/your-fca/documents/policy-statements/ps14-03

[5] For further details see, FCA (2014) Detailed rules for the price cap on high-cost short-term credit, http://www.fca.org.uk/your-fca/documents/policy-statements/ps14-16

(c) The types and structures of loans being offered by payday lenders are likely to evolve as the relative profitability of different loan products changes.'[6]

These reforms are likely to have a significant impact on the availability of credit but they may not be sufficient, on their own, to remove all the problems associated with high-cost credit. Further reform may therefore be needed and one proposal under discussion is a time-delay (of 24, 48 or 72 hours potentially) for accessing credit (i.e. a minimum time period required between a borrower being approved for a loan and actually receiving the funds.

This report considers what types of impact this time delay might have on (potential) borrowers.

A time delay could be applied to many forms of credit, including home collected credit, pawn-broking and even more affordable forms such as credit unions. However, the main target for a time delay on credit is the payday lending industry. These businesses pride themselves on the speed and convenience with which people can get access to credit, particularly online. However, this access to quick credit is seen as problematic by a number of stakeholders who have suggested that adding a time delay mechanism where consumers then have to 'opt-in' to access their loan for a specified period (usually 24 hours) after the application was approved by the lender could be beneficial way of introducing a 'cooling off' period. For example, the Institute for Public Policy Research (IPPR) has suggested that:

'A gap of 24 hours between application and payment would allow customers to withdraw at no cost if they changed their mind. This would encourage firms to properly assess loans, and stop them competing on speed'.[7]

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[6] CMA (2014) Payday lending market investigation: provisional decision on remedies. Competition and Markets Authority. https://assets.digital.cabinet-office.gov.uk/media/5435a640ed915d1336000005/Payday_lending_PDR_and_appendices.pdf

[7] IPPR (2014:19) Jumping the shark: building institutions to spread access to affordable credit. http://www.ippr.org/publications/jumping-the-shark-building-institutions-to-spread-access-to-affordable-credit

The rationale for a time delay is therefore the assumption that easy access to money provided by many high-cost credit products encourages 'impulse borrowing'. For example, the Competition and Markets Authority (CMA) has argued that quick access to credit may:

> *'allow customers to act on an impulse and do things they would not ordinarily do. The availability of funds conceals the possibility of going without and masks the need to confront lack of affordability. [There is] less need to budget and manage finances as before; [resulting in] changing attitudes to debt.*'[8]

According to this view, customers borrow money 'on an impulse'. They do not think carefully enough about borrowing and do not try hard enough to manage without access to credit because money is available so easily. If this view is correct, then a time delay might lead people to reflect on whether or not they really need to borrow at high cost. They might decide to manage without borrowing at all or perhaps find alternative, possibly cheaper, sources of credit. It is therefore important to know why people are borrowing money and whether they are doing so 'on impulse'.

So what evidence is there that people borrow 'on impulse'? The Competition and Markets Authority (CMA) conducted detailed quantitative empirical research on the payday lending industry. It undertook phone interviews with over 1,500 people who had used payday loan products to try and obtain a better understanding of the industry and how it has developed. This included information on why people accessed payday loans and the general expenditure of the funds. The CMA research shows that the majority of people who borrow from payday lenders do so for general expenses (70%),[9] with the majority of these people using credit to meet *essential* everyday expenses (such as household utility bills, rent or mortgage payments) and unexpected expenses (such as car or heating boiler repairs).

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[8] Competition and Markets Authority (2014) Research into the payday lending market: Final report, page 76.
[9] Competition Commission and TNS BMRB (2014) *Research into the payday lending market: report.* https://assets.digital.cabinet-office.gov.uk/media/5329df8aed915d0e5d000339/140131_payday_lending_tns_survey_report_.pdf

Those borrowing for essential expenses are unlikely to be 'impulse borrowers.' Our in-depth interviews show a similar pattern of credit use to the CMA study (see appendix 3). We found that the use of credit for essentials was particularly acute when there was an income gap through unemployment or a reduction in wages. Where people were borrowing as a last resort and for essential expenditure, a time delay could even, in theory at least, be detrimental to them. For example, if they were facing court action for arrears and had already spent time exploring alternative ways of paying their debts without success, they may only turn to a high cost lender at the last minute to avoid a worse outcome, such as eviction. In addition, if the borrower needs to borrow a small amount of money for an absolute necessity (for example, electricity, petrol, food), any delay in access to credit may have a negative impact on the borrower as it will deprive them of access to these items. Far from being an 'impulse borrower' some borrowers may therefore be using high cost credit only as a 'last resort' after exploring alternatives and doing everything else to manage their money without borrowing.

Some borrowers, however, may be acting more on impulse and borrowing for non-essentials. A time delay could, in theory, make a positive difference to such people so the next section of this report goes beyond the theory to draw on our case study data to look, in practice, at the potential impact.

Consumer Experiences of High-Cost Credit

This section of the report draws on our interviews with people on low incomes who had borrowed money within the last twelve months from a range of different sources. As mentioned above, these interviews were conducted as part of a broader study on *Responsible Lending and Borrowing* for the AHRC and we did not focus the interviews on the impact of a time delay. Nevertheless, they provide a rich source of data to help us try to understand the potential impact of a time delay.

Payday lending is the main target for any time delay on accessing credit, though such a reform could be applied to other forms of credit, such as home collected credit. Our interviews focused on payday lending customers (20 people), but also interviewed people who had used home collected credit (13), credit unions (8) and pawnbrokers (6) - see Appendix 2 for more detail of the research methods used. While credit unions provide low cost loans and normally take longer to agree loan applications than other lenders, some credit unions can provide access to loans within 24 hours and, indeed, some credit unions have developed such products precisely to provide some low-cost alternatives to payday lending. We therefore provide analysis which both includes and excludes credit unions. We examined the variety of ways in which people borrowed to enable us to see the different levels of impact a time delay of 24 hours on accessing credit may have on borrowers (see Appendices 3 and 4 on why people borrowed and borrower summaries).

As discussed above, the idea of introducing a time delay on accessing credit is partly based on the assumption that people take out credit on impulse and do not therefore, perhaps, try hard enough to manage their money and/or go without items that are not essential. In line with the CMA research quoted earlier, just over half of the people we interviewed used credit to meet essential everyday expenses (e.g. food, rent/mortgage, household bills, boiler repairs, etc). The pressure on their household budgets was often not due to poor money management, but very low income and high costs of essentials such as rent, gas and electricity. However, this leaves just under half of our (albeit small) sample who borrowed money for less-essential or non-essential spending (e.g. Christmas, birthdays, holidays, nights out). A time delay might, therefore, cause some of these people to reflect further on whether borrowing, at high cost, is worth it to buy non-essentials and we discuss this further in reference to our case studies below.

The idea of a time delay is also partly based on the assumption that people might use the extra time to consider alternative ways of meeting their needs. Our research, however, found that many of the interviewees had already considered other options before they borrowed money to meet their needs, but felt they had no alternative. The options considered were generally other high-cost loans (for example, home-collected credit, payday loans or pawnbroking). Some had also considered borrowing from family and friends. It is true, however, that few people had considered borrowing from more affordable sources such as credit unions. This was largely due to lack of awareness of credit unions or Community Development Finance Institutions (CDFIs). Raising awareness of these forms of credit may therefore be helpful to people. Perhaps, within a time delay on accessing credit, people could be given information about such affordable forms of credit. However, if people have turned to credit as a last resort they may not feel they have time, at this stage, to explore alternatives. It is therefore important to raise the profile (and capacity) of alternatives more generally.

Some people in our sample had heard of credit unions, but still preferred other forms of credit. Two of our interviewees, for example, said that they would not use credit unions as they had heard stories of credit unions taking control of child benefit payments to guarantee repayment of the loan. They were concerned about the loss of control this would result in. Others in our sample were already using a credit union but nevertheless took out high-cost loans such as rent-to-own items alongside their credit union loan. This reflects the wider need for access to credit which may not be solely available from credit unions due to a lack of resources or an unwillingness to lend due to concerns about whether borrowers would be able to afford repayments on further credit.

To determine the overall potential impact of a time-delay on each of our borrowers, we analysed each of our interviews and placed people in to one of five categories depending on whether a time delay might make a positive, negative or no difference (see Appendix 4 and Tables 1A and 1B). Table 1B excludes the credit union customers from the analysis as our focus was on commercial, high-cost credit such as payday lending and home-collected credit. However, we were interested to see if a time delay would affect credit unions as there are some that provide same day credit and products that are designed to compete with payday loans. For example, London Mutual Credit Union (LMCU) offers CUOK pay day loans at significantly lower rates than commercial payday lenders with repayment over one to three months. In our sample, we did not find examples where the credit union borrower would have been impacted by a time delay, although that is not to say that this is the case for all credit union borrowers. Once again, we need to stress that this is based on our interpretation of the potential impact of a time delay rather than the individual's own view or any 'objective' data (eg based on more experimental designs). Our data is also limited to 44 outcomes (37 if credit union borrowers are removed). People's situations, as we shall see, are complex. So it is not easy to place people into discrete categories. Taking all this into account, however, the strongest potential consequence was that a time-delay on access to credit was unlikely to have a significant impact on the borrowers' financial behaviour or outcomes. We did find some instances where a time delay might have positive outcomes for people and a few were the outcome might be more negative. Overall, then, a time delay would make little difference but if a difference was made, it was more likely to be positive than negative. Having said all this, our case studies show the difficulty of predicting the outcome of a time delay given the complexities involved in people's lives and their borrowing decisions. Some caution therefore needs to be used in relation to our findings.

Table 1A: Potential outcomes if there was a time-delay on access to credit (including credit union customers)

Potential outcome	Number of borrowers
Likely to be positive	4
Potential to be positive	12
Unlikely to make a difference	23
Potential to be negative	2
Likely to be negative	3

Table 1B: Potential outcomes if there was a time-delay on access to credit (without credit union customers)

Potential outcome	Number of borrowers
Likely to be positive	4
Potential to be positive	12
Unlikely to make a difference	16
Potential to be negative	2
Likely to be negative	3

In order to illustrate and highlight, in more detail, the different outcomes that a time-delayed credit may have on borrowers we have identified 7 case studies. As the most common outcome is that the time delay is unlikely to make a difference, these case studies will be discussed first. This will be followed by the case studies highlighting the potential positive outcomes and finally, the case studies with potentially negative outcomes will be discussed. These case studies demonstrate the complexity of many people's situations and the difficulty of judging the counter-factual, 'what if' there had been a time delay on their access to credit.

Case studies showing a delay is unlikely to make an impact

Case Study One: Georgina[10]

Georgina was an unemployed 19 year old woman who lived with her mother who was, herself, also out of work. Georgina had borrowed from a number of online and high-street payday lenders, had been unable to repay the money and was in significant debt with these lenders. She did not need the money for any specific or urgent requirement and stated that the funds were "*just for day-to-day life, you know, because I'm not working at the moment*". When asked why she used payday loans for her financial needs, Georgina stated "*because it's so easy, and if you've got good credit, obviously, straightaway, you're gonna get accepted*".

Given Georgina's lack of employment, there is a strong case for arguing that access to this form of credit was, indeed, too easy.

When she got her first payday loan, Georgina started with a loan of £400, which she was unable to repay and it remained outstanding. As the unpaid loan impacted her credit rating, she was only able to get approval for lesser amounts from a second payday lender, so her next loan was for £230. When this was unable to be repaid, she again had to go to other lenders but was only able to get £50 loans at a time. All of the loans she had obtained remained completely or partly unpaid. As Georgina stated "*I can't afford to pay the money back off what I'm still getting. So, it's just been, like, building up and building up, but there's nothing I can do about it*". She did however remain positive and stated that when she gets a job "*and start getting the money in, and then I can start paying, like, sort out a plan to pay back little bits now and then*".

Georgina received a significant amount of correspondence from the lenders demanding repayment and had even changed her bank account details so that money could not be taken out by the Continuous Payment Authority she had entered into. It is clear that Georgina was in a debt spiral that will be difficult for her to get out of, even if she finds employment. She commented that she originally needed the money

[10] All names are pseudonyms

"just to help you through, you know, like, your Job Centre money and, you know, food and, I suppose you want to get bits of clothing for yourself, and you couldn't afford that most of the time, on that sort of money, because you've got to make it last you one week, and then the next week. And then, plus, when you've had the money, you borrow it out. Like, sometimes you have to borrow before you get to your next payday, and then you have to pay them back, so it was just hard to survive."

Borrowing money for one week meant that she was unable to cover her expenses for the following week, therefore she felt she needed to keep on getting loans just to get by.

It is unlikely that a delay in access to credit, even with the provision of additional information on affordable lending alternatives, would have made a difference to Georgina. It is true that she had not looked for more affordable loans but she was aware of the expensive nature of payday loans. She chose to continue using them because it was quick, easy and she was likely to be accepted even without a job and with outstanding, unpaid loans. Other, more affordable lenders, were unlikely to have lent to her. When asked why she did not go with a more affordable lender, or one that had smaller repayments over a longer period of time, she stated "*I didn't really research that. I just went to whatever one [would accept me]*".

In addition, the actions of her family and friends had a strong impact on her lending decisions, as she stated *"[a]t the time, when I was doing it, a lot of my friends and everybody was doing it*". Georgina commented that, despite the issues she has had with the payday loans, and the fact that they are still unpaid and interest is continuing to accrue, she would have borrowed from the same lenders again. This highlights the attractive nature of payday loans and indicates that delay in access to credit and the provision of relevant information would probably not make an impact on her borrowing activities.

Georgina might, however, have thought twice about borrowing from payday lenders if information had been provided to her about the consequences of default, in terms of the escalating debt and the poor credit reference which will make it more difficult to borrow in future, should she wish to do so. So while a time delay seems unlikely to make much difference it is unlikely to make a negative difference. There is a possibility that it could make a positive difference.

Case Study Two: Mary-Anne

Mary-Anne was a 36 year old single woman with three children, the youngest of whom had a disability requiring significant care. She had used home-collected credit almost continually since 2005 and appeared to have become dependent on this type of finance. In addition, she showed a number of signs of being financially excluded. Mary-Anne was made redundant in 2007 and had claimed out-of-work benefits since then. She did not have a bank account and relied on her post office account, using cash for all her expenses.

Some of the loans Mary-Anne received were for non-essential items and when the money was offered, she could not resist taking it. This suggests a degree of 'impulse borrowing' and a delay might cause Mary-Anne to reflect a little more on her spending here. She used two different home-collected credit providers, one for her standard continual loans and the other for 'special' purchases. The last 'special purpose' was for £600 for a holiday with her children six months earlier, which she was still paying off at £30 per week. Mary-Anne's credit journey began when a door-to-door salesperson offered her a professional photography session for her children. It was £250 and she did not have the funds so took out home-collected credit. Once this was paid off, they offered her another loan. As she stated "*it just kind of went from there and then every kids' birthday and…it's just you borrow, you borrow and…yes. So that's how*." She further stated:

> *'once I'd paid that, then do you want another loan, and it's like well, I could buy this for the kids, I could buy that. It's like easy money, you have to pay it back but it's easy money when they're offering it you and you've got like two kids and single parent and then I was made redundant in 2007, so I had a newborn baby and my son and, you know, she offered me money which kind of helped out buying beds and, you know, things like that. So it's kind of easy money.'*

As with Georgina, above, the reference to 'easy money' suggests, indeed, that some lenders make it 'too easy' for people to borrow rather than to delay a purchase, go without or look for alternative sources of borrowing. A delay in access to funds might give Mary-Anne time to reflect on her borrowing, but it is unlikely to lead to borrowing from cheaper sources as she did not have a bank account and therefore had limited options for credit products. She recognised that the home-collected credit was expensive and when asked how she felt about the loans, commented:

> *'Well, I'd rather not do that. I'd rather have my money and save my own money, like what I'm paying them a week save that and pay no interest, but we don't live in that kind of world. So obviously I don't want to pay an extra £300 for a £400 loan, but in times of need it's how we live, really, you know?'*

However, Mary-Anne seemed to have quite a close relationship with her lender. When asked about her agent, she stated "*Yes, we get on well, yes. Yes, spot on. She's lovely*". This is another reason why a delay in access to funds, even with information on more affordable credit alternatives, is unlikely to make a difference on Mary-Anne's financial choices.

The case studies so far also suggest that a time delay may have a different impact on a first loan from a particular lender compared with a second or subsequent loan.

Case studies showing a delay may be positive

Case Study Three: Katie

Katie was a single woman in her forties, working full-time on minimum wage with one child. She borrowed a £300 instalment loan from a high-cost credit provider. She had previously obtained a loan from a home-collected credit lender, but had worked hard so that she was no longer reliant on short-term credit, and therefore normally went without borrowing. She was however generally living pay-day to pay-day and had organised direct debits and other bills to be taken out of her account after she was paid. When a new company took over her work, they changed the payment scheme so that employee wages were paid at the end of the month instead of the middle.

This meant that Katie would have a short period of time without income and with bills to pay, but when she was paid at the end of the month she would have sufficient money for her expenses. Katie therefore took out a high-cost instalment loan to cover this period. When asked whether she had considered calling her utility companies to ask if they could wait for their regular payments, she stated:

> *'I would have had to phone all of them, because all my money goes to my account and then goes out of my account, so whatever's left is mine. So it would have been more. It would have been extortionate, and the other thing is, it's a nightmare to keep phoning them and changing days. One was my car insurance, …you know, everything goes out of my bank.'*

Katie considered her options as she was very concerned about defaulting on her direct debits. She did not want to get out a payday loan as she had heard horror stories of these:

> *'I mean, a friend of mine, she doesn't work and she's been … on the internet. I don't do much on the internet; I'm not very good. I've just learned to switch it on, actually. And she's just gone on to - I don't know who they are - and she got a loan within fifteen minutes in her bank and she doesn't work. You know? She gets like an income for the children and that, and they just gave her one like that. £400, straight like that … and she said "I'll be paying it for ever". You can just get them now, they're giving them to anybody.'*

When asked whether she considered a payday loan, Katie said:

> "*I would never have one of those. They were extortionate, and you have to pay them back in like 28 days of borrowing it, so you're paying it out of your next month's wages, so you've got to pay it all back in one go".*

She therefore decided to get a high-cost instalment loan for £300 in which she needed to repay £520 over a 10 month period. When asked what she thought of this loan, she stated it was the "*worst thing I could have done, I think, because the interest was quite high*".

It is clear that this loan was not appropriate for Katie's needs. She only needed very short-term credit (for approximately two weeks) until she received her wages, so a payday loan might have actually been more suitable and significantly cheaper. A time delay is unlikely to have resulted in Katie using a payday lender however, as she clearly had strong concerns about using that form of credit. The delay may have however given her the opportunity to consider a more affordable long-term loan, such as a credit union, authorised overdraft or small bank loan.

This case study also highlights the more general issue of employers' actions which result in employees needing to access high-cost credit. Katie was certainly not an 'impulse borrower'. Her employer caused her need for credit and should have provided a longer lead-in time before changing the time that wages were paid and/or assistance for employees who would suffer financial hardship due to the change. Because of her employer's actions Katie now has 10 months of debt and has to pay £220 in interest.

Case Study Four: Zach

Zach was a 23 year old single man without any dependents. He lived with his parents and worked full-time, earning approximately £15,000 per year. He took out a number of payday loans in a six to nine month period, mostly on a Friday or Saturday night. At first the loans were for £70-£80 so that Zach could go out with his friends, and the interest was usually around £18-£25. The amounts however increased and his most recent loan was for £150, which he used to 'last' until his next pay day. This shows a pattern of increasing usage and reliance on payday loans. He generally paid all of his loans on time, or sometimes even earlier, and he did not appear to be getting into problem debt. However, when he took out the most recent £150 loan it was for a longer period of time. He was concerned that he might not be able to pay it back and would therefore be subject to the lender's £30 late penalty, as well as additional interest. When his parents found out, they paid the loan off for him and he was required to repay them the money when he could afford it.

Zach had started using online payday lenders when he did not have enough money to go out. One of the friends told him about a lender who approves 'all loans' and that the money would be in your account very quickly, usually in about 20 minutes. Zach was so impressed with how quickly and easily it was all organised that he began to use them whenever he was short of funds and wanted to go out. When asked if he considered any other source for the funds, Zach stated that because it was generally late at night and he didn't want to ask family or friends, online payday lenders were his only option. He commented:

> *Yeah well I called [my friends] and I was like, oh what you doing and they're like, oh we're going out and I was going to arrange a night in and then they told me they was going out and I was like, oh how you affording it, I thought we were all broke. She told me she went on [to the lenders website and], told me it was pretty straightforward … Yeah within about 20 minutes I had the means to go out.*

A delay in access to credit would probably have had a financially positive impact on Zach. He might have been able to access the initial loans to fund his night out and so would have found alternative ways of doing this (e.g. savings from his income or perhaps borrowing informally) or not gone out. He would probably have then avoided borrowing further and becoming increasingly dependent on short-term credit, which resulted in his parents needing to pay out his last loan to prevent a debt spiral.

Zach was, in some ways, the archetypal impulse payday lending customer who decides to borrow money at short notice for a social activity which most people would not classify as a 'need'. A time delay might be beneficial here but, so too, might a restriction on when people can access credit (e.g. between 6pm and 6am). Having said that, if such restrictions had been in place Zach might have simply planned a little further ahead and applied for the loan the day before he knew he might need it.

Case Study Five: Natalia

Natalia was a 26 year old single woman with two young children who was already using a wide range of credit products including home-collected credit, pawnbroking, payday loans and credit unions. She had been unemployed for a significant period of time and it did not appear she received any financial support from the father of her children. She was therefore struggling. Natalia generally borrowed money "*just to get by … for food and electric and gas … it was just literally to live*". Whilst she normally used home-collected credit or pawnbroking, her last loan was from an online payday lender. Her friend obtained the loan on her behalf, including lying on the application form that Natalia was employed. The loan was approved without any verification and within half an hour £200 was deposited into Natalia's account. Unsurprisingly she was unable to repay any of this loan, and it soon increased to £480.

Natalia was aware of credit unions and, in fact, had been a member of one for a number of years. She used credit union loans generally for Christmas presents, but had not thought of extending this loan for her other credit needs. It is clear that Natalia had attempted to minimise her reliance on credit, but her general financial situation made that difficult, and some lenders appeared to encourage Natalia to take out more credit than she really wanted to. She explained:

> *'I went in to pawn a ring and she said instead of pawning the ring [she said] why don't you have a loan, I said I can't because I'm on benefits because I thought you couldn't and then she said you can now. I only went in to pawn my ring and I know I could only have £20 off this little ring because it's only little. And straight away she come back and offered me £240 and again I was very skint so I just ended up taking it, so I'm in the middle of paying all that back now because that's gone sky high.'*

It is difficult to know for sure what difference a delay in access to credit at this point might have made on Natalia. Her financial situation was extremely difficult and her credit problems were mainly a result of her precarious financial status and inability to afford the basic necessities for herself and her children. She was clearly aware of more affordable credit alternatives (as she was a member of a credit union), but for a variety of reasons chose not to use these for her financial needs. A delay in accessing credit would not change her basic economic problems and it might not have changed her use of credit generally. However, Natalia had not been seeking such a large loan and a 24 hour time delay might have given her space to reflect on the consequences of borrowing more money than she actually wanted at that stage. In some ways, this might be seen as a case of 'impulse borrowing', but the impulse in this example was the result of the lender acting irresponsibly and encouraging someone in a precarious financial situation to borrow more money than they have asked for.

Case study showing a delay may have a mixed impact

Case Study Six: Victoria

Victoria was a single woman in her fifties with no dependents, although she had four children in their thirties. She worked part-time for minimum wage, but her hours were unstable and she was looking for further employment. When she ran low on money, Victoria went to her nearby pawnbroker to pawn her jewellery. She liked the flexibility of pawning items, as she could repay the loan and get her items back whenever it was convenient. For example, she stated

> *just say I thought, 'Oh, I've got no money. I'll go and pawn them,' and then I get paid next week. I can go on the Friday and get them out, and you probably only pay, like, a couple of pound, you know, like, say, not much interest on it. It all depends what you have off them, but like I say, they do offer you more money, but I always say, 'No, I don't want that much.' I might even say, 'Can I just have £30?'*

So far, Victoria has paid back all the loans and has never lost any jewellery. She generally used the pawnbroker for small amounts (£40-£60) and when asked what she uses the funds for stated, "*to get the shopping and that, to be honest with you and, because I've got an electric token meter, so I needed electric, you know*".

Whilst she used pawning to access credit on a frequent basis, Victoria also recently obtained home-collected credit. She needed money for her TV licence as she had been given a warning of this unpaid bill. She knew that pawning was not going to provide her with sufficient funds. Victoria therefore phoned a lender and they came around straight away offering £150, but she only took £100 as she wanted to minimise the amount of money she had to repay. As is, she was charged £60 interest and therefore needed to repay £160, which she did on time and in full.

Victoria's situation highlights the complexity of many individual's borrowing circumstances. She used a number of credit products and therefore a delay in access to credit would have a range of different consequences for her. If she could not obtain funds from the pawnbroker quickly, she may have struggled to buy groceries and/or not have money for her electric meter. Both of these highlight that a delay would potentially be negative for her. On the other hand, if there had been a delay in accessing her home-collected credit funds and she had been given information about other ways to pay her TV licence (e.g. by instalments), this information might have reduced or removed her need to borrow, saving her £60 in interest. So while the time delay, in itself, is unlikely to make much difference, if it is used to raise awareness of ways of avoiding the need to borrow, it could be potentially helpful for borrowers who are unaware of financial options available to them.

Case study showing a delay may be negative

Case Study Seven: Wanda

Wanda was a 25 year old woman living with her partner, Leon, and their young son. She was studying at the time of interview and the couple was in financial difficulties, having previously borrowed from a wide variety of credit products including rent-to-buy, payday loans and home collected credit. The couple needed the payday loans for a range of things, including baby items and a replacement tumble dryer. Due to delays in receipt of housing benefits, Wanda used home-collected credit to pay the rent, stating "*I was on housing benefits at the time and my landlady didn't want to wait for the claim to go in and we were getting harassed and I was pregnant, I wasn't very well and basically, just to get peace and quiet, I went and got a [loan] out".* Another loan was for the deposit and first months' rent their new apartment.

Wanda was still paying off most of these loans, and will be doing so for a while. She also had one payday loan that is "*sitting at the bottom of a drawer"* in her house as she was "*too scared"* to find out how much was left owing on the loan and did not want to tell Leon about it. Despite these issues, Wanda and Leon were trying to sort out the finances for the sake of their son and wanted to create a financially stable household going forward. Leon was paid on a weekly basis and their level of income changes on a month-to-month basis, depending on how much he earned from additional jobs and overtime.

At the end of each month Wanda and Leon sit down and work out the family finances to see whether they have enough funds for all their expenses. If they were unable to afford to repay their outstanding debts, they checked to see if it would be cheaper to get a short-term payday loan to keep them going until Leon is paid next or whether it would be better to incur the bank charges associated with going into unplanned overdraft. As outlined by Wanda:

> *'My bank has recently said – because they nearly got me with bank charges– because I got a bit confused with our finances … and I thought, 'Oh hang on. It's not going to come out,' and I got really scared. I was like, 'Oh no,' and rang the bank and said, 'Look. I think I'm going to get a bank charge, just remind me how much is the bank charge …' It's like £6 a day. I'm trying to work out is it cheaper to get a [payday loan] … or is it cheaper to have the bank loans. … yeah, I do panic a lot when it comes to that.'*

When asked what she would have done if she did not have access to payday lending for this expense, Wanda commented:

> *'Do you know what? Even now I don't think I could have done it any other way. There was no-one else who could financially help because we exhausted all resources asking people … we didn't have enough because [the money from a different loan] was the majority of the deposit and we had to find the first month's rent.'*

Wanda and Leon were struggling to manage on a low and irregular income, but hoped this would improve when Wanda finished her studies and secured employment. Delays with benefit payments and a lack of forbearance from their landlord have contributed to their problems. In these circumstances payday lending was a helpful option and often cheaper than going into their bank overdraft. Whilst it appeared they had borrowed more than perhaps they needed in the past, the couple was trying to rectify the situation. A delay in credit would probably have a negative impact on Wanda and Leon as it could result in them not paying the rent on time and being evicted from their accommodation or could result in the couple having to pay expensive bank charges, which could be a worse financial outcome.

Discussion and Conclusions: what impact could a 24 hour delay in accessing credit have?

Our research, and the case studies in particular, highlight the complexities and difficulties of people's financial lives and the variation between people in terms of their reasons for using high-cost credit and the likely implications of any time delay. Our research also demonstrates the complexity of predicting the potential impact of a time delay on credit but it does provide extremely rich data to discuss the possible impact of such a policy.

It is very clear from our research, however, that many people are clearly struggling to make ends meet due to low and precarious incomes. A time delay on credit will make little difference to the fundamental problems they face. While we have found some examples of 'impulse borrowing' it is far more common to find examples of 'necessity borrowing' where people take out loans for essential needs having explored alternative ways of meeting those needs.

Our research also highlights the role of lenders in encouraging people to borrow more than they need or want at particular times and the role of Jobcentre Plus, landlords, utility companies and employers in making life even more difficult for people than it already is. Having said all this, a time delay, coupled with the provision of appropriate information and advice, could make a difference, at the margins, to some people.

In this section, we review the arguments and evidence for a time delay on accessing credit and conclude that it is likely to have a limited impact overall on most people, although some might benefit from it and a few might be in a worse position. We also discuss the possible difficulties in introducing such a time delay and briefly consider alternative reforms. We conclude by highlighting the benefit and importance of further research in this area, in particular, qualitative interviews with borrowers specifically focused on asking about the impact a time delay on their financial situation and decision making.

A time delay would make little difference to most borrowers

Our evidence suggests that, for most people, a time delay in accessing credit may make little difference to them. This is because, in line with previous research, most people were borrowing for everyday essentials and were finding it difficult to make ends meet due to low benefit incomes, low/insecure wages, benefit delays and other factors beyond their control. Our research therefore shows little evidence of impulse borrowing. For many of these people, they have already considered alternatives to borrowing and so a delay in accessing credit is unlikely to make much difference, particularly if the delay is only 24 hours. Some others were not in such difficult financial situations and had carefully planned their borrowing. A time delay would make no difference to such borrowers who were not rushing into a loan and could afford the loan they were given.

A time delay may benefit some

For some, however, a delay could give them time to reflect on the possible implications of borrowing money to pay for (relative) non-essentials such as photos of their children, or a family holiday. In other cases, a delay, even one as short as 24 hours, could completely remove the need for credit, such as Zach using last-minute payday loans to fund a night out with his friends. By avoiding credit at this point, it could also prevent people borrowing further amounts and ending up in a debt spiral.

Crucially, if the time delay was accompanied with clear information about ways to avoid borrowing at high cost (e.g. ways to borrow from more affordable lenders or pay bills by instalments), the risks of borrowing at high cost (e.g. in terms of high interest payments, default charges and poor credit rating), sources of independent, free debt advice (e.g. Stepchange Debt Charity, Money Advice Trust) and money advice (e.g. the Money Advice Service) this could have a positive impact at the margins.

A time delay would, however, work against the grain of current consumer demand. In line with previous research, many interviewees spoke of the need for access to convenient, fast (same day) credit (even by some people that used credit unions). Borrowers were often prepared to pay an extra fee for this (borrowers reported that it cost them between £7 (at one credit union) and £15 (at one payday lender) to access the money within 2 hours rather than 24 hours). There could be a perception that near instant access to cash could resolve their financial issues in the short-term.[11] However in hindsight, some borrowers agreed that this short-term fix is actually masking a longer term issue or greater financial difficulties. For example, one borrower who had a loan of £300, due to the high interest rate on her loan (£220), stated:

> *'if I really sit here and tell you, I got £80. And I've got to pay all that back now. So does it help at the start or does it help at the end? No, not realistically.'*

Introducing a time delay to credit and/or restricting access to credit after a certain time (for example, 6pm) may reduce impulse borrowing, such as borrowing for a night out with friends but it is possible that such 'impulse borrowers' may just manoeuvre around this and apply for credit in advance just in case of such occasions.

A delay in accessing credit will generally only provide borrowers with a positive outcome if the delay is also combined with the provision of relevant information about avoiding problem debt and the availability of long-term, sustainable borrowing alternatives. This could give the borrower an opportunity to reassess their situation and determine whether short-term credit (or potentially *additional* short-term credit) is the best option for their situation. If this occurs, it is important that all lenders are providing borrowers with the same information and that it is informative and unbiased.

Information could be drafted by the FCA in consultation with consumer organisations, including StepChange Debt Charity and Money Advice Service. The information provided could highlight that short-term borrowing is not a solution to long-term debt and, if not used appropriately, can be expensive and harmful for borrowers. There could also be information on alternative services available to borrowers, including non-for-profit affordable lending options (such as credit unions and CDFIs). However, these institutions need the capacity and resources to serve this market.

[11] Competition and Markets Authority and TNS BMRB (2014) Report into the payday lending market. Page 93. https://assets.digital.cabinet-office.gov.uk/media/5329df8aed915d0e5d000339/140131_payday_lending_tns_survey_report_.pdf

Whilst it may seem unusual to provide such information, it is focused on a consumer empowerment approach – that is, giving borrowers the opportunity to make appropriate and beneficial credit choices themselves. Indeed, this approach already occurs in the UK with the recent FCA regulatory amendments which include a requirement for lenders to provide borrowers who rollover a loan with an information sheet, which includes information on how to access free debt advice. However, this sheet is provided to the borrower when the rollover has already occurred, therefore limiting the opportunity for it to automatically impact their lending decisions. A delay in access to funds, combined with the provision of a similar information sheet, is therefore a natural extension of the pre-existing regulation in this area, and one that may provide an opportunity for the borrower to consider their financial options and respond accordingly.

One of our borrowers supported this approach, suggesting that:

> *'they should promote the credit unions, definitely more, 100%. They complain about Wonga and people like that, but they're giving people the money. They don't say, 'Wonga's wrong. Why don't people try this?' That should be the next sentence or the first sentence. Why don't you try credit unions or give people options, explain the different options rather than, 'Wonga's bad,' and they don't say anything else about it. Wonga and people like that are terrible, but they're only supplying the market, aren't they, because people want money? They don't care how they get it. If there's a cheaper option, people are going to take it, aren't they?'*
>
> *[Interview 14, female, 20s, single, children, working part-time]*

However, more affordable forms of credit may not, realistically, be open to people as credit unions may lack the capacity or the willingness to lend to some people (who could be seen as too high a risk of default). A time delay may make little difference in such cases.[12]

[12] Competition and Markets Authority and TNS BMRB (2014) Report into the payday lending market. Page 66-67. https://assets.digital.cabinet-office.gov.uk/media/5329df8aed915d0e5d000339/140131_payday_lending_tns_survey_report_.pdf

A time delay could make life more difficult for some

One of the assumptions behind the idea of a time delay is that borrowers might desist from borrowing or find cheaper sources of credit and we have argued, above, that there is some evidence that this might occur for some people. However, there could also be negative impacts if some borrowers turn to other forms of high-cost credit such as rent-to-buy or home-collected credit which may be cheaper in terms of their APR, but may be less appropriate for the borrower (e.g. they may borrow more money over a longer period).

There is also a danger that if people are unable to access credit quickly and are desperate for it they might turn to illegal lenders, with all the negative implications that this form of lending can bring with it. Some people may also find themselves in a worse position if a time delay means they miss an important debt payment leading to default charges.

Some borrowers, for example, took out payday loans to prevent themselves from going into their unauthorised overdraft, which was a cheaper alternative than paying bank charges. In one instance the borrower took out a payday loan over a bank holiday weekend. Introducing a time delay in this case would potentially have had a negative impact on their finances. In this sense, some borrowers used high-cost credit as an expensive '*safety net*' (as stated by one of our borrowers). If unable to access credit, people may go without and if the funds were being used for essentials such, as food or utilities, this is likely to have negative consequences.

Challenges on implementing a time delay

If a time delay was to be introduced then it would, clearly, need to be enforced to ensure it was being implemented as intended. The recent enforcement action against Wonga, the UK's largest payday lender, provides a clear example of how lenders in this sphere have failed to conform to regulations in the past with approximately one in five Wonga customers being the victims of irresponsible lending.[13] This means that ongoing, effective enforcement by regulators is vital to ensure that companies are in compliance with their legal responsibilities.

However, a time delay on access to funds could be difficult to monitor and enforce, particularly for cash-based transactions (mainly home-collected credit and retail payday lending). It will be quite simple for the lenders to amend the record of the date that borrowers first visited the company and/or the date that the funds were provided, thereby avoiding the requirement for a delay. As outlined by the CMA, 56% of payday borrowers stated that they 'definitely' could not have gone without the credit and four in every 10 borrowers had no access to alternative credit.[14] This suggests that a significant portion of borrowers are reasonably desperate for the funds and may agree to amend dates on lending contracts or other documentation and, indeed, may believe that the lender is helping them out by providing the funds straight away.

Alternative reforms

This report suggests that a time delay by itself may make little overall difference to people. On balance, it is likely to do more good than harm if combined with the provision of helpful information/guidance and if appropriately enforced. However, our research suggests that other, broader, reforms could make more of a difference. For example, many participants reported that they had used credit for paying bills so we suggest that greater flexibility and forbearance from utility companies (such as gas, electric, water) and financial services (such as if people default on their direct debits or go into their unauthorised overdraft) would be beneficial to borrowers. Other reforms, such as imposing a limit on the number of loans people may have could lead to more positive impacts though this would need to be introduced alongside a real-time database.

[13] Alex Andreou (2014) 'Wonga is a symptom of austerity Britain', http://www.theguardian.com/commentisfree/2014/oct/03/wonga-just-a-symptom-of-austerity-britain
[14] Competition and Markets Authority (2014) Research into the payday lending market: Final report, page 68.

Access to affordable credit via credit unions or CDFIs also needs to be more widely recognised by the public and more readily available across the UK.[15] However, such institutions often lack the capacity to meet increased demand and may not be prepared to lend to some people who have a relatively high risk of default. Some not-for-profit lenders are diversifying the range of products and services they offer to meet demand therefore they are increasingly competing with for-profit lenders. For example, London Mutual Credit Union (LMCU) offers CUOK pay day loans albeit at significantly lower interest rates to that of for-profit lenders. Further support to credit unions and social finance institutions is therefore needed for them to meet underserved markets. Support from central and local government in terms of a no-interest loan for essential items (in the form of a reformed 'social fund') could also be of great benefit to many people.

A reduction in benefit delays could also help people avoid the need to borrow, as would, of course, higher benefit incomes, and higher, more secure incomes in employment.

Many borrowers spoke of their lack of savings and the need to save even if they had not been doing so. Auto-enrolment of workplace savings or running a savings product alongside a loan (such as those offered by some credit unions, which round up loan payments) may reduce reliance on the need for credit. For those on low incomes, another option to encourage savings could be to revive the Savings Gateway scheme whereby each £1 saved by individuals would be matched by 50p from the Government up to a maximum of £300 after two years.

Further research

Whilst an analysis of the borrower interviews from CHASM's *Responsible Lending and Borrowing* project provides a unique and useful insight into the potential impact of a time delay, the findings would be significantly strengthened by further empirical

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[15] IPPR (2014) Jumping the shark: building institutions to spread access to affordable credit. http://www.ippr.org/publications/jumping-the-shark-building-institutions-to-spread-access-to-affordable-credit
IPPR (2010) Strength against shocks: low income families and debt. http://www.ippr.org/assets/media/images/media/files/publication/2011/05/strength_against_shocks_1750.pdf

research on the topic. The findings provided in this report are the authors' opinions about what impact a delay could have on the borrowers, after analysing their situation, financial status and information stated in the interview on topics such as what the funds were used for, the availability of financial alternatives and whether the borrower would get the same loan again.

We therefore recommend that further empirical research is commissioned. This would also allow the pinpointing of specific borrower characteristics and credit sources. Finally and most importantly, it would allow an open dialogue with the borrowers about their opinions on the impact of a time delay. Very few borrowers we spoke with had considered how a delay in receiving the funds would have influenced their decision making, although a significant number commented that they regretted getting the loan out. We would also ask participants what wording would be effective for them to make people think about taking out high-cost credit and seek out options if a delay in accessing credit was instituted. This empirical research would complement both the existing research and literature on the topic and the findings in this report, and would provide a useful basis for recommendations about potential reform.

Appendix 1: The Research Team

The Centre on Households Assets and Savings Management (CHASM) at the University of Birmingham

CHASM was launched in 2010 as the first university-based, interdisciplinary research centre to focus on: financial security; financial capability; financial inclusion; and wealth taxation. We aim to:

- Carry out cutting edge, rigorous, relevant, innovative and timely research projects and PhD research
- Engage stakeholders from different sectors
- Create an international research and policy network
- Contribute to teaching specialist modules

Research Team

Dr Lindsey Appleyard is a Research Fellow at CHASM (Centre on Household Assets and Savings Management). Lindsey leads CHASM's financial capability work stream and has undertaken qualitative research on financial education and financial capability, responsible lending and borrowing, access to finance for SMEs and Community Development Finance Institutions (CDFIs). Her research interests are related to financial inclusion and exclusion, and the geographies of money and finance.

Professor Karen Rowlingson is a Professor of Social Policy and the Director of CHASM. Karen's work includes a study to monitor financial inclusion in the UK for the Friends Provident Foundation and research on responsible lending and borrowing for the Arts and Humanities Research Council. Her research interests lie within the field of social policy and focus on the financial security of individuals, families and households.

Jodi Gardner is a Lecturer in Law at Corpus Christi College, University of Oxford and an Associate of CHASM. Much of her research has focused on Australia's experience of trying to regulate the short-term lending market, and the consumer protection issues that it raises vis-a-vis the UK. Jodi has previously worked as an Australian-based consumer advocate and community lawyer.

Appendix 2: Methodology

The aim of our research was to explore the experience of borrowers that had accessed credit within the last twelve months and their experience of responsible lending and borrowing.

This research draws on 43 semi-structured interviews with borrowers of different forms of credit within the last 12 months in the West Midlands and Oxfordshire regions of the UK. The research received full ethical approval by the University of Birmingham. We recruited interviewees using a specialist marketing company who identified people in high footfall areas (e.g. shopping centres, high street) using a screening questionnaire that had borrowed in the last 12 months from a range of different sources including high-street banks, credit unions, doorstep lenders, rent-to-own and both online and retail payday lenders. We aimed to have a mix of participants in terms of age, gender, employment, family type and people on low- to- moderate incomes. Each interview lasted between 45 minutes and 2 hours at a place of their choice and convenience for them (in their home or in a café). We conducted the interviews in pairs to ensure research rigour and quality.

At the beginning of each interview we outlined the nature of our research, explained how their data would be used and this was also explained in our research information sheet which we gave to each participant. To thank the participants for their time, we gave them £30 cash. Each interview was digitally recorded and transcribed in full. We analysed our data using Nvivo computer software to explore the potential impact of a time-delay on access to high-cost credit on borrowers. Each of our case studies have been given a pseudonym to protect their identity.

Appendix 3: Summary of Why People Borrowed

	Categorisation of Why People Borrowed		
Reasons for Credit	**Getting by/Making Ends Meet**	**Enhancing their Life**	**Number of Responses**
Home renovation		•	3
Household utility bills e.g. gas, electric, TV licence, phone bill	•		11
Food	•		3
Rent/Mortgage	•		3
Birthdays		•	2
Toys		•	1
Christening		•	1
Wedding		•	1
Christmas		•	9
Night out		•	2
Holiday		•	2
Shopping		•	1
Car repairs	•		3
Boiler repairs	•		1
House move	•		1
Income gap (unemployment or fluctuation in income)	•		4
Furniture or household item e.g. tumble dryer	•		3
Training course		•	1
Total number of responses	**29**	**22**	52

Appendix 4: Borrower Summaries

No	Age	Gender	Type of Credit	Use of Credit	Impact of a Delay
1	53	Female	Pawnbroking and home-collected credit	TV licence, food, electricity	Pawnbroking – likely to be negative Home-collected credit – likely to be positive
2	40	Female	Home-collected credit	Daughter's birthday party	Potential to be positive
3	19	Female	Payday loans	Household bills due to unemployment	Unlikely to make a difference
4	35	Male	Short-term, high-interest installment loan	Training course	Likely to be positive
5	23	Male	Payday loans	Night out	Likely to be positive
6	45	Female	Payday loans and credit union	Christmas presents, new flooring and food	Unlikely to make a difference
7	30	Female	Credit union	Day out to a theme park for child's birthday	Unlikely to make a difference
8	48	Female	Short-term, high-interest installment loan	Christmas presents	Unlikely to make a difference
9	47	Female	Home-collect credit (vouchers)	High street shopping	Potential to be positive
10	37	Male	Home-collected credit	Mortgage repayment	Unlikely to make a difference
11	56	Male	Credit union	Home renovation	Unlikely to make a difference
12	29	Female	Payday loans	Christmas presents	Potential to be positive
13	27	Female	Payday loan	Christmas presents	Unlikely to make a difference
14	26	Female	Home-collected credit, payday loans and credit union	Gas, electric, food, Christmas presents	Unlikely to make a difference
15	50	Male	Home-collected credit	Boiler repair	Potential to be positive
16	22	Male	Payday loans	Household bills	Unlikely to make a difference

17	38	Female	Home-collected credit	House move	Unlikely to make a difference
18	43	Male	Short-term, high-interest installment loan	Night out	Unlikely to make a difference
19	39	Female	Credit union	Christmas presents	Unlikely to make a difference
20	58	Female	Payday loan	Car repairs	Potential to be positive
21	26	Female	Credit union	Bridge income gap due to self-employment	Unlikely to make a difference
22	26	Male	Payday loan	Rent deposit	Unlikely to make a difference
23	58	Female	Home-collected credit	Children's bikes and household bills	Unlikely to make a difference
24	65	Male	Pawnbroker	A second hand car to repair and sell on	Likely to be negative
25	55	Female	Payday loan	Christmas presents	Unlikely to make a difference
26	35	Female	Payday loans	Household bills due to unemployment	Potential to be positive
27	25	Female	Catalogue purchase, home-collected credit and payday loans	Tumble dryer, rent, household bills	Likely to be negative
28	38	Male	Payday loans	Bridge income gap due to irregular income	Unlikely to make a difference
29	42	Female	Pawnbroker	Bridge income gap between jobs	Potential to be negative
30	45	Female	High-cost, installment loan	Bridge income gap due to change of pay date	Likely to be positive
31	29	Male	Payday loans and home-collected credit	Car repairs and household bills	Unlikely to make a difference
32	40	Female	Credit union	Car repairs	Unlikely to make a difference
33	23	Male	Payday loans	Bridge income gap due to irregular income	Unlikely to make a difference
34	28	Female	Payday loans	Wedding expenses	Potential to be positive
35	30	Female	Credit union	New beds and passport	Unlikely to make a difference
36	45	Male	Home-collected	Christmas presents and	Potential to be positive

			credit	household bills	
37	36	Male	Home-collected credit	Holiday spending money	Unlikely to make a difference
38	60	Male	Payday loan	Electricity bill	Potential to be negative
39	25	Female	Payday loan	Child's Christening	Potential to be positive
40	41	Female	Home-collected credit	Christmas presents	Potential to be positive
41	42	Female	Pawnbroker	Home renovations	Unlikely to make a difference
42	23	Male	Payday loans	Mobile phone bill	Potential to be positive
43	25	Male	Payday loan	New tumble dryer	Potential to be positive