

drowning in debt

Church Action on Poverty was delighted to learn in February that MPs have backed our call to end the rent-to-own rip-off.

The All Party Parliamentary Group on debt and personal finance called on the Financial Conduct Authority to launch an investigation into the 'rent-to-own' (RTO) market, dominated by BrightHouse and PerfectHomes. Not before time.

The RTO sector has more than doubled its pre-tax profits over the last three years, from £9.83 million to £19.7million, by selling basic appliances, furniture, and white goods to hard-up families at inflated prices and sky-high interest rates.

In a Church Action on Poverty report in 2013 we highlighted the example of a six-seater sofa from Sofaland which cost £660 – compared with £2,113 for an equivalent item from BrightHouse. Add on BrightHouse's 64.7% interest, and this sofa ends up costing £4,056.

As the recession forces mainstream retailers to shut down their stores, RTO market leaders BrightHouse are increasingly dominating

the high street. The number of RTO shops across the country roughly doubled since the recession began, from 179 in 2008 to 344 by autumn 2013.

Yet against this backdrop of enormous profits and expanding markets, the people fuelling this boom struggle to pay for basic amenities.

Taking out doorstep loans and using rent-to-own companies had left Donna Allison (pictured) with large debts. But with our partner Thrive's help, Donna has managed to pay off most of her loans, and is now a money mentor.

"You don't have the money to save when you've got children or you're on benefits so you go to [RTO stores]. But then you're paying a thousand pounds for a second-hand washer... I had bailiffs coming to the door, and red letters all the time. I was scared to answer



Donna Allison lives in Thornaby and is a member of Thrive Teesside

You're paying £1,000

for a second-hand

washer

the phone... Now I feel much better in myself. I've got more money to spend on the children. And all the money that I would have given to those loan sharks I'm now saving."

The intervention of the All Party Parliamentary Group on Personal Finance is to be welcomed. Now it is time for the Financial Conduct Authority to act.

sparkle

updates from Church Action on Poverty
March 2015

time to rethink benefit sanctions

If you commit a crime, no criminal court in the UK is allowed to make you go hungry as a punishment. But if you're late for an appointment at the Jobcentre, they can remove all your income and leave you unable to feed yourself or your family for weeks at a time.

"During the first three weeks of my sanction I continued to look for work as I was required to. By the fourth week however I was exhausted, unwell and no longer had it in me. I was not eating as I had no food and was losing a lot of weight. I told the Jobcentre I was unwell but was sanctioned for another three months for not looking for work properly."

James (not his real name)

Most people in this country would be shocked if they knew that, far from



providing a safety net, our benefits system is making thousands of people destitute. As Christians we believe that everyone is loved, valued and made in the image of God. We have a responsibility to challenge any structure or system that undermines this dignity.

We are calling for a full and independent review of the sanctions regime, and for urgent reform of the hardship payments system

to avoid the deliberate imposition of hunger. In the meantime, we are urging the Government to suspend all sanctions against families with children and those suffering from mental health problems. Most importantly, the culture of enforcement and punishment must change to one of assistance and support.

Find out more and take action:
www.church-poverty.org.uk/rethinksanctions



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New guide to help people avoid unfair energy prices

In February, we launched a new resource which will help people with prepayment meters to avoid paying unfairly high prices for their energy.

Prepayment meters (PPMs) charge higher tariffs for gas and electricity than credit meters, meaning that people on low incomes end up paying a 'Poverty Premium' for their energy. PPMs also cause a number of other problems: they make it difficult for people to manage any debts; it is very difficult and expensive to get one removed; and they can even charge people for debts incurred by previous tenants of a property.

The *Guide to Using Prepayment Meters for Gas and Electricity* is designed to help people avoid these pitfalls and reduce their energy costs. It includes advice on what to do when you move into a property with a PPM (especially how to avoid paying a previous tenant's debts), information about switching to more affordable tariffs, and contact details for a range of energy suppliers and advice services.

We're very pleased that the Guide is now being distributed by Salford City Council. If you have a PPM



yourself or you help people in fuel poverty, you might find the Guide useful too. You can request printed copies by contacting Joyce Kay on 0161 236 9321 or joyce@church-poverty.org.uk

The Guide was written by a group (pictured) who took part in a School of Participation delivered last year by Church Action on Poverty and The Broughton Trust. The School of Participation included members who had personal experience of fuel poverty, and was certificated by Manchester Metropolitan University.

Eight local people were recruited and attended a total of 17 sessions. They decided to concentrate on problems being experienced by people who

use PPMs because this was thought to be an important issue in Salford, and some group members were PPM users. One group member had been overcharged £400 through paying a previous tenant's debt. At the same time, Church Action on Poverty's research report on the topic called *Let Us Switch!* had confirmed that this issue was of national importance.

The group examined issues around PPMs, completed research and analysis, and then looked at what action they could take to help people affected. They decided that an information booklet would be useful, especially for people using PPMs for the first time.

Scottish councils commit to tackle Poverty Premium

We are delighted to announce that the Leaders of Edinburgh and Glasgow City Councils have issued a Joint Statement on Food Poverty, in which they endorse the recommendations we made in our *Food, Fuel, Finance* report last year. Here are some highlights from their statement:

Today, most of those living in poverty are in employment, a consequence of reduced wages and a proliferation of exploitative zero-hours contracts. Many are unable to find work at all. Changes to the benefit system, including an increased use of sanctions, delays in processing and low benefit levels are fundamental causes of growing poverty...

The recent report *Food, Fuel, Finance: tackling the poverty premium* made a series of recommendations for action at city, Scottish and UK levels and we endorse its findings. Furthermore, we welcome the work of the Glasgow-based Poverty

Leadership Panel and reaffirm our commitment to delivering its objectives...

We believe:

- Access to food is a basic human right.
- Insufficient food is a symptom of poverty.
- Food banks are a crisis response and will not solve the problem of food poverty.
- Food waste is not an effective or socially just solution to food poverty.

We will:

- Continue to work alongside those with lived experience of poverty to identify solutions.
- Encourage the Scottish and UK governments to work in partnership with local government, communities and the third sector to tackle food poverty and develop a plan to tackle its causes.
- Endorse the recommendations of the Church Action on Poverty report *Food, Fuel, Finance* and the findings of Glasgow's Poverty Leadership Panel.

When I need a neighbour

Here's a Franciscan prayer which appears in the excellent new ecumenical all-age worship resources on the theme of UK poverty which we produced in collaboration with *ROOTS for worship*:

May God bless you with discomfort: discomfort at easy answers, half-truths, and superficial relationships; so that you may live deep within your heart.

May God bless you with anger: anger at injustice, oppression and exploitation of people; so that you may work for justice, freedom and peace.

May God bless you with tears: tears to shed for those who suffer from pain, rejection, starvation and violence; so that you may reach out your hand to comfort them and turn their pain into joy.

May God bless you with foolishness: enough foolishness to believe that you can make a difference in this world; so that you can do what others claim cannot be done.

Amen

Download the resource at www.church-poverty.org.uk/pray/worship