

Investigating the Role of Debt Advice on Borrowers' Well-being. An Encouragement Study on a New Sample of Over-indebted People in Britain.

Laura Fumagalli

Institute for Social and Economic Research
University of Essex

Peter Lynn

Institute for Social and Economic Research
University of Essex

Jair Muñoz-Bugarin

Money and Pensions Services

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& ECONOMIC RESEARCH



Economic
and Social
Research Council



University of Essex

Non-Technical summary

Personal debt is widespread. In 2017, the average total debt in the UK was around £28,400 per adult, adding £1.52 trillion at the aggregate level. Widespread over-indebtedness, that is the presence of chronic, problematic, unsecured debt, or debt that is a large part of household income, is likely to lead to substantive economic and public health costs. Over-indebtedness has been linked to low productivity, poor decision-making, and poor mental and physical health.

Reducing personal debt is not simple. Many borrowers lack crucial information on how to manage their debt, for example information on the relevant interest rates. Even when they do have this information, they often fail to interpret and use it correctly. In principle, debt advice can provide borrowers with useful information and ways to put this information into practice. This can help borrowers improve their debt management strategies and avoid the problem of spiralling personal debt. For this reason, since the early 2000s, UK and then US governments have invested in providing free debt advice. However, there is little empirical evidence on the effect of debt advice that justifies such investment.

This paper provides experimental evidence of the effect of debt advice on borrowers' well-being, in particular whether borrowers feel satisfied with life, whether they are happy, they believe what they do is worthwhile and are free from anxiety. We use new data from a large sample of over-indebted people living in Britain who, in the previous six months, have not sought formal debt advice, namely debt advice from providers authorised by the Financial Conduct Authority (FCA), as well as from lawyers, insolvency practitioners, or accountants.

Isolating the effect of debt advice on people's well-being is not simple. Borrowers who seek debt advice are likely to be different from borrowers who do not seek it. In other words, people who do not seek debt advice are not a valid comparison group for people who do seek debt advice. Therefore, comparing the well-being of these two groups is not going to return the causal effect of seeking debt advice on well-being. To address the problem of the absence of a valid comparison group for people who seek debt advice, we randomly divided the respondents of our survey in two groups. To one group (the treatment group), we sent a series of letters, emails and phone calls encouraging them to seek debt advice. We sent nothing to the other group (the comparison group). As the encouragement was sent randomly, comparing the outcomes of those who received and those who did not receive the encouragement permits to estimate the effect of being encouraged to seek debt advice.

Respondents who received the encouragement reported higher well-being, but not better physical health. When looking at mechanisms driving the well-being effects, we find no evidence that respondents who received the encouragement report a better financial outlook, nor that the encouragement leads to improvements in debt management strategies. In fact, people who received the encouragement reported a worsening in their attitudes to debt and an increase in the size of the debt.

We provide suggestive evidence that the effects of receiving the encouragement may be at least in part driven by people seeking informal debt advice, for example from family and friends. Our paper does not allow to make conclusions about the impact of seeking formal debt advice. This is because the encouragement did not increase the probability of seeking formal debt advice. New evidence is needed to gather evidence on this.

Investigating the role of debt Advice on borrowers' well-being. An encouragement study on a new sample of over-indebted people in Britain

Laura Fumagalli

ISER, University of Essex

Peter Lynn

ISER, University of Essex

Jair Muñoz-Bugarin

Money and Pensions Services

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Abstract

Little is known about the effect of seeking debt advice on borrowers' well-being. To estimate this effect, we designed a randomised encouragement intervention for a new sample of over-indebted people in Britain who had not sought debt advice in the previous six months. Being encouraged to seek debt advice increases the likelihood of seeking informal debt advice (e.g., from friends), but not the likelihood of seeking formal debt advice (e.g., from governmental agencies). When asked about their well-being using standardised questions, people who received the encouragement report increased well-being, especially when asked more than a year after the encouragement. The increased well-being does not seem to be a result of improved debt-management skills. In fact, spending and financial difficulties increase as a result of the encouragement, and attitudes to debt deteriorate. We also estimate the effect of seeking informal debt advice using the receipt of the encouragement as an instrumental variable. While imprecisely estimated, these results are in line with the results on the effects of receiving the encouragement.

¹We thank Elena Fumagalli for useful comments and suggestions.

1 Introduction

Personal debt is widespread. In 2017, the average total debt in the UK was around £28,400 per adult, adding £1.52 trillion at the aggregate level (Europe Economics, 2018). The presence of chronic, problematic, unsecured debt, or debt that is a large part of household income is referred to as over-indebtedness. There are approximately 8.3 million over-indebted people in the UK (Europe Economics, 2018). In the USA, around a quarter of the families in the bottom quintile spend more than 40% of their household income servicing their debt (Ong et al., 2019). Over-indebtedness has been linked to low productivity (Kaur et al., 2019), poor decision-making (Ong et al., 2019), and poor mental and physical health (e.g., Bridges and Disney, 2010; Gathergood, 2012; Richardson et al., 2013; Turunen and Hiilamo, 2014; Clayton et al., 2015; Blomgren et al., 2016; Hojman et al., 2016; Ong et al., 2019). There are economic and public health benefits from reducing personal debt.

Debt is also rising (Brown and Taylor, 2008; Hojman et al., 2016; Europe Economics, 2018), with the risk of an increasing number of people becoming over-indebted. Rising debt has been linked to poor debt management. Research shows that many borrowers do not know how to minimise borrowing costs, due to lack of information (for example, on the relevant interest rates) and cognitive bias (Bertrand and Morse, 2011; Lusardi and Mitchell, 2014; Ponce et al., 2017; Disney and Gathergood, 2013; Gathergood et al., 2019). Debt advice can, in principle, fill the knowledge gap and help borrowers address their bias, improving debt management and alleviating the problem of spiralling personal debt. Since the early 2000s, UK and then US governments have heavily invested in providing debt advice that over-indebted citizens can use free of charge (Pleasence and Balmer, 2007; Collins and Orton, 2010; Collins and Schmeiser, 2013). However, there is little empirical evidence on the effect of debt advice that justifies such investment.

This paper provides experimental evidence of the effect of debt advice on borrowers' well-being using new data on a large sample of over-indebted people living in Britain who have not sought formal debt advice in the previous six months.¹ To make sure the results

¹Debt advice is a regulated financial activity in the UK, so the provision must be authorised by the Financial Conduct Authority (FCA) and providers need to comply with a set of standards and a code of conduct. Formal debt advice is the advice from the providers authorised by the FCA as well as from

are not driven by the characteristics of those who seek debt advice, we use a randomised encouragement design: we randomly encourage some sample members to seek debt advice, and we use the others as a comparison group.

We estimate the effects of being encouraged to seek debt advice by comparing the outcomes of those who received and those who did not receive the random encouragement. It is not possible to randomly *force* some participants to seek debt advice; it is only possible to randomly *encourage* some participants to seek debt advice. Some people who received the encouragement might not seek debt advice and others who did not receive the encouragement may seek debt advice anyway. Therefore, the effects of being encouraged to seek debt advice can be considered as the intent to treat (ITT) effects of seeking debt advice.

We find that being encouraged to seek debt advice increases the likelihood of seeking informal debt advice (for example, from friends), but not the likelihood of seeking formal debt advice (for example, from impartial governmental agencies).² When participants are asked about their well-being using standardised questions, those encouraged to seek debt advice report increased well-being, especially when asked more than a year after the encouragement. The increased well-being does not seem to be a result of improved debt-management skills. In fact, spending and financial difficulties increase as a result of the encouragement, and attitudes to debt deteriorate.

As the encouragement increases the probability of seeking informal debt advice, we also estimate the local average treatment effects (LATE) of seeking informal debt advice on well-being, using the random receipt of the encouragement as an instrumental variable and allowing for the presence of weak instruments in the first stage. While imprecisely estimated due to weak instruments in the first stage, the LATE of seeking informal debt advice are in line with the ITT (the effects of receiving the encouragement). This suggests that the effects of receiving the encouragement may be driven at least partially by the effects of seeking informal debt advice.

lawyers, insolvency practitioners, accountants, etc.

²In line with the relevant academic literature, we define ‘informal debt advice’ any debt advice coming from unregulated sources. The policy world refers to unregulated activities providing debt advice as ‘informal debt guidance’.

We contribute to the growing literature on the effect of debt advice. The existing literature generally finds an association between debt advice and improved well-being (Pleasence and Balmer, 2007; Collins and Orton, 2010; Stamp, 2012; Europe Economics, 2018; Fumagalli et al., 2021). Qualitative evidence (e.g., Turley and White, 2007; Day and Hay, 2008) suggests this increased well-being is driven by a sense of relief from anxiety people feel when discussing their debt problems with somebody they trust.³ Debt advice has also been found to be correlated with more objective debt outcomes. For creditors, debt advice has been found to be associated with faster and cheaper recovery from problem debt (Europe Economics, 2018). For borrowers, debt advice has been linked to reduced probabilities of foreclosure (Collins and Schmeiser, 2013), reduction of debt and account usage (Elliehausen et al., 2007; Europe Economics, 2018), improved repayment strategies and communication with creditors (Stamp, 2012), but also with increased probabilities of missing payments (Ding et al., 2008; Collins and Schmeiser, 2013).

Most literature on debt advice has the limit of relying on non-experimental methods, such as propensity scores and - often questionable - instrumental variable methods. Non-experimental methods may fail to address the problem of endogenous selection into debt advice. People who seek debt advice are different from those who do not seek it, and these differences - rather than debt advice itself - may drive the findings of the non-experimental literature (Elliehausen et al., 2007). Experimental methods would be the ideal method to identify the causal effect of debt advice (see also, Collins and Schmeiser, 2013). When experimental methods are used - and borrowers are randomly encouraged to seek debt advice (Pleasence and Balmer, 2007) - the results are nuanced. Treated individuals are more likely to report a better financial situation, but evidence on more objective indicators is weaker, possibly due to low take-up of debt advice.

We add to the existing literature by using a randomized encouragement to address the problem of endogenous selection into debt advice. To our knowledge, this has only been done once before (Pleasence and Balmer, 2007). We improve over the work of Pleasence and Balmer (2007) in several ways. Pleasence and Balmer (2007) relies on data from a

³On the anxiety-reducing effects of financial advice more in general, see also: Gennaioli et al. (2015).

small sample of respondents drawn from the enrolment lists of 16 selected job centres in England and Wales. Our sample is much larger, covers a much larger geographical area, and it is taken from the list of participants of three different surveys which employ a variety of strategies to achieve a sample as representative as possible of the British population. While Pleasence and Balmer (2007) has only one post-treatment wave (20 weeks after the encouragement), we have two post-treatment waves (around seven and 19 months after the encouragement), allowing us to investigate and compare short- and medium-term effects. Additionally, Pleasence and Balmer (2007) only presents the effects of receiving the encouragement (ITT), while we estimate the effect of receiving the encouragement, as well as the effects of seeking (informal) debt advice (LATE).

The paper also contributes to the literature on the effect of financial advice more in general. To date, literature mainly focusing on advice given to investors shows that some financial advisors may fail to de-bias their clients' mindset. Advisors have been found to reinforce their clients' bias when in their own interest, to be affected by commissions, to be biased towards active managing and risk taking, to fail to tailor the suggested portfolio to their clients' needs and even to divert clients from efficient portfolios (Bergstresser et al., 2009; Hackethal et al., 2012; Mullainathan et al., 2012; Beyer et al., 2013; Anagol et al., 2017; Foerster et al., 2017; Brown et al., 2020). This misleading advice can be the result of misconduct (Egan et al., 2019; Law and Zuo, 2021) or biased beliefs (Linnainmaa and Melzer, 2021). Our focus on the effects of informal debt advice supplements what is known today by looking at potentially biased and misleading advice in the context of debt advice.

A further contribution is on the determinants of whether people seek and follow financial advice, including debt advice (e.g, Bhattacharya et al., 2012; Inderst and Ottaviani, 2012; Calcagno and Monticone, 2015; Agnew et al., 2018; Stolper, 2018; Kim et al., 2019; Gomes et al., 2021). Evidence shows that people often prefer informal financial advice over formal financial advice (Mitchell and Smetters, 2013). Even when people do seek formal financial advice, they often fail to follow the advice received (Bhattacharya et al., 2012; Stolper, 2018). Therefore, returns to financial advice can be low, even when use-

ful and unbiased advice is available. We find similar results for debt advice: people are reluctant to seek formal debt advice and to adopt debt-reducing strategies formal debt advice encourages. This can explain why the returns of debt advice we find mainly relate to increased self-reported well-being.

Finally, our paper introduces new understanding on the effectiveness of ‘nudges’ in affecting behavior (Thaler and Sunstein, 2009; Chetty, 2015) through the provision of advice or coaching (Altmann et al., 2018; Belot et al., 2018; Oreopoulos and Petronijevic, 2019; DellaVigna and Linos, 2020). Despite being designed in accordance with the latest findings in behavioural science, our encouragement failed to induce respondents to trust formal debt advisers. Given the primary role of family and friends in the provision of debt advice, leveraging family and friends to increase the take-up of formal debt advice can be a promising route to design successful future interventions (see also: Lusardi and Hasler, 2019).

2 Data

We use data from the Pilot longitudinal survey on debt advice (PLSDA): a study collected to test the feasibility of a large-scale longitudinal survey of indebtedness with a focus on how formal debt advice can affect long-term outcomes (see also: Lynn, 2020). The PLSDA was commissioned in 2016 by the Money Advice Service (MAS).⁴ The PLSDA has three waves. The pre-intervention wave (wave one) was collected between October 2016 and February 2017, the two post-intervention waves (waves two and three) were collected in autumn 2017 (September to December) and autumn 2018 (November 2018 to January 2019), respectively. Wave one was collected with the aim of selecting a representative sample of over-indebted people in the UK. To recruit sample participants, three different fieldwork approaches were used: i) Kantar’s face-to-face omnibus survey; ii) Kantar’s online omnibus survey; iii) An ad hoc online survey.⁵

The three fieldwork approaches differ in their recruiting strategies and interview modes.

⁴Since 2019 MAS is part of the Money and Pensions Advice Service (MaPS).

⁵The online ad-hoc survey was not initially planned: It was added to boost the number of online interviews due to a problem in obtaining permission to access contact details from the online omnibus.

The sample for the face-to-face omnibus survey was identified through random location sampling. Each interviewer was asked to deliver a set number of interviews in a given area (typically a census output area). We employed quotas to ensure that the achieved sample was representative of the British population. Interviews for the face-to-face omnibus survey were conducted in participants' homes using computer assisted personal interviewing (CAPI). The online omnibus and the online ad-hoc survey used samples from online panels run by Kantar. These are panels of respondents who have agreed to take part in surveys in return for a reward. As these respondents are self-selected, we established quotas to ensure that the overall profile of the interviewed sample closely matches the British population. Respondents in the online omnibus and the online ad-hoc survey filled self-completion questionnaires online (WEB).

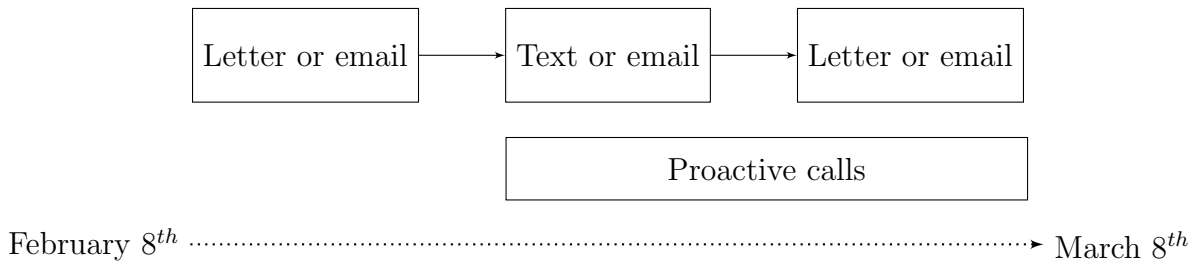
Information from wave one data was used to identify individuals eligible for the encouragement study. Respondents were considered eligible for the encouragement study when meeting all the following criteria: i) they were classified as over-indebted according to the standard definition of over-indebtedness used by MAS (IFF Research, 2012). In this definition, over-indebted people are those who say that keeping up with bills and credit commitments is a 'heavy burden' and/or have fallen behind or missed any payment for credit commitments or domestic bills in at least three of the previous six months; ii) they had not sought formal debt advice in the previous six months; iii) they agreed to be re-contacted for a follow-up survey and provided their contact details.

2,025 respondents made up the eligible sample. This was reduced to 1,939 once duplicates (different unique IDs) and respondents recruited from a sister panel were excluded (due to a permissions disagreement). 1,939 people were issued for wave two, with 1,081 of them being interviewed. At wave three, there was a change in the survey agency; participants had to agree to share their contact details with the new agency. 298 respondents were unwilling to share their details, making it impossible to re-contact them for wave three. Therefore, the resulting sample for wave three was 783 people.

3 The intervention

The randomised encouragement was carried out between 8 February and 8 March 2017 (that is, between waves one and two). Eligible respondents were randomly split into a treatment and a control group. The treatment group received an encouragement to seek debt advice. This took the form of three mailings (using direct mail, emails and texts), plus a proactive call from one of the advice agencies for respondents who, at wave one, gave their consent to receive phone calls (henceforth ‘proactive’ respondents). The timing of the intervention’s delivery is shown in Figure 1. The control group received no encouragement.⁶

Figure 1: Timeline of the encouragement



The content of the encouragement was the result of a collaborative effort between MAS, a behavioural intervention agency (Ogilvy Change) a survey agency (Kantar Public) and other organisations providing debt advice (Citizens Advice and a local MAS-funded debt advice organisation) (see details in: MAS, 2017). Different aspects of the encouragement were discussed, including: alternative delivery channels, referral strategies, effective tone, branding and visuals to be used. The encouragement material was further improved using the feedback from a focus group of people of various ages who had recently experienced debt problems. The material was then amended to incorporate the feedback from the focus group.

⁶Between the intervention and wave two data collection it was discovered that for a subsample of the face-to-face respondents from both the treatment and the control group, contact details were stored incorrectly: The address was correct but the name was not. Therefore, the people in the treatment group affected by this mistake were sent letters with the incorrect name of the addressee printed on them. When this mistake was discovered, new letters were issued just before wave two data collection. As a consequence, a random subsample of the face-to-face treated respondents received an additional letter between wave one and wave two.

Drawing on the insights and learnings above, and combining behavioural science concepts, all messages were designed to minimise psychological discomfort felt by receivers. The language was reassuring, avoided the use of the word ‘debt’ and acknowledged that people may feel apprehensive when seeking debt advice. Mailing envelopes were unbranded and did not contain information about the service suggested. The emails and the messages stressed confidentiality and offered an anonymous and non-judgmental service. The style used was simple and personalised, suggesting few and immediate actions. The messages were made credible through the use of the name and logos of authoritative sources, such as MAS and Citizens Advice. Images and colours were chosen to capture the recipient’s attention (see Appendix B for examples of the material used).

To maximise the number of people seeking debt advice, it was decided to over-sample proactive respondents in the treatment group. The resulting treatment assignment is random conditional on a perfectly observed characteristic at wave one (proactive respondent status). In other words, the inclusion probabilities in the treatment units differ by ‘type’ of respondent (proactive versus non-proactive), but they are known and can be controlled for in the estimation.

4 Empirical strategy

4.1 What we estimate

We estimate three sets of effects. First, we estimate the effect of receiving the encouragement on the probability of seeking different types of debt advice. We also distinguish between formal debt advice (advice sought with an authorised provider or professionals, such as a solicitor, accountant or insolvency practitioner; see Table A.14 in Appendix A, rows 1-5) and informal debt advice (‘guidance’ sought with non-regulated providers, such as friends and family or a creditor). Second, we estimate the effects of receiving the encouragement on well-being and debt outcomes (indicators of debt management, financial situation and attitudes to debt). A description of the variables we use is reported in Tables A.2 and A.3 in Appendix A. Third, we estimate the causal effect of seeking informal

debt advice on well-being and debt outcomes for those whose advice-seeking behaviour was affected by the encouragement. All effects are estimated for both wave two and three.

4.2 Effects of the encouragement on the probability of seeking debt advice

Estimating the effect of the encouragement on the probability of seeking debt advice is straightforward as the encouragement was randomly assigned to respondents. We only need to account for the fact that ‘proactive’ respondents were over-sampled in the treatment group, making the encouragement random conditional on a proactive status. To account for this conditionally random allocation, we estimated the effect of the encouragement by regressing indicators of whether the respondent sought debt advice on the treatment indicator (whether the person received the encouragement) and by weighting each observation by the inverse of the probability of being in the observation’s treatment unit (for a similar use of weights, see, for example: Heckman and Karapakula, 2019).

Observations in the treatment group are weighted by the inverse of the probability of being in the treatment group. Observations in the control group are weighted by the inverse of the probability of being in the control group. This means giving more weight to the non-proactive (proactive) respondents in the treatment (control) group to recreate the situation where everyone is assigned to the treatment units with equal probability, irrespective of their proactive status. Since the probabilities of selection into treatment units are known, this gives an unbiased estimate of the treatment effect.

A way of checking that the weights are correct is making sure that the weighted share of proactive respondents in the treatment and control group is not statistically different. To do this, we estimate a weighted regression (using the weights we constructed) where an indicator for proactive status is regressed on an indicator for being in the treatment group. If the weights are unable to correct for the fact that proactive respondents have a higher probability of being included in the treatment group, the coefficient estimated for the treatment indicator should be positive and statistically significant. Our regression returned a slightly negative and statistically insignificant coefficient for the treatment

indicator (point estimate:-0.030, standard error: 0.022), showing there is no difference in the weighted share of proactive respondents in the treatment and control group. If anything, the negative point estimate suggests that weights may over-control for the imbalance in the proactive people between treatment units.

A second way of checking the outcome of the randomisation and the construction of weights is using the weighted regressions described above to compare characteristics of respondents in the treatment and control group, measured at wave one. These are called balancing tests. As the encouragement took place after wave one, the characteristics of respondents in the treatment group and in the control group measured at wave one should not be statistically different once we use weights to account for the differences in the probability of selection in the treatment unit. Tables A.4-A.11 in Appendix ?? show this is the case. Therefore, if we weight the regression for the inverse of the probability of being in the treatment unit, respondents in the control group can be used as a counterfactual for respondents in the treatment group. That is, respondents in the control group can be used to infer what would have happened to respondents in the treatment group if they had not received the encouragement.⁷

The results obtained by regressing the probability of seeking debt advice on the treatment indicator tell us how effective the encouragement was in encouraging people to seek debt advice. The encouragement was expected to increase the probability that people sought formal advice. However, Section 5.1 shows that, in our case, the encouragement was effective in persuading respondents to seek informal debt advice, particularly from friends. The encouragement was not effective in persuading respondents to seek formal debt advice.

⁷As a robustness check, we also estimate all models via unweighted regressions where the outcome of interest is regressed on the indicator for being in the treatment group and the indicator for proactive status. When proactive status is controlled for, the estimated coefficient for the treatment indicator should give unbiased estimates of the treatment effect. Results obtained with this method (available upon request) are almost identical to those estimated via the weighted regressions and thus are not discussed in details. We present the weighted estimates as they are more conservative: They allow for non-linearities in the effect of the probability of selection into the treatment.

4.3 Effects of the encouragement on well-being and debt outcomes

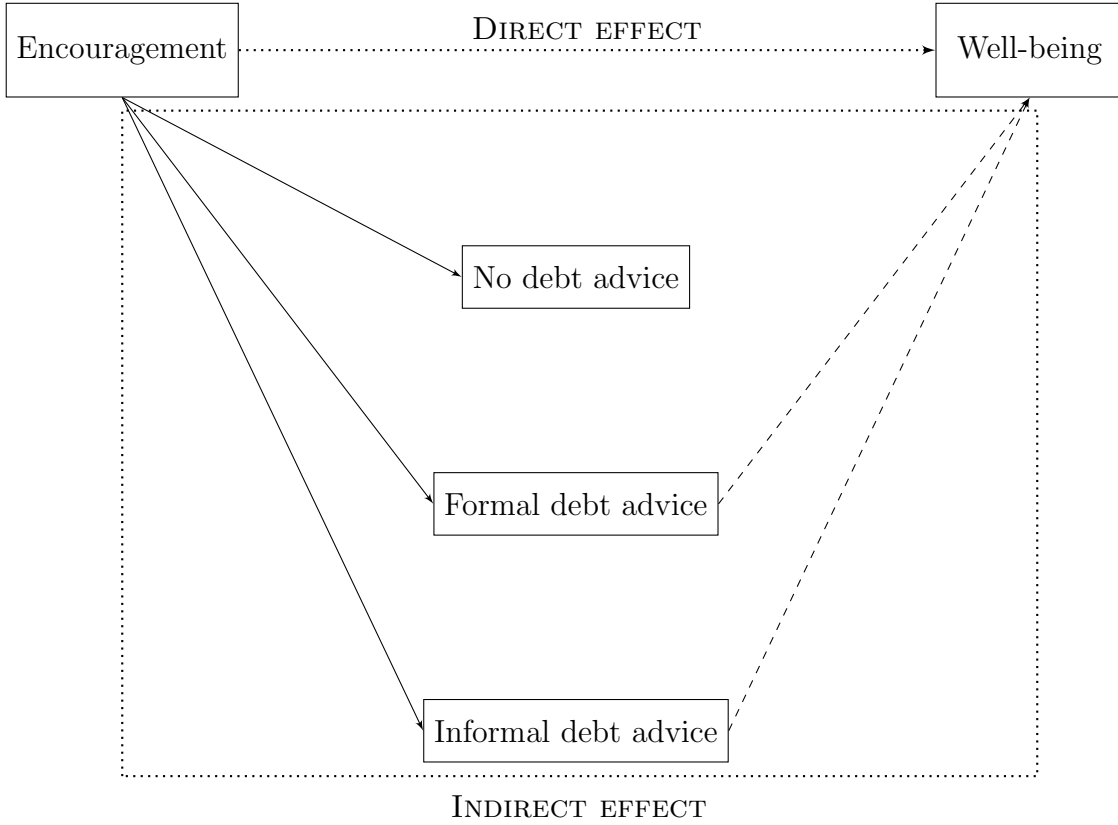
The aim of our study is to estimate the effect of seeking debt advice on well-being (and on debt outcomes, to study potential mechanisms). It is not possible to randomly force some participants to seek debt advice; it is only possible to randomly encourage some participants to seek debt advice. Therefore, some people in the treatment group might not seek advice despite receiving the encouragement. Similarly, some of the people in the control group might seek debt advice without receiving the encouragement. Section 5.1 shows this was the case in our study.

To estimate the effect of the encouragement on well-being and debt outcomes, we regress the outcome on interest on an indicator for receiving the encouragement. As before, we weight for the inverse of the probability of being in the treatment/control group. In other words, we compare the outcomes of those who received the encouragement and those who did not, irrespective of whether they did or did not seek debt advice. As the encouragement does not completely determine advice-seeking behaviour, these effects are called intent to treat (ITT) effects.

Figure 2 exemplifies the effect of receiving the encouragement on well-being. The encouragement is meant to affect well-being primarily indirectly, through debt advice. The effect of the encouragement on advice-seeking behaviour is shown by the solid lines on the bottom left of Figure 2. If people seek debt advice, and the advice is beneficial, receiving the encouragement should increase well-being. However, if people who receive the encouragement do not seek debt advice or seek detrimental (unskilled or biased) debt advice, the sign of the indirect effect of the encouragement may be null or even negative. In summary, the sign of the indirect effect of the encouragement (shown by the dotted box on the bottom of Figure 2) is undetermined.

The encouragement was not designed to affect well-being directly. However, this effect may still exist. For example, people may feel reassured that they can seek debt advice independently of whether they actually seek this advice: the encouragement will directly increase people's well-being. Alternatively, the encouragement may highlight financial

Figure 2: Direct and indirect effect of the encouragement on well-being



difficulties, increasing people’s awareness of their inability to manage their debt and possibly triggering anxiety and worries: the encouragement will directly decrease people’s well-being. As before, the sign of the direct effect of the encouragement on well-being is also undetermined. However, at wave three, the direct effect of the encouragement is likely to fade, and possibly disappear, as data are collected almost two years after receiving the encouragement. Therefore, our results for wave three are unlikely to be affected directly by the encouragement.

4.4 Effects of seeking informal debt advice on well-being and debt outcomes

Our third set of estimates looks at the effects of seeking informal debt advice on well-being and debt outcomes. Estimating the causal effect of seeking debt advice is not straightforward. Seeking debt advice is a choice and people who seek debt advice, and do not, are different in several unobservable aspects. Comparing the outcomes of those who

seek debt advice and those who do not picks up a combination of the effect of seeking debt advice (the causal effect we are after, represented by the dashed lines on the bottom of Figure 2), and the pre-treatment differences between people who seek and do not see, debt advice (a selection effect we would like to separate from the causal effect of seeking debt advice). Therefore, regressing the outcome of interest on an indicator of whether the respondent sought debt advice is unlikely to give the true causal effect of seeking debt advice, even if we weight for the inverse of the probability of being in the treatment unit.

To address this problem, we use instrumental variable (IV) techniques. We instrument the respondent's probability of seeking debt advice with an indicator of whether the respondent received the encouragement. This means we use only that part of the variation in advice-seeking behaviour that was determined by the (conditionally) random receipt of the encouragement (represented by the solid lines on the bottom of Figure 2). This ensures the results are not driven by differences in those who seek/do not seek debt advice before receiving the encouragement. However, this technique only allows us to estimate the Local Average Treatment Effect (LATE) relative to the instrumental variable used: the average causal effect of seeking advice over the population of those who sought advice because of the encouragement.

For IV techniques to provide the true LATE of seeking debt advice, four conditions must hold: i) (after weighting for the inverse of the probability of being in the treatment/control group), the encouragement is independent of respondents' characteristics correlated with advice seeking behaviour; ii) the encouragement does not have a direct effect on the outcome, it only affects the outcome of interest through advice seeking behaviour (the direct effect in Figure 2 should not exist); iii) the effect of the treatment has the same direction for all respondents, that is the encouragement does not decrease the probability that some respondents seek debt advice; iv). the encouragement significantly increases the probability of seeking debt advice: the probability of seeking debt advice is significantly higher in the treatment group compared to the control group.

As the treatment is (conditionally) random, condition i) is satisfied, but conditions ii) and iii) cannot be tested, and so need to be assumed. However, results for wave

three are safer from violations of condition ii) as they refer to a time (almost two years after the encouragement) where any direct effect of the encouragement is likely to have faded. Condition iv) can be tested using the results on the effect of the encouragement on advice-seeking behaviour in Section 5.1.

Results in Section 5.1 suggest Condition iv does not hold for the case of formal debt advice: the encouragement did not increase the probability of seeking formal debt advice. Therefore, our design does not enable us to shed light on the causal effect of seeking formal debt advice. The encouragement did increase the probability that respondents sought informal debt advice (particularly from friends), making it possible to estimate the effect of seeking informal debt advice. However, the effect of the encouragement on the probability of seeking informal debt advice is modest in size: our instrument is weak.

Weak instruments may lead to biased estimates. To account for this, we use methods that are robust to the presence of weak instruments. First, we estimate all models using limited information maximum likelihood (LIML). Evidence shows that the LIML estimator performs better than two stages least squares or generalised method of moments (GMM) estimators when, as in our case, instruments are weak (Hahn et al., 2004). Second, to test the hypothesis that the effect of seeking advice is equal to zero, we use the Anderson-Rubin (A-R) chi test, which is robust to weak instruments. As instruments become weak, the probability of rejecting the null of zero effect decreases (Baum et al., 2007). In the presence of weak instruments, the A-R chi test becomes very conservative, making it very difficult to erroneously conclude that there is a non-zero effect.⁸ The presence of weak instruments makes it impossible to give a precise estimate of the size of the effect, and only permits to bound the results. We report Anderson-Rubin confidence intervals. For just identified models like ours, they are both robust to weak identification and efficient (Andrews et al., 2020).

⁸We also computed the Stock-Write (S-W) test, also robust to weak instruments. The Anderson-Rubin statistic and the Stock-Write statistics test the same hypothesis, but, while the former provides a Wald test, the latter provides an LM or GMM distance test (Baum et al., 2007). Results obtained using the S-W test are the same as those obtained using the A-R test and thus they are not presented.

5 Results

5.1 Effect of the encouragement on advice seeking

This subsection looks at the effect of the encouragement on the probability of respondents seeking different types of debt advice. These results help shed light on whether the encouragement helped respondents seek debt advice and the type of debt advice respondents sought in response of the encouragement.

Tables A.14 and A.15 show the effect of the encouragement on the probability that the respondent sought advice in the year before the wave two and wave three interviews, respectively.⁹ Providers of formal debt advice are presented in the top five rows; providers of informal debt advice are the others. Only a few effects reach conventional levels of statistical significance. However, most cases that do reach this level suggest the encouragement increased the probability that respondents sought informal debt advice. For example, the eight rows of both Tables A.14 and A.15 suggest that the encouragement increased by five percentage points (pp) the probability that respondents sought debt advice from friends or relatives at both wave two and three.¹⁰

Table 1: W2, Estimated effect of the encouragement on the probability of seeking debt advice, past year

Sought advice past year, wave two				
Outcome	point estimates	standard error	p-value	N
A free debt advice agency	-0.018	0.019	0.358	1,080
A fee-charging debt advice agency	-0.002	0.006	0.713	1,081
Insolvency practitioner	0.007	0.005	0.164	1,081
Accountant, bank manager or other independent financial adviser	-0.004	0.007	0.619	1,080
Solicitor or lawyer	-0.003	0.004	0.471	1,081
The organisations or people you owe money to (e.g. energy providers)	0.008	0.015	0.577	1,080
A bank or loan provider	0.018	0.012	0.123	1,081
Friends or relative	0.054	0.023	0.020	1,080
Self-help resources (e.g. websites, leaflets etc.)	-0.014	0.014	0.325	1,080
Some other source	0.000	0.005	0.985	1,081
Never sought advice	-0.038	0.030	0.203	1,056
Number of advice sought in the last year	0.049	0.046	0.278	1,077

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

⁹For wave two, the one year time frame is mentioned explicitly; for wave three the recall period is the time passed since the wave two interview.

¹⁰When we broke down the analysis by when the advice was sought we find qualitatively similar results, suggesting our analysis does not only pick up random variation (results available on request).

Table 2: W3, Estimated effect of the encouragement on the probability of seeking debt advice, past year

Sought advice since last interview, wave three				
Outcome	point estimates	standard error	p-value	N
A free debt advice agency	0.018	0.026	0.495	659
A fee-charging debt advice agency	-0.024	0.011	0.038	659
Insolvency practitioner	0.023	0.013	0.074	659
Accountant, bank manager or other independent financial adviser	-0.009	0.011	0.385	659
Solicitor or lawyer	-0.012	0.010	0.243	659
The organisations or people you owe money to (e.g. energy providers)	0.024	0.020	0.235	659
A bank or loan provider	0.001	0.015	0.960	659
Friends or relative	0.050	0.029	0.081	659
Self-help resources (e.g. websites, leaflets etc.)	0.029	0.016	0.073	659
Some other source	0.013	0.007	0.060	659
Never sought advice	-0.050	0.038	0.189	659
Number of advice sought in the last year	0.114	0.063	0.072	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table 3: W2, Estimated effect of the encouragement on the probability of seeking debt advice (formal vs informal), past year

Sought advice past year (formal vs informal), wave two				
Outcome	point estimates	standard error	p-value	N
Number of types of formal advice sought in the last 1yr months	-0.019	0.023	0.429	1,079
Number of types of Informal advice sought in the last 1yr months	0.067	0.037	0.071	1,078
Whether formal advice sought in the last 1yr months	-0.008	0.021	0.705	1,079
Whether Informal advice sought in the last 1yr months	0.054	0.027	0.048	1,078

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table 4: W3, Estimated effect of the encouragement on the probability of seeking debt advice (formal vs informal), past year

Sought advice since last interview (formal vs informal), wave three				
Outcome	point estimates	standard error	p-value	N
Number of types of formal advice sought since last interview	-0.004	0.037	0.911	659
Number of types of Informal advice sought since last interview	0.118	0.046	0.011	659
Whether formal advice sought since last interview	0.015	0.031	0.624	659
Whether Informal advice sought since last interview	0.057	0.035	0.099	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Tables A.12 and A.13 group the types of advice sought into formal and informal debt advice. They show that the encouragement increased the probability of seeking informal debt advice by five to six pp and increased the number of informal channels contacted

by around a tenth of a channel.¹¹ The results on the effect of the encouragement on the probability of seeking informal debt advice are statistically significant and very stable across waves. We found no effects of the encouragement on the probability of seeking formal debt advice.

Tables A.14-A.13 suggest that the effects of the encouragement were not those expected. We find no positive effects on the probability of seeking formal debt advice. In fact, the encouragement might have triggered some discomfort towards doing this, achieving the opposite effect (see Tables 5 and 6). For example, Table 5 suggests that at wave two (right after receiving the encouragement), treated individuals were more likely to be embarrassed to seek formal money and debt advice. In contrast, we find evidence that the encouragement made people seek informal debt advice (mainly from friends). While robust across waves, these effects are small in magnitude.

Table 5: W2, Estimated effect of the encouragement on attitudes to debt advice

Attitudes towards debt advice				
Outcome	point estimates	standard error	p-value	N
I can sort out my own money issues, without seeking advice	-0.008	0.030	0.804	1,081
I would feel too embarrassed to seek professional advice about money	0.049	0.029	0.095	1,081
If I got financial advice I think the advisor would be judgemental	-0.030	0.029	0.296	1,081
I believe debt advice services are for me	-0.037	0.028	0.177	1,081

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table 6: W3, Estimated effect of the encouragement on attitudes to debt advice

Attitudes towards debt advice				
Outcome	point estimates	standard error	p-value	N
I can sort out my own money issues, without seeking advice	-0.008	0.038	0.844	659
I would feel too embarrassed to seek professional advice about money	-0.003	0.038	0.947	659
If I got financial advice I think the advisor would be judgemental	-0.027	0.036	0.451	659
I believe debt advice services are for me	-0.015	0.033	0.652	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

¹¹These models do not include advice sought online as this is an infrequent behaviour in our sample. Results on online advice seeking are available on request.

5.2 Effect of the encouragement on well-being

Tables A.16 and A.17 show the effect of the encouragement on subjective well-being (first five rows) and physical health (bottom two rows). The tables suggest that the encouragement increased well-being, especially at wave three. For example, respondents who received the encouragement report a 0.27 (0.4) increase in the happiness score at wave two (three), and a 0.4 increase in the score measuring how much the respondents feel things they do in life are worthwhile (Table A.16, Row 3, and Table A.17, Rows 2 and 3). Respondents who received the encouragement report lower anxiety scores at both waves (Row 5 of both tables), but the result do not reach conventional level of statistical significance.¹² We found no effects on physical health (bottom two rows)

Table 7: Estimated effect of the encouragement on well-being and health: Wave two

Well being, wave two				
Outcome	point estimates	standard error	p-value	N
How satisfied with life nowadays	0.028	0.149	0.854	1,081
To what extent you feel things you do in life are worthwhile	0.168	0.156	0.281	1,081
How happy you felt yesterday	0.270	0.162	0.097	1,081
Index of positive Well-being	0.466	0.423	0.271	1,081
How anxious you felt yesterday	-0.249	0.184	0.178	1,081
In good health	0.019	0.030	0.529	1,081
Long lasting physical/mental health condition	0.020	0.030	0.514	1,081

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table 8: Estimated effect of the encouragement on well-being and health: Wave three

Well being, wave two				
Outcome	point estimates	standard error	p-value	N
How satisfied with life nowadays	0.197	0.205	0.339	659
To what extent you feel things you do in life are worthwhile	0.401	0.214	0.061	659
How happy you felt yesterday	0.396	0.217	0.068	659
Index of positive Well-being	0.993	0.591	0.093	659
How anxious you felt yesterday	-0.145	0.236	0.540	659
In good health	-0.004	0.039	0.918	659
Long lasting physical/mental health condition	0.015	0.039	0.694	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

¹²In line with the results on well-being, we also find suggestive evidence that the encouragement reduced worries (e.g., regarding the respondent's relationship or housing situation). However, the incidence of reported worries is low (generally around or below 10%), and thus these results are not commented in details. A more detailed analysis is available on request.

5.3 Effect of the encouragement on debt outcomes

Section shows that receiving the encouragement led to an increase in reported well-being. Did this increased well-being result from improvements in debt management strategies and debt outcomes. The results in this section suggest this is not the case. Tables A.18 and A.19 show the effect of the encouragement on debt management at wave two and three, respectively. Our data contain information on a broad set of actions people can take to manage their debt. How to put these actions into practice is the core part of formal debt advice, but it is not necessarily addressed by informal debt advice. The tables also report the effect of the encouragement on the probability of taking any of the mentioned actions and on the total number of actions taken (bottom two rows).

Table 9: Estimated effect of the encouragement on debt management past year: Wave two

Debt management past year, wave two				
Outcome	point estimates	standard error	p-value	N
Set up a repayment plan	-0.005	0.026	0.862	1,081
Set up a debt management plan	0.004	0.010	0.666	1,081
Agreed a period of time where no payments have to be made	0.006	0.014	0.658	1,081
Set up an Individual Voluntary Arrangement (IVA)	-0.010	0.008	0.202	1,081
Set up a Debt Relief Order (DRO)	0.010	0.005	0.062	1,081
Set up a trust deed	0.000			1,081
Set up a Protected trust deed	0.000			1,081
Set up a debt arrangement scheme	-0.001	0.002	0.388	1,081
Filed for bankruptcy	-0.001	0.004	0.770	1,081
Made a full and final settlement of debts	0.014	0.013	0.275	1,081
Had debts written off	0.002	0.007	0.816	1,081
Consolidated debts	0.004	0.011	0.703	1,081
Accessed benefits/credit options not previously aware of	0.000	0.008	0.951	1,081
Agreed/increased overdraft limit with bank	0.026	0.015	0.092	1,081
Other	0.005	0.007	0.470	1,081
No Action in the last year	-0.024	0.030	0.424	1,081
Number of actions in the last year	0.055	0.047	0.239	1,081

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table 10: Estimated effect of the encouragement on debt management past year: Wave three

Debt management past year, wave three				
Outcome	point estimates	standard error	p-value	N
Set up a repayment plan	0.075	0.035	0.034	659
Set up a debt management plan	-0.020	0.016	0.226	659
Agreed a period of time where no payments have to be made	-0.001	0.017	0.933	659
Set up an Individual Voluntary Arrangement (IVA)	0.008	0.012	0.474	659
Set up a Debt Relief Order (DRO)	0.003	0.010	0.751	659
Set up a trust deed	-0.002	0.003	0.389	659
Set up a Protected trust deed	0.000			783
Set up a debt arrangement scheme	0.004	0.003	0.251	659
Filed for bankruptcy	-0.000	0.005	0.986	659
Made a full and final settlement of debts	-0.005	0.022	0.827	659
Had debts written off	0.008	0.015	0.583	659
Consolidated debts	-0.003	0.020	0.892	659
Accessed benefits/credit options not previously aware of	0.021	0.014	0.126	659
Agreed/increased overdraft limit with bank	0.019	0.016	0.246	659
Other	-0.010	0.013	0.450	659
No actions taken since last interview	-0.052	0.039	0.181	659
Number of actions taken since last interview	0.097	0.065	0.135	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Tables A.18 and A.19 provide indication that respondents who received the encouragement took actions to reduce their debt. For example, the two bottom rows of Tables A.18 and A.19 suggest the encouragement increased the number of actions taken by respondents and decreased the probability that they took no action to cope with existing debt. While these results do not reach conventional levels of statistical significance, they are consistent across and within waves. Three results reach conventional levels of statistical significance, all with a positive sign. Table A.18 (Rows 5 and 14) suggests that the encouragement increased by one (three) pp the probability that the respondents report setting up a Debt Relief Order (agreeing an increase overdraft limit with the bank) at wave two; and Table A.19 (Row 1) suggests that the encouragement increased by eight pp the probability that the respondents report setting up a repayment plan. In summary, we find limited effects of the encouragement on the probability that the respondents adopted debt management strategies often suggested by formal advice.

Correct debt management should reduce the likelihood of meeting existing credit commitments. Tables A.20 and A.21 provide estimates of the effect of the encouragement on the probability that the respondent is behind in a set of bills. Again, few results reach conventional levels of statistical significance, but those that do so suggest the encourage-

ment decreased the probability of being behind with bills. Specifically, Table A.20 (Row 10) suggests that the encouragement decreases by almost 3 pp the probability that respondents are behind with bills with a door-to-door lender. At wave two, Table A.20 also suggests that the encouragement decreases by over 3 pp the probability that respondents are behind with bills from a personal loan with a bank, building society or credit union. To summarise, results in Tables A.18-A.21 are coherent with a - limited - improvement in debt management focused on repaying existing debt.

Table 11: Estimated effect of the encouragement on being behind with bills: Wave two

Behind with bills, wave two				
Outcome	point estimates	standard error	p-value	N
Rent/Mortgage	0.020	0.020	0.321	1,081
Fuel	-0.015	0.021	0.459	1,081
Phone	-0.018	0.017	0.305	1,081
Water	-0.003	0.022	0.905	1,081
Council tax	0.027	0.022	0.215	1,081
Credit or store card(s)	-0.027	0.024	0.259	1,081
Overdraft from a bank or building society	-0.011	0.019	0.545	1,081
Personal loan from bank/building society/credit union	0.012	0.013	0.344	1,081
Payday loan	-0.003	0.012	0.815	1,081
Loan from door2door lender/Home credit (e.g., Provident)	-0.025	0.014	0.081	1,081
Loan from family or friends	0.013	0.017	0.437	1,081
Other	0.019	0.012	0.105	1,081
None	-0.008	0.030	0.805	1,081
Number of bills behind	-0.009	0.095	0.922	1,081

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table 12: Estimated effect of the encouragement on being behind with bills: Wave three

Behind with bills, wave three				
Outcome	point estimates	standard error	p-value	N
Rent/Mortgage	0.027	0.026	0.298	659
Fuel	-0.001	0.027	0.977	659
Phone	-0.028	0.022	0.208	659
Water	-0.011	0.026	0.668	659
Council tax	0.013	0.027	0.648	659
Credit or store card(s)	0.013	0.032	0.679	659
Overdraft from a bank or building society	-0.015	0.023	0.514	659
Personal loan from bank/building society/credit union	-0.034	0.018	0.061	659
Payday loan	0.013	0.016	0.423	659
Loan from door2door lender/Home credit (e.g., Provident)	-0.002	0.013	0.852	659
Loan from family or friends	0.004	0.019	0.844	659
Other	0.006	0.012	0.653	659
None	-0.034	0.039	0.382	659
Number of bills behind	-0.017	0.116	0.884	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Was the (limited) repayment of existing debt financed with a reduction in spending?

Tables A.22 and A.23 show the effect of the encouragement on improvements related

to spending reduction for waves two and three, respectively. These improvements are also part of the core objectives of formal debt advice, but they are not necessarily covered by informal debt advice. Tables 15 and 16 consider the same set of improvements, but compare the frequency of those improvements with the past (six months before the interview).

Tables A.22-16 make a strong case that the encouragement did not trigger strategies to reduce over-spending. In fact, at wave two (Table A.22, Rows 1 and 5), individuals who received the encouragement report a decrease in the use of spending plans and savings of seven and five pp, respectively. At wave three, individuals who received the encouragement report a decrease of 11 pp of both the probability of using a spending plan and the probability of planning ahead, and an eight pp decrease in savings (Table A.23, Rows 1, 2 and 5). At wave three, the probability of reporting ‘none of the improvements done often’ (the number of improvements adopted often) is seven pp higher (one third of an improvement lower) for those who received the encouragement, compared to those who did not (Table A.23, bottom two rows). Moreover, particularly at wave three, people who received the encouragement report that their ability of adopting these improvements significantly deteriorated compared with the previous six months (see Tables 15 and 16). In summary, results in Tables A.22-16 suggest that the encouragement triggered a reduction in the ability of adopting strategies to limit over-spending.

Table 13: Estimated effect of the encouragement on improvements in last months: Wave two

Improvements in last months, wave two				
Outcome	point estimates	standard error	p-value	N
Stick to a spending plan	-0.068	0.030	0.024	1,081
Plan ahead for household bills and other expenses	-0.007	0.028	0.810	1,081
Check your bank balance regularly	-0.020	0.019	0.282	1,081
Make cut backs on spending	0.024	0.024	0.320	1,081
Make savings by shopping around or switching suppliers	-0.050	0.028	0.069	1,081
No improvements in the last month	-0.001	0.010	0.943	1,081
Number of improvements in the last month	-0.122	0.082	0.137	1,081

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table 14: Estimated effect of the encouragement on improvements in last months: Wave three

Improvements in last months, wave three				
Outcome	point estimates	standard error	p-value	N
Stick to a spending plan	-0.106	0.039	0.007	659
Plan ahead for household bills and other expenses	-0.111	0.039	0.004	659
Check your bank balance regularly	-0.043	0.029	0.134	659
Make cut backs on spending	-0.036	0.038	0.352	659
Make savings by shopping around or switching suppliers	-0.076	0.038	0.044	659
No steps done often	0.062	0.019	0.001	659
Number of improvements done often	-0.372	0.122	0.002	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table 15: Estimated effect of the encouragement on making improvements more often than six months ago: Wave two

Improvements more often than six months ago, wave two				
Outcome	point estimates	standard error	p-value	N
Spending plan, more often than six months ago	-0.045	0.030	0.140	1,081
Planned ahead, more often than six months ago	-0.021	0.030	0.484	1,081
Check bank balance, more often than six months ago	-0.014	0.031	0.657	1,081
Cut spending, more often than six months ago	0.014	0.030	0.633	1,081
Save by shopping around, more often than six months ago	-0.052	0.030	0.090	1,081
No improvements more often than six months ago	0.013	0.026	0.614	1,081
Number of improvements more often than six months ago	-0.117	0.116	0.311	1,081

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table 16: Estimated effect of the encouragement on making improvements more often than six months ago: Wave three

Improvements more often than six months ago, wave three				
Outcome	point estimates	standard error	p-value	N
Spending plan, more often than six months ago	-0.074	0.039	0.058	659
Planned ahead, more often than six months ago	-0.079	0.039	0.042	659
Check bank balance, more often than six months ago	-0.064	0.039	0.099	659
Cut spending, more often than six months ago	-0.093	0.039	0.016	659
Save by shopping around, more often than six months ago	-0.039	0.039	0.320	659
No improvements more often than six months ago	0.060	0.034	0.080	659
Number of improvements more often than six months ago	-0.350	0.155	0.025	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Did the encouragement help respondents to be more in control of their finances such that no new debt is created? Tables A.28 and A.29 suggest this is not the case. Table A.29 provides some evidence from wave three that treated respondents took up more new debt. The top three rows give some suggestive evidence that the encouragement increased application for new debt. The bottom two rows indicate that both the size of loans and

arrears increased for respondents who received the encouragement. Taken together, the results in Tables A.22-A.29 suggest that the (rather limited) effort in repaying the existing debt (seen in Tables A.18-A.21) was not financed by reduced spending, but through taking up new debt.

Table 17: Estimated effect of the encouragement on credit: Wave two

Credit, wave two				
Outcome	point estimates	standard error	p-value	N
Successfully applied for credit (last six months)	0.022	0.021	0.295	1,081
Applied for credit, but turned down (last six months)	-0.034	0.020	0.090	1,081
Did not apply for credit (last six months)	0.012	0.027	0.643	1,081
Fell behind with/missed payments for three+ months (last six months)	-0.005	0.029	0.853	1,069
Size of loans/overdrafts/credit agreements	213.064	602.666	0.724	1,081
Size of arrears in bills/credit respondent is behind on.	33.348	191.827	0.862	1,081

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table 18: Estimated effect of the encouragement on credit: Wave three

Credit, wave three				
Outcome	point estimates	standard error	p-value	N
Successfully applied for credit (last six months)	0.025	0.030	0.418	659
Applied for credit, but turned down (last six months)	0.013	0.028	0.640	659
Did not apply for credit (last six months)	-0.038	0.037	0.307	659
Fell behind with/missed payments for three+ months (last six months)	0.046	0.038	0.222	654
Size of loans/overdrafts/credit agreements	1,092.863	789.626	0.167	659
Size of arrears in bills/credit respondent is behind on.	359.101	163.312	0.028	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Tables A.24 and A.25 look at whether receiving the encouragement leads to fewer self-reported financial difficulties. This is not the case, at least for wave three, where treated respondents are eight pp less likely to report no financial difficulties, eight pp more likely to report not being able to afford basics and eight pp more likely to report to be contacted by creditors (see Table A.25, Rows 4, 5 and 12).

Table 19: Estimated effect of the encouragement on experiencing financial difficulties: Wave two

Financial Difficulties, wave two				
Outcome	point estimates	standard error	p-value	N
Having your landline phone cut off	0.008	0.012	0.498	1,081
Having your mobile phone cut off	0.009	0.017	0.583	1,081
Couldn't afford basics (food etc)	-0.006	0.025	0.819	1,081
Being contacted by the people and organisations you owe money to	0.040	0.027	0.137	1,081
A court summons from the people you owe money to	0.003	0.014	0.810	1,081
Being contacted by bailiffs	-0.011	0.014	0.443	1,081
Being evicted from your home	0.006	0.005	0.184	1,081
Having your home repossessed	-0.007	0.005	0.140	1,081
Having your gas or electricity cut off	0.003	0.006	0.595	1,081
Having a prepayment meter imposed for gas or electricity	-0.010	0.010	0.288	1,081
Having your credit card declined	-0.023	0.015	0.136	1,081
None	-0.032	0.030	0.285	1,081
Number of financial difficulties experienced	0.013	0.074	0.865	1,081

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table 20: Estimated effect of the encouragement on experiencing financial difficulties: Wave three

Financial Difficulties, wave three				
Outcome	point estimates	standard error	p-value	N
Having your landline phone cut off	-0.006	0.015	0.664	659
Having your mobile phone cut off	0.004	0.020	0.861	659
Couldn't afford basics (food etc)	0.072	0.030	0.017	659
Being contacted by the people and organisations you owe money to	0.076	0.035	0.030	659
A court summons from the people you owe money to	-0.009	0.016	0.578	659
Being contacted by bailiffs	-0.012	0.018	0.517	659
Being evicted from your home	-0.000	0.008	0.950	659
Having your home repossessed	-0.002	0.007	0.727	659
Having your gas or electricity cut off	0.008	0.009	0.385	659
Having a prepayment meter imposed for gas or electricity	-0.012	0.014	0.408	659
Having your credit card declined	0.026	0.023	0.257	659
None	-0.075	0.039	0.051	659
Number of financial difficulties experienced	0.069	0.073	0.346	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.26 and A.27 show the effect of the encouragement on self-reported financial outlook and attitudes to debt for wave two and three, respectively. The first ten rows report general statements regarding respondents' current and future financial situation. The bottom four rows of each table report statements that still reflect respondents' views of their own financial situation and attitudes to debt, but are less general - and possibly more objective - than the previous ones.

We find no results on the first ten general outcomes. However, when less general statements are used to evaluate respondents' attitudes to debt (bottom four rows of Tables A.26 and A.27), respondents who received the encouragement are: 10 pp less likely to

report that they keep a household budget at both wave two and three, eight (seven) pp less likely to report they were very organized at wave two (three), and six pp less likely to report having precautionary savings at wave three.

Table 21: Estimated effect of the encouragement on self-reported financial outlook and attitudes to debt: Wave two

Attitudes to debt, wave two				
Outcome	point estimates	standard error	p-value	N
Better financial situation	0.035	0.027	0.199	1,081
Keeping up with bills/credit commitments heavy burden	-0.013	0.030	0.659	1,074
Keeping up with bills/credit commitments burden all the time/most times	0.010	0.030	0.745	1,081
Finding managing financially quite/very difficult	0.012	0.030	0.680	1,081
Better off in a year's time	0.015	0.029	0.597	1,081
More in control of finances	-0.005	0.029	0.857	1,081
I feel in control of my finances	-0.009	0.030	0.751	1,081
My level of debt feels manageable to me	0.016	0.030	0.605	1,081
I know who to contact if I have a debt problem	-0.012	0.030	0.689	1,081
I follow a household monthly budget	-0.093	0.030	0.002	1,081
I am very organised when it comes to managing my money day to day	-0.084	0.030	0.006	1,081
I am very organised when it comes to managing my money day to day	-0.042	0.026	0.112	1,081

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table 22: Estimated effect of the encouragement on self-reported financial outlook and attitudes to debt: Wave three

Attitudes to debt, wave three				
Outcome	point estimates	standard error	p-value	N
Better financial situation	-0.041	0.037	0.268	659
Keeping up with bills/credit commitments heavy burden	-0.019	0.038	0.611	654
Keeping up with bills/credit commitments burden all the time/most times	-0.053	0.039	0.175	659
Finding managing financially quite/very difficult	0.034	0.037	0.354	659
Better off in a year's time	0.039	0.037	0.288	659
More in control of finances	0.000	0.039	0.998	659
I feel in control of my finances	0.012	0.038	0.759	659
My level of debt feels manageable to me	0.003	0.038	0.947	659
I know who to contact if I have a debt problem	0.060	0.038	0.117	659
I follow a household monthly budget	-0.094	0.039	0.015	659
I am very organised when it comes to managing my money day to day	-0.072	0.039	0.065	659
I always make sure I have money saved for a rainy day	-0.063	0.034	0.067	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

The results show that receiving the encouragement did not improve respondents' financial situation. We find evidence that the encouragement triggered some limited repayment effort, possibly financed by new debt rather than reduced spending. Evidence suggests that spending and financial difficulties increase as a result of the encouragement. This may be due to the encouragement making people seek informal debt advice, which in the context of financial investment has been found to lead to undesirable outcomes (Mullainathan et al., 2012; Beyer et al., 2013; Foerster et al., 2017). The low quality of the

advice sought by those who received the encouragement is confirmed by Tables 23 and 24. For wave two and three respectively, these tables suggest that the encouragement did not lead to a greater understanding on how to achieve better debt management (such as debtors and creditors' right, how to increase income and steps to take when able to pay creditors).

Table 23: Estimated effect of the encouragement on understanding: Wave two

Understanding, wave two				
Outcome	point estimates	standard error	p-value	N
Fees on debt solutions	-0.071	0.030	0.020	941
Steps if not able to pay creditors	0.025	0.032	0.436	1,001
Rights in dealing with creditors	-0.035	0.030	0.243	997
Creditors recovery steps	-0.045	0.030	0.138	1,004
How to increase or maintain income	0.007	0.031	0.813	988
Who to contact about financial concerns	-0.000	0.032	0.988	1,007
How to manage a change in financial circumstances	0.032	0.031	0.308	1,002
No steps understood	0.026	0.029	0.372	1,081
Number of steps understood	-0.137	0.179	0.443	870

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table 24: Estimated effect of the encouragement on understanding: Wave three

Understanding, wave three				
Outcome	point estimates	standard error	p-value	N
Fees on debt solutions	-0.010	0.039	0.797	590
Steps if not able to pay creditors	0.003	0.040	0.938	617
Rights in dealing with creditors	-0.001	0.038	0.977	609
Creditors recovery steps	0.006	0.038	0.876	615
How to increase or maintain income	-0.001	0.040	0.976	599
Who to contact about financial concerns	0.006	0.040	0.885	614
How to manage a change in financial circumstances	-0.009	0.040	0.816	612
No steps understood	-0.023	0.037	0.533	659
Number of steps understood	-0.068	0.230	0.768	535

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

5.4 Effect of seeking informal advice on well-being

We now look at the effect of seeking informal advice on well-being and health. Having allowed for weak instruments, we are not able to detect strong effects on well-being and health at wave two, although inspection of the A-R confidence intervals suggests possible positive effects for well-being. (The A-R confidence intervals for satisfaction, worthwhile life and happiness are bounded downwards, while the confidence interval for anxiety are bounded upwards.) At wave three, we find evidence that seeking informal debt advice

increases the score for a worthwhile life, the happiness score and the positive well-being index score (by at least 0.63, 0.45 and 0.59 points, respectively, as shown in Table 26, Rows 2, 3 and 4).¹³

Table 25: Estimated effect of seeking informal advice on well-being and health: Wave two

Seeking informal advice: Well-being and health, wave two				
Outcome	Kleibergen-Paap F	Anderson-Rubin c-sets (90%)	Anderson-Rubin chi (p-value)	N
How satisfied with life nowadays	3.596	[-7.04872, ...]	.865	1078
To what extent you feel things you do in life are worthwhile	3.596	[-2.18381, ...]	.305	1078
How happy you felt yesterday	3.596	[-.108022, ...]	.108	1078
Index of positive Well-being	3.596	[-5.39013, ...]	.292	1078
How anxious you felt yesterday	3.596	[... , 1.19638]	.201	1078
In good health	3.596	[-.86559, ...]	.559	1078
Long lasting physical/mental health condition	3.596	[-.935785, ...]	.542	1078

Source: PLSDA data. Limited Information Maximum Likelihood (LIML) weighted by the inverse of being in the treatment/control group.

Table 26: Estimated effect of seeking informal advice on well-being and health: Wave three

Seeking informal advice: Well-being and health, wave two				
Outcome	Kleibergen-Paap F	Anderson-Rubin c-sets (90%)	Anderson-Rubin chi (p-value)	N
How satisfied with life nowadays	2.472	[-2.98601, ...]	.351	659
To what extent you feel things you do in life are worthwhile	2.472	[.632263, ...]	.068	659
How happy you felt yesterday	2.472	[.453583, ...]	.078	659
Index of positive Well-being	2.472	[.592747, ...]	.102	659
How anxious you felt yesterday	2.472	[... , 5.93113]	.553	659
In good health	2.472	entire grid	.921	659
Long lasting physical/mental health condition	2.472	entire grid	.704	659

Source: PLSDA data. Limited Information Maximum Likelihood (LIML) weighted by the inverse of being in the treatment/control group.

5.5 Effect of seeking informal debt advice on debt outcomes

Tables 27-40 show the effects of seeking informal debt advice on debt outcomes. These results are in line with those presented for the effect of receiving the encouragement (ITT in Sections 5.3 and 5.3): the outcomes for which the Anderson-Rubin confidence intervals do not include zero (shown in this section) are the same outcomes for which we find effects of receiving the encouragement (see section 5.3). While imprecisely estimated, the effects for seeking informal debt advice are generally larger than those found for receiving the encouragement. This may suggest that the effects of receiving the encouragement are driven by the effects of seeking informal debt advice.

¹³Like for the ITTs, we also find some evidence suggesting a reduction in worries. These results are available on request.

Table 27: Estimated effect of seeking informal advice on debt management past year: Wave two

Seeking informal advice: Debt management past year wave two				
Outcome	Kleibergen-Paap F	Anderson-Rubin c-sets (90%)	Anderson-Rubin chi (p-value)	N
Set up a repayment plan	3.596	[... , 1.03621]	.879	1078
Set up a debt management plan	3.596	[-.457255, ...]	.775	1078
Agreed a period of time where no payments have to be made	3.596	[-.594784, ...]	.673	1078
Set up an Individual Voluntary Arrangement (IVA)	3.596	[... , .066982]	.217	1078
Set up a Debt Relief Order (DRO)	3.596	[.013401, ...]	.089	1078
Filed for bankruptcy	3.596	[... , .210197]	.789	1078
Made a full and final settlement of debts	3.596	[-.162089, ...]	.286	1078
Had debts written off	3.596	[-.369137, ...]	.824	1078
Consolidated debts	3.596	[-.515625, ...]	.707	1078
Accessed benefits/credit options not previously aware of	3.596	[... , .436104]	.951	1078
Agreed/increased overdraft limit with bank	3.596	[.005907, ...]	.108	1078
Other	3.596	[-.169917, ...]	.479	1078
No Action in the last year	3.596	[... , .936025]	.455	1078
Number of actions in the last year	3.596	[-.695928, ...]	.261	1078

Source: PLSDA data. Limited Information Maximum Likelihood (LIML) weighted by the inverse of being in the treatment/control group.

Table 28: Estimated effect of seeking informal advice on debt management past year: Wave three

Seeking informal advice: Debt management past year wave three				
Outcome	Kleibergen-Paap F	Anderson-Rubin c-sets (90%)	Anderson-Rubin chi (p-value)	N
Set up a repayment plan	2.472	[.322967, ...]	.041	659
Set up a debt management plan	2.472	[... , .147441]	.246	659
Agreed a period of time where no payments have to be made	2.472	entire grid	.937	659
Set up an Individual Voluntary Arrangement (IVA)	2.472	[-.436819, ...]	.509	659
Set up a Debt Relief Order (DRO)	2.472	entire grid	.763	659
Made a full and final settlement of debts	2.472	entire grid	.836	659
Had debts written off	2.472	entire grid	.607	659
Consolidated debts	2.472	entire grid	.898	659
Accessed benefits/credit options not previously aware of	2.472	[-.023394, ...]	.125	659
Agreed/increased overdraft limit with bank	2.472	[-.280214, ...]	.271	659
Other	2.472	[... , .26039]	.436	659
No actions taken since last interview	2.472	[... , .410282]	.196	659
Number of actions taken since last interview	2.472	[-.376536, ...]	.152	659

Source: PLSDA data. Limited Information Maximum Likelihood (LIML) weighted by the inverse of being in the treatment/control group.

Tables 27-30 show the effects of seeking informal debt advice on debt management and the likelihood of being behind with bills. Seeking informal debt advice leads to an increase in the probability of setting up a Debt Relief Order and of agreeing an overdraft limit with the bank at wave two (Table 27, Rows 5 and 11). However, the results do not allow to rule out negligible effects (the lower bound of the A-R confidence intervals in both cases is around 1 pp). Seeking informal debt advice also leads to a large increase in the probability of setting up a repayment plan at wave three (at least 32 pp, as shown in the first row of Table 28). This may explain why, at wave three, there is a decrease of at least eight pp in the probability of being behind with bills from a personal loan

(Table 30, Row 8). In summary, the results in Tables 27-30 suggest that seeking informal debt advice triggered limited changes, mainly concentrated around an effort for repaying existing debt.

Table 29: Estimated effect of seeking informal advice on probability of being behind with bills: Wave two

Seeking informal advice: Behind with bills, wave two				
Outcome	Kleibergen-Paap F	Anderson-Rubin c-sets (90%)	Anderson-Rubin chi (p-value)	N
Rent/Mortgage	3.596	[-.353123, ...]	.374	1078
Fuel	3.596	[... , .355381]	.399	1078
Phone	3.596	[... , .270276]	.336	1078
Water	3.596	[... , 1.14884]	.916	1078
Council tax	3.596	[-.296935, ...]	.284	1078
Credit or store card(s)	3.596	[... , .285787]	.316	1078
Overdraft from a bank or building society	3.596	[... , .394214]	.505	1078
Personal loan from bank/building society/credit union	3.596	[-.232667, ...]	.359	1078
Payday loan	3.596	[... , .549488]	.83	1078
Loan from door2door lender/Home credit (e.g., Provident)	3.596	[... , .005873]	.12	1078
Loan from family or friends	3.596	[-.527524, ...]	.5	1078
Other	3.596	[-.029382, ...]	.13	1078
None	3.596	[-1.91267, ...]	.826	1078
Number of bills behind	3.596	[... , 4.02072]	.885	1078

Source: PLSDA data. Limited Information Maximum Likelihood (LIML) weighted by the inverse of being in the treatment/control group.

Table 30: Estimated effect of seeking informal advice on probability of being behind with bills: Wave three

Seeking informal advice: Behind with bills, wave three				
Outcome	Kleibergen-Paap F	Anderson-Rubin c-sets (90%)	Anderson-Rubin chi (p-value)	N
Rent/Mortgage	2.472	[-.487715, ...]	.322	659
Fuel	2.472	entire grid	.978	659
Phone	2.472	[... , .166251]	.225	659
Water	2.472	entire grid	.671	659
Council tax	2.472	entire grid	.657	659
Credit or store card(s)	2.472	entire grid	.691	659
Overdraft from a bank or building society	2.472	[... , .548599]	.526	659
Personal loan from bank/building society/credit union	2.472	[... , -.083034]	.06	659
Payday loan	2.472	[-.642439, ...]	.449	659
Loan from door2door lender/Home credit (e.g., Provident)	2.472	entire grid	.856	659
Loan from family or friends	2.472	entire grid	.854	659
Other	2.472	entire grid	.677	659
None	2.472	entire grid	.399	659
Number of bills behind	2.472	[... , 5.85721]	.887	659

Source: PLSDA data. Limited Information Maximum Likelihood (LIML) weighted by the inverse of being in the treatment/control group.

Table 31: Estimated effect of seeking informal advice on improvements in last months: Wave two

Seeking informal advice: Improvements in last months, wave two				
Outcome	Kleibergen-Paap F	Anderson-Rubin c-sets (90%)	Anderson-Rubin chi (p-value)	N
Stick to a spending plan	3.596	[... , -.29356]	.028	1078
Plan ahead for household bills and other expenses	3.596	[... , 1.22825]	.84	1078
Check your bank balance regularly	3.596	[... , .28359]	.337	1078
Make cut backs on spending	3.596	[-.439691, ...]	.344	1078
Make savings by shopping around or switching suppliers	3.596	[... , -.061359]	.086	1078
Number of improvements in the last month	3.596	[-.626271, ...]	.949	1078
Number of improvements in the last month	3.596	[... , .303643]	.16	1078

Source: PLSDA data. Limited Information Maximum Likelihood (LIML) weighted by the inverse of being in the treatment/control group.

Tables 31-34 analyse self-reported improvements related to spending reduction and whether those improvements occur more often than six months before. These results provide a consistent picture that seeking informal debt advice reduces people's savings and their ability to control over-spending. Most of these results are sizable. For example at wave two, seeking informal debt advice decreases by at least 29 pp the probability that respondents report sticking to a spending plan and decreases by at least 6 pp the probability that respondents report trying to save money by shopping around and switching supplies (Table 31, Rows 1 and 5). At wave three, seeking informal debt advice decreases by at least 66 pp the probability that respondents report sticking to a spending plan always or often, decreases by at least 68 pp the probability that respondents report to plan ahead always or often, and decreases by at least 23 pp the probability that respondents report making savings by shopping around or switching supplies always or often (Table 32, Rows 1, 2 and 5). Seeking informal debt advice also increases by at least 36 pp the probability that respondents declare they do none of the suggested improvements always or often (Table 32, Row 6).

Comparing current improvements with improvements made six months earlier provides the same picture (Tables 33 and 34). Especially at wave three, seeking informal debt advice makes people report adopting spending reduction strategies less often than in the previous six months. (The A-R confidence intervals in the top four rows of Table 34 all suggest negative effects, often quite sizable.)

Table 32: Estimated effect seeking informal advice on improvements in last months: Wave three

Seeking informal advice: Improvements in last months, wave three				
Outcome	Kleibergen-Paap F	Anderson-Rubin c-sets (90%)	Anderson-Rubin chi (p-value)	N
Stick to a spending plan	2.472	[... ,-.660076]	.008	659
Plan ahead for household bills and other expenses	2.472	[... ,-.677707]	.006	659
Check your bank balance regularly	2.472	[... ,.114153]	.154	659
Make cut backs on spending	2.472	[... ,.667149]	.37	659
Make savings by shopping around or switching suppliers	2.472	[... ,-.237433]	.052	659
No steps done often	2.472	[.35673, ...]	.002	659
Number of improvements done often	2.472	[... ,-.2.24792]	.004	659

Source: PLSDA data. Limited Information Maximum Likelihood (LIML) weighted by the inverse of being in the treatment/control group.

Table 33: Estimated effect of seeking informal advice on making improvements more often than six months ago: Wave two

Seeking informal advice: Improvements more often than before, wave two				
Outcome	Kleibergen-Paap F	Anderson-Rubin c-sets (90%)	Anderson-Rubin chi (p-value)	N
Spending plan, more often than six months ago	3.596	[... ,.135534]	.175	1078
Planned ahead, more often than six months ago	3.596	[... ,.626879]	.514	1078
Check bank balance, more often than six months ago	3.596	[... ,.96141]	.686	1078
Cut spending, more often than six months ago	3.596	[-1.19843, ...]	.625	1078
Save by shopping around, more often than six months ago	3.596	[... ,-.032514]	.105	1078
No improvements more often than six months ago	3.596	[-.746438, ...]	.652	1078
Number of improvements more often than six months ago	3.596	[... ,1.62742]	.346	1078

Source: PLSDA data. Limited Information Maximum Likelihood (LIML) weighted by the inverse of being in the treatment/control group.

Table 34: Estimated effect of seeking informal advice on making improvements more often than six months ago: Wave three

Seeking informal advice: Improvements more often than before, wave three				
Outcome	Kleibergen-Paap F	Anderson-Rubin c-sets (90%)	Anderson-Rubin chi (p-value)	N
Spending plan, more often than six months ago	2.472	[... ,-.163689]	.067	659
Planned ahead, more often than six months ago	2.472	[... ,-.214241]	.049	659
Check bank balance, more often than six months ago	2.472	[... ,-.009533]	.111	659
Cut spending, more often than six months ago	2.472	[... ,-.416015]	.02	659
Save by shopping around, more often than six months ago	2.472	[... ,.507346]	.337	659
Number of improvements more often than six months ago	2.472	[... ,-.1.41336]	.03	659
No improvements more often than six months ago	2.472	[.082395, ...]	.089	659

Source: PLSDA data. Limited Information Maximum Likelihood (LIML) weighted by the inverse of being in the treatment/control group.

Tables 35 and 36 show the effect of seeking informal debt advice on self-reported financial difficulties. Little can be concluded about self-reported financial difficulties at wave two (Table 35). However, Table 36 suggests that seeking informal debt advice leads to increased probability of having financial difficulties with affording the basics in life (Row 3) and dealing with creditors (Row 4) at wave three. These effects are sizable. The estimated A-R lower bounds for these effects are 38 and 32 pp, respectively.

Finally, Tables 37 and 38 suggest no effect of seeking informal debt advice on general statements describing people’s self-reported financial outlook and attitudes to debt (first nine rows). However, where less general statements are used (see bottom three rows), we find that seeking informal debt advice leads to sizable reductions in self-reported ability to manage day-to-day money. The probability of following a household monthly budget decreases by at least 67 pp (41 pp) at wave two (three). The probability of declaring being able to organize day-to-day spending decreases by at least 52 pp (14 pp) at wave two (three). And the probability of saving for a rainy day decreases by at least 12 pp at wave three.

Results in this section align with those of the ITT. Seeking informal debt advice makes people focus on paying their existing debt, but does not lead to reduced spending. In fact, spending seems likely to increase together with the probability of experiencing financial difficulties (such as not being able to afford basics and being contacted by creditors) and the probability of reporting not being able to organize day-to-day money. These results are coherent with the reality of receiving non-professional, low-quality advice that does not develop people’s skills and knowledge to tackle the structural reasons for being in debt. Given the similar results, it is likely that the effect of receiving the encouragement is driven by the effect of seeking informal debt advice.

Table 35: Estimated effect of seeking informal advice on experiencing financial difficulties: Wave two

Seeking informal advice: Financial difficulties, wave three				
Outcome	Kleibergen-Paap F	Anderson-Rubin c-sets (90%)	Anderson-Rubin chi (p-value)	N
Having your landline phone cut off	3.596	[-.384568, ...]	.581	1078
Having your mobile phone cut off	3.596	[-.651563, ...]	.654	1078
Couldn’t afford basics (food etc)	3.596	[... , 1.0264]	.838	1078
Being contacted by the people and organisations you owe money to	3.596	[-.054628, ...]	.134	1078
A court summons from the people you owe money to	3.596	[... , .878526]	.884	1078
Being contacted by bailiffs	3.596	[... , .259382]	.413	1078
Being evicted from your home	3.596	[-.057217, ...]	.295	1078
Having your home repossessed	3.596	[... , -.015319]	.077	1078
Having your gas or electricity cut off	3.596	[-.186783, ...]	.619	1078
Having a prepayment meter imposed for gas or electricity	3.596	[... , .139033]	.323	1078
Having your credit card declined	3.596	[... , .045626]	.147	1078
None	3.596	[... , .542128]	.315	1078
Number of financial difficulties experienced	3.596	[... , 3.92494]	.928	1078

Source: PLSDA data. Limited Information Maximum Likelihood (LIML) weighted by the inverse of being in the treatment/control group.

Table 36: Estimated effect of seeking informal advice on experiencing financial difficulties: Wave three

Outcome	Seeking informal advice: Financial difficulties, wave three			
	Kleibergen-Paap F	Anderson-Rubin c-sets (90%)	Anderson-Rubin chi (p-value)	N
Having your landline phone cut off	2.472	[... , .616647]	.673	659
Having your mobile phone cut off	2.472	entire grid	.866	659
Couldn't afford basics (food etc)	2.472	[.377839, ...]	.022	659
Being contacted by the people and organisations you owe money to	2.472	[.321939, ...]	.038	659
A court summons from the people you owe money to	2.472	[... , .559489]	.581	659
Being contacted by bailiffs	2.472	[... , .505161]	.532	659
Being evicted from your home	2.472	entire grid	.949	659
Having your home repossessed	2.472	[... , .378803]	.747	659
Having your gas or electricity cut off	2.472	[-.246004, ...]	.378	659
Having a prepayment meter imposed for gas or electricity	2.472	[... , .457395]	.449	659
Having your credit card declined	2.472	[-.458585, ...]	.27	659
None	2.472	[... , -.241713]	.061	659
Number of financial difficulties experienced	2.472	[-2.65233, ...]	.358	659

Source: PLSDA data. Limited Information Maximum Likelihood (LIML) weighted by the inverse of being in the treatment/control group.

Table 37: Estimated effect of seeking informal advice on self-reported financial outlook and attitudes to debt: Wave two

Outcome	Seeking informal advice: Attitudes to debt, wave two			
	Kleibergen-Paap F	Anderson-Rubin c-sets (90%)	Anderson-Rubin chi (p-value)	N
Better financial situation	3.596	[-.223265, ...]	.209	1078
Keeping up with bills/credit commitments heavy burden	3.127	[... , 1.03132]	.652	1071
Keeping up with bills/credit commitments burden all the time/most times	3.596	[-1.23183, ...]	.699	1078
Finding managing financially quite/very difficult	3.596	[-1.26765, ...]	.677	1078
Better off in a year's time	3.596	[-.939679, ...]	.599	1078
More in control of finances	3.596	[... , 1.35783]	.874	1078
I feel in control of my finances	3.596	[... , 1.60858]	.771	1078
My level of debt feels manageable to me	3.596	[-.822444, ...]	.605	1078
I know who to contact if I have a debt problem	3.596	[... , 1.03463]	.686	1078
I follow a household monthly budget	3.596	[... , -.673966]	.003	1078
I am very organised when it comes to managing my money day to day	3.596	[... , -.524509]	.008	1078
I always make sure I have money saved for a rainy day	3.596	[... , .034976]	.124	1078

Source: PLSDA data. Limited Information Maximum Likelihood (LIML) weighted by the inverse of being in the treatment/control group.

Table 38: Estimated effect of seeking informal advice self-reported financial outlook and attitudes to debt: Wave three

Outcome	Seeking informal advice: Attitudes to debt, wave three			
	Kleibergen-Paap F	Anderson-Rubin c-sets (90%)	Anderson-Rubin chi (p-value)	N
Better financial situation	2.472	[... , .48496]	.284	659
Keeping up with bills/credit commitments heavy burden	2.506	[... , 1.58159]	.624	654
Keeping up with bills/credit commitments burden all the time/most times	2.472	[... , .19081]	.189	659
Finding managing financially quite/very difficult	2.472	[-.989373, ...]	.373	659
Better off in a year's time	2.472	[-.545054, ...]	.302	659
More in control of finances	2.472	entire grid	.998	659
I feel in control of my finances	2.472	entire grid	.767	659
My level of debt feels manageable to me	2.472	entire grid	.949	659
I know who to contact if I have a debt problem	2.472	[-.044489, ...]	.13	659
I follow a household monthly budget	2.472	[... , -.410974]	.018	659
I am very organised when it comes to managing my money day to day	2.472	[... , -.113329]	.074	659
I always make sure I have money saved for a rainy day	2.472	[... , -.117531]	.075	659

Source: PLSDA data. Limited Information Maximum Likelihood (LIML) weighted by the inverse of being in the treatment/control group.

Table 39: Estimated effect of seeking informal advice on understanding: Wave two

Outcome	Seeking informal advice: Understanding, wave three			
	Kleibergen-Paap F	Anderson-Rubin c-sets (90%)	Anderson-Rubin chi (p-value)	N
Understands fees	2.937	[... , -.387467]	.019	939
Understands own steps	3.715	[-.693047, ...]	.467	998
Understands own rights	3.893	[... , .235511]	.223	994
Understands creditors' rights	3.634	[... , .118954]	.155	1001
Understands how to increase own income	3.832	[-1.23027, ...]	.806	985
Understands who to contact	4.098	[-1.62564, 1.38039]	.996	1004
Understands how to manage a chance	3.752	[-.417878, ...]	.315	999
No steps understood	3.596	[-.433508, ...]	.356	1078
Number of steps understood	3.65	[... , 3.42238]	.462	868

Source: PLSDA data. Limited Information Maximum Likelihood (LIML) weighted by the inverse of being in the treatment/control group.

Table 40: Estimated effect of seeking informal advice on understanding: Wave three

Outcome	Seeking informal advice: Understanding, wave three			
	Kleibergen-Paap F	Anderson-Rubin c-sets (90%)	Anderson-Rubin chi (p-value)	N
Understands fees	1.68	entire grid	.803	590
Understands own steps	1.453	entire grid	.94	617
Understands own rights	2.078	entire grid	.977	609
Understands creditors' rights	1.655	entire grid	.879	615
Understands how to increase own income	2.065	entire grid	.976	599
Understands who to contact	2.151	entire grid	.889	614
Understands how to manage a chance	2.459	entire grid	.822	612
No steps understood	2.472	entire grid	.549	659
Number of steps understood	1.958	entire grid	.773	535

Source: PLSDA data. Limited Information Maximum Likelihood (LIML) weighted by the inverse of being in the treatment/control group.

Conclusions

We use an encouragement design on a new large sample of over-indebted people in Britain who have not sought formal debt advice in the previous six months to estimate the effect of seeking debt advice on well-being. When asked about their well-being using standardised questions, people who received the encouragement report increased well-being, especially when asked more than a year after the encouragement.

The found increase in well-being is likely to be due to the anxiety-reducing effect of delegating financial decisions to others, rather than to clear improvements in the borrowers' debt reducing strategies. In fact, we find little evidence that receiving the encouragement improves debt outcomes. The encouragement makes people focus on repaying their existing debt, but reduces people's expenditure planning, day-to-day savings and self-reported ability to deal with routine money management. People receiving the encouragement

report more financial difficulties, including not being able to afford life's basics and being contacted by creditors. These results are likely to be driven by the fact that people who receive the encouragement seek informal debt advice rather than formal debt advice, and informal debt advice is unable to provide borrowers with the tools they need to reduce their debt.

Our results on debt advice are in line with recent findings from the literature on financial advice more in general (see Gomes et al., 2021, for a survey). People do not generally trust formal financial or debt advisers and prefer to rely on informal advice from family and friends. When they do seek advice, they often fail to follow the advice they receive. While it may increase well-being, a similar strategy does not necessarily lead to financially-savvy decisions. This is particularly worrying in the case of debt advice, given the negative consequences of over-indebtedness. In a time of rising personal debt, it is of paramount importance to understand how debt advice can gain borrowers' trust and make sure none is left behind.

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A Additional tables

Table A.1: Variables definition: Advice

Variable	Description	Availability	
		W2	W3
Advice			
Advice: past year	Equal to one if respondent has sought advice in the past twelve months, zero otherwise	Yes	No
Advice: Since last interview	Equal to one if respondent has sought advice since last interview, zero otherwise	No	Yes
Advice: online (6 months)	Equal to one if respondent has sought advice online in the past twelve months, zero otherwise	Yes	No
Advice: online (since last interview)	Equal to one if respondent has sought advice online since last interview, zero otherwise	No	Yes

Table A.2: Variables definition: Well-being and health

Variable	Description	Availability	
		W2	W3
Well-being			
Satisfaction	Overall, how satisfied are you with your life nowadays? ONS Wellbeing question: 10 points scale	Yes	Yes
Life worthwhile	Overall, to what extent you think the things you do in life are worthwhile? ONS Wellbeing question: 10 points scale	Yes	Yes
Happiness	Overall, how happy did you feel yesterday? ONS Wellbeing question: 10 points scale	Yes	Yes
Anxiety	Overall, how anxious did you feel yesterday? ONS Wellbeing question: 10 points scale	Yes	Yes
Health			
Good health	In general, would you say your health is: Very good or Good (1); Fair or Poor (0)	Yes	No
Long lasting health condition	Do you have any physical or mental health conditions or illness lasting or expected to last for 12 months or more?	No	Yes

Table A.3: Variables definition

Variable	Description	Availability	
		W2	W3
Debt management			
Actions, past year	Equal to one if respondent has done the stated action in the past twelve months, zero otherwise	Yes	No
Actions, since last interview	Equal to one if respondent has done the stated action since last interview, zero otherwise	No	Yes
Bills behind			
Bills behind	Equal to one if respondent is behind with said bill , zero otherwise	Yes	Yes
Expenditure reducing strategies			
Improvements: past month	Equal to one if respondent has made the stated improvement in the previous month, zero otherwise	Yes	No
Improvements: Always or often	Equal to one if respondent has made the stated improvement always of often, zero otherwise	No	Yes
Improvements, more often	Equal to one if respondent has made the stated improvement more often than 6 months before, zero otherwise	Yes	Yes
Credit			
Size of debt	Get the mid points of a variable collected in bands	Yes	Yes
Size of arrears	Get the mid points of a variable collected in bands	Yes	Yes
Financial difficulties			
Financial difficulties	Equal to one if respondent has experimented the said financial difficulty in the last six months, zero otherwise	Yes	Yes
Financial outlook and attitudes to debt			
Financial satisfaction	Equal to one if financial satisfaction is better than six months ago, zero otherwise.	Yes	No
Financial satisfaction	Equal to one if financial satisfaction is better than at the time of last interview, zero otherwise.	No	Yes
Debt burden	Equal to one if respondents says debt is a heavy burden, zero otherwise	Yes	Yes
Debt burden (frequency)	Equal to one if respondents says debt was heavy burden all the times or most times in the last twelve months, zero otherwise	Yes	No
Debt burden (frequency)	Equal to one if respondents says debt was heavy burden all the times or most times in the time since last interview, zero otherwise	No	Yes
Financial stress	Equal to 1 if respondent finds it difficult to manage financial stress, zero otherwise	Yes	Yes
Better Outlook	Equal to one if better outlook in a year's time, zero otherwise	Yes	Yes
More in control over debt	Equal to one if respondent feels more in control than six months ago, zero otherwise	Yes	No
More in control over debt	Equal to one if respondent feels more in control than the time of last interview, zero otherwise	Yes	No
In control of finances	Equal to one if respondent agrees or strongly agrees they feel in control of finances, zero otherwise	Yes	Yes
Debt manageable	Equal to one if respondent agrees or strongly agrees their debt feels manageable, zero otherwise	Yes	Yes
Know who to contact	Equal to one if respondent agrees or strongly agrees they know who to contact, zero otherwise	Yes	Yes
Follow household montly budget	Equal to one if respondent agrees or strongly agrees they follow a household monthly budget, zero otherwise	Yes	Yes
Very organized	Equal to one if respondent agrees or strongly agrees they are very organized in day-to day money management, zero otherwise	Yes	Yes
Precautionary savings	Equal to one if respondent agrees or strongly agrees they save for rainy days, zero otherwise	Yes	Yes
Understanding			

Table A.4: W1, personal characteristics (Weighted)

	(1) Work	(2) Emplol	(3) White2f	(4) Whiteol	(5) Couple2f	(6) Coupleol	(7) Genderd2	(8) Sgraded1BW	(9) AgeBW
Encouragement	0.029 (0.046)	-0.043* (0.025)	-0.023 (0.030)	0.038 (0.051)	-0.053 (0.046)	-0.022 (0.026)	0.022 (0.022)	0.002 (0.031)	-0.103 (0.611)
N	476	1463	473	125	475	1442	1936	942	1939

*** < 1 percent **1 percent * 5 percent .

Table A.5: W1, household characteristics (Weighted)

	(1) Howned	(2) Adults	(3) Hhsize	(4) kids.online	(5) Child0.2	(6) Child3.5	(7) Child6.9	(8) Child10.15
Encouragement	-0.090** (0.036)	-0.085 (0.062)	-0.179** (0.087)	-0.043 (0.053)	-0.097*** (0.033)	-0.002 (0.035)	-0.069* (0.039)	0.048 (0.035)
N	476	942	942	1463	476	476	476	476

*** < 1 percent **1 percent * 5 percent .

Table A.6: W1, GOR (Weighted)

	(1) GOR1	(2) GOR2	(3) GOR3	(4) GOR4	(5) GOR5	(6) GOR6	(7) GOR7	(8) GOR8	(9) GOR9	(10) GOR10	(11) GOR11
Encouragement	-0.003 (0.009)	-0.029** (0.014)	-0.000 (0.012)	0.017 (0.012)	-0.005 (0.013)	0.035** (0.014)	0.018 (0.016)	-0.007 (0.015)	0.005 (0.014)	0.008 (0.010)	-0.002 (0.013)
N	1939	1939	1939	1939	1939	1939	1939	1939	1939	1939	1939

*** < 1 percent **1 percent * 5 percent .

Table A.7: W1, Attitude to debt (Weighted)

	(1) HeavyBurden	(2) MissYear	(3) FeelBLyear	(4) DecMaker	(5) AskAdvice	(6) MAskAdvice	(7) NAskAdvice	(8) RepPlan	(9) Q11	(10) Q2d	(11) Q9mp	(12) Q10mp	(13) Q12mp
Encouragement	-0.000 (0.022)	0.000 (0.022)	0.001 (0.029)	-0.005 (0.021)	-0.042 (0.071)	0.008 (0.028)	-0.008 (0.028)	0.014 (0.022)	-10.712 (18.331)	0.005 (0.023)	-403.735 (452.033)	65.277 (85.712)	408.656 (900.700)
N	1922	1922	1200	1917	1265	1265	1265	1858	1939	1915	1771	1090	1090

*** < 1 percent **1 percent * 5 percent .

Table A.8: W1, Access to resources, financial situation (Weighted)

	(1) Citizens Advice	(2) Bureau Jobcentre Plus	(3) Local library	(4) Discuss finance	(5) Confidential info	(6) Financial pos better
Encouragement	-0.009 (0.022)	-0.001 (0.022)	0.004 (0.019)	-0.004 (0.019)	-0.008 (0.017)	0.003 (0.032)
N	1939	1939	1939	1939	1939	1907

*** < 1 percent **1 percent * 5 percent .

Table A.9: W1, Reasons for debt (Weighted)

	(1) Job	(2) Conc	(3) Wage	(4) Ben	(5) O. inc	(6) L. inc	(7) Rel	(8) Baby	(9) Sick	(10) Dis	(11) O-sp	(12) I exp	(13) Forg p	(14) Wtheld p	(15) Bereav	(16) Ment h	(17) Other
T	0.010 (0.018)	-0.005 (0.008)	-0.021 (0.017)	0.040** (0.017)	-0.007 (0.015)	0.013 (0.022)	0.005 (0.012)	0.001 (0.012)	0.027* (0.016)	0.013 (0.015)	-0.002 (0.016)	-0.020 (0.019)	0.001 (0.014)	0.003 (0.006)	0.009 (0.009)	0.024 (0.017)	-0.005 (0.011)
N	1904	1904	1904	1904	1904	1904	1904	1904	1904	1904	1904	1904	1904	1904	1904	1904	1904

*** < 1 percent **1 percent * 5 percent .

Table A.10: W1, Bills behind (Weighted)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Rent/mortgage		Fuel	Phone	Water	Council t	Cred cards	Overdraft	Pers l	Payday l	1 fr d2d	1 fr family	Other	None
Encouragement	-0.001 (0.017)	-0.007 (0.018)	0.001 (0.015)	0.026 (0.018)	-0.016 (0.019)	0.026 (0.019)	-0.019 (0.015)	-0.006 (0.010)	0.010 (0.010)	0.004 (0.009)	0.022* (0.012)	0.001 (0.008)	-0.001 (0.022)
N	1871	1871	1871	1871	1871	1871	1871	1871	1871	1871	1871	1871	1871

*** < 1 percent **1 percent * 5 percent .

Table A.11: W1, Asked for Advice (Weighted)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Free Debt A	Creditor	Fee Debt A	Fin adviser	Solicitor	Friend	Other	No advice
Encouragement	0.000 (.)	-0.018* (0.010)	0.000 (.)	-0.002 (0.008)	-0.002 (0.006)	0.003 (0.017)	-0.000 (0.009)	0.017 (0.020)
N	1891	1891	1891	1891	1891	1891	1891	1891

*** < 1 percent **1 percent * 5 percent .

Table A.12: W2, Estimated effect of the encouragement on the probability of seeking debt advice (formal vs informal), past year

Sought advice past year (formal vs informal), wave two				
Outcome	point estimates	standard error	p-value	N
Number of types of formal advice sought in the last 1yr months	-0.019	0.023	0.429	1,079
Number of types of Informal advice sought in the last 1yr months	0.067	0.037	0.071	1,078
Whether formal advice sought in the last 1yr months	-0.008	0.021	0.705	1,079
Whether Informal advice sought in the last 1yr months	0.054	0.027	0.048	1,078

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.13: W3, Estimated effect of the encouragement on the probability of seeking debt advice (formal vs informal), past year

Sought advice since last interview (formal vs informal), wave three				
Outcome	point estimates	standard error	p-value	N
Number of types of formal advice sought since last interview	-0.004	0.037	0.911	659
Number of types of Informal advice sought since last interview	0.118	0.046	0.011	659
Whether formal advice sought since last interview	0.015	0.031	0.624	659
Whether Informal advice sought since last interview	0.057	0.035	0.099	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.14: W2, Estimated effect of the encouragement on the probability of seeking debt advice, past year

Sought advice past year, wave two				
Outcome	point estimates	standard error	p-value	N
A free debt advice agency	-0.018	0.019	0.358	1,080
A fee-charging debt advice agency	-0.002	0.006	0.713	1,081
Insolvency practitioner	0.007	0.005	0.164	1,081
Accountant, bank manager or other independent financial adviser	-0.004	0.007	0.619	1,080
Solicitor or lawyer	-0.003	0.004	0.471	1,081
The organisations or people you owe money to (e.g. energy providers)	0.008	0.015	0.577	1,080
A bank or loan provider	0.018	0.012	0.123	1,081
Friends or relative	0.054	0.023	0.020	1,080
Self-help resources (e.g. websites, leaflets etc.)	-0.014	0.014	0.325	1,080
Some other source	0.000	0.005	0.985	1,081
Never sought advice	-0.038	0.030	0.203	1,056
Number of advice sought in the last year	0.049	0.046	0.278	1,077

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.15: W3, Estimated effect of the encouragement on the probability of seeking debt advice, past year

Sought advice since last interview, wave three				
Outcome	point estimates	standard error	p-value	N
A free debt advice agency	0.018	0.026	0.495	659
A fee-charging debt advice agency	-0.024	0.011	0.038	659
Insolvency practitioner	0.023	0.013	0.074	659
Accountant, bank manager or other independent financial adviser	-0.009	0.011	0.385	659
Solicitor or lawyer	-0.012	0.010	0.243	659
The organisations or people you owe money to (e.g. energy providers)	0.024	0.020	0.235	659
A bank or loan provider	0.001	0.015	0.960	659
Friends or relative	0.050	0.029	0.081	659
Self-help resources (e.g. websites, leaflets etc.)	0.029	0.016	0.073	659
Some other source	0.013	0.007	0.060	659
Never sought advice	-0.050	0.038	0.189	659
Number of advice sought in the last year	0.114	0.063	0.072	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.16: Estimated effect of the encouragement on well-being and health: Wave two

Well being, wave two				
Outcome	point estimates	standard error	p-value	N
How satisfied with life nowadays	0.028	0.149	0.854	1,081
To what extent you feel things you do in life are worthwhile	0.168	0.156	0.281	1,081
How happy you felt yesterday	0.270	0.162	0.097	1,081
Index of positive Well-being	0.466	0.423	0.271	1,081
How anxious you felt yesterday	-0.249	0.184	0.178	1,081
In good health	0.019	0.030	0.529	1,081
Long lasting physical/mental health condition	0.020	0.030	0.514	1,081

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.17: Estimated effect of the encouragement on well-being and health: Wave three

Well being, wave two				
Outcome	point estimates	standard error	p-value	N
How satisfied with life nowadays	0.197	0.205	0.339	659
To what extent you feel things you do in life are worthwhile	0.401	0.214	0.061	659
How happy you felt yesterday	0.396	0.217	0.068	659
Index of positive Well-being	0.993	0.591	0.093	659
How anxious you felt yesterday	-0.145	0.236	0.540	659
In good health	-0.004	0.039	0.918	659
Long lasting physical/mental health condition	0.015	0.039	0.694	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.18: Estimated effect of the encouragement on debt management past year: Wave two

Debt management past year, wave two				
Outcome	point estimates	standard error	p-value	N
Set up a repayment plan	-0.005	0.026	0.862	1,081
Set up a debt management plan	0.004	0.010	0.666	1,081
Agreed a period of time where no payments have to be made	0.006	0.014	0.658	1,081
Set up an Individual Voluntary Arrangement (IVA)	-0.010	0.008	0.202	1,081
Set up a Debt Relief Order (DRO)	0.010	0.005	0.062	1,081
Set up a trust deed	0.000			1,081
Set up a Protected trust deed	0.000			1,081
Set up a debt arrangement scheme	-0.001	0.002	0.388	1,081
Filed for bankruptcy	-0.001	0.004	0.770	1,081
Made a full and final settlement of debts	0.014	0.013	0.275	1,081
Had debts written off	0.002	0.007	0.816	1,081
Consolidated debts	0.004	0.011	0.703	1,081

Table A.19: Estimated effect of the encouragement on debt management past year: Wave three

Debt management past year, wave three				
Outcome	point estimates	standard error	p-value	N
Set up a repayment plan	0.075	0.035	0.034	659
Set up a debt management plan	-0.020	0.016	0.226	659
Agreed a period of time where no payments have to be made	-0.001	0.017	0.933	659
Set up an Individual Voluntary Arrangement (IVA)	0.008	0.012	0.474	659
Set up a Debt Relief Order (DRO)	0.003	0.010	0.751	659
Set up a trust deed	-0.002	0.003	0.389	659
Set up a Protected trust deed	0.000			783
Set up a debt arrangement scheme	0.004	0.003	0.251	659
Filed for bankruptcy	-0.000	0.005	0.986	659
Made a full and final settlement of debts	-0.005	0.022	0.827	659
Had debts written off	0.008	0.015	0.583	659
Consolidated debts	-0.003	0.020	0.892	659
Accessed benefits/credit options not previously aware of	0.021	0.014	0.126	659
Agreed/increased overdraft limit with bank	0.019	0.016	0.246	659
Other	-0.010	0.013	0.450	659
No actions taken since last interview	-0.052	0.039	0.181	659
Number of actions taken since last interview	0.097	0.065	0.135	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.20: Estimated effect of the encouragement on being behind with bills: Wave two

Behind with bills, wave two				
Outcome	point estimates	standard error	p-value	N
Rent/Mortgage	0.020	0.020	0.321	1,081
Fuel	-0.015	0.021	0.459	1,081
Phone	-0.018	0.017	0.305	1,081
Water	-0.003	0.022	0.905	1,081
Council tax	0.027	0.022	0.215	1,081
Credit or store card(s)	-0.027	0.024	0.259	1,081
Overdraft from a bank or building society	-0.011	0.019	0.545	1,081
Personal loan from bank/building society/credit union	0.012	0.013	0.344	1,081
Payday loan	-0.003	0.012	0.815	1,081
Loan from door2door lender/Home credit (e.g., Provident)	-0.025	0.014	0.081	1,081
Loan from family or friends	0.013	0.017	0.437	1,081
Other	0.019	0.012	0.105	1,081
None	-0.008	0.030	0.805	1,081
Number of bills behind	-0.009	0.095	0.922	1,081

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.21: Estimated effect of the encouragement on being behind with bills: Wave three

Behind with bills, wave three				
Outcome	point estimates	standard error	p-value	N
Rent/Mortgage	0.027	0.026	0.298	659
Fuel	-0.001	0.027	0.977	659
Phone	-0.028	0.022	0.208	659
Water	-0.011	0.026	0.668	659
Council tax	0.013	0.027	0.648	659
Credit or store card(s)	0.013	0.032	0.679	659
Overdraft from a bank or building society	-0.015	0.023	0.514	659
Personal loan from bank/building society/credit union	-0.034	0.018	0.061	659
Payday loan	0.013	0.016	0.423	659
Loan from door2door lender/Home credit (e.g., Provident)	-0.002	0.013	0.852	659
Loan from family or friends	0.004	0.019	0.844	659
Other	0.006	0.012	0.653	659
None	-0.034	0.039	0.382	659
Number of bills behind	-0.017	0.116	0.884	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.22: Estimated effect of the encouragement on improvements in last months: Wave two

Improvements in last months, wave two				
Outcome	point estimates	standard error	p-value	N
Stick to a spending plan	-0.068	0.030	0.024	1,081
Plan ahead for household bills and other expenses	-0.007	0.028	0.810	1,081
Check your bank balance regularly	-0.020	0.019	0.282	1,081
Make cut backs on spending	0.024	0.024	0.320	1,081
Make savings by shopping around or switching suppliers	-0.050	0.028	0.069	1,081
No improvements in the last month	-0.001	0.010	0.943	1,081
Number of improvements in the last month	-0.122	0.082	0.137	1,081

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.23: Estimated effect of the encouragement on improvements in last months: Wave three

Improvements in last months, wave three				
Outcome	point estimates	standard error	p-value	N
Stick to a spending plan	-0.106	0.039	0.007	659
Plan ahead for household bills and other expenses	-0.111	0.039	0.004	659
Check your bank balance regularly	-0.043	0.029	0.134	659
Make cut backs on spending	-0.036	0.038	0.352	659
Make savings by shopping around or switching suppliers	-0.076	0.038	0.044	659
No steps done often	0.062	0.019	0.001	659
Number of improvements done often	-0.372	0.122	0.002	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.24: Estimated effect of the encouragement on experiencing financial difficulties: Wave two

Financial Difficulties, wave two				
Outcome	point estimates	standard error	p-value	N
Having your landline phone cut off	0.008	0.012	0.498	1,081
Having your mobile phone cut off	0.009	0.017	0.583	1,081
Couldn't afford basics (food etc)	-0.006	0.025	0.819	1,081
Being contacted by the people and organisations you owe money to	0.040	0.027	0.137	1,081
A court summons from the people you owe money to	0.003	0.014	0.810	1,081
Being contacted by bailiffs	-0.011	0.014	0.443	1,081
Being evicted from your home	0.006	0.005	0.184	1,081
Having your home repossessed	-0.007	0.005	0.140	1,081
Having your gas or electricity cut off	0.003	0.006	0.595	1,081
Having a prepayment meter imposed for gas or electricity	-0.010	0.010	0.288	1,081
Having your credit card declined	-0.023	0.015	0.136	1,081
None	-0.032	0.030	0.285	1,081
Number of financial difficulties experienced	0.013	0.074	0.865	1,081

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.25: Estimated effect of the encouragement on experiencing financial difficulties: Wave three

Financial Difficulties, wave three				
Outcome	point estimates	standard error	p-value	N
Having your landline phone cut off	-0.006	0.015	0.664	659
Having your mobile phone cut off	0.004	0.020	0.861	659
Couldn't afford basics (food etc)	0.072	0.030	0.017	659
Being contacted by the people and organisations you owe money to	0.076	0.035	0.030	659
A court summons from the people you owe money to	-0.009	0.016	0.578	659
Being contacted by bailiffs	-0.012	0.018	0.517	659
Being evicted from your home	-0.000	0.008	0.950	659
Having your home repossessed	-0.002	0.007	0.727	659
Having your gas or electricity cut off	0.008	0.009	0.385	659
Having a prepayment meter imposed for gas or electricity	-0.012	0.014	0.408	659
Having your credit card declined	0.026	0.023	0.257	659
None	-0.075	0.039	0.051	659
Number of financial difficulties experienced	0.069	0.073	0.346	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.26: Estimated effect of the encouragement on self-reported financial outlook and attitudes to debt: Wave two

Attitudes to debt, wave two				
Outcome	point estimates	standard error	p-value	N
Better financial situation	0.035	0.027	0.199	1,081
Keeping up with bills/credit commitments heavy burden	-0.013	0.030	0.659	1,074
Keeping up with bills/credit commitments burden all the time/most times	0.010	0.030	0.745	1,081
Finding managing financially quite/very difficult	0.012	0.030	0.680	1,081
Better off in a year's time	0.015	0.029	0.597	1,081
More in control of finances	-0.005	0.029	0.857	1,081
I feel in control of my finances	-0.009	0.030	0.751	1,081
My level of debt feels manageable to me	0.016	0.030	0.605	1,081
I know who to contact if I have a debt problem	-0.012	0.030	0.689	1,081
I follow a household monthly budget	-0.093	0.030	0.002	1,081
I am very organised when it comes to managing my money day to day	-0.084	0.030	0.006	1,081
I am very organised when it comes to managing my money day to day	-0.042	0.026	0.112	1,081

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.27: Estimated effect of the encouragement on self-reported financial outlook and attitudes to debt: Wave three

Attitudes to debt, wave three				
Outcome	point estimates	standard error	p-value	N
Better financial situation	-0.041	0.037	0.268	659
Keeping up with bills/credit commitments heavy burden	-0.019	0.038	0.611	654
Keeping up with bills/credit commitments burden all the time/most times	-0.053	0.039	0.175	659
Finding managing financially quite/very difficult	0.034	0.037	0.354	659
Better off in a year's time	0.039	0.037	0.288	659
More in control of finances	0.000	0.039	0.998	659
I feel in control of my finances	0.012	0.038	0.759	659
My level of debt feels manageable to me	0.003	0.038	0.947	659
I know who to contact if I have a debt problem	0.060	0.038	0.117	659
I follow a household monthly budget	-0.094	0.039	0.015	659
I am very organised when it comes to managing my money day to day	-0.072	0.039	0.065	659
I always make sure I have money saved for a rainy day	-0.063	0.034	0.067	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.28: Estimated effect of the encouragement on credit: Wave two

Credit, wave two				
Outcome	point estimates	standard error	p-value	N
Successfully applied for credit (last six months)	0.022	0.021	0.295	1,081
Applied for credit, but turned down (last six months)	-0.034	0.020	0.090	1,081
Did not apply for credit (last six months)	0.012	0.027	0.643	1,081
Fell behind with/missed payments for three+ months (last six months)	-0.005	0.029	0.853	1,069
Size of loans/overdrafts/credit agreements	213.064	602.666	0.724	1,081
Size of arrears in bills/credit respondent is behind on.	33.348	191.827	0.862	1,081

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

Table A.29: Estimated effect of the encouragement on credit: Wave three

Credit, wave three				
Outcome	point estimates	standard error	p-value	N
Successfully applied for credit (last six months)	0.025	0.030	0.418	659
Applied for credit, but turned down (last six months)	0.013	0.028	0.640	659
Did not apply for credit (last six months)	-0.038	0.037	0.307	659
Fell behind with/missed payments for three+ months (last six months)	0.046	0.038	0.222	654
Size of loans/overdrafts/credit agreements	1,092.863	789.626	0.167	659
Size of arrears in bills/credit respondent is behind on.	359.101	163.312	0.028	659

Source: PLSDA data. Ordinary Least Square regressions weighted by the inverse of being in the treatment/control group.

B Examples of material used for the encouragement

Figure B.1: Example of a letter used for the encouragement using the Citizens Advice logo (front).



A problem shared is a problem halved

Dear <<name>>

We are Citizens Advice, a registered charity that's been providing free, impartial and confidential advice for people in <<location>> and throughout England & Wales for over 75 years.

Every day we work with people facing all types of money concerns and we understand how isolating being worried about money can be.

At Citizens Advice we can give you straight forward, practical advice that can help you right now.

Anything you share with us is **completely confidential**.

We will help you find a way forward. Our advisers are ready to help you – a problem shared really is a problem halved.

Give us a call today on 03444 111 444.

Yours Sincerely,

Citizens Advice team

**If you'd like to
speak to one of
our highly trained
colleagues, please
do give us a call on
03444 111 444
(opening hours 10am to 4pm
Monday to Friday).**

Figure B.2: Example of a letter used for the encouragement using the Citizens Advice logo (back).

Who are we?

- ✓ Citizens Advice provides free, confidential and independent advice to help people overcome their problems. We value diversity, champion equality and challenge discrimination.
- ✓ Our advice services are regulated by the Financial Conduct Authority.
- ✓ Over the last 75 years we've helped millions of people in <<location>>, and throughout England and Wales overcome their financial difficulties.

What are my rights?

Q: Can advisers share my information?

A: No, not without your permission.

Q: Are advisers properly qualified to help me?

A: Yes. All our advisers are highly trained and genuinely want to help you

Q: Can anyone get free advice?

A: Yes. Everyone is entitled to free impartial advice. As well as Citizens Advice there are other accredited and experienced organisations that can help you for free. Visit the money advice service for a list of trusted organisations in your area at:

www.moneyadvice.service.org.uk



*"I saw an adviser who informed me about my legal rights and responsibilities. I had such a feeling of relief and empowerment that someone was there to help." **Temí***



03444 111 444

www.citizensadvice.org.uk

We've sent you this letter because you agreed to be re-contacted when you took part in a Kantar survey in <<int_month>>. Any questions about how we got your contact details please contact Research.team@kantarpublic.com or on 0800 015 0302.

Figure B.3: Example 2 of a letter used for the encouragement using the Money Advice Services logo (front)



*A problem shared
is a problem halved*

Dear <<name>>

I'm Susan from the Money Advice Service, a government backed organisation that's been providing free, impartial and confidential advice for people in <<location>> and throughout the UK since 2010.

Every day I work with people facing all types of money concerns and I understand how isolating being worried about money can be.

At the Money Advice Service we can give you straight forward, practical, advice that can help you right now.



If you'd like to speak to me or one of my highly trained colleagues, please do give us a call on 0800 138 7777 (Monday to Friday 8am - 8pm; Saturday 9am - 1pm).

Anything you share with us is **completely confidential**.

We will help you find a way forward. Our advisers are ready to help you – a problem shared really is a problem halved.

Give us a call today.

Yours Sincerely,

Susan Hadj Khlifa

ADVISER

0800 138 7777

moneyadviceservice.org.uk

Figure B.4: Example 2 of a letter used for the encouragement using the Money Advice Services logo (back)



0800 138 7777

(Mon-Fri 8am-8pm; Sat 9am -1pm)

Who are we?

- ✓ We provide free, independent, confidential and impartial advice to everyone on their rights and responsibilities.
- ✓ Since 2010 we've helped hundreds of thousands of people in <<location>>, and throughout the UK overcome their financial difficulties.

"Overall it was an excellent experience with invaluable help and advice."

Nick

What are my rights?

Q: Can advisers share my information?

A: No, not without your permission.

Q: Are advisers properly qualified to help me?

A: Yes. All our advisers are highly trained and genuinely want to help you.

Q: Can anyone get free advice?

A: Yes. Everyone is entitled to free impartial advice. There are other accredited and experienced organisations that can help you for free.

Visit our website where our locator search tool will help you find trusted organisations in your area at: www.moneyadviceservice.org.uk

We've sent you this letter because you agreed to be re-contacted when you took part in a Kantar survey in <<int_month>>. Any questions about how we got your contact details please contact: Research.team@kantarpublish.com or on 0800 015 0302

Figure B.5: Email follow up to announce proactive calls



0800 138 7777

(Mon-Fri 8am-8pm; Sat 9am -1pm)

A problem shared is a problem halved

Dear <<name>>,

I'm Susan/Graham from the Money Advice Service, a government backed organisation that's been providing free, impartial advice for people throughout the UK since 2010.

We're making contact with you again because we understand how overwhelming and isolating being worried about money can be.

Capitalise, an organisation funded by us to provide free money advice, will give you a call in the next few working days to chat about any money concerns you might have. You'll know it's them because they'll quote the word ROBIN. Their support is also completely **confidential, free and impartial**.

You can get in touch with them on **0808 164 2480** (Monday, Wednesday 9am – 9pm, Tuesday, Thursday and Friday 9am – 5pm, or via their website www.capitalise.org.uk .

Kind regards,

JOB TITLE

0800 138 7777

moneyadvice.service.org.uk

We've sent you this email because you agreed to be re-contacted when you took part in a Kantar survey in <<int_month>>. Any questions about how we got your contact details please contact: **Research.team@kantarpublish.com** or on **0800 015 0302**

Figure B.6: Email follow up when proactive calls have not being allowed



0800 138 7777

(Mon-Fri 8am-8pm; Sat 9am -1pm)

A problem shared is a problem halved

Dear <<name>>,

I'm Susan/Graham from the Money Advice Service, a government backed organisation providing **free, impartial and completely confidential advice** on your money.

I got in touch a few days ago and thought we'd just drop you a note with our number again in case you'd like to speak to me, or one of my colleagues, about any money concerns you might be having.

Our number is **0800 138 7777**.

It's completely up to you if you want to get in touch.

The type of support we can give is also completely up to you – we can help with everything from:

- ✓ **immediate** action plans
- ✓ **someone impartial to talk to** confidentially
- ✓ **online web chats**

[IF WE HAVE ADDRESS]: If you'd prefer to speak to someone more local, I'd recommend <<local adviser>>. Their support is also completely **confidential, free and impartial**.

You can get in touch with them on 0000 000 0000, or via their website www.webaddress.co.uk.

[IF WE DON'T HAVE ADDRESS]: There are other accredited and experienced organisations that can help you for free. Visit our website where our [locator search tool](#) will help you find trusted organisations in your area.

Kind regards,

ADVISER

0800 138 7777

moneyadviceservice.org.uk

We've sent you this email because you agreed to be re-contacted when you took part in a Kantar survey in <<int_month>>. Any questions about how we got your contact details please contact:

Research.team@kantarpublish.com or on **0800 015 0302**

Figure B.7: Guide for proactive calls

Introduction

"Good morning / Good afternoon / Good evening. My name is [full name] **Am I speaking with [name]?**

If No state;

Thank you. Is there a better time to call back to speak with [customer name]?

End the call and do not divulge any information on the survey and reason for the call

If customer says Yes state;

I am calling from [Debt advice organisation name],

We sent you a text message or email a couple of days ago. *In the last couple of months, you mentioned in a survey that you might benefit from some **free impartial financial advice**.* Every day we help people across the UK with practical solutions to their money concerns. Is this something you are happy to go through today? (Wait for the customer's response before proceeding)

Extra information if the customer is not sure which survey you are referring to
– *you completed a survey with a Kantar company – either at your home or online.*
– *you completed the survey between the end of October 2016 and January 2017*

If the customer says No;

That's Ok [Customer's name], thank you for your time talking to me today.

If customer says Yes state,

Thank you for confirming, just before we proceed with the call I would like to inform you that all our calls are recorded for quality and training purposes. Are you happy for me to proceed?

If customer says "No", state the below;

That's OK, thank you for your time in talking to me today. If you require any additional advice or support in the future, please feel free to call us and we will be happy to help. [Offer our contact number]. Have a good day / evening / weekend.

If customer says Yes state, the below;

Thank you [customer name], can you briefly tell me about your financial situation? (*This is an example, please feel free to use your own words*)

Reassure the customer

Request to log information on CRM

Continue with the call as normal (debt / non debt process)

Information in red is what we need to give to clients so that they are aware where their details are coming from. As mentioned, respondents in our survey were asked to explicitly agree to a call from a debt advice organisation.