



The Church's response to debt



Hannah Rich

Hannah Rich is a researcher at Theos, currently leading a three-year project exploring the relationship between church growth, social action and discipleship in the Church of England. She has an MSc in Inequalities and Social Science from the London School of Economics and previously worked for a social innovation think tank and a learning disability charity.

A growing concern

At the start of 2019 it was reported that average household debt in the UK was at its highest ever levels.¹ The level of unsecured debt as a share of household income reached a record high of 30.4%, having grown steadily since the early 1990s. This has been attributed to a combination of economic circumstances since the 2008 crisis, including fiscal austerity policies,² wage stagnation and the rise of the gig economy.³

This rise in problematic household debt – and the accompanying increase in financial poverty and insecurity – has not gone unnoticed by the Church. According to the 2017 Church in Action survey, 51% of Church of England clergy identified debt as a major or significant social problem in their local area.⁴ This figure rose to 92% of clergy in the most deprived fifth of parishes, making debt the second most pressing social issue in those areas after 'low income'. Even in the least deprived areas, however, debt was the fifth most prevalent social issue, with 26% of clergy reporting it as a major or significant issue for their community. While this survey only covered the Church of England, it gives a helpful indication of the geographic prevalence of debt in communities across the country.

In the same survey, 68% of Church of England churches reported that they were 'doing something' to serve people living in their parish who are experiencing debt, whether that meant organised activities, informal help or actively signposting individuals to other projects or services. Forty-seven

per cent of churches reported being involved in some way with offering budgeting, debt advice or money skills provision in their local community, including supporting such activities financially and through prayer. Again, these figures only account for one denomination but they do provide a snapshot of the UK church's practical response.

As part of the GRA:CE project – a piece of research in partnership between Church Urban Fund and Theos exploring the relationship between social action, church growth and discipleship – I have spent the last 18 months travelling around the country visiting and observing a number of these church-based projects that are seeking to serve their communities. Part of this research includes interviews with volunteers, congregation members and visitors to social action groups, including debt advice centres. I have used some of these interviews in this article on the Church's response to debt and poverty.⁵

There has been a significant growth in debt advice provision by volunteers in local churches over the past two decades – the biggest growth of any subgroup within the sector according to debt advice umbrella group Advice UK.⁶ One of the largest providers of church-based debt advice is the national charity Christians Against Poverty (CAP). Its model is rooted in the local church, with trained debt coaches in over 300 churches of different denominations across the UK. The work of CAP alone has grown substantially from one project in 1996 to 645 projects in 2018,⁷ not accounting for church-based debt advice that is not affiliated to the charity.

NOTES

1. M Brignall, 'Average UK household debt now stands at record £15,400', *The Guardian*, 7 January 2019, www.theguardian.com/business/2019/jan/07/average-uk-household-debt-now-stands-at-record-15400 (website accessed: 13/08/2019).

2. Jubilee Debt Campaign, 'Poverty trap: household debt is on the rise in the UK', 12 June 2018, www.jubileedebt.org.uk/blog/household-debt-is-on-the-rise. (website accessed: 13/08/2019).

3. Richard Partington, 'Gig economy fuelled 'lost decade' in wage growth - Bank economist', *The Guardian*, 10 October 2018, www.theguardian.com/money/2018/oct/10/gig-economy-fuelled-lost-decade-in-wage-growth-bank-economist-andy-haldane (website accessed: 13/08/2019).

4. Church Urban Fund, 'Church in Action Survey 2017', Available at: www.cuf.org.uk/learn-about/publications/church-in-action-2017 (website accessed: 13/08/2019).

5. All participant quotes here are from Church of England contexts, although in many cases debt advice centres are run as part of ecumenical partnerships.

6. Cited in R Davey, 'A role for churches in challenging inequality? The case of debt advice', *Theos*, 2019, www.theosthinktank.co.uk/

7. Christians Against Poverty, 'CAP Services Growth', 2018: www.capuk.org/about-us/the-cap-story/cap-services-growth. (website accessed: 13/08/2019).

The strength of church-based debt advice centres can be seen to be threefold. Firstly, they are holistic in their approach to individuals. Secondly, churches are integrated into the local community and therefore joined-up in the provision they offer. Thirdly, the Church as an institution is mindful of the societal structures that contribute to people being in debt and has the capacity to take action to change them.

Holistic approach to individuals

Church-based debt advice is holistic in how it treats individuals. To use the language of the social sector, it is person-centred in its approach. From a theological perspective, it acknowledges the dignity of each human being as made in God's image and therefore worthy of care and attention, whatever their financial circumstance. This is expressed in the compassionate response and welcome offered to individual clients of debt advice services by the church, considering them first in light of their being human rather than in terms of the sums of money they may owe.

In interviews, those involved in church-based social action frequently highlight the contrast between statutory bodies or services and the church in their attitude and approach. Job centres, for example, are often described in terms of the targets given to their staff and the restrictions placed on the time they can offer each client. The church, by contrast, can offer unconditional and unrestricted time to each person.⁸

Many church-based projects involve volunteer befrienders, whose role is to talk to people when they visit food banks or debt advice centres in order to put them at ease and make them feel welcome. Unlike job centre staff, for example, these individuals are not restricted in how much time they spend talking to each person, nor do they have performance-related targets to achieve. They are motivated to engage in social action voluntarily because of their Christian faith and empathy.

Volunteers and staff in these church social action projects sometimes express a sense of 'knowing what it's like' to be in precarious financial situations, often having experienced this themselves and gained lived experience through which to support others. This is important because 'the people who are helped by church-based debt advice are often those who need more time, care and compassion.'⁹

In some cases, individuals are referred to a church project by other agencies who are unable to help them. On several occasions, I have observed individuals arriving at the church having been told by statutory services that the church might be able to support them. Where churches offer job clubs alongside their debt advice provision, volunteers often use the language of this being a 'last chance saloon' for clients who the job centre have struggled to support but who are welcomed, embraced and supported by the church community.

The approach of the Church in offering debt advice services, among other social action, is therefore valuable because it focuses on the individual in a holistic sense.

Joined-up in its offering

As well as being holistic in its approach to individuals, the Church is also well integrated in terms of the provision it offers. If it considers people as more than the sum of their economic circumstances, it also recognises the complex and multiple problems they may have. The church's position in the community and the breadth of social action it engages in means that debt advice provision is integrated with other projects tackling different aspects of poverty and insecurity: food banks, job clubs and community meals, for example.

Secondly, church-based debt advice provision is often one of several projects run by the local church aimed at tackling different aspects of poverty and financial insecurity. This may be in the form of a suite of projects offered under the same roof, or through partnerships with other local churches that run activities and initiatives that complement the work of the debt advice centre.

In some instances, the debt advice centre runs in parallel with the food bank and drop-in sessions from other local charities and agencies such as housing associations, benefits advisors and mental health support services. At their best, local churches can use the asset of their space and position within the community to convene groups that can support debt advice clients in a multifaceted and connected fashion. As mentioned previously, this is

'If someone's using the food bank then they've probably got money issues. It makes sense to tie it in with other things ... getting people into community and enabling them to access all the stuff that's going on in the church. It's a really helpful, joined-up holistic way of working.'
(Church debt advice coach)

at odds with the depiction of statutory services as sometimes disjointed and not necessarily good at communicating with each other.

Furthermore, the ways in which the local church seeks to serve its wider parish community extend beyond initiatives that specifically target financial or material poverty. The recognition that debt may be just the tip of the iceberg is crucial.

Debt and financial insecurity can often be a trigger for loneliness, anxiety, depression and associated mental health problems. Churches can provide emotional and spiritual support in addition to advice about managing household debt. Where necessary, they may informally signpost people to other local mental health services or charities to

alleviate not only the financial debt but also the emotional side effects it may have.

The sense of belonging that is created within a church community or congregation is sustainable and extends beyond the time period in which a person needs the support of a debt advice centre. Unlike statutory services, there is no time limit on the number of sessions a person may attend. Individuals can continue to belong to the church

'We've established a debt centre that's been running just over two years. It has managed £3 million worth of debt, all from the local economy. It has highlighted the complex needs of the people we serve. They come to us in desperation and debt is just the tip of the iceberg.'
(Vicar in one of the most deprived parishes in the country)

community long after their financial debt has been managed. While there are secular national charities that offer similar financial advice and support to that provided by CAP (e.g. StepChange) these are not always embedded in local communities and networks of relationship such as those that exist within church congregations.

The breadth of church-based social action and its joined-up approach is therefore important in providing wider support to individuals experiencing debt and associated problems, helping them towards better social and emotional – as well as financial – wellbeing.

Integrated within wider context

A strength of church-based debt advice provision should be its integration within a wider understanding of economic and societal dynamics that lead people to experience problematic personal debt. The Church, as an institutional voice, has a role in challenging the unjust structural factors that are at work.

Within the Church of England, the challenge of unjust structures within society is defined as one of 'The Five Marks of Mission', highlighting the need for practical action in service of the community to be coupled with work to create a more just society. Particularly with issues of financial poverty, churches need to be careful that their social action and compassion does not appear to legitimise the structural factors at play.

A well-publicised example of this is the campaigning work of the Archbishop of Canterbury around payday loans, which were a key factor in the rise of unsustainable, problematic and unpayable household debt in the early 2010s. The so-called 'War on Wonga'¹⁰ was a concerted effort by the Church of England to campaign for restriction on payday lending at high interest rates. Justin Welby 'prophetically [called] our society to pay attention

to the unjust methods being used by the payday lenders'¹¹ and was joined in this by community organisers from various faith communities. Wonga, the particular payday lending company named in the campaign, went into administration several years later, after FCA legislation was brought in that capped credit and therefore restricted its activities, along with a series of compensation claims against the company. While this was not a direct result of the Church's campaign, the synergy between the Archbishop's action against Wonga and the changes seen in the wider economic landscape are symbolic of the Church's potential role in tackling structural economic injustices nationally as well as locally.

One of the central recommendations of the Church's campaign against payday loans was the promotion and better use of credit unions as an alternative to high cost forms of credit, with the offer of using church buildings and resources to facilitate this. This also paved the way for the establishment of the Just Finance Foundation (JFF), whose LifeSavers initiative delivers financial education to schoolchildren.¹² The 'Cash Smart, Credit Savvy' programme also developed by the JFF aims to increase financial capability and resilience among the UK population, describing itself as 'an early intervention to prevent financial challenges becoming a crisis'.¹³ Both of these initiatives are examples of the Church seeking to tackle the structural factors leading to debt, not simply to deal with the consequences.

Conclusion

The action and campaigning against Wonga was underpinned by the lived experience and expertise of local communities serving those vulnerable to payday lending. If the Church was not active in the lives of people at a local level, it could not speak with such authority at an institutional level about the consequences of an unjust economic system.

Similarly, it was through telling real-life stories that community organisers were able to present such a compelling case for reform; stories which would not have been heard without listening to people and recognising their intrinsic worth and humanity.

This exemplifies why a holistic approach to debt and financial poverty matters. The Church is at once active in tackling problematic debt when it arises (through debt advice provision), supporting individuals towards greater wellbeing (through the ongoing support of the congregation) and challenging the unjust structures of the economy (through community organising and campaigning).

There is still more work to be done by the Church in dealing comprehensively with economic injustice and poverty. Just as the local church has been strategic and creative in developing initiatives like debt advice centres and food banks which deal with acute need, there is potential for the national Church to go further in challenging unjust economic structures and creative genuine alternatives.

NOTES

8. As one volunteer said, 'There is nothing to stop the church being around and offering a piece of toast and a cup of tea and a conversation, rather than rushing people in and out.'

9. R Davey, 'A role for churches in challenging inequality? The case of debt advice', Theos, 2019, www.theosthinktank.co.uk

10. A Grice, 'War on Wonga: We're putting you out of business, Archbishop of Canterbury Justin Welby tells payday loans company', *The Independent*, 25 July 2013, www.independent.co.uk/news/uk/home-news/war-on-wonga-were-putting-you-out-of-business-archbishop-of-canterbury-justin-welby-tells-payday-8730839.html (website accessed: 04/09/19).

11. A Walton, 'How Justin Welby helped win the war on Wonga', Premier Christianity, 31 August 2018, www.premierchristianity.com/Blog/How-Justin-Welby-helped-win-the-war-on-Wonga (website accessed: 04/09/19).

12. Just Finance Foundation, 'Our work', www.justfinancefoundation.org.uk/our-work (website accessed: 13/08/19).

13. Just Finance Foundation, 'Cash Smart Credit Savvy', www.justfinancefoundation.org.uk/cscs (website accessed: 13/08/19).