

The reality of poverty and debt in the UK: What can the Church do?

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OVER THE LAST 15 YEARS, NATIONAL PERSONAL DEBT LEVELS (NOT INCLUDING MORTGAGES OR SECURED LOANS) HAVE RISEN FROM AROUND £50 BILLION TO MORE THAN £230 BILLION.

Advertising for credit and loans has become commonplace, and our society has developed a 'buy now, pay later' culture which is so dominant that most of us now barely notice its influence on everyday life. Things like owning more than one credit card, buying cars on hire purchase, and taking out massive mortgages have become the norm for many of us, with savings declining as we collectively became addicted to credit.

Less than half of consumers save regularly (46 per cent), 31 per cent save occasionally and nearly one in four (23 per cent) save nothing at all. Nearly a third of adults would face financial disaster within two months if they lost their jobs. The number of people who spend more than they earn each month has risen to nearly 5.3 million.¹

While the economy was booming and credit was plentiful and easy to obtain, many of us lived like this, not worrying about what tomorrow would bring. After all, house prices were rising, living costs were proportionally lower than they had ever been before, we could hop on a plane to anywhere at bargain basement prices, and the pound was strong. Why worry? The problem is, we are supposed to prepare for the hard times during the boom times – but as a nation, we seemed to forget this. Now, the need for the UK to learn new financial habits and to change the culture of borrowing has never been so evident or so pressing.

So, what does money management have to do with debt in the UK today? You could say, when looking at finances, that if poor money management is the root cause of financial sickness, debt is by far one of the most telling symptoms.

According to research from the Post Office, almost a third of British adults (or 10.3 million people) have been hit so badly by the economic downturn that they are relying on credit cards and other borrowing to pay for everyday living expenses.² Over 2.5 million people are planning to spend more on their credit cards than last year, to make ends meet.

Almost two-thirds of Britons have seen their finances stretched by the credit crisis and recession, with 31 per cent of households now so worried about the state of their finances that they are considering skipping repayments on credit cards, loans and mortgages.

But it's not just repayments on loans and credit cards that are suffering as people find it harder to manage financially. For many people, when they are struggling to meet their repayments, they will pay the people who shout the loudest and neglect the most important payments.

At Christians Against Poverty (CAP), we have many stories of clients who have gone without the most basic necessities in order to pay their creditors. Sadly, we often meet people at the point where their home is already under threat because they have missed mortgage or rent payments to pay the debt collector who comes to the door. One couple approached one of our centres for help with a repossession order they had received two weeks before Christmas. Thankfully, we were able to attend court with them and have the order overturned, meaning they were able to keep their home. However, many clients are less fortunate, and approach us for help when it's already too late to save their homes.

By the end of 2009 the Council of Mortgage Lenders expects 500,000 households to be more than three months in arrears. Over 140 properties are being repossessed every day – that's one property every ten minutes. This is double what it was a year ago.

Some people stop buying basic things, including food. Many people regularly miss meals because they are so desperate to pay the loan and credit card companies who are threatening to take them to court or who are knocking on their door every day. One lady, a pensioner, had spent a month eating and drinking nothing but lemonade and digestive biscuits because she had run out of money for food. Another woman ate torn-up tissues for a fortnight in order to try to fill herself up. These are real people, and they could well be just round the corner from where you live.

This problem is even worse for the poorest and most marginalised people in our society. The unemployed, single parents, people on low incomes or on benefits, and people who have fallen through the holes in our education system all struggle more because the financial system in the UK is not designed for them. One-third of CAP clients depend entirely on benefits, two thirds receive at least one benefit, 25 per cent are single parents, and the average household wage is £11,700. For these people, a few small debts can easily spiral out of control, especially as the few debts they have started with are likely to be at high interest rates and therefore harder to repay in the first place.

However, even though the poorest and most marginalised are most at risk, debt really can happen to anyone. It can only take illness, injury, redundancy or a relationship breakdown to turn what was affordable credit into unmanageable debt. During recession and economic crisis, this becomes all too evident as people we know and love find themselves struggling where before they were secure.

Of course, material difficulties can also lead to deeper life problems and emotional crisis. Relationships and marriages are put under often unbearable pressure – 25 per cent of our clients have said that debt was the main cause of their relationship breakdown. Stress and depression are common, with 69 per cent of our clients saying they visited the doctor because of their debts, and 40 per cent of these were prescribed medication for anxiety or depression. This is real people in our society, needing medication simply to cope with everyday life.

Worst of all, it can lead to such extremes as suicide. Unbelievably, more than one-third of CAP's clients have said that they either seriously considered or attempted suicide before they came to us for help.

This is the reality of debt and poverty in the UK – people in this country, in our society, suffering terrible injustice, with constant demands pouring in from all sides for their money, causing stress, depression, hunger, desperation, relationship breakdown and suicide.

Why does this matter to God?

It's obvious when you read the Bible that God is passionate about reaching the poor and needy in *any* society, and he wants us to be passionate about reaching them too: 'Speak up for those who cannot speak for themselves, for the rights of all who are destitute. Speak up and judge fairly; defend the rights of the poor and needy' (Prov 31.8–9). Right at the beginning of his public ministry, Jesus makes his priorities clear: 'The Spirit of the Lord is on me, because he has anointed me to preach good news to the poor. He has sent me to proclaim freedom for the prisoners and recovery of sight for the blind, to release the oppressed, to proclaim the year of the Lord's favour' (Lk 4.18–19).

CAP aims to show God's love to people in a practical way by offering a real, sustainable solution to people in debt by offering debt counselling, support and advice that will help them to work themselves out of debt for life. Our aim to see all our clients become debt free within five years – something many people cannot believe is possible.

We never pay clients' debts for them. Instead, we give them a system through which they can repay their own debts, and we speak up against injustice on their behalf. Through centres based in local churches around the UK, we visit clients in their homes, take down all their financial information and create a budget that they can afford which provides for all their basic needs, and we negotiate with their creditors to agree on affordable and fair debt repayments. Since 1996, when John Kirkby started CAP in response to the tremendous poverty he saw in his home city of Bradford, the charity has helped more than 30,000 individuals and we currently have more than 4,000 families working with us to help themselves out of poverty. We currently handle more than £45m of unsecured debt on behalf of our clients.

We have a financial system in this country that makes it too easy to accumulate debt, but provides little help or support when things go wrong. We strongly believe that God calls us, his Church, to provide that help and support for people who are unable to speak up for themselves.

CAP strongly believes that the answer to people's problems is not just financial, though. We are passionate about the gospel and every one of our centre managers will offer to pray with each client on their first visit, give them a *Why Jesus?* booklet,³ and invite them to church. Through partnership with the local church, we show clients that God loves them, we love them, and there is hope for the future.

Through the vision that God has given CAP, and the faith that he gives us to step out and do what we do, we are not just seeing justice done in the lives of thousands of people – we are seeing God use that to bring hundreds of people each year to know him and live in relationship with him.

How can we respond as individuals and as Churches?

The need for better money management is crucial as we face times of economic uncertainty. As a society, we need to reduce our reliance on debt and live within our means. As ever, we as Christians need to be distinctive from the world, standing out because we don't fear economic turbulence, we rely on God to provide for our needs and we trust in him, even when things seem to fall apart.

We need to develop a culture of openness about discussing finances. For too long now, talking about money has been a huge taboo in British society. However, it is not a shameful topic to be avoided.

Around 2,500 verses in the Bible mention money, so it's clearly a topic close to God's heart. If our churches have a culture and an attitude that it's acceptable to talk about money, it might just make it easier for those people who are struggling to be open about it and give them hope.

The Church can also be a place where people learn new habits that will enable them to withstand the dominance of the credit culture and so create a more stable financial future for themselves. CAP's primary aim is to help people out of debt, but we also want to help people not to get into that situation in the first place, to manage their money better and avoid getting into debt at all. To this end, in January 2008, we launched CAP Money, a budgeting and money management course that consists of three two-hour sessions, once a week for three weeks. It is run by volunteers through the local church and provides the Church with a simple, effective tool for teaching people inside and outside of the Church how to avoid getting into debt and to make the most of their money.⁴

As God's representatives, we have a responsibility to look after people and to offer hope and practical help – and not just spiritually. If we're following Jesus' example, the body of Christ should be light, hope and a place of refuge in times of trouble. It would be wonderful if, when people in our communities face poverty, debt, or difficulty and injustice of any kind, the Church was the first place they thought of coming to for help.

Notes

1. Statistics from Credit Action www.creditaction.org.uk
2. www.news.royalmailgroup.com/article.asp?id=2476&brand=Post_Office_network
3. Nicky Gumbel, *Why Jesus?* (London: Alpha, 1991).
4. At present, there are nearly 400 churches, with over 1,000 people trained as money coaches, and we would love to see thousands more. CAP's vision is to have a debt-counselling centre in every UK town and city by 2021. We can't do this without partnering with churches that are passionate about seeing people's lives be transformed by God and encouraging people to become all that God intended them to be. If you think that your church would be interested in partnering with CAP, we would first encourage you to run CAP Money, and then we would love to talk to you more about opening a debt-counselling centre. For more information, contact CAP's Partnership team on 01274 760 580, or visit www.capuk.org

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