



THE COMPASS



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Report to Felixstowe Town Council ref: funding for debt relief of service users

Some of the greatest challenges we face are helping our service users to recognise how much debt they have, realise they need help to deal with this, and then go on to budget their funds and live within their means. It can be a daunting task for them, and us!

Presently we use Step Change <https://www.stepchange.org/how-we-help.aspx> an FCA registered charity of 30 years standing, whose main business is debt relief.

The process is relatively straightforward:

- Collection of personal details
- Collection of all income
- Collection of all debts
- Debt advice produced

However, most of our work is with people who are vulnerable for a wide variety of reasons. Some lack confidence to deal with issues, some are not computer literate, many are disorganised and lead chaotic lifestyles and so forth.

We choose to offer one-to-one support going through the process which, because of their situations, is lengthy.

It can take several appointments just to gather all the information required – finding bills, contacting creditors to discover what the latest balance is and tracking down account numbers. These are jobs that many of our service users would give up on. This doesn't account for other issues, running alongside the debt relief process, which sometimes has to halt to deal with something more immediate.

When advice is finally available, it usually takes one of 3 forms:

- A Debt Management Plan

The Service User is identified as having sufficient funds to begin repaying their debt. Step Change works out a plan and invites the Service User to pay into a fund, which Step Change distribute to creditors on their behalf.

- Debt Relief Order or Bankruptcy

Often suggested when the Service User has just enough to live on after paying regular bills, but not enough to repay any debt. A DRO, if granted, remains on the person's records for 12 months. If they continue debt free in that time, the debts are then wiped.

- Suggested Payments

Sometimes, if the Service User is spending more than they earn and are not eligible for a Debt Relief Order, suggested advice is to offer to pay a minimal sum of £1 per month to each creditor in the hope that their financial situation will improve in the future.



Step Change recently changed their format and no longer deal with Debt Relief Orders or Bankruptcies in house. If either of these is suggested, we have to re-register with another agency. I am currently exploring Money Wellness as an alternative.

We currently have 8 Service Users at some stage in the Debt Relief Process. Thus far, on average, each of these people have had the equivalent of 8 x 1 hour appointments each, not counting additional phone calls or paperwork.

8 Service Users currently at 8 X 1 hour appointments - Total Hours = 64

Cost per hour to charity - £20

Running Total – 64 X 20 = £1280

It is anticipated that several more appointments will be required for each person to guide and support them to manage sustainable incomes.

We are very grateful to Felixstowe Town Council for their generous grant which enables us to support people with severe financial problems. It is comforting to know that, should anyone need to ask for help, we have funding available to help them.

Helping people to become free of debt is essential, if time consuming, work but we remain committed to do this as part of our ongoing mission to help people towards greater independence.

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