



June 2021

*Dear Constituent,*

Thank you for contacting me about debt collection.

I share your concern regarding the impact of debt collection on people's mental health and wellbeing. Unfortunately, I am unaware of any proposals to alter the language in letters from creditors. I do, however, welcome the fact that the Government is creating a Breathing Space scheme to help people experiencing problem debt.

The Breathing Space scheme, launched on the 4<sup>th</sup> May 2021, provides access to advice and allow people the time and space to fully engage with professional support, helping them identify sustainable solutions to their debts. Included within the scheme will be a 60-day breathing space period which will see enforcement action from creditors halted and interest frozen. Those receiving mental health crisis treatment will also receive the same protections until their treatment is complete.

The initial impact assessment for the Breathing Space scheme forecasts that it will help over 700,000 people across the country in its first year, before rising to 1.2 million a year by the tenth year of operation. Furthermore, 25,000 to 50,000 people in mental health crisis treatment are expected to benefit from breathing space every year. The scheme also builds on previous measures outlined by the Government to alleviate the impact of problem debt, including reforming regulation around consumer credit, widening access to professional debt advice and helping build individual financial resilience.

Regarding universal credit advance payments, these can amount to 100% of an expected monthly award. Claimants therefore do not have to wait for their initial payment to get the support in advance of particular dates, such as Christmas Day. I am glad to say that from October 2021, repayment periods for these advances will be extended to 24 months. From the 12<sup>th</sup> April, claimants issued with a New Claims or Benefit Transfer Advance have been able to spread their annual entitlement over 25 payments over two years.

I will continue to engage with ministerial colleagues on what more can be done to improve the welfare system and support those experiencing problem debt.

I am committed to ensuring people experiencing debt problems do not face undue strain on their mental health, which can, in extreme cases, lead to attempts to take their own life. That is why I welcome the provisions made under the Breathing Space scheme which will help those with problem debt identify a sustainable solution to their situation.

Thank you again for taking the time to contact me.

Yours faithfully,

**CHRIS HEATON-HARRIS MP**  
**MEMBER OF PARLIAMENT FOR DAVENTRY**