

## Financial Difficulties and Debt Counselling Army Policy

**Credit or Debt?** The increased availability of credit facilities through cards, banks and loans, especially the ease in obtaining unsecured loans, has led to a sharp increase in debt nationally with over 2 million people in Britain experiencing financial hardship. However, it is only when payments to creditors reach a level which does not allow sufficient funds to pay the weekly bills, that the situation becomes one of unmanageable debt. This threshold can only be decided by the individual, based on personal circumstances and known commitments. If individuals find themselves in this position, they must address the situation positively, or it will lead quickly to depression and eventually despair, straining relationships and giving rise to domestic rows, possibly even leading to legal action.

**Army Attitude to Indebtedness.** All Service personnel are expected to manage their own financial affairs responsibly. Such matters are usually regarded as private and personal, but in exceptional circumstances, where the level of debt has become so unmanageable that an individual might become a security risk, administrative or disciplinary action may be taken. It must, however be stressed that formal Service action would only be taken in cases of *persistent and irresponsible indebtedness*, as this displays a lack of judgement and self-discipline. Such cases are particularly serious when involving those in a position of responsibility because they call into question their ability to manage the welfare of subordinates, as well as their suitability to manage public funds. The very limited numbers of discharges for financial irresponsibility that do occur are mainly associated with those who have attempted to hide their difficulties and have not sought or have refused advice. Those who have wisely sought early assistance with their financial problems are much better placed in every respect.

**Take Advice Early.** Although this booklet is designed to help you deal with personal debt, the steps and procedures can equally be used to help you manage your finances in general, and thus avoid getting into financial difficulties – but do not be afraid of taking advice at any time. The initial point of contact should normally be your Company/Squadron/Battery officers, who can provide basic guidance on such matters as the management of personal finances and bank accounts, whilst the RAO staff can provide more technical advice on the management of debt, and the impact of pay and allowances on income.

**Available Free and Confidential Help.** Those experiencing difficulties with their personal finances are often reluctant to discuss the problem at unit level with the Chain of Command, in the belief that such disclosure may damage their career and lead to their discharge for financial irresponsibility. Although this is not so, except in the most extreme cases, confidential and professional counselling is available, totally free, for all personnel, their families and dependants from the following organisations all of which have charitable status:

- ? Consumer Credit Counselling Service – 0121 643 3353, with branches all over the country.
- ? The National Debtline – Freephone 0808 808 4000 - which will provide ‘free, confidential, independent advice’ on the phone.
- ? Citizens Advice Bureaux (Trading Standards in Scotland), although not all branches have trained debt counsellors.

Advice and assistance can also be obtained from the following Service welfare agencies:

- ? The Army Welfare Service (AWS) which is totally confidential unless security issues are involved. It does not have professional debt counsellors, but does have considerable experience in counselling cases of hardship and distress; branch addresses and contact telephone numbers appear at the end of this booklet.
- ? SSAFA Forces Help who can provide a similar welfare service to that of the AWS. Their central office - 0207 403 8783 or [www.ssafa.org.uk](http://www.ssafa.org.uk) - will provide local contact numbers. SSAFA Forces Help also run the Army's Confidential Support Line – Freephones 0800 731 4880 in UK, 0800 1827 395 from Germany, 080 91065 from Cyprus and 0044 1980 630854 from anywhere in the world (Callback).

**Other Sources of Help.** Banks and building societies can also be a source of advice, and frequently offer loans at preferential and competitive rates of interest, but it is worth taking independent professional advice on comparative interest rates. There are many other companies, several advertising in Service magazines such as Soldier Magazine and the AFF Journal, which are willing to negotiate and manage individuals' debts or offer loans. Whilst some of these companies are entirely legitimate, some are not, and just because they pay for advertising space does not necessarily mean that they are officially recommended. Before dealing with any commercial firm offering free debt management, quick loans or insolvency advice, personnel are strongly advised to consult with Credit Action should they not wish to seek advice through the RAO. One indication of a firm's validity is whether or not it has a licence for the type of service they are offering. The category of licences are:

- A – Consumer Credit.
- B – Consumer Hire.
- C – Credit Brokerage.
- D – Debt Counselling and Debt Adjusting.
- E – Debt Collecting.
- F – Credit Reference Agency.

All licences are issued by The Office of Fair Trading, which has a user-friendly information helpline - 0207 2118608, which will confirm what licences a particular company holds. Any company with more than one type of consumer credit licence should be treated with caution because there may be a conflict of interest.

Extreme caution should also be exercised over companies who ask for money at the outset, or reschedule debt repayments over a period in excess of seven years or who are not full or associate members of organisations, such as the Money Advice Association or the Money Advice Support Unit.

**Conclusion.** Remember:

- ? Seek advice before your credit repayments become unmanageable.
- ? Do not pay for advice – you can obtain it free.
- ? Beware of firms which have not been checked out or that reschedule debt over a period in excess of 7 years.
- ? Your career will not suffer if you have a responsible attitude to credit.