MoneySavingExpert.com

Mental Health & Debt 2014

Help, info, guidance and support for individuals and carers

By Martin Lewis, Jenny Keefe & Marianne Curphey

The guide can be downloaded free from www.moneysavingexpert.com/mentalhealth

The MoneySavingExpert.com Guide to Mental Health & Debt

Help, info, guidance and support for individuals and carers

By Martin Lewis, Jenny Keefe & Marianne Curphey

This MoneySavingExpert.com guide has been written with the kind help and guidance of the following organisations:

We would also like to thank Dr Rob Waller, consultant psychiatrist, and Eilidh Brown, medical student at the University of Dundee.

Throughout this guide, we have included comments, stories and suggestions from MoneySavingExpert.com forum members. All the quotes are from real people who wanted to share their concerns, successes and suggestions with others, but we have used their forum names to protect their anonymity.

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Disclaimer: Mind, the leading mental health charity across England and Wales, has been delighted to consult with MoneySavingExpert.com on some of the issues surrounding mental health and debt that are contained within this publication. The contents of this publication have been produced independently by MoneySavingExpert.com and do not necessarily reflect the beliefs, values or official policies of Mind.

Mind is an independent charity supported by voluntary donations. We have been speaking out for better mental health for over 60 years and work with 170 local Mind associations to provide direct support for people with experience of mental distress. We are the first source of unbiased, independent mental health information. www.mind.org.uk

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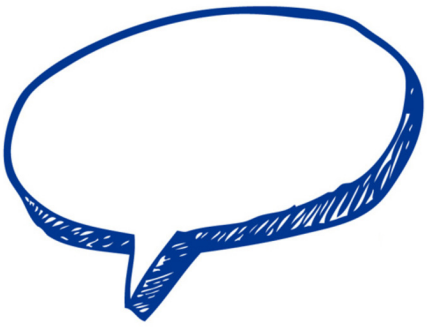
THE BIG MESSAGE



"No debt problems are unsolvable

Before you even begin reading, it's important to know one thing. For as long as I've been the Money Saving Expert, I have never once seen a case of debt that can't be solved. No matter how bad it seems, while it may not always be easy or quick, there is light at the end of the tunnel.

Of course, when mental health is involved, sometimes just having the energy to deal with it is tough. And that's what this guide is about: recognising that mental health and debt is a marriage made in hell, so we've easy practical steps you can take to get back on track.

If nothing else, the fact there's so much demand for this info that we created this booklet should tell you you're not alone.

So if you're in debt crisis, don't panic. The best thing to do is book a one-on-one session with a non-profit debt counsellor. Don't worry, they're there to help, not judge (see Chapter 2). If that's too much for you right now, and you have a trusted friend, at least talk through this guide with them.

Dealing with your debts may sound like a nightmare, but once you start it's much easier and less stressful than leaving them to fester."

Why we've written this guide

Be under no illusions. Mental health problems can cause severe debt, and severe debt can cause mental health problems.

Debt isn't just a financial problem, it causes relationships to break up, people to lose their homes and families to break down. No matter who you are, it can be hell.

Debt is a common problem for people living with mental health problems. My usual line is we should focus on being responsible borrowers, as you can't expect lenders to be responsible – their job is flogging debt.

A few years ago, I had my eyes opened. A man came up to thank me for the MoneySavingExpert.com website. I asked him if he'd saved much money, and his answer surprised me:

"I don't use it for myself. I'm a mental health case worker, and almost every one of my clients has debt issues. It's tough for them to control many areas of their life. I use your site to help them sort through their problems."

This is the crux. How do we help those who are unable to be responsible for themselves? It is not always easy to be responsible for yourself – and the easy credit years created a potential disaster scenario.

Since then, I've heard that story echoed time and time again, and, during the downturn, the reverberations increased. While the noise grew, the coverage didn't. I pitched to TV outlets several times, only to be told it didn't resonate with enough people.

That's wrong. Many people have either had issues or have a family member who has. One in four adults experience at least one mental health problem in any year, according to the Health & Social Care Information Centre's Psychiatric Morbidity report 2009. This is an issue we must tackle.

Yet it's not right to simply stop anyone with mental health issues getting credit. Often issues are temporary, and, even if not, debt isn't bad, bad debt is bad. A rational decision to borrow cheaply is fine. Mortgages, student loans and more are an integral part of the modern financial world.

While describing the problem is easy, the solutions aren't. I wish I could promise this guide will solve them, but it won't. Though it should help make things easier to understand and deal with.

Martin Lewis
Money Saving Expert

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Introduction: The cycle of debt

How debt causes mental health problems and mental health problems cause debt

Debt and mental health problems, be they caused by redundancy, bereavement, relationship breakdown, abuse or just naturally occurring, are rarely talked about but very common. What's also rarely discussed is the link between mental health issues and debt. When debt mounts up, so does stress and anxiety.

Some 36% of people who have or have had mental health problems have severe or crisis debts, according to a 2014 MoneySavingExpert.com survey. Just 6% of people who have never had mental health problems have severe or crisis debts.

A 2013 survey by debt counsellors Christians Against Poverty found that 42% of those seeking debt help had been prescribed medication by their GP to help them cope, 76% of those in a couple said debt affected their relationship and 36% had considered or attempted suicide.

Mental health problems can also make it difficult to deal with money day to day. It can affect your motivation, judgement and income. If you are signed off sick or unable to work long-term, you may find you struggle to make ends meet.

Fortunately, there is hope and there is light at the end of the tunnel for anyone with a debt problem. It's important to recognise that you are not struggling alone. The key is to start by taking one or two simple steps and to tackle debt as soon as it starts to mount up.

A green story - to inspire you

Sophie's story:

"When I started on the trail to clearing my debts, I did a lot of 'big stuff' that made quite a difference to my situation, including cutting up the credit cards and cancelling Sky and the gym.

"But once I had done the bigger stuff, I felt I was not making the same amount of progress, when in fact the small steps were helping me form good financial habits and helping me get closer every day to staying in control and becoming debt-free.

"Examples could be charging your phone up at work instead of at home (with permission) to save your electricity, hanging washing out instead of using the tumble dryer or leaving your purse/ wallet at home to avoid the risk of spending.

"So be proud of those small steps. They really are important!"

How this guide works

This guide is not only aimed at people experiencing mental health problems, but friends, family and carers who want to help them tackle their finances.

Throughout the guide, there are tips to start taking small steps to cut your debt. We have used real-life case studies from members of the online forum at MoneySavingExpert.com. We've included them to illustrate that you are not alone. Hopefully, their experiences of escaping from debt may give you hope that you can do the same.

We've colour coded them: the sadder stories are highlighted in red, and the success stories in green. If you are feeling low and not in the mood to read about someone else's problems, simply skip the red ones.

A green story - to inspire you

Green story title

A green story will look like this.

A red story - to show you're not alone

Red story title

A red story will look like this.

What are mental health problems?

This guide uses the term 'mental health problems' to encompass conditions ranging from anxiety and depression to schizophrenia. This is used because the term 'mental health problems' is commonly understood to include all forms of mental distress. We understand that some people would prefer another term, but this is the most inclusive we found.

It is important to differentiate between mental health and mental capacity issues, which we only touch on briefly in this guide. Mental capacity means being able to make and communicate decisions. Someone without sufficient mental capacity may be unable to understand the concept of debt (at the time they were suffering) rather than be unable to deal with it.

The stages of depression

By Dr Rob Waller, consultant psychiatrist

People do not become depressed overnight. It takes time, usually weeks or months. If you can spot them, the stages below are the time when you can act to avoid full depression.

Even when people plunge rapidly into debt, depression usually takes time to bite. There may be initial shock and numbness, but entrenched depression still takes time to arrive.

When the demands people face are bigger than the resources they have, there are problems – this is true of our brains just as much as our wallets. Over time, we use up resources such as favours, days off at work, physical fitness or self-esteem. Once they are used up, we get more and more stressed. When they are gone, we get depressed.

Stage one. Warning signs Work out what your warning signs are, eg, tension headaches, back pain, bad skin or arguments at work.	**Actions:** Now is the time to take steps to keep on top of debts. You should also talk to a friend or your GP.
Stage two. Burnout You start to struggle and make mistakes. Time is short and your brain is inefficient. You may be snappy, off sex and generally down.	**Actions:** Talk to your boss. Reduce demands, even if only for a while to give you space. Spend time with your partner. See your GP.
Stage three. Depression You are unable to enjoy things you used to and a low mood lasts more than two weeks. You lose more than one stone of weight, can't sleep or concentrate.	**Actions:** See your GP. You need talking treatments like cognitive behavioural therapy and possibly medication. See a debt counsellor.

Spotting depression in a friend or relative

Look for changes in how they normally are. Explain to them you are concerned. Be gentle, as they may be embarrassed. Offer to go to the GP with them. Don't tell them to "snap out of it" – they can't. Offer gentle encouragement, practical support (like shopping for them) and don't talk too much.

1 Getting started - analyse the problem

If you don't feel up to tackling your debt right now

If you are feeling very low or suicidal because of debt, talk to someone in confidence now. It could be your GP, case worker, consultant, psychiatrist, friend or family member. Alternatively, call the Samaritans on 08457 90 90 90, the NHS on 111 (England), or NHS 24 on 08454 242424 (Scotland), NHS Direct on 0845 4647 (Wales) or Lifeline on 0808 808 8000 (NI).

It can take time before you feel strong enough to tackle debt problems and put things right, but there is always a path through. If you do find that you are in financial difficulty as a result of your mental health, don't despair – there are lots of little positive steps you can take to sort it out.

However, if you don't feel you're in a place to tackle your finances today, go to Chapter 4. If you are very unwell or in a crisis, delay important financial decisions until you feel more able.

Are you in debt crisis?

Debt isn't bad; bad debt is bad. The days of 'neither a borrower nor a lender be' are long gone. These days many of us are forced to borrow to get a higher education or buy a house. Debt in itself isn't wrong, provided it's understood, planned for, affordable and as cheap as it can be.

There are two ways to deal with problem debt. Which is right for you depends on whether you're in what we call debt crisis, or just have worrying or large debts.

What counts as debt crisis depends on who you ask, but our definition is when you can't afford to make even the minimum repayments on all debts or meet all necessary outgoings.

Therefore even if your debts are big, if you can service them — even at the minimum level — you're not in debt crisis and different solutions are available.

If you're in debt crisis ...

First of all, don't panic at the name. We have never heard of someone with debts so bad that there wasn't a path through them. Starting to deal with them will make you feel better and speed up the process.

The MoneySaving Checklist in Appendix 1 is designed primarily to prevent people from getting into debt crisis, rather than help those already there. Yet it is worth scanning through for five minutes to see if any options apply. It may allow you to meet minimum outgoings and avoid a crisis snowballing out of control.

For more info and how to get free debt crisis help, turn to Chapter 2.

Martin's Money Moment

Help and support from those in the same boat

Talking about mental health issues and money problems is often a challenge. You may have kept your difficulties secret because you didn't want to worry your family, be judged by others or disadvantage yourself at work.

Yet talking about the problem is a very positive and brave first step. If you're too worried to do it, one option is to go and see a debt counsellor alone (see Chapter 2), then tell your partner or friends afterwards, so you bring them solutions as well as a problem.

The Debt-Free Wannabe board

If you want help or want to talk about it, many Debt-Free Wannabe forum members (at www.moneysavingexpert.com/dfw) are in a similar boat, all supporting and helping each other reach what they call their 'debt-free day'. After going through the checklist in Appendix 1, this is an amazing resource.

Tool to check if money worries are affecting your health

The NHS and Money Advice Service have launched a tool to help assess if financial problems are affecting your health. Just answer a few questions (takes 5 mins), and it directs you to personalised advice such as relaxation tips, anxiety audio guides or how to find free NHS counselling. Try it at www.nhs.uk/Tools/Pages/Money-worries.aspx

A green story - to inspire you

Suzie's story: "You're braver than you believe"

"Where, oh where do I start?! Joining the Debt-Free Wannabe forum's been such a revelation to me. So many things ring true and, to be frank, have brought tears of relief.

"I thought that it was just me. All my fault that I spent money to try to make me feel better and to give to myself the things that I didn't have as a child. I wanted the love and affection of my parents being around, as well as the material things that I perceived my friends to have.

"I have suffered with depression for many, many years and have had some bad episodes, particularly after the birth of both my children. I really do wish that I had heard about the link between spending and depression years ago.

"What I would say to others is that there is light at the end of the tunnel. To quote Christopher Robin: 'You are braver than you believe, stronger than you seem and smarter than you think.' Isn't that just true of anyone with low self-esteem and depression?"

If you're not in debt crisis ...

In this case, you don't automatically need debt counselling. That involves negotiating with creditors and even individual voluntary arrangement, trust deed or bankruptcy. These are serious measures, designed for those with limited alternatives. They draw a line and say "this person is no longer within the system". You have other options.

If you are feeling very stressed and can't cope, ignore the above and contact the free debt crisis contacts in Chapter 2, as they will be able to help and direct you to the right place.

A red story - to show you're not alone

Colin's story: "Debt has taken over my life and I'm struggling to cope"

"A few years ago I had a bad panic attack, which led to depression and completely changed my life. I stayed in for over a year and didn't socialise. When I felt more normal I applied for a credit card. I wasn't working many hours due to being at college and I was using the credit card to try and give me my old life back. That card debt has been close to £2,000 for years, as the interest means I'm unable to make much impact on it.

"I took out another credit card with every intention of transferring the original balance over and closing the account. I had problems trying to transfer to the new card, and bit by bit I started using the card as a way of making life seem more bearable. This card is pretty close to the £3,000 credit limit now.

"My life feels pointless as I have no career and can't go to university with all this debt hanging over me. I have a low-paid and mundane job which isn't even full-time as my mental health makes going to work and being positive very difficult for me.

"I don't know how I am ever going to make anything of my life when I have this never-ending debt which I can't make an impact on. I've tried applying for new credit cards to transfer the balance to save me some interest but I'm always refused credit.

"What an earth can I do? I can't go on like this anymore."

Yet no matter how bad it seems, there is no such thing as an unsolvable debt problem.

A green story - to inspire you

Response to Colin from Stephen, another MoneySaver:

"First things first, well done for confronting your debt. This is commonly known as your 'light-bulb moment'. This is the biggest and hardest step you will take, so if you can do this, you CAN become debt free.

"When I first posted I felt ashamed, guilty, sick, embarrassed, angry! Don't beat yourself up. There are thousands who have made the same mistakes as you and me. I promise that within hours of posting you will feel more positive and willing to tackle your debts head on."

The three things you need to know about debt

The best way to combat debt is to follow these three simple rules:

1

Stop borrowing

It sounds obvious, but there's no point in trying to sort out your existing debts if you keep adding to them. The most important thing to do is to ensure you're not borrowing more.

The way to start doing this is by doing a budget (free tool to help at www.moneysavingexpert.com/budget), which adds up whether you spend more than you earn, so you can see where the cash is going. After that, give yourself a money makeover to see where you can cut the bills and then, if needed, you can cut back.

2

Cut interest rates

The less interest you pay, the more your repayments go towards clearing the actual debt, not just servicing the interest. A balance transfer is where you get a new credit card that pays off the debts on old cards for you, so you owe the new card the money at a cheaper interest rate.

There are two main routes. The first is a 0% deal, where the card is interest free for a set period (though you pay a fee to do it), but after that the rate shoots up. Alternatively, some people could be better off going for a cheap long term deal. Go to www.moneysavingexpert.com/balancetransfers for top cards and a full explanation.

3

Pay off the highest debt rates first

Far too many people simply split the amount they're repaying on various debts – this is a bad tactic.

List all your debts in order of interest, then focus all your spare cash on clearing the debt with the highest interest rate first, for the simple reason that it is costing you the most. That means you should pay just the minimum repayments on all other lower interest rate debts. Once the most expensive is repaid, shift focus to the next highest rate card and continue this until you're debt free.

Turn to the full MoneySaving Checklist in Appendix 1, which takes you through a full list of simple but effective steps to help you start.

Mental health issues can qualify you for disability-related benefits

One of the first steps to getting your finances back on track is to make sure you get the money you are entitled to. Anyone with a disability, which can include mental health problems, may be entitled to some form of payment. Do a quick, free check in just five minutes online at www.moneysavingexpert.com/benefits.

In particular, anyone over 16 who has a diagnosed mental health problem may be entitled to a Personal Independence Payment (PIP). This isn't means-tested, so you can get it whether you work or not and it isn't affected by savings or income.

We've lost count of the number of people who have said they went without claiming even though they were entitled to claim, so it's worth checking.

How much could you get?

The payment is between £22 and £139 per week, depending on personal circumstances, and goes straight into your bank account. The benefit is made up of two components: a daily living component, for people who need care and support; and a mobility component, for those who have trouble getting around.

Both elements are paid at different rates, depending on your situation and how many points you get. You may be entitled to one or both.

Help claiming:

Call 0800 917 2222 to apply. It can be a lengthy process and you may need to attend a medical assessment.

If filling the forms feels overwhelming, call your local council and ask if it has a welfare rights service, which gives benefits advice and help with paperwork. The Citizens Advice Bureau also provides one-to-one help.

Many local Minds offer a similar service. Go to www.mind.org.uk/help to find your local Mind and whether it can help.

A further huge info resource is the benefits and tax credits forum board at www.moneysavingexpert.com/benefitsboard.

Tips on managing debt when you have bipolar disorder

Debt and bipolar disorder (periods of depression interspersed with mania) can go hand-in-hand. This is because people who experience mania can become impulsive and overspend when they are high.

The following tips are particularly relevant to bipolar sufferers. They may also help people with other conditions that may make them overspend such as depression or obsessive compulsive disorder:

- Keep a close eye on bank balances to avoid overdraft charges.
- Stick to one or two debit and credit cards at a time.
- Consider a basic bank account (more on page 39).
- Hand over cards to a trusted friend or family member, especially cards with the highest credit limit.
- Put as many concrete blocks between you and spending as possible, eg, use parental controls to make internet shopping harder.
- Buy goods online and distance selling rules give a no-quibble right to change your mind, with seven days to return - a boon for impulse purchases. Full guide at www.moneysavingexpert.com/consumerrights
- Consider calling credit card providers to ask them to lower your limits.
- Consider adding a notice of correction to credit files (see page 24).
- Bipolar UK comes highly recommended by our forum users. Membership costs £20 a year (£10 unwaged) and includes discounted travel insurance and self-help groups. Go to www.bipolaruk.org.uk.
- Alternatively, check out www.bipolarscotland.org.uk, which offers a similar service (tel. 0141 560 2050).

2 Get free debt help

If you are in debt crisis, get free one-on-one help

For those in debt crisis who are consistently struggling with debts and unable to meet repayments, free personal help is invaluable. The aim is to find non-profit debt counselling, in other words, a one-on-one session with someone paid to help you, not to make money out of you.

A red story - to show you're not alone

Mike's story: "I feel like giving up"

"After years of struggling and then splitting up with my wife, I have been trying for two years now to clear my debt and have managed to clear some. But it always seems there is something dragging me down.

"I am self-employed and this month has been tax, car tax and new tyres! In a single month I see less and less work and the bills keep coming in.

"I have most of my debts on low interest for the life of the balance apart from £3,500 on MBNA about to go from 0% to high interest at the end of the month. But I am paying out £500 a month on minimum payments and just see my income steadily dropping.

"I have not missed any payments for a long time but am worried that it will all go pear-shaped soon and then I don't see a way back once it all goes to high interest rates. I feel like I am trying my best but everything seems to be against me. I just feel like giving up and letting my finances go down the pan, I have been trying so hard but there seems no end!"

Trying to clear debts on your own can sometimes feel like an impossible task. Though it mightn't be easy, there is always a route. Go to a debt counselling service such as Christians Against Poverty, the Citizens Advice Bureau or StepChange.

These organisations have skilled advisers who can help you to sort out your money, draw up a budget and prioritise your debts. They will encourage you to prioritise your debts to protect against court action or eviction, ensuring that you pay secured debt first or utility arrears so you do not get cut off.

Be careful not to confuse this with 'free help'. Many commercial companies say they're free as you're not charged directly, but you still pay somehow.

Martin's Money Moment

I'm a big fan of debt counselling

I know many people are nervous about going to a debt counsellor and imagine it'll be like being in the headteacher's office at school. But they're not judgmental — they're not there to tell you off, just to help you sort the problem. Many people say after help, "I finally got a decent night's sleep."

Free debt counselling agency contacts

- **Christians Against Poverty:** Debt counselling agency that specialises in helping those who are emotionally struggling too. The religious focus is why they do it, not how they do it. Unlike the other debt counselling agencies, they can come and visit you in your home and have a befriending service for debt clients to help with feelings of isolation. It has specialist debt counsellors trained to help people with mental health and debt problems.

Link: www.capdebthelp.org **Tel:** 0800 328 0006

- **StepChange:** As well as a full debt help service, StepChange provides extra support to vulnerable people, including those with mental health issues, for example, help completing forms or with benefits checks. StepChange says it's important to let its counsellors know about your condition, so you can get additional support.

Link: www.stepchange.org **Tel:** 0800 138 1111

- **Citizens Advice Bureau (CAB):** Free, confidential and impartial debt advice service. Citizens Advice staff get specialist training on how to deal with clients with mental health problems. If you disclose mental health problems early, it will help advisors to help you.

Link: www.citizensadvice.org.uk or visit your local CAB centre (check in the Yellow Pages)

Free online debt help tools

Debt counsellors don't have special powers. Creditors take them far more seriously than they take individuals acting alone though, so speaking to a debt counsellor is usually the best idea. But if your mental health problem means talking to someone may be very stressful, free online tools can help you do it yourself.

StepChange's Debt Remedy tool suggests what action to take, based on your circumstances. It takes about 20 minutes to complete, and is completely free and anonymous. Go to www.stepchange.org/debt-remedy

It automatically screens for depression and anxiety, and those with symptoms will be able to proceed its free online behavioural therapy therapy tool, e-couch. It advises those with severe symptoms to contact GPs.

See www.moneysavingexpert.com/debtproblems for more online debt-help tools.

Stop debt collectors harassing you

These non-profit agencies are also the ideal people to go to if you're being harassed for payments by debt collection agencies.

An agreement between the Government and Credit Services Association, the body that represents debt collecting agents, guarantees debt collectors won't contact you for at least 30 days, provided you've sought debt help.

The debt counselling service will inform collectors, who'll then give you a month's breathing space to get yourself on better footing.

The Lending Code states that, if a customer has mental health problems, lenders should consider keeping a debt in-house rather than passing it to debt collectors. They should also make court action the last resort, putting debt advisers in a stronger position when negotiating with a lender.

A red story - to show you're not alone

Paul's story: "Debt and depression go hand in hand"

"I have been in and out of debt for 17 years. I have also been in and out of deep dark depression for 17 years. When everything is ok financially I can cope with everything else, sometimes better than others. But as soon as I have a financial problem I hide away from it, as it scares me more than anything.

"When I get bills I can't pay I hide them. I know I do it but I promise myself I will deal with it tomorrow, but then another one comes and another. Till there is a to-do pile so high on the coffee table that I can hardly see the TV.

"When I feel stronger I don't seem to get into debt because I work more and I do overtime etc and I manage to pay bills on time, but when I'm feeling bad I don't function at all."

If you are experiencing mental distress right now, some of the suggestions in Chapter 4 may help you begin your recovery.

A green story - to inspire you

Rachael's story:

"I struggled with debt for a couple of years and having mental health problems such as depression and psychosis as well did not exactly help. For the past year I have been working towards becoming debt-free with the charity Christians Against Poverty and things are looking up!"

Dealing with emergency issues

If the worst happens, we suggest you take the following steps or ask a trusted friend to help.

- **Impending court case**

Don't be tempted to consolidate all debts into one monthly payment using one of the debt companies that advertise on TV – you will pay more in the long run. A debt counsellor will help you deal with the court paperwork and perhaps even get the hearing delayed.

- **Bailiffs**

If a company threatens bailiffs, the first step's to negotiate with it and agree set monthly repayment. A debt counsellor can help you apply to the court to stop the action.

It can be frightening to think that a bailiff may come to your home, but you do not have to let them in unless it's for a criminal court fine. Close doors and windows if you're expecting them. Refuse entry and call the creditor to negotiate payment. For more advice on this see National Debtline's bailiffs info at http://tinyurl.com/l8hoexe

In Scotland, sheriff officers, not bailiffs, serve documents and enforce court orders. If one visits, try to negotiate a repayment plan with them, call your debt counsellor or contact the creditor.

- **House repossession**

If you're at risk of repossession, ask a debt counsellor to help organise a payment plan. You can also contact the free Civil Legal Advice service (0845 345 4345), or, in Scotland, a local independent law centre (most large towns have one) or Shelter Scotland (0808 800 4444).

If your lender begins proceedings, you may still have time before it enforces the order. Act quickly to ask a court to delay.

- **Bankruptcy**

Only consider bankruptcy after talking to a non-profit debt counsellor. You will be discharged from bankruptcy after a year, though it stays on your credit record for six years, so it may be hard to get products such as mortgages or loans. It may be a better option for people without assets.

You won't have control over your assets and could lose your home, so it is a serious step – you do not need to go bankrupt just because you are in debt.

Alternatives include individual voluntary arrangements (IVAs) in England, Wales and Northern Ireland or Protected Trust Deeds (PTDs) in Scotland. Insolvency practitioners draw up these formal contracts between you and your creditors, which set out how much you'll repay, usually over five years (four for PTDs), until your debt's classed as settled.

Or there's a debt relief order for those with debts under £15,000 who don't own a house or other assets. Scotland has a comparable Low Income, Low Assets plan for those with assets under £10,000.

- **Utility disconnection**

It's very rare for gas or electricity suppliers to disconnect people and water companies aren't allowed to cut you off at all. The first step is to contact them and discuss your arrears. They may be able to arrange a payment scheme that spreads the cost of repayment over several months.

3 Working with the banks

Should you tell your bank?

Many people with mental illness are sceptical about telling banks about their condition. But there can be some definite advantages. Once a lender's aware, it has to make adjustments.

It may be that you're worried about how your information will be used. Given that the Lending Code says any mental health info should only be recorded with the account holder's consent and in line with the Data Protection Act, you can feel more at ease with revealing this info.

If your condition makes you more likely to overspend or sign up for credit cards, some banks can add a note to your file. You call up the card company to let it know and they may be able to flag up your account when there are unusual transactions. This means they stop you spending more than a certain amount or contact you if they spot erratic spending.

This shouldn't scupper your ability to get other products such as a mortgage, as excluding those with mental health problems could be a breach of the Equality Act.

It's crucial to discuss this with your case worker or debt counsellor. Also bear in mind that you may be asked to provide evidence of mental health problems, which can mean discussing the debt with a doctor or social worker.

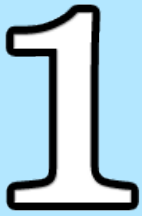
Tell your creditors? Mental health charity Mind's view

This is a difficult decision. In theory, it may be desirable for people to be open about their mental health condition, but prejudice and discrimination abound, so revealing it may have negative consequences.

When deciding, customers need to feel confident the lender will use the info in an appropriate and transparent way. There needs to be a clear indication that the creditor will take the information seriously and use it appropriately, for example to flag concerns or adapt how it tries to recover debts. Check the creditor's website for an official debt and mental health policy.

If you do decide to reveal your condition, think about how much and what kind of information you want to give, and who to share it with.

Take the following steps:



Speak to the right person

If the creditor has a specialist team or staff member who deals with vulnerable customers, ask to speak to them. If not, then ask to speak to a senior customer services team member. If you disclose a disability, the creditor has to adapt its procedures under the Equality Act 2010. Keep a note of whom you spoke to.

Set some rules

Be clear that you are disclosing this information on the understanding the creditor only uses it in the way you outline, such as to identify unusual spending patterns. Also tell them what you don't want the info to be used for, for example when processing future credit requests.

Get confirmation

Under the Data Protection Act, mental health information is considered sensitive personal data and is subject to stringent restrictions. Confirm that the lender will treat your details as sensitive personal data under the Act.

What banks are allowed to do

You have a raft of powerful rights and protections. Most importantly, banks must comply with the Lending Code, which covers credit cards, overdrafts and unsecured loans.

The code gives guidance to banks on dealing with mental health and debt, to make sure customers are treated sympathetically and fairly. If lenders flout these rules and won't help you, you can complain to the Financial Ombudsman.

Here are the key Lending Code rules your bank must adhere to once it knows you have a mental health problem. For a full list of rules, go to http://tinyurl.com/2fbmf9g.

- **Banks must give you a reasonable time to find information**

Banks must give people with mental health problems a reasonable time to gather info, eg, 28 days. This can be useful if it takes time to pluck up the courage to track down the paperwork.

- **Banks should keep debt in-house**

The Lending Code says lenders should consider keeping a debt in-house rather than passing it to a collection agent. It also states they should ensure court action is a very last resort. This puts you in a stronger position when negotiating with a lender.

- **They should refer you to specialist teams**

Many banks now have specialist teams to deal with customers with both debt and mental health problems. These teams should be aware of difficulties, and adapt their approach. For example, they shouldn't phone if this causes stress.

- **They should consider the Money Advice Liaison Group's guidance**

The Lending Code also mentions the Money Advice Liaison Group's (MALG) mental health awareness guidelines. While banks don't have to stick to the guidance in the same way, it can be a tool when negotiating with banks.

It is aimed at money advisers, lenders and debt collectors, rather than consumers. But it includes lenders acting sensitively when communicating with the borrower and promptly responding to agreed actions. Read the full guidance at http://tinyurl.com/bvbvons.

Put it on your credit file?

You can also volunteer to add information about any mental health problems to your credit files in what is called a notice of correction. This can be added or removed whenever you want, and will leave no footprint of any kind. The snag is it means future credit applications will be assessed manually.

Those with a mental health problem such as bipolar disorder may be prone to overspending during a manic episode. A notice of correction would alert any potential lender to the fact this person has a mental health problem and may persuade them not to lend further credit, which would help prevent further debt.

Yet a lender might also refuse credit even when you are well. Of course, you can remove the note at any time, though that will mean time issues.

Mortgage agreements shouldn't include any terms or conditions that exclude people with mental health problems, as this could breach the Equality Act. Even so, you may want to remove the notice from your file first, just in case. It's worth getting support to evaluate this choice from a debt counsellor or case worker.

Make a complaint

If you feel you have been unfairly treated by your bank, you must first complain to the bank or lender itself. The simplest way to start this process is to speak to a supervisor or a manager. If this doesn't sort things, complain in writing.

Mental distress can make it extra difficult to start formal complaint procedures, so you could ask a friend or relative to help you instead. You could agree what to include in a letter, ask them to type it up for you, and make sure you are happy with the wording before you sign and send it. If you feel your bank has left you in the lurch and you've complained to no avail, write to the free Financial Ombudsman Service.

The Ombudsman is an independent service created by Parliament to help settle disputes between financial companies and their customers. It's free and risk-free. The worst thing that can happen is you wait a couple of months and get rejected. You don't need to go in person; it's just a matter of filling in forms.

Your complaint could be that you feel the bank did not treat you according to the Lending Code's mental health and debt guidance. There's a full guide to how to complain to the Financial Ombudsman at www.moneysavingexpert.com/ombudsman

Can you get debts written off? The Mental Capacity Act

If someone signed up to a financial commitment they didn't have the mental capacity to understand, in some very rare cases, they may able to get it cancelled. Under the Mental Capacity Act, banks cannot enforce contracts if the customer had insufficient mental capacity to make that decision at the time.

Crucially, in England, Wales and Northern Ireland, the lender must have known the customer lacked capacity for the agreement to be voidable. This could be because of the person's behaviour, previous knowledge of them or anything said about their condition.

In Scotland the contract is voidable if someone can show they lacked capacity, regardless of whether the lender knew, under the Adults with Incapacity (Scotland) Act 2000.

This is a grey area. Just having a mental health problem does not mean someone lacks capacity. The person must be unable to make a decision at the time because of a mental health problem.

The Act states a person is unable to make a decision if they can't do one of the following: understand information relevant to the decision; retain that information; use or weigh that information as part of the process of making the decision; or communicate the decision.

The contract can't be cancelled if a loan was for 'necessities', though what these are is subjective.

The first step is to write to the bank asking for the debt be written off on the grounds that the person lacked capacity. For help, contact your local Citizens Advice Bureau, a debt counsellor or call Mind's info line on 0300 123 3393.

Tell them about your condition at the time and how the debt has worsened your financial situation. Evidence from a doctor/psychiatrist/community psychiatric nurse will help. If you believe the lender was aware you lacked capacity, include details; they need evidence.

If your bank won't help, you can go to the Ombudsman. It has said it is willing to look at claims if the borrower lacked capacity and the lender knew this at the time. For a full guide to complaining, go to www.moneysavingexpert.com/ombudsman

Financial Conduct Authority guidelines on mental capacity

The Financial Conduct Authority (FCA) has laid out guidelines on how banks must deal with people who have mental capacity problems when they apply for credit. While the guidance is aimed at lenders rather than consumers, it may help you negotiate with banks.

The FCA tells lenders to explain credit agreements clearly to customers with limited mental capacity and give them enough time to weigh up the information. They must also carefully assess their ability to afford repayments and refer them to specialist teams. Read the full guidance at http://tinyurl.com/o7wy5ef

4 Approaches to treat mental distress

If you feel unable even to contemplate sorting out your money, some of the suggestions in this section may help you begin your recovery. They are tips from experts in the field and from those who've experienced problems, offering a number of different approaches. Of course, speak to your GP too.

The Wellness and Recovery Action Plan (WRAP)

This helps you make a toolkit of things to keep you well and aid your recovery when you have been unwell. Part of this is recognising triggers or warning signs and pre-planning action to take when becoming unwell.

How successful this is does depend to some extent on how much support you have around you. Steps you can take include making an agreement with your spouse or trusted family members that you will give your credit card to them for safekeeping when you are becoming unwell. By planning when well, you can limit any potential problems that might arise when you are unwell. You can find more information at www.workingtogetherforrecovery.co.uk

The website is aimed to be a resource for everyone who is interested in recovery. You can download a free workbook to help you in your recovery plan.

The cognitive behavioural approach

This can be effective for a lot of people. Cognitive behavioural therapy (CBT) aims to help you change the way you think, feel and behave. It is used as a treatment for various mental health problems. This approach doesn't involve medication, though some take it at the same time.

It can be done alone with the aid of a book, online or face-to-face with the support of another person. The principles of the approach help a person recognise the unhelpful thoughts that result in difficult emotions. This is a skill, like any other, such as learning to speak a different language or ride a bike, but once practiced can be learned and put into place on a daily basis.

Advice about this type of approach can be sought from GPs. You may be able to get treatment on the NHS or pay for it privately. Find a list of accredited practitioners at http://cbtregisteruk.com/.

Other approaches that might be helpful:

Be proactive

Practical financial help for people with mental health problems and debts is important, but there is also a real need for better access to medical treatment. This could also reduce the number of people getting into debt through mental health problems.

You can get the help you need but it helps to be proactive about it. As with all the suggestions in this guide, there is no one-size-fits-all solution, but try to be assertive with health professionals and look into different sources of help. Or you can ask a friend, family member or case worker to research on your behalf.

Understand your spending

It may feel like spending happens out of the blue, but often a similar pattern emerges. You may shop in an attempt to improve your mood or increase self-esteem.

Becoming more aware of these triggers can help make you feel more in control of your situation and recognise the symptoms early on. You can make a plan of action for when you notice your mood becoming low, for example, avoiding shops or giving your credit card to your partner temporarily. For some people, knowing the triggers is enough to help them.

Analyse why you spend:

- Look for spending triggers: situations, feelings, thoughts. Keeping a diary might help. Identifying these triggers can highlight ways to change.
- What are your reasons for spending? If low mood is triggering the spending, maybe it would be useful to get help from your GP or a mental health professional.
- Sometimes spending is triggered by feelings of loneliness, so try asking a friend or relative to visit you rather than heading for the shops.
- Use parental controls to turn off internet shopping and TV shopping channels if these are a particular temptation.
- For more general 'stop spending' tips, there's a full guide at www.moneysavingexpert.com/stopspend

Medication

Sometimes medication's side-effects make it difficult to deal with money issues. As one of our forum users commented: "Just because you are on medication, it still doesn't mean that you are making the right money decisions." If this is the case, chat to your GP.

If you are in hospital, it might be difficult to find the time and means to sort out financial issues, particularly because you won't have access to documents. This is where it could be helpful to ask a trusted friend or family member to help out.

What to do if you're going into hospital

If you're admitted to hospital, either voluntarily or under section, money is probably the last thing on your mind. Yet if you have no plans in place to deal with your finances when you're admitted, you could face debts when you're discharged.

Consider developing a plan with a friend or relative so they know what to do if you go into hospital and setting up direct debits to pay for essential bills such as rent and council tax.

Getting support

Of course, there's a trust issue here. Make sure you feel comfortable. While we don't want you to be overly cautious, do check family or friends have your best interests at heart. If you're uncomfortable ask another friend or support worker to check everything is in order.

One of the contributors to our forum found that their support worker was invaluable in helping them to manage their money on a day to day basis:

A green story - to inspire you

Jetcat's Story: How support workers can help

"My own experience of how a support worker can help in money situations is a positive one. When I had made a list of creditors and payments due (with the amount and date), my support worker kept a copy.

"She would then ring me a day before, just for a chat to see how I was doing. If I was struggling, then she would come round and we would arrange to meet the next day to go to the post office to pay the debt.

"If, on the other hand, I was doing ok, she would simply ask me what I had on the next day. She would never simply 'tell me' to pay the debt, as that would have been confrontational (in my mind anyway!). It allowed me to feel a little in control, and not so overwhelmed.

"I think at first people with mental health problems may need help to set up repayments, deal with creditors etc. but over time, we can be encouraged to do more for ourselves."

Get the help you need

You will find it helpful to have support from family, friends, a case worker or other health or benefits professionals that you can call on if you find your finances are overwhelming you.

Contact your council and GP to see if they can suggest any local organisations.

5 How friends, family and carers can help

Where to start if a friend or family member has mental health and debt problems? Dealing with debt issues can be stressful at the best of times. Those struggling need support as they make their way through the steps to being debt free.

Be pragmatic. One of the most helpful tasks you can do to support your friend or relation is go through The MoneySaving Checklist in Appendix 1 with them. Go with them to the bank, sit with them while they make a phone call to a debt counsellor and print out relevant articles for them if they don't have a computer.

Know their triggers

As a family member, friend or carer, you may be well placed to spot changes in behaviour or recognise the pattern of triggers. You may want to make an agreement that the person lets you know if they seem to be becoming unwell. You could make an action plan together, eg, looking after their credit card or helping them make a GP appointment.

Why you might not be able to access their account

It's important to understand that under the Mental Capacity Act (MCA), banks and building societies should assume people are capable of making a particular financial decision (unless it's proved otherwise), and offer them appropriate support to do so.

This means that the bank can't treat someone differently or assume they can't make decisions just because their behaviour is out of the norm.

The Act also means a family member cannot just walk into a bank and access or put a note on someone else's account without permission. The only way to do this is by lasting power of attorney, enduring power of attorney or a third party mandate (more on this later).

The Mental Health Foundation has published a full guide about how the Mental Capacity Act can help people with mental health problems deal with their money when they go into banks, building societies and post offices. Go to http://tinyurl.com/2fykebm to download the full Banking on Good Decisions guide (just search for that title).

Consider a basic or joint bank account

It can be a huge challenge if someone you care about is getting into debt trouble, but you don't have the power to access their bank account.

The solution depends on whether they have a fluctuating illness, such as depression, or mental capacity issues. Mental capacity means being able to make and communicate your own decisions. People may have difficulties making decisions some or all of the time. This could be because they have a learning disability, dementia, a mental health problem, a brain injury or have had a stroke.

If overspending is a problem, you could encourage them to open a basic bank account. These work similarly to current accounts, but won't let them withdraw cash if there's none in there. Account holders can withdraw cash, set up direct debits and standing orders, but they can't get a cheque book or overdraft. Though if they set up a direct debit or standing order and funds are not in the account so it bounces, they can still get charges – so be careful of that. Read more at www.moneysavingexpert.com/basicbank

Another option is to discuss setting up a joint bank account to monitor their spending and step in if you spot an issue. However, remember joint bank accounts financially link people, so consider the affect on your credit score (full details at www.moneysavingexpert.com/creditscore).

Finally, together, you could consider a third party mandate. This lets a bank give someone access to another's account. The account holder specifies what the other person can and can't do with the account. The application procedure varies according to bank; call and ask how to apply.

Lasting power of attorney

If the person you care for loses mental capacity, you will need more control over their accounts. This is called a finance and property lasting power of attorney, where someone (while still well) nominates a trusted friend or relative to look after their affairs if they become incapacitated.

Lasting power of attorney (LPA) must be drawn up when the person is mentally capable of understanding what they are doing. It can be drawn up by anyone over 18; you don't need to be unwell. An LPA covering issues of finance and property allows the donor to specify that it can only be used when they lack capacity.

Once it's drawn up, you must apply to the Office of the Public Guardian to register the power of attorney and gain powers to manage the person's affairs. You don't need to register your LPA immediately, but early registration allows time for errors to be corrected and means it's ready to use if urgently needed.

In most cases this just means rubber-stamping the agreement, but a small proportion of cases may be looked into further.

To get power of attorney, download the forms at www.gov.uk/power-of-attorney or, for Scotland, www.publicguardian-scotland.gov.uk. Your local Citizens Advice can help fill them in.

It usually costs £110 to register the lasting power of attorney application (£70 in Scotland), though some on certain benefits are excempt. Full help at www.moneysavingexpert.com/poa.

If they have already lost capacity...

If someone's unable to look after their affairs but did not draw up power of attorney in advance, you need to become a deputy of the Court of Protection to make decisions on their finances.

The court appoints a deputy to act for the person with incapacity, usually a family member or close friend. The court decides whether a person has capacity to make a particular decision for themselves and whether the person is appropriate to be the deputy.

The downside is that it can be costly. Full help at www.moneysavingexpert.com/poa.

The Scottish system works slightly differently. You need to apply for 'guardianship' at the local sheriff court; full details at www.publicguardian-scotland.gov.uk.

It's better to avoid this and consider setting up lasting power of attorney before it's too late, especially if they have mental illness or are elderly. This story sums it up:

A red story - to show you're not alone

'Norma Desmond's' story:

"My Mum is deputy (through the Court of Protection) to my Dad who has advanced dementia. It's a very long drawn out and quite intrusive procedure and all actual relatives do have to be contacted for their agreement (or otherwise).

"It's also quite expensive and Mum will have to pay a hefty yearly insurance premium too. I just wish that we'd managed to get Power of Attorney instead, when Dad was more capable."

The Alzheimer's Society's guidelines on banking with dementia

The Alzheimer's Society has written a Dementia-Friendly Finance Charter, designed to help financial organisations respond to the needs of customers with dementia.

While it's more aimed at banks, it could be useful reference point when negotiating if you have problems. It encourages banks to put in processes to help customers affected by dementia and make it easy for them to discuss their specific customer service needs. Download it at http://tinyurl.com/o627chx.

Get carer's benefits and discounts

As a carer you may be eligible for state benefits such as carer's allowance, an estimated £1.1 billion of which goes unclaimed each year.

To qualify for carers' allowance, worth about £60/week, you need to be aged 16+ and helping out someone on various benefits for 35+ hours a week. You don't have to be related or cohabiting, and the help can be anything from shopping, sorting paperwork or just giving up your time. Go to www.turn2us.org.uk to quickly check what you're entitled to.

If someone you care for finds it hard to deal with the benefits system, you may be able to claim benefits on their behalf by becoming an appointee. To do this, get in touch with the person's local Department for Work and Pensions.

There is also a raft of discounts for carers. For example, if you care for someone who gets disability-related benefits, you can get a Cinema Exhibitors' Association card, giving a free carer's ticket every time you go to the flicks. To sign up, go to www.ceacard.co.uk or call 0845 123 1292.

In fact, carers can go free to everything from Glastonbury to Wimbledon, so it's always worth asking what discounts are available. MoneySavers report that it's easier to get discounts if you can get a 'yellow' card from social services, stating the disability type.

Free advice and support

Don't be afraid to ask for help! For advice on financial and other support, we would suggest you call Carers UK on 0808 808 7777. They can also direct you to carers' centres in your area. These are independent charities offering advice and free activities.

If you need a break from caring for your health reasons, speak to your GP. There's a budget to provide a temporary carer so you can take time off. Some charities also provide help to pay for a holiday for carers and patients. See www.carers.org or call 0844 800 7777 for more info.

Appendix 1: The MoneySaving Checklist

The following are ways to manage your cash and reduce outgoings, which are useful for those with debt and mental health problems.

This is MoneySavingExpert.com's standard debt help checklist (with added specialist tips for mental illness sufferers). We link to detailed articles on the website that take you through step-by-step.

If you know someone with mental health issues who doesn't have web access, do help them by printing the guides mentioned below.

✓ **Budget and reduce outgoings**

If you have debt problems, the most important step is doing a budget to get a handle on what you spend and future-proof your finances.

Draw up a budget based on a realistic appraisal of your income and outgoings. Consider noting everything you spend for a week or a month, to identify where the money is going. We have a detailed free budget planner that takes you through it step-by-step.

Free budget planner: www.moneysavingexpert.com/budget

✓ **Do a Money Makeover**

If you're up for more moneysaving, go through the full Money Makeover guide at www.moneysavingexpert.com/makeover

You could hone your finances for £100s or £1,000s of savings on your mortgage, utility and phone bills. It's possible to make significant savings on gas, electricity, home or car insurance by using comparison websites.

Money might feel like the last thing you want to think about, but we suggest asking a trusted person to help you run through the list.

A green story - to inspire you

HappySad's story: "Sort finances when you're well"

"When you are mentally ill, you have to be somehow well enough mentally to work out what is out there for you. When I have well periods I spend plenty of time working out what I can do to make my ill times more manageable.

"As a mentally ill person, you don't know what is on offer for you. For example, you can apply for a carer card, so that they go free with you when you visit the cinema. Plus I'm now exempt from library fines — this has really reduced my anxiety about returning books."

✓ Reclaim, reclaim, reclaim

Sadly, in recent years our country's been so rife with misselling and poor service that many are able to reclaim big money. Over 7 million were mis-sold credit card and identity theft cover, and over £1.3bn has been allocated to compensate those targeted. Anyone mis-sold will sent a claim form, so keep an eye out.

It's also possible you may be in one of 400,000 homes in the UK paying too much for council tax. Reclaims can be time-consuming though, so you may want to ask a trusted friend for help.

Full info and more ways to reclaim: www.moneysavingexpert.com/reclaim

✓ Get free tax advice

Charity TaxAid gives free confidential advice for people on low incomes about issues such as tax debt or self-employment. As a guideline, the maximum income of anyone applying for help would be £20,000 a year.

HMRC must make reasonable adjustments for taxpayers with mental health problems, and TaxAid can help with this.

Visit: www.taxaid.org.uk or call 0345 120 3779.

✓ **Check for hidden insurance added to loans, cards and more**

You've almost certainly heard of PPI reclaiming, but it's important to understand you may have PPI without knowing – even if you rejected it. It was systemically mis-sold on loans, credit cards, overdrafts, catalogues, store cards and some mortgages.

Over £12 billion's been paid back, and much more's still due. So check – even for long-closed policies.

The PPI seller has a duty to ensure your policy is right for you at the moment you buy it. One common form of mis-selling is if you had a medical condition, including a mental health problem, and you weren't asked about it. In this case, it's possible you were missold, because the lender did not inform you that the condition was excluded.

For full info and free template letters to ask for your money back, go to www.moneysavingexpert.com/ppi.

✓ **Cheaper travel, health and life insurance**

Anyone who's had a past serious medical condition or disability is likely to be quoted high amounts from most traditional insurers; it's even worse for over-65s. Yet there are a number of ways to cut the cost and still ensure you're protected.

The European Health Insurance Card (EHIC) card gives you free or discounted medical treatment in any state-run European Union hospital, plus a few other countries. But don't consider it a suitable substitute for travel insurance, because it doesn't cover possessions, baggage or repatriation. There's a full guide at www.moneysavingexpert.com/ehic.

Where travel insurance is concerned, a number of insurers specialise in policies for those with prior illnesses. There are no hard or fast rules, so get quotes from as many as you can. There's a full list at www.moneysavingexpert.com/travelinsurance.

An alternative is to get a packaged bank account that includes free travel insurance as a perk, though ensure the account's right for you. If the bank confirms the policy would cover you, it could work out cheaper.

Bipolar UK (www.bipolaruk.org.uk) has set up an insurance scheme for members. It liaises with brokers to arrange travel insurance. Finally, Mind gives detailed advice on insurance for people with mental health problems at http://tinyurl.com/3a9wu7a.

✓ **Pay bills by direct debit**

Consider switching to paying bills by direct debit (DD). These automatic payments can help simplify your finances, helping you to budget and ensure bills get paid when you're ill. Though do keep checking your bank statements.

You even get a discount from many companies for paying this way. A warning though: while DDs for gas and electricity bills, home phone and broadband can save you money, home and car insurers charge you interest for doing so.

Plus avoid regular payments from your credit or debit card. It can be hard to get companies to cancel them, though new rules mean it should be easier to cancel with your bank.

Full info: www.moneysavingexpert.com/dd

✓ **Buy an NHS prescription season ticket**

If you live in England and regularly pay for prescriptions, consider buying a prescription pre-payment certificate to cover all your NHS prescription fees for a set period.

A three-month pass costs £29.10, and is worth it if you use four or more prescriptions in that time. The 12-month pass is £104, a good option if you use 15 or more.

As a rule of thumb, pay for more than one prescription a month and you'll save. Prescriptions are free in Wales, Northern Ireland and Scotland.

Full info: www.moneysavingexpert.com/prescriptions

✓ **Take advantage of disability discounts**

If you receive disability-related benefits, there is a raft of discounts available. One of the best is a Disabled Persons Railcard, which costs £20 and cuts a third off your ticket and an adult companion's, who doesn't need to be a carer.

Full list of who qualifies at www.disabledpersons-railcard.co.uk.

People receiving certain benefits get reduced fees and charges at most libraries; ask your local what it offers. There are stacks more discounts in the forum's Great 'Disabled Discounts' Hunt at www.moneysavingexpert.com/ddhunt.

✓ **Consider a basic bank account**

Credit can be useful, for example if you want to go to university or buy a house. Yet if you have mental health problems, it's less stressful if you can live without credit cards and loans.

One under-publicised route to help deal with your finances is a basic bank account. They are specially designed products for those with very poor credit scores, but can also be a useful tool for those who may build up debt when they are unwell.

They work similarly to current accounts, but won't let you withdraw cash if there's none in there. You can withdraw cash, and set up direct debits and standing orders as normal, but you can't get a cheque book or overdraft. Though if you set up a direct debit or standing order and funds are not in the account so it bounces, you can still get charges – be careful of that.

We'd suggest trying Barclays or the Co-op bank which allow nearly everyone to get one, provided they've got ID. (Co-op isn't available to undischarged bankrupts.)

Alternatively, credit unions are independently-run local co-operative organisations that aim to assist people who may not have access to financial products and services elsewhere. There are around 500 in the UK, providing loans, savings and, sometimes, current accounts.

Full info: www.moneysavingexpert.com/basicbank

✓ **Free loft insulation and even boilers**

British Gas needs to hit Eco targets, so it's now giving insulation (which can be worth £700, as British Gas install it too) to anyone with a suitable uninsulated home. We've blagged a deal so if you qualify, it'll give a £50 Compliments Card, usable at J Lewis, Argos, Toys-R-Us and more.

Plus for some on sub-£16k-ish incomes, income-related benefits or pension credit, energy providers give free boilers (typically worth £2,000). You don't need to be their customer.

Full info: www.moneysavingexpert.com/freeinsulation

Cut the cost of all your debt

✓ **Check credit reference files (for free)**

Before you start it's worth ensuring your ability to get new cheap credit isn't being hampered by erroneous data on your credit files. There are loopholes to check for free, though these are fiddly. If you prefer, you can pay £2 per agency to get them online or by post.
See www.moneysavingexpert.com/creditscore

✓ **Shift debts to a cheaper credit card.** *Suitable for mid to high credit scorers*

Used correctly and with discipline, credit cards are the cheapest borrowing possible; this is especially true when shifting debt to new 'balance transfer' offers. It's possible to get long term borrowing on a credit card at under 7%. Even if you don't have a great credit score, there are still attainable deals.

Full info: www.moneysavingexpert.com/bts

✓ **Cut credit card costs without new credit.** *Suitable for low-mid to high credit scorers*

If you're rejected for new credit, many card companies have hidden existing customer offers. Ask your provider: "*Will you give me a cheap deal if I shift debts from other cards to you?*" Many will.

Full info: www.moneysavingexpert.com/shuffle

✓ **Repay debts with savings**

If you've ANY spare cash, throw it at reducing any expensive borrowing, as debt usually costs much more than savings earn. If you are worried about not having an emergency fund, you can find more details on how that works at www.moneysavingexpert.com/payoffdebts

✓ **Remortgage: Shift debts to a cheap deal**

A mortgage is a loan secured on your home. This means if you can't pay it back, the lender can take your house. This additional security is why it can offer a cheap rate over a long term.

An obvious idea is to shift credit card and other loan debts onto your mortgage. On the surface this looks like a no-brainer. Yet you are turning unsecured debt into secured debt, so the risk of losing your home increases. It can be worth considering though, especially if you've a flexible mortgage, so you can pay the debts off more quickly.

Full info: www.moneysavingexpert.com/remortgageguide

✓ **Free cash to help pay for utility arrears**

Some utility companies offer help if you have large arrears on your gas, electricity or water bills. You'll usually need to be a customer of the company, so contact yours to see if it has a scheme.

For energy, Homeheat gives advice on utilities (including grants and reduced tariffs) to people struggling to pay their bills and keep warm. Call 0800 33 66 99 or check www.homeheathelpline.org.uk for info. The water.org.uk website lists all the water company schemes.

✓ **Help from your local council**

You may be able to get support if you need money to cope with an emergency or stop serious risk to you or your family's health and safety.

Each local authority is responsible for providing help to residents, and chooses when to offer it and who is eligible. For example, some may give furniture or food grants, while others give cash. To check, contact your local council (find it at www.gov.uk/find-your-local-council).

Martin's Money Moment

Stop spending!

Even if you follow all the tips in the debt help check list, if you continue to spend, your finances are going to be in a state. Sometimes it takes two simple words: stop spending!

Of course, lots of people with depression spend because retail therapy makes them feel good. Try free ways to lift your mood: go for a gentle stroll, have a cuppa with a pal, eat more fruit and veg.

One of the big problems is people ask the wrong questions. Instead of asking "How do I get the shiny new car/glamourous holiday/amazing Christmas I want on my salary?", ask "On my salary, what's the best lifestyle I can possibly have?"

Tips from people who've done it include sleeping on a purchase; you may find it doesn't seem as attractive the next day. If an impulse buy tempts, work out how long it would take you to earn that money in hours worked. If you get paid £5/hour and it costs £150, that's 36 extra hours.

Finally, leave debit/credit cards at home and simply don't go shopping. If you don't go to the shops, you can't be lured by nice things.

If you spend as part of your condition, ask your counsellor for help. For more tips, go to www.moneysavingexpert.com/stopspend

Appendix 2: Useful contacts

Please see Chapter 2 for free debt help contacts.

Mind*info*Line: Provides information on a range of topics including all types of mental distress and where to get help. The helpline can point people to other organisations, eg, benefits advice, so it is a good first port of call.
Link: www.mind.org.uk **Tel:** 0300 123 3393

The Rethink Mental Health Advice & Information Service: A service that provides factsheets and advice on issues such as treatment, medication and therapy, as well as money, debt, benefit entitlement and other issues related to mental illness.
Link: www.rethink.org **Tel:** 0300 5000 927

Breathing Space Scotland: Free and confidential phoneline for anyone experiencing low mood or depression or who is worried and needs someone to talk to.
Link: www.breathingspacescotland.co.uk **Tel:** 0800 83 85 87

The Money Advice Service: Phone and online money advice on a wide range of subjects.
Link: www.moneyadviceservice.org.uk **Tel:** 0300 500 5000

Advice for specific conditions

Combat Stress: Charity providing free services for ex-service men and women with conditions such as Post Traumatic Stress Disorder (PTSD), depression and anxiety disorders. Support can be residential, community-based or financial.
Link: www.combatstress.org.uk **Tel:** 0800 138 1619

Bipolar UK: Membership costs £20 a year (£10 unwaged) and includes access to a free legal advice line, travel insurance scheme and self help groups.
Link: www.bipolaruk.org.uk **Tel:** 020 7931 6480

Bipolar Scotland: Provides information, support and advice for Scottish people affected by bipolar disorder. Membership costs £20 a year (£5 unwaged).
Link: www.bipolarscotland.org.uk **Tel:** 0141 560 2050

Alzheimer's Society: Provides local info and services across England, Wales and Northern Ireland to people affected by dementia. Services include care for those affected, as well as support for partners and families.
Link: www.alzheimers.org.uk **Helpline:** 0300 222 1122

Free legal & tax advice

- **TaxAid**

Charity giving free advice for people on low incomes about issues such as tax debt or self-employment. HMRC must make reasonable adjustments for taxpayers with mental health problems – TaxAid can help with this.
Link: www.taxaid.org.uk **Tel:** 0345 120 3779

- **Mind's Legal Line**

Free legal information and general advice on mental health-related law.
Link: www.mind.org.uk **Helpline:** 0300 466 6463

- **Civil Legal Advice**

Legal advice on issues such as where your home is at risk for those on benefits or a low income.
Tel: 0345 345 4345

Advice on discrimination at work

- **The Equality and Human Rights Commission**

Free initial advice on discrimination cases.
Link: www.equalityhumanrights.com **Helpline:** 0808 800 0082

- **Advisory, Conciliation and Arbitration Service (Acas)**

Free service that helps to resolve disputes between employers and their employees.
Link: www.acas.org.uk **Helpline:** 0300 123 1100

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