Draft guidance

Overdrafts and coronavirus: additional guidance for firms.

September 2020

About this guidance

1.1. This guidance applies in the exceptional circumstances arising out of the coronavirus pandemic (Covid-19) and its impact on the financial situation of overdraft customers. It is not intended to have any relevance in circumstances other than those related to coronavirus.

1.2. This guidance supplements our previous 'Overdrafts and coronavirus: updated temporary guidance for firms' ('the July guidance'). The July guidance will continue to provide support for those newly impacted by Covid-19 until at least 31 October 2020 – with customers able to seek an interest free overdraft buffer that could last until 31 January 2021.

1.3. The July guidance was designed to enable firms to act quickly to deliver immediate and temporary support to their customers, at unprecedented scale, as the coronavirus pandemic and the Government's response to it evolved. This temporary support was designed to help customers bridge the crisis and get back on their feet. The steps firms have taken under the July guidance and our previous 'Overdrafts and coronavirus: draft guidance for firms' ('the April guidance') have helped millions of customers through the first months of the current emergency. Many overdraft borrowers will continue to be, or will be newly affected by circumstances relating to coronavirus.

1.4. Where customers who have benefitted from support under the July guidance remain in financial difficulty, we consider that they will need more tailored support.

1.5. We also consider that firms need to be preparing to move back to providing their customers, including those newly affected by coronavirus, with the tailored support that we normally expect once the July guidance is no longer in effect. This support also needs to reflect the uncertainties and challenges that many customers will face in the coming months. So this draft guidance also sets out our expectations of how firms should support those customers who are affected by coronavirus once the July guidance is no longer in effect. whether or not they have benefitted from support with the costs of their overdraft.

1.6. We expect the July guidance to expire on 31 October, but we will keep this under review depending on how the wider situation develops.

1.7. Section 3 of this guidance sets out our expectations of firms dealing with customers who have already benefitted from support with the costs of their overdraft under the July guidance and who still need further support.

1.8. The remainder of this guidance is relevant to firms dealing with consumers who experience financial difficulty as a result of circumstances related to coronavirus once the July guidance is no longer in effect.

1.9. The proposals in this guidance support our consumer protection objective and are designed to protect customers by providing them with temporary and, where necessary, ongoing support with the cost of their overdraft. We recognise that, for many customers, current account overdraft facilities are likely to be the easiest and quickest way to access emergency funds to cover a temporary shortfall in income and to meet essential expenditure. But we also recognise that overdraft facilities are not an appropriate means to manage long-term financial difficulty and we are seeking to guard against future over-indebtedness.

Equality and Diversity

1.10. We are required under the Equality Act 2010 to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by or under the Act, advance equality of opportunity between persons who share a relevant protected characteristic and those who do not, and to foster good relations between people who share a protected characteristic and those who do not.

1.11. As part of this, we ensure we consider the equality and diversity implications of any new policy proposals. We do not consider this guidance will adversely affect consumers with protected characteristics.

How to respond

1.12. We want to act quickly to continue to protect customers in these difficult times. We consider that the delay involved in publishing a formal consultation accompanied by a cost benefit analysis would be prejudicial to the interests of customers. We are therefore not doing so. This is not a statutory consultation. There is no statutory requirement to prepare a cost benefit analysis in relation to guidance.

1.13. We would welcome comments from stakeholders on this draft guidance by 10am on Monday 21 September. Please send your comments to: **FCAconsumercredit@fca.org.uk**

2. Overdrafts and coronavirus

2.1. This guidance comes into force on [date] and remains in force until varied or revoked. It supplements the 'Overdrafts and coronavirus: updated temporary guidance for firms' ('the July guidance') and applies to:

- A firm with permission to accept deposits and which provides a current account with an overdraft facility.
- Primary personal current accounts. A primary account is the account into which a customer would usually receive, or would have received, their main source of income. Main source of income would normally include salary, wages (whether employed or self-employed) or pension payments.
- EEA firms who currently passport into the UK.

2.2. This guidance does not apply to private banks and credit unions. This guidance does not apply to Basic Bank Accounts.

2.3. The guidance sets out the FCA's expectations of

- how firms should support customers who have already benefitted from support with the costs of their overdraft under our July guidance, and who still require further support
- how firms should support customers who experience financial difficulty as a result of circumstances related to coronavirus once our July guidance is no longer in force
- how firms should identify and support customers who have not requested support but who are experiencing financial difficulty as a result of circumstances related to coronavirus

2.4. Where a firm has dealt with customers at the end of a period of time-limited support with the cost of their overdraft before this guidance came into force, it should review its approach to these customers. If its approach materially differs from this guidance, it should review whether the outcomes which affected customers received are consistent with what they would likely have received under this guidance.

2.5. This guidance builds on Principle 6 ('A firm must pay due regard to the interests of its customers and treat them fairly'), Principle 7 ('A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading) as well as the rules in the Consumer Credit sourcebook (CONC) – specifically, in CONC 5C and CONC 5D.

2.6. This guidance is potentially relevant to enforcement cases and we may take it into account when considering whether it could reasonably have been understood or predicted at the time that the conduct in question fell below the standards required by Principle 6, Principle 7 and CONC.

2.7. A firm should not reduce the credit limit or suspend or remove the overdraft facility of a customer receiving help under this guidance if that reduction, suspension or removal would cause financial hardship to the customer.

2.8. Customers may apply for new or increased overdraft facilities in the normal manner. The provision of new or increased arranged overdraft facilities is subject to the standard creditworthiness assessment by lenders. In carrying out this assessment lenders should take into account individual circumstances especially during this exceptional period.

2.9. Creditworthiness assessments can look beyond current stressed circumstances if it is reasonable to expect the customer's financial position will improve in the future and can take account of historic information. New customers, and existing customers who are offered a new or increased overdraft, should be eligible for the same assistance as existing customers of the firm.

2.10. We would expect that customers' access to, and use of, an overdraft facility will be reported on their credit file in the usual way. Firms should ensure they are clear with customers about the credit file implications of any new forbearance offered.

2.11. If you have any questions or concerns about this guidance, contact us.

3. Supporting customers who have had help with the cost of overdraft borrowing under our July guidance

3.1. This section applies to firms dealing with customers who have an arranged overdraft on their primary personal current account who are benefitting or have benefitted from time-limited support under the July guidance. This guidance sets out our expectations of firms where a customer is continuing to experience difficulties with their finances as a result of circumstances related to coronavirus, or reasonably expects to continue to experience such difficulties.

3.2. Firms should take reasonable steps to inform customers, before their final period of support under the July guidance expires, about the availability of ongoing support and how to access it. This should take the form of direct communication with the customer in good time before their period of support expires. This can be through digital channels, for example text messages sent to impacted customers.

3.3. Where the customer seeks further support and is experiencing ongoing difficulties with their finances, or reasonably expects to have such difficulties, as a result of circumstances related to coronavirus (whether before or after their support under the July guidance comes to an end), the firms should treat the customer fairly. Forbearance and due consideration should be used, in accordance with section 5 below.

Use of repeat use strategies to support customers who don't respond

3.4. Firms should review their repeat use strategy given that:

- customers who have accessed support under the July guidance are at greater risk of financial difficulties and harmful repeat use when that support comes to an end
- not all those who are experiencing ongoing difficulties with their finances as a result of circumstances related to coronavirus will pro-actively seek ongoing support from the firm

3.5. Firms' repeat use strategies should seek to identify as early as possible those customers who have not responded to contact prior to the expiry of their support under the July guidance, but who have a pattern of repeat use and are showing signs of actual or potential financial difficulty.

3.6. Repeat use triggers based on personal current account turnover and overdraft usage should be supported by other information available to firms, such as information on significant falls in income and/or receipt of benefit payments. Using this additional data is likely to assist with the early identification of customers likely to be facing financial difficulty.

3.7. In accordance with CONC 5D.3.2R, firms should take reasonable steps to engage those customers who are showing signs of financial difficulty. For customers who have benefitted from support under the July guidance, this contact should begin as soon as reasonably possible after the expiry of that support.

3.8. Firms' contact strategies should have regard to the current exceptional circumstances. CONC 5D.3.2R(6) requires a firm to, after a reasonable time has passed, consider whether to continue to offer the overdraft facility and whether to reduce the credit limit if a customer does not engage with the firm in relation to their repeat use. At the present time it is likely to be appropriate for firms to take additional steps to contact customers over a longer period before considering reducing or withdrawing the overdraft facility. In line with paragraph 2.7 above, firms should not reduce or withdraw the overdraft facility where it would cause financial hardship to the customer.

4. Customers impacted by coronavirus

4.1. We recognise that many customers will continue to face uncertainties and challenges in the coming months. Customers who experience difficulties with their finances as a result of circumstances related to coronavirus, or reasonably expect to experience such difficulties and proactively seek support with their overdraft costs or usage should be treated fairly by firms. Forbearance and due consideration should be used, in accordance with section 5 below.

4.2. Firms should be clear in their communications including on their websites that customers can contact them directly to notify them that they are in financial difficulty.

4.3. Where firms experience, or expect to experience, operational difficulties in considering the individual circumstances of all customers who request support, they should offer temporary interest free, or reduced cost, overdraft facilities on request to these customers. Such support should remain in place until the firm is able to consider the customer's individual circumstances and offer appropriate forbearance in line with this guidance where needed.

4.4. We also expect firms to continue to pro-actively identify and contact customers experiencing financial difficulty, including as a result of coronavirus, through effective repeat use strategies after the July guidance is no longer in effect.

4.5. At the current time, repeat use triggers based on personal current account turnover and overdraft usage should be supported by other information available to firms, such as information on significant falls in income and/or receipt of benefit payments. Using this additional data is likely to assist with the identification of customers likely to be facing financial difficulty.

5. Delivering good forbearance in the current environment

5.1. This guidance sets out our expectations of firms in relation to providing forbearance (whether under section 3 or 4 of this guidance or under CONC 5D) to customers who:

- have benefitted from temporary support under the July guidance or
- experience difficulties with their finances as a result of circumstances related to coronavirus once the July guidance is no longer in effect.

5.2. The pandemic and national and local responses will continue to evolve. Many customers will continue to face uncertainty about their short and medium-term employment and income prospects. They may also experience temporary interruptions in income. Customers' circumstances may change quickly, and in a way that might cause or increase vulnerabilities.

5.3. In line with the standards we always expect from firms, we want firms to deliver the following outcomes:

- Customers receive appropriate forbearance that is in their interests after consideration of their individual circumstances.
- Firms support their customers through a period of payment difficulties and uncertainty, including by considering their other debts and essential living costs.
- Firms recognise vulnerability and respond to the particular needs of vulnerable customers.
- Firms have systems, processes and adequately trained staff, with any staff incentives aligned with providing their customers with the help they need.
- Customers should receive the support they need in managing their finances, including through self-help and money guidance. Firms should signpost or refer them to debt advice if this meets their needs and circumstances.

5.4. Under both this guidance and CONC 5D, firms have flexibility and scope to tailor their approach to meet the challenge of many customers needing assistance at the same time. In particular, neither this guidance nor CONC 5D impose prescriptive requirements about how a firm collects information about a customer's individual financial circumstances or how it ensures any forbearance option proposed is appropriate for that customer in light of their individual circumstances. Therefore, firms could use automation or digital tools to:

- automate processes, including asking customers to provide information on their circumstances, including income and expenditure
- offer a customer a forbearance option the firm has identified as appropriate to the customer's individual circumstances, and get the customer's agreement to it
- offer a customer a range of options that the firm has identified as appropriate to the customer's individual circumstances for the customer to choose from

5.5. Firms are responsible for ensuring that all customers get fair and appropriate outcomes and should have appropriate systems and controls to ensure compliance with this guidance and CONC 5D, even when relying on automation or digital tools.

5.6. When providing support to customers experiencing difficulties with their finances as a result of circumstances related to coronavirus under this guidance, or in accordance with the repeat use rules in CONC 5D, firms should provide forbearance that is appropriate to the individual circumstances of the customer, including doing one or more of the following:

- reducing or waiving interest
- transferring the overdraft debt to an alternative credit product on more favourable terms ('refinancing')
- agreeing a programme of staged reductions in the overdraft limit (and balance), ('agreeing a repayment plan')

5.7. Firms should make clear in their communications including on their websites that those arranged overdraft customers experiencing ongoing temporary difficulties with their finances, or who reasonably expect to encounter ongoing temporary difficulties with their finances due to the impact of coronavirus, can benefit from ongoing support in accordance with these forbearance options.

5.8. Firms should, where possible, set out on their websites the range of options that can be considered when a customer is facing financial difficulties to enable customers and those advising them to understand and evaluate the options. Where the firm offers refinance loans firms should provide indications of the eligibility criteria, interest rate and term.

5.9. Firms should also consider whether to offer advice on effective money management (in particular aligning regular outgoings with regular income where possible) and budgeting advice to the customer.

5.10. Firms should not take a 'one size fits all' approach and a firm offering a single solution to all customers is unlikely be consistent with this guidance, or CONC 5D. Firms should not repeatedly pursue one forbearance option, when it is more appropriate to consider alternative options.

5.11. Where a firm has not offered forbearance as outlined above, we would expect it to keep a record of why this is the case and why it deemed the chosen course of action appropriate.

Reducing or waiving interest:

5.12. Reducing or waiving interest will be an appropriate solution for many customers. It will be most appropriate where the customer:

- requires immediate assistance in response to an unexpected change in financial circumstances
- has a temporary difficulty which is likely to be resolved in a relatively short period eg is suffering temporary ill health
- needs immediate short-term assistance while they obtain debt advice or while appropriate longer-term forbearance is being considered and put in place

5.13. Reducing or waiving interest will also be an appropriate solution to support a stepped reduction in overdraft borrowing over time, by facilitating the customer to pay down their balance in a sustainable and affordable way.

Refinancing

5.14. Refinancing involves transferring the overdraft debt to an alternative credit product on more favourable terms. It can support the customer to fully repay, or at least significantly reduce, their overdraft borrowing, and to make structured repayments over a period of time. This will often be in the customer's best interest, as overdraft facilities are not an appropriate means to manage long-term financial difficulty.

5.15. As this involves the customer moving from paying interest only to capital and interest, we expect firms to carefully consider the affordability of the expected payments for the duration of the refinanced loan term. The new loan could replace all or part of the overdraft, depending on how much of the overdraft was refinanced and whether removing it completely would cause financial difficulties for the customer.

5.16. Refinancing may not be appropriate if the customer's ability to repay is very limited meaning that, to be sustainable, the customer would have to refinance over a long term incurring high cumulative charges.

5.17. Firms should not:

- encourage customers to significantly increase their borrowing when refinancing an overdraft debt or
- refinance the overdraft without making an appropriate reduction in the customer's overdraft limit to ensure that their overall indebtedness is not at risk of significantly increasing as a result of future overdraft use

5.18. Firms should ensure that customers understand that a long-term loan may result in increased total costs compared with reducing the balance over a shorter term. The length of the loan has a material impact on the monthly cost and firms should consider if this is affordable for the customer.

5.19. Firms should consider what range of refinancing products they will offer, and maintain a policy setting out how the firm will ensure that any refinancing products offered to customers are appropriate to their individual circumstances. This is the case where the firm offers refinancing in a limited range of amounts, or over a limited range of terms. Staff should receive appropriate training in how to assess which (if any) refinancing product is appropriate to a customer's circumstances.

5.20. When refinancing, firms must comply with our rules on responsible lending and affordability.

Repayment plans

5.21. A repayment plan involves agreeing a programme of staged reductions in the overdraft limit (and balance). It can also support the customer to reduce their overdraft borrowing over a period of time. This will often be in the customer's best interest, as overdraft facilities are not an appropriate means to manage long-term financial difficulty.

5.22. A repayment plan is likely to be appropriate where the customer can reduce their overdraft usage over time, but a refinancing loan is either not appropriate at all, or none of the refinancing loans offered by the firm is appropriate. It will be most appropriate where the customer makes use of their overdraft for only a limited number of days per month. It provides ongoing access to the overdraft, albeit on a monthly reducing limit.

5.23. Putting in place a repayment plan will generally not trigger application of our responsible lending and creditworthiness rules. However, since the appropriateness of such an arrangement will depend on the customer's individual circumstances, firms should still consider if the proposed staged reductions in the customer's overdraft limit are affordable for the customer.

5.24. The success of a repayment plan is dependent on ongoing budgeting and planning, rather than making fixed monthly payments. Firms can support customers during the repayment plan by:

- agreeing with the customer the most suitable timing of any change in overdraft limit – for example aligning this with a customer's regular income
- clearly communicating when the overdraft limit will change and then ensuring that it takes place as agreed
- encouraging the customer to make use of alerts to support their compliance with the plan, where available
- engaging with customers who enter unarranged overdraft or experience refused payments while on a repayment plan to review whether the agreed plan remains appropriate for them

Firms' processes for dealing with customers under this guidance

5.25. We expect firms to establish and implement clear, effective and appropriate policies and procedures for dealing with customers under this guidance.

5.26. Where firms offer a range of options to customers, they should be clear about the implications of these, including in relation to the total cost of credit and credit file reporting.

5.27. Firms should not consider a referral to a debt advice provider to be a substitute for working with the customer to identify the right forbearance option for them, including temporary forbearance. Our expectations around debt advice referrals are set out in section 6 of this guidance.

Customer engagement

5.28. Engaging effectively with customers is very important where customers may be experiencing significant uncertainty, stress and anxiety about their wellbeing and financial circumstances due to coronavirus. If customers have to repeatedly describe their circumstances this can lead to them becoming disengaged.

5.29. Giving customers a consistent point of contact is likely to improve interaction and deliver better outcomes. However, we know it may be challenging to achieve this in the current environment where a large number of customers require support, if firms have recruited new case handlers and are supporting them remotely.

5.30. So, it is important that firms enable case handlers to keep, and subsequently refer to, clear records of interactions with customers, including their individual circumstances and any judgements made, to give customers continuity and support.

5.31. Firms are responsible for putting in place sufficient resources to enable them to meet their obligations to treat customers fairly and provide them with appropriate forbearance. We recognise that achieving this in the current environment where a large number of customers require support may be challenging. However, long or unpredictable call waiting times during busy periods can put customers off from engaging with firms and receiving timely and appropriate outcomes. Firms should consider what they can do to mitigate this. Approaches could include:

- being transparent about average waiting times, and times when customers are likely to experience longer or shorter waiting times
- use of call-backs
- offering pre-booked appointments
- referring customers to online tools where these are available
- clearly communicating the information or documents customers will need to have to hand

5.32. Firms should be mindful that not all customers can access or will want to use a digital channel and should make it easy for a customer to select an alternative.

Customer communications

5.33. Firms should ensure customers receive timely information to enable them to understand their financial position, their options and the implications of any arrangements.

5.34. We expect firms to be clear about the impact of any further forbearance options including any credit file implications of any support offered to customers at the end of a period of overdraft support. This could be expressed in general terms.

5.35. Customers can become disengaged where they are required to complete detailed forms with little help or they may lack the capability and understanding to assess their needs without support. Some customers, including those with characteristics of vulnerability, may find it more difficult to interact offline and may prefer to complete as many steps as possible online, while others may not have access to online channels or find digital interactions difficult.

5.36. Firms should offer to engage with customers in different ways including through a range of channels and, where possible, give them the ability to switch between them.

Supporting vulnerable consumers

5.37. Firms should understand, recognise and respond to vulnerable consumers' needs. In light of the current circumstances and the increased likelihood that customers in financial difficulty will be vulnerable, firms should consider whether their policies and procedures remain fit for purpose.

5.38. Many customers experiencing financial difficulties at this time will display characteristics of vulnerability, particularly low financial resilience. Firms should take particular care to ensure they respond to the needs of vulnerable customers at the greatest risk of harm.

5.39. Firms should use their communication channels, including digital channels, to proactively tell customers about the support available and encourage them to articulate their needs, what support would help them, and take these into account. For example, taking into account the customer's expressed communication preferences when contacting them at the end of a payment deferral and offering them a choice of channels when considering, or presenting, forbearance options.

5.40. Firms should consider the needs of consumers with protected characteristics under the Equality Act 2010, such as those with physical or mental health disabilities.

Training and competence and staff incentives

5.41. It is likely that higher numbers of customers will require help and support in the coming months as the financial impact of coronavirus continues. Firms may need to recruit additional, less experienced, staff to meet the increased demands for forbearance. We recognise that many staff will be working remotely from home because of the pandemic and that firms may need to adapt their processes to provide support and oversight.

5.42. Nevertheless, firms should ensure that staff are adequately trained for the roles that they perform and that they have appropriate oversight arrangements in place. In this environment, this might mean using more experienced staff to deal with the most complex cases, including vulnerable customers at most risk of harm, and to support less experienced colleagues.

5.43. Firms should consider how best to ensure that their staff have the right skills, capabilities and incentives to support customers. Incentives and staff objectives should be aligned with delivering forbearance that is appropriate in customers' individual circumstances. For example, addressing operational challenges posed by Covid-19 by incentivising staff to deal with calls too quickly may discourage them from taking appropriate escalation steps in complex cases, or mean they fail to adequately consider customers' individual circumstances. It may therefore increase the risk of poor customer outcomes.

Governance and oversight

5.44. The Senior Manager accountable for providing support to customers under this guidance needs to critically review the firm's policies, procedures and controls and ensure they are appropriate to meet the needs of customers seeking support. This includes ensuring incentives are aligned with fair customer outcomes and taking responsibility for ensuring appropriate governance and oversight is in place to deliver fair customer outcomes in practice.

5.45. Executive committees and the Board are responsible for ensuring the function(s) providing customer support in line with this guidance is appropriately resourced and demonstrates a supportive, customer-focused culture. Board management information should be sufficiently granular to enable the Board to satisfy itself that its customers are receiving consistently fair outcomes.

5.46. Firms must keep records of the support offered to customers. They should keep a record of both generic information presented to all customers, and any personalised information presented to a particular customer. Firm supervisors may request access to a firm's records and the outcomes of a firm's customer monitoring.

6. Debt help and money guidance

6.1. Customers who are coming to the end of a period of support with the cost of their overdraft, or other temporary assistance granted under the previous guidance, might benefit from some help to manage their overdraft usage or their money more generally. Customers in different circumstances are likely to have different debt help or money guidance needs.

6.2. We expect firms to help customers understand what types of debt help or money guidance are available. They can do this by signposting or referring them to appropriate sources of guidance. This could include providing a link to our information page 'Dealing with financial difficulties during the coronavirus pandemic' and to the Money Advice Service's Navigator Tool.

6.3. When communicating with customers, firms should signpost or refer them to appropriate money guidance, self-help tools, or debt advice in a timely manner. For example, where a firm anticipates that a customer may need to wait before the firm can discuss or assess their situation and circumstances, they should consider ways to avoid delaying the customer receiving appropriate money guidance, self-help tools or referral to debt advice.

6.4. Where customers could benefit from debt advice we would expect firms to

- inform the customer that free and impartial debt advice is available from not-for-profit debt advice bodies
- signpost or refer them to one or more sources of such free advice – signposting can include providing a link to the Money Advice Service's debt advice locator tool

6.5. Firms should try to make such referrals as effective as possible, and should consider:

- encouraging customers towards using digital tools, where appropriate
- offering to transfer a customer's call directly to a debt advice provider
- whether the customer would benefit from a specialist source of debt advice (eg, where the customer is self-employed, making them aware of business debt advice providers)
- the debt advice referral strategies highlighted in the Money Advice Service Strategic toolkit for creditors

6.6. Firms should tell customers that they can get guidance or not-for-profit debt advice through both digital and telephone services, and we would expect signposting and referral processes to take the full range of delivery channels into account. Firms should also highlight the availability of face to face services, where this is appropriate, but should help the customer to get debt advice through alternative means in case face to face services are not available

6.7. Where firms handle customers through a digital or scripted process, we expect this to include appropriate signposting or referrals to debt advice or money guidance, as appropriate to the customer's needs.

6.8. Where a customer indicates that they are experiencing payment difficulties with other debts, the firm should, where possible within their existing systems capabilities, share a record of any income and expenditure assessment that they complete with customers or make these available to customers to share with other lenders and debt advice providers. Although firms are not required to rely on information collected by third parties, firms should support and encourage customers to re-use up-to-date income and expenditure information previously gathered where possible. For example, an income and expenditure assessment completed by another lender.

6.9. Customers who are considering whether support with their overdraft costs is right for them may benefit from firms referring them to the Money Advice Service's Navigator Tool.

6.10. Some customers experiencing short-term difficulty may feel they are able to deal with their own debts without the need for full debt advice. For these customers, the firm may also wish to:

- Suggest the customer works out a budget. Firms may find it helpful to refer customers to resources mentioned in our information page.
- Explain to the customer that, for most people, it makes sense to pay essential expenses and priority debts before any discretionary expenses or non-priority debts. To see if this is right for them customers can use online guides such as the Money Advice Service 'How to prioritise your debts' page.
- Recommend the customer contacts all their creditors to discuss their repayments.

6.11. Firms should have regard to chapter 17 of PERG in our Handbook which provides guidance on the regulated activity of debt counselling.