



Merton CIL Response To The House of Lords Select Committee on Financial Exclusion. The remit of which is "to consider financial exclusion and access to mainstream financial services"

August 2016

Background

Merton CIL are pleased to have the opportunity to respond to this inquiry by The House of Lords Select Committee on Financial Exclusion. We are a user-led Disabled people's organisation run by Disabled people, for Disabled people, across the full spectrum of disability. We deliver a range of services to disabled people in London Borough of Merton, including advice and advocacy services. Through our case work with local disabled people, we have direct evidence that disabled people do experience financial exclusion in multiple ways.

Disabled people are facing disadvantage across key areas of their lives¹, and are experiencing health inequalities as a consequence².

In particular, disabled people are disproportionately impacted by the policies of Welfare Reform, with social care users affected 19 times more than non-disabled people by the cumulative impact of Benefit cuts and Social care cuts, resulting in an annual reduction in income of £8,832 per person.³ Barriers to employment, accessing the community, hardship and homelessness follow.⁴

Disabled people have poorer health and lower life expectancy,⁵ and perceived discrimination is associated with increased likelihood of psychological distress.⁶

¹ The Equality Act 2010: The Impact on Disabled People, House of Lords Select Committee on the Equality Act 2010 and Disability, 2016

² Is Britain Fairer? Equalities and Human Rights Commission, 2015

³ A Fair Society? How the Cuts target Disabled People, Centre for Welfare Reform, 2010

⁴ Evidence of Breaches of Disabled People's Rights Under the UN Convention on the Rights of Persons with Disabilities, Inclusion London, 2015

⁵ Is Britain Fairer? Equalities and Human Rights Commission, 2015

⁶ Perceived Discrimination and Psychological Distress in Sweden, S Wamala, G Bostro, K Nyqvist, British Journal of Psychiatry, 2004

Laws and regulations already in place to support disabled people, such as the Equality Act 2010, and the UNCRPD, are not being effectively adhered to^{7,8}, for example, lower pay for disabled people.⁹

Through our casework with disabled people, we can evidence that Disabled people do experience financial exclusion and associated negative consequences. Financial exclusion directly impacts on disabled peoples day to day lives, principally in the realm of having an inadequate income and experiencing poverty, which leads to isolation and a negative impact on health and sense of well-being.

Financial exclusion also results in a very real loss of independence and control over our lives. In particular we have evidence demonstrating that financial exclusion has a real impact on the ability to manage and have control over meeting basic and essential needs. This includes the ability to manage the care you receive, eating, having and maintaining essential equipment and a dependence on others. The knock on effect of this financial exclusion is being exposed to vulnerability and financial exploitation.

Response to Question 4. Do individuals with disabilities, or those with mental health problems, face particular issues in regard to financial exclusion?

From our case work we have experience that disabled people are affected by financial exclusion and at risk of vulnerability and exploitation. This includes the negative impact of Welfare Reform (see response to question 11) and also includes:

- Lack of physical access to banks or post offices
- Lack of accessible methods to access banking
- Issues with appointees
- Poor support with Direct Payments
- Local Authority Financial Assessments
- Targeting of vulnerable people and lack of safeguards

⁷ The Equality Act 2010: The Impact on Disabled People, House of Lords Select Committee on the Equality Act 2010 and Disability, 2016

⁸ Dignity and Opportunity for All: Securing the Rights of Disabled People in the Austerity Area, Just Fair, 2014

⁹ London Poverty Profile, Trust for London, 2015

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Lack of physical access to banks or post offices

This is not just an issue of ramps to enter premises or lack of lowered counters to make wheelchair users feel welcome, although those are still issues even in well known high street banks locally. In this example, a service user we work with reported that the card machine in their local post office machines would not come off counter. As this person was a wheelchair user with limited reach, they were unable to enter their PIN independently. Post office staff would ask for this person's PIN and enter it for them. Even through the individual trusts post office staff, this is an apparently small thing that has a big impact upon the security of their finances, as anyone in the queue could hear what they say. This is not an isolated incident and obviously not just confined to the post office. Locking card machines to desks is practiced by many businesses due to security concerns.

In another example, we worked with someone who had moved into in a care home. They were not permitted to leave the care home alone, but there were not enough staff to accompany them when going out. The local authority also had not organised adequate support. This person was unable to bank online and had for many years successfully managed their finances by going to the bank. Being unable to access the bank for a period of time meant they were unable to make payments and they got into debt which now they need help sorting out, and which is stressful. That individual also has issues arising from a lack of a regular and trusted individual to support them because even at the bank they need to support to enter their PIN and don't want to have to share that number with a rotating set of care staff.

Lack of accessible methods to access banking

People with specific impairments can struggle with banking procedures. For example, we know people who are blind or with mobility issues who have cheques returned because their signature can change slightly. We know of deaf people who struggle to use telephone banking because the call centre won't accept the use of an interpreter on the phone. In another case, someone failed the telephone banking security question after being asked how old they would be at their next birthday – they asked the other person in the room for help with the maths, and this wasn't considered acceptable by the call operator.

Issues with appointees

There was one service user we worked with who suspected that their appointee was holding back some of their benefits. However, it was incredibly difficult for them to resolve the issue because they could not access any information from the DWP because although they were the person receiving the benefits, only the appointee was allowed to get information from DWP.

Issues with appointees is particularly difficult in abuse cases because you have to go through your existing appointee to change to a new appointee. In one example a service user was being abused by their appointee and moved away from them, however, now they can't get their appointee changed without involving the police, which they are reluctant to do.

There was also an individual whose affairs were managed by the local authority. Due to issues with the management, debts were run up and then were left unaddressed, and the individual received court summons. Because the affairs were managed by the local authority, we were unable to intervene, and the person themselves felt that their power had been taken away from them to sort the issue. Their word did not count.

Poor support with Direct Payments

People using Direct Payments are effectively small employers but locally there is now very little support for people to manage their Direct Payments. There are not enough staff in the Council to help ensure that people have organised employment contracts or insurance, and the value of direct payments does not cover workplace pensions for the carers and personal assistants disabled people are employing – the hourly rate has also been frozen for 6 years so there are no payrises for dedicated staff. When care packages are cut, there is no transitional support to manage employer obligations, such as consultation with employees or redundancy notice – this leads to people getting into debt trying to cover the transition from their own limited resources.

Local Authority Financial Assessments

In one case a person was deemed eligible for care, but they were also supposed to make a financial contribution. They didn't understand this and over a period of several years, they built up a huge debt with local authority who were organising the care agency directly. Even though this individual had been assessed as unable to manage their finances, no support was put in place and the debt kept building up. The Council

then took the individual to court, forcing their social worker to testify against them, which led to that relationship breaking down. The person died an unexplained death before they could go to court.

We have also noticed that as people are being reassessed, even if their care package stays the same (and often it reduces), the financial contribution they are asked to make goes up. This is because unless people can evidence the cost of disability related expenses (which can be hard to do), the Council assumes that these are £10 a week, whereas Scope puts this figure at £550 per month.¹⁰

Targeting of vulnerable people and lack of safeguards

For example one family who had learning disabilities used a loan shark to manage day-to-day expenses as they struggled to manage on their benefits and received no Council support either financial or with managing heir money. They would ask for left-over food from a local café to help them over the weekend. They had a perception that the loan shark was a friend to the family. As a result they took out multiple loans and paid them back many times over, but were also resistant to getting help because of this perception of friendship. This example highlights vulnerability and risk of exploitation, caused by low income and a lack of support when dealing with financial matters.

In another case we saw someone who had a bank account opened in their name against their wishes as their roommate wanted to control their money, and they did not have the power to stop it.

Response to Question 11.What has been the impact of recent welfare reforms on financial exclusion?

The welfare benefit reforms that the government brought in through the Welfare Reform Act 2012 are having a significant and disproportionate negative impact on Disabled people, which seriously jeopardises Disabled people's standard of living and reduces the level of social protection. The changes contained in the Act include:

- Disability Living Allowance (DLA) abolished, replaced by Personal Independence Payment (PIP)

¹⁰

<http://www.scope.org.uk/Scope/media/Documents/Publication%20Directory/Extra-Costs-Report.pdf?ext=.pdf>

- Changes to Housing Benefit, including the Spare Room Subsidy removal, (commonly known as 'the bedroom tax')
- Tougher sanctions for JobSeekers and Employment Support Allowance claimants
- Time-limiting and means-testing Employment Support Allowance
- Universal Credit a new benefit that will replace 6 other benefits.
- The over-all benefit Cap¹¹

Around 22% of DLA claimants in London are entitled to the lowest care and mobility elements. People in this group are the most likely to lose their entitlement under Personal Independence Payments (PIP). In the migration, about 20% of those entitled to DLA are expected to lose their entitlement to PIP.¹²

Disabled people are particularly vulnerable to welfare reforms, given the high proportion lacking paid work, many will be less able to supplement the lost income by moving into work. In addition DLA is not conditional on lacking work, so those claimants that are able and can find a suitable job are presumably already in work.

Individuals in receipt of DLA are exempt from a number of other welfare changes: the single room rate change, the overall benefit cap and in some boroughs council tax support. If entitlement to DLA is lost, not only will individuals lose their DLA income, but they could also lose income from other benefits as they are no longer exempt.¹³

We have a current case where the individual has received a lower rate of PIP than their previous DLA claim, resulting in the loss of their Motability vehicle. It takes 7 weeks for the vehicle to be removed following the change of benefit, but the benefits appeal process takes much longer so they could lose a vehicle they are entitled to on appeal.

In another case, someone's housing benefit was stopped following loss of ESA. The ESA was reinstated with maximum points after a long

¹¹ Evidence of Breaches of Disabled People's Rights Under the UN Convention on the Rights of Persons with Disabilities, Inclusion London, 2015, p. 13

¹² <http://www.londonpovertyprofile.org.uk/indicators/topics/receiving-non-work-benefits/dla-caseload-by-care-award-type/>

¹³ <http://www.londonpovertyprofile.org.uk/indicators/topics/receiving-non-work-benefits/dla-caseload-by-care-award-type/>

appeal process, but, in the meantime the individual had built up rent arrears resulting in eviction and they ended up homeless.

In conclusion

Financial exclusion from our experience has had a very real impact in terms of quality of life, opportunity and life chances for disabled people.

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