

## TOM: Supporting Notes

### Engagement and Awareness

1. A clear area of consensus from the various sessions MAS has hosted in recent weeks has been to not disrupt those direct routes into debt advice that are deemed to be currently working and members will note from the attached visual that several existing routes into debt advice remain unaltered.
2. Creditor referrals into debt advice have been seen as a successful engagement technique historically and is proposed they will continue to be so under the new TOM. There is, however, a strong desire to increase the number of creditors referring into debt advice and to enhance how creditors identify those in problem debt and how they are then referred into advice. To do this, it is proposed:
  - more should be done to prove and highlight the value of debt advice, building further on the recent Economic Return on Investment research and the other evidence highlighting that debt advice works.
  - creditors should work to enhance the identification of clients in need of advice through pre-arrears and early-arrears strategies. Additional good practice should be developed and shared.
  - The role of creditors in preparing clients for debt advice and contributing data to the process is seen as crucial and again good practice should be developed to consider the conversations collections staff have with over-indebted customer in advance of referral. Creditors will also need to be engaged and support the enhanced data sharing elements of the TOM.
3. The TOM also recognises the need to work with a broader range of referral partners. Those agencies who interact with people at key 'life events', such as divorce, pregnancy and illness, should also be targeted to refer people to debt advice when appropriate.
4. Furthermore, lead generation which results in consumer detriment should also be tackled, recognising when this is done poorly, it can route clients to inappropriate or less efficient sources of help.

### More sophisticated routing into debt advice services

5. Members recognised a current issue in the sector is that several of those bodies referring into advice struggle to make swift, effective and compliant referrals, in a standardised way, that direct clients to the most appropriate source of help.
6. Members will note a referral hub, the concept of which has been agreed at a previous DASG, as a new addition to existing practice. It is anticipated this could be used to result in more effective engagement with advice, especially when compared to current 'signposting' processes. Several agencies engaged during the build of the TOM noted this should also be used to smooth demand to where supply is available and help ensure clients get to a channel of advice which is right for them. As proposed, this will be a software solution which is accessed via an online form or a telephone IVR type process. It is not expected to require any more than five to six questions to route the vast majority of clients appropriately.
7. The principle of utilising the hub to notify all of a client's creditors that they are seeking debt advice in order for them to apply 'breathing space' simultaneously was broadly welcomed. This would add to the complexity a hub and it should be recognised this may take some time to develop. Client consent will be a crucial factor here also.

8. It is recognised that the proposed hub has the potential to involve significant expense and technological development and its trafficking in highly sensitive data involves considerable data security elements. A business case must consider whether the benefits it will bring outweigh the risk and cost. It must also consider what technological capability and capacity is required to build and own it and whether that is available within the sector.
9. 'Nudges' such as text or email notifications to support continued client engagement with advice is also proposed as part of a hub. However, it is also anticipated this technology could be used at all stages of the advice process and originate from all agencies working within the TOM.
10. Consensus was also reached in the sessions referenced above that greater data gathering and sharing capabilities should be pursued as part of the TOM, including at the point of referral into debt advice. This centred around the potential of Open Banking and Credit Reference Agency data but also on the data held by the creditor referring into advice. Information about debts owed, known relevant client circumstances (such as vulnerabilities) and any income and expenditure data gathered should also be referred on, provided it could be done securely and with full and informed client consent.
11. A single Customer Record Management (CRM) system across the debt advice sector would be the optimum target but, at present, this is not deemed feasible. However, development of highly effective APIs between creditors and agencies and between agencies themselves, underpinned by a common approach to client data, would achieve many of the benefits. The assignment of a unique client identifier upon entry to advice is also included within the TOM.

#### Advice provision

12. The central theme running through advice giving is greater consistency in approach. This includes:
  - a common income and expenditure format (SFS),
  - a common approach to priority and non-priority debts, including apportionment of repayment,
  - a common advice logic, and;
  - common templates for elements of client communications, designed to maximise impact and engagement with clients.
13. Equally, the need for debt advice services to meet the significant variety of client needs is also recognised. Advice agencies will need enough flexibility to ensure they are serving their own customer base as well as possible. Additionally, a full range of different channels in which clients can receive advice are included in the TOM. Building on the recommendations of the Wyman Review, a drive for enhanced digital services is also factored into the TOM.
14. Clearly a range of specialist services, such as small business debt advice and those for highly vulnerable clients will remain in the operating model and may need to be added to as clients' needs are better understood.
15. Like other stages of the customer journey through debt advice, it may be appropriate to refer clients to another debt advice provider if it becomes clear that they would be more suitably served elsewhere. Again, effective APIs between systems and protocols between providers will need to be enacted. Establishing a way to remove any incentive to not refer on clients when it is in the best interests will be an essential part of the TOM.

### Completion of debt advice

16. The key driver in completing the debt advice process is ensuring clients reach the most appropriate place to do this (e.g. a client requiring an IVA or Trust Deed will need to be with an insolvency practitioner).
17. It is also recognised that some clients will not have a clear point of completion of the debt advice process, for example those on token payments. Accommodating a suitable level of ongoing engagement with clients in these situations will be included in the TOM development.
18. The practices of creditors can have a significant impact on the successful completion of any advice given and the action of one creditor can be detrimental to the client and to the other creditors a client has also. Some creditor types tend to be more supportive of advice given than others and, as has already been highlighted by DASG, more consistent creditor practice is a priority.

### Data

19. Enhanced and increasingly pooled data is a key element of the TOM and this is another area where increased commonality in approach to data and outcomes is required. The data is a key source of information about clients and the effectiveness of the services being offered and will be central to driving continuous improvement. Pooled and aggregated data is also essential for properly measuring success of the TOM as a whole.
20. The TOM proposals also include providing some basic information back to creditors about a client's progress through debt advice (such as confirmation of engagement with advice in order to invoke 'breathing space'. Subject to feasibility study, the intention is that the technology solution for the hub could also fulfil this function without a significant level of centralised staffing. Several creditors have raised concern that they generally have little awareness of what is ongoing with their customers once they have been referred into debt advice and collections activity is therefore not tailored appropriately. It must be noted however that there is potential for information like this to be used in a way that would be detrimental to the client and it is proposed that protections must be put in place to mitigate this risk.
21. Some data required may be deemed commercially sensitive. In these cases, data will be aggregated to sector-wide level and anonymised.
22. Data gathering and reporting can clearly be burdensome on advice agencies, particularly for those with multiple funders. Therefore, a proposed aspect of the TOM is for agreement across the largest funders and possibly the FCA of a single reporting framework.

### Post-advice process support

23. It is recognised that there are opportunities to engage clients post the advice process to support ongoing financial wellbeing and resilience. This is an area of focus for MAS and it is anticipated an evidence base for what is effective will be built and, if appropriate, implemented in due course.

### Under-pinning debt advice services

24. Aligning to the Wyman Review, quality of debt advice is a crucial focus of the TOM. It is recognised this is not simply to ensure regulatory compliance but also to be used as a measure of the effectiveness of customer journeys. Moving towards a common curriculum and a shared qualification framework is included in the TOM.
25. An independent quality assurance approach is included in the TOM. This potentially provides several functions; an assurance measure for agencies themselves, a key data

source for the continuous improvement of the TOM, an assurance measure for funders and a single approach to creditor assurance (which is often carried out by creditors individually at present).

26. It is recognised that there is potential for duplication of research in the sector. While it is important agencies are able to carry out research as they see appropriate, a joined up single programme is included in the TOM. This should ensure alignment of methodologies in research but also promote a sector-wide agreement on priorities and a drive to avoid duplication.
27. There is not currently consensus on how and what outcomes should be measured in the sector. Agreement on these outcome is crucial, as it is core to measuring impact and effectiveness, and it is proposed this is included in the first phase of the work programme arising from the TOM.
28. There are several areas of policy and thought leadership that can be driven forward through the proposed TOM to enhance the customer journey. One clear area which is proving detrimental to some clients is gaps in the range of debt solutions. Clearly debt solutions are fundamental to an effective customer journey and work to ensure a range that works well for clients and creditors will be pursued under the proposed TOM.
29. A core aspect of the Wyman Review, increased innovation in the debt advice sector is also included in the TOM. As recommended by Wyman, a proportion of the levy will be dedicated to this but all funders should work together to promote this through their funding mechanisms, as should all agencies involved in the TOM as a matter of course.

#### Operational considerations

30. Given the varied approaches to reporting and measurement, there is not currently a single sector wide view of success measures or KPIs. While this in part ties into achieving a single reporting framework, establishing a current benchmark for the measures is clearly required and will be a significant piece of work. This is proposed to be included in phase one of the work arising out of the TOM.
31. Given this is a high-level TOM proposal, it is not yet costed, nor is there consideration on how individual aspects will be funded going forward. This is, of course, essential and also needs to be incorporated into next steps as a priority. A principle agreed during the workshops was that with increased inter-referral of clients between agencies, the funding model must ensure that all agencies involved in that client journey are appropriately funded for the work they do, not just the one who completes the journey.
32. Linked to funding, an immediate action we plan to take is to coordinate with FairShare funded providers on Wyman recommendation 5 to build a shared approach to creditors with a view to the broadening out of full FairShare participation.
33. It is anticipated any agency (creditor, advice agency or funder) wishing to operate within the TOM would sign up to a principle based code of conduct to support an appropriate ethos and collaborative way of working. This must be balanced against the need for inclusivity to ensure the TOM is genuinely sector-wide. It is intended the TOM will serve the devolved administrations, smaller agencies, new entrants and less engaged creditors, as well as the largest established stakeholders in the sector.
34. The principles included will focus on being client centric, collaborative and open to data sharing for the collective benefit of the sector.
35. A key discussion point during the build of the proposed TOM has been reaching an appropriate balance between competition and collaboration. It is intended that the proposed TOM builds an infrastructure that is collaboratively shared but recognises effective competition may exist between agencies within it.