

Consultation Response



APPG on Debt & Personal Finance

Rent to Own inquiry – call for evidence

Response from StepChange Debt Charity

StepChange Debt Charity London Office
6th Floor, Lynton House, 7-12 Tavistock Square, London WC1H 9LT
Contact: Mark Haslam, StepChange Debt Charity
Tel: 0207 391 4584
Email: mark.haslam@stepchange.org

Client survey

Between 16-22 October 2014, StepChange Debt Charity ran a survey of its clients' experiences of the Rent to Own sector. 273 clients took part. The results are detailed below.

Negative experiences of the Rent to Own sector

72 percent of clients felt the price they paid was very high.

48 percent of clients felt that late payments charges were too high.

47 percent of clients did not like how long it took to pay for goods.

39 percent of clients did not appreciate how much the total cost would be.

38 percent of clients were unhappy about being forced to buy add-ons such as insurance.

32 percent of clients said they did not like the pressure they felt under to buy more goods.

29 percent of clients felt bombarded for payment by persistent calls and letters.

26 percent of clients were unhappy with how they were treated when they were unable to make a payment.

Positive experiences of the Rent to Own sector

59 percent of clients liked that they could pay for goods via small weekly payments.

50 percent of clients liked that they could spread the cost of goods over a number of years.

11 percent of clients liked the range of goods available.

11 percent of clients thought store staff were friendly and helpful.

11 percent of clients liked that delivery and insurance were included in the price.

6 percent of clients said they enjoyed good after-sales service.

Client information

- 59% of clients with RTO debt problems are unemployed at the time they seek help with their debts.
- Clients with RTO debt problems are twice as likely as other clients to be in arrears on essential household bills (utility bills, council tax, rent).
- On average, clients with RTO debt problems are more likely to be in receipt of welfare benefits. In particular, clients are more likely to be in receipt of income-related benefits and three times more likely than our average client to be in receipt of Jobseekers' Allowance, Income Support, or Disability Living Allowance.
- 70% of clients with RTO debt problems are aged under 40. Two thirds of RTO clients with debt problems are female. Clients with RTO debt problems are twice as likely as other clients to be renting from social landlords or local authorities.

NB. The above figures are based on clients with RTO debts at the three main RTO providers, BrightHouse, PerfectHome and Buy as you View.

About StepChange Debt Charity

StepChange Debt Charity is a leading provider of independent debt advice and the country's largest charitable provider of free-to-client debt management plans (DMPs).

In 2013, more than 500,000 people came to us for help with problem debt. The advice and support we provide is free, independent and impartial.