



Department  
for Work &  
Pensions

Minister for Work and  
Pensions (Lords)  
4<sup>th</sup> Floor  
Caxton House  
Tothill Street  
LONDON  
SW1H 9DA

0207 340 4000

[www.gov.uk/dwp](http://www.gov.uk/dwp)

[ministers@dwp.gsi.gov.uk](mailto:ministers@dwp.gsi.gov.uk)

Baroness Altmann  
House of Lords  
London  
SW1A 0PW

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I am writing to send my thanks for your contributions during the first day of Committee of the Financial Guidance and Claims Bill. You raised the important issue of improving public understanding of the distinction between different personal finance terms and enhancing people's knowledge of how to access relevant information, guidance and advice. Specifically, you proposed that in the legislation we replace references to "debt advice" with "debt counselling", or "debt guidance and counselling". We will of course have the opportunity to discuss this on the floor of the House at the appropriate time; however I would also like to take the opportunity to respond on this point in more detail.

The government fully recognises the importance of ensuring that the Bill's wording accurately reflects the activities the new body will be undertaking. We also agree that members of the public need to understand the nature of provision available to them. This is key to ensuring they received the best tailored support for their particular circumstances. However, I believe that it would not be appropriate to replace the term "debt advice" in the Bill in the way you have suggested, for a number of reasons.

In the first instance, I believe "debt advice" is the term which most appropriately reflects what the new body will deliver through its debt function. The term "debt advice" reflects a broader set of activities than "debt counselling" – and it is this set of activities that the new body will need to deliver. Whilst "debt advice" covers activities including recommending to individuals which debt solution to pursue and adjusting individuals' debts through debt management plans, "debt counselling", however, can only be said to cover the first of these activities.

Additionally, as with independent financial advice, the activities associated with giving debt advice are regulated by the FCA. It involves advisers offering a personal recommendation to an individual which steers them towards a specific course of action. Providers must be authorised by the FCA, or be explicitly exempt from authorisation to deliver this service. As such, debt advice is different from the other guidance functions delivered by the body. This means, therefore, that alternative terms like “debt guidance” would not provide an appropriate description either. The “guidance” provided under the money guidance and pensions guidance functions refers to a service which helps you identify your options and narrow your choices, but will not offer a personal recommendation which steers you towards a specific course of action. Authorisation is not required for guidance and so I believe using an alternative term such as “debt guidance” would be equally misleading.

Secondly, I'd like to reiterate the point that the way we label the services on offer to individuals must reflect the way they use and understand these services. I do not believe there is compelling evidence that use of the term “debt advice” is an issue for consumers, or that it affects their ability to access appropriate provision. Indeed the term is almost ubiquitously used amongst leading debt charities. Changes to definitions can be disruptive, and so we must ensure we only make such changes on sufficiently strong grounds – especially if there is a risk of confusing the very people we are all trying to help.

Finally, I would like to provide reassurance regarding the risk that continuing to use the term “debt advice” means the support the SFGB offers will not be holistic in nature. The debt advice the body offers will be holistic in the same way that other forms of advice (including independent financial advice and pensions advice) are holistic. Just as these other forms of advice take into account an individual's broader situation, such as their debt levels, debt advice will take into account an individual's broader situation, such as their pension. But similarly, just as pensions advisers won't provide recommendations to individuals about specific debt solutions to pursue (unless they are also authorised to deliver this regulated advice), debt advisers won't provide specific recommendations to individuals about which pensions options to pursue (unless authorised to do so). Indeed, it is unlikely a single adviser would be able to offer advice relating to all the myriad advice requirements that an individual might have.

However, this does not mean that the support offered by the single financial guidance body is not holistic – far from it. The new body will offer fully joined-up support to members of the public who require more than one type of advice or guidance. This was one of the key aims of bringing the functions of the three pre-existing bodies together. The SFGB will be well-placed to deliver this integrated support, including through warm handovers and through signposting to the different functions it offers. More broadly on this point, I would note that MAS is currently consulting on its

commissioning model, where it is specifically looking for input on how best to deliver debt advice and money guidance in a coordinated fashion. This consultation will underpin the approach taken by MAS, and we would expect the body to take into account any useful lessons learnt from this exercise when designing its service offer.

Thank you again for raising this important point during the Bill's committee stage. I hope that this letter provides you with reassurance and I would be happy to discuss with you further.

A handwritten signature in cursive script, appearing to read 'Buscombe', is centered on the page.

**BARONESS BUSCOMBE  
MINISTER FOR WORK AND PENSIONS (LORDS)**