

Supporting someone to manage money

a guide for carers



Taking care of money

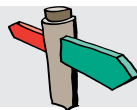
Everyone should have the right to make their own decisions about the money that they own. To do this well, a person needs information and the chance to develop skills in money management.

Many people have no idea where their money comes from or where it goes - sometimes because carers or others look after money matters for them. Even where a person needs help to manage money, the money always belongs to the person.

This booklet is about increasing a person's ability to take as much control over their money as they can, while recognising that they may need continuing support to do this. It contains information that you and the person you support might find helpful in working out how to manage money better. It assumes that the person you support can make choices and decisions though there is some information about what you can do if someone cannot.

This booklet cannot cover everything.

Look out for this symbol



- it will tell you where to get more information. There is also a companion booklet for the person you support - called **Being in control of your money**.

This booklet does not cover carers' money.

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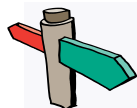
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What people need to know

The Basic Skills Agency and the Financial Services Authority have produced an Adult Financial Capability Framework. It outlines the skills and knowledge that people need to make informed decisions and effective choices about their money.

This booklet covers some of the basic information. Carers can consult the Framework for further suggestions.



Basic Skills Agency ☎ 020 7405 4017
🖱 www.basic-skills.co.uk

Keeping money safe

Having an account is one way of keeping money safe until you need to use it.

In order for a person to open an account in their own name, they must have the ability to manage it independently with minimal assistance. Banks will deal only with the account holder. If something goes wrong with the account and the person is unable to give instructions to the bank then it can be difficult to sort out the problem.

You can help the person you support to find out about different accounts and to decide what kind of account is best for him or her. Sometimes it is useful to have more than one account and to use different accounts for different needs eg for paying bills or for saving.

Ordinary bank account

- ☐ A debit card ☐ A cheque book
- ☐ Borrowing facilities ☐ Overdraft facilities



You can pay bills by direct debit or standing order.



It is easier to get a loan or credit when needed.

A basic bank account

- ☐ A cash withdrawal card.



You can pay bills by direct debit.



You can usually pay bills by standing order.

Savings account

- ☐ A passbook or cash withdrawal card



You can pay in cash and cheques at the bank and take out cash.



It is impossible to become overdrawn. You can earn interest on your savings.

A Post Office card account

- A cash withdrawal card

This is an account specifically for receiving benefits, state pensions and tax credit payments.



People can withdraw the money at the post office each week - like they did with their benefit book.



There are no credit checks. You cannot become overdrawn.



You cannot use this account to receive your wages or pay in money that you have saved or been given. It is not possible to pay bills by direct debit or standing order.

Credit Union

- Savings and loans mainly

You can have benefits paid directly into a credit union account.



You can save as much or as little as you like.



Members are paid a dividend on their savings once a year.



The cost of borrowing money from a credit union is usually much less than elsewhere.



There is not a credit union in every area.

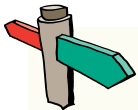
Opening an account

To open a bank account, a person needs 2 separate documents. One document must show proof of identity eg a passport or driver's licence. The other document must show proof of address eg a



recent household bill in the person's name. If you are opening a basic bank account to receive benefit income then it may be possible to use a recent benefits letter.

If the person you support does not have these standard documents, then the bank can accept alternatives like a letter from a social worker. Ask at the bank or building society. The British Bankers' Association has a leaflet on its website explaining what you can use to prove your identity and address.



www.bba.org.uk

Sometimes, it can be difficult to open an account. Reasons can include lack of suitable identification or a poor credit history. If a person needs a lot of support to manage money, there may be doubt about their legal capacity to

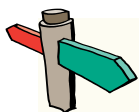
sign the contract to open the account.

If the person cannot get an account because of their credit history, ask for an account with no credit facilities.

If the person cannot get an account because they lack capacity see page 25.

Opening a Post Office card account

Anyone who receives benefits is entitled to open a Post Office card account. When you fill in the benefit claim form, you will be asked to give details of a bank account or if you want the money paid into a Post Office account. To open or switch to a Post Office card account, contact the part of the Department of Work & Pensions that is paying out the benefit.



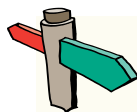
The Department of Work & Pensions Benefit

Enquiry Line ☎ 0800 88 22 00 🌐 www.dwp.gov.uk

Using a credit union

A credit union is a financial co-operative that is owned and run by its members. It offers savings and low-cost loans to people who belong to the credit union. Some credit unions can offer budget and bill-paying accounts for people who find it difficult to pay essential bills. Credit unions may also be able to provide debt advice and help people to develop their money skills.

You can find out where your nearest credit union is through ABCUL (the Association of British Credit Unions Ltd).



ABCUL ☎ 0161 832 3694 🌐 www.abc.ul.coop

Different ways of paying for things



The way that someone pays for things can have a big impact on how they manage their money.

Cash

- ✓ You can see exactly how much money you have at any one time and where it is going.
- ✗ Cash can be lost or stolen.
- ✗ Some companies will not accept cash payments eg for insurance or mortgages.

Debit card

These are attached to bank accounts. There are 3 kinds of debit card

- a) a Maestro card (or similar e.g. Visa/Delta) that combines a cheque guarantee card, a cash withdrawal card, and a card that allows purchases in shops and businesses.
 - b) a Solo or Electron card, which is similar to the above, but the shop or business gets online authorisation from your bank before allowing the purchase.
 - c) a cash card or ATM card that allows cash withdrawals only.
- ✓ You don't have to carry much cash.
 - ✓ Maestro cards are accepted by most shops, restaurants, hotels and businesses.
 - ✓ With a Solo or Electron card you can never become overdrawn.
 - ✓ You can use most debit cards to pay for things online or by phone.

- ✗ The person needs to be able to remember their PIN number or change to a Chip and signature card.
- ✗ There needs to be enough money in the account to cover the purchase or the account will become overdrawn or the purchase refused.

Credit card

A person must apply for a credit card through a bank or other financial institution.

- ✓ It's convenient.
- ✓ You don't have to carry cash.
- ✓ You can use it to pay for things online or by phone.
- ✓ There is usually a few weeks between the purchase being made and receiving a credit card bill asking for payment.
- ✗ If the credit card bill is not paid in full then the credit company will charge interest on the unpaid balance until it is cleared.
- ✗ Interest rates can be high and people can end up paying a lot more for their purchases than the original price.
- ✗ If someone uses a credit card to withdraw cash then the interest charges start right away.
- ✗ If you are late in paying the bill you may be charged a fee.

Store card

This works like a credit card.

- ✓ Card holders get perks like extra discounts on sales or vouchers that can be used against future purchases.
- ✗ It can only be used in specific shops.
- ✗ Interest rates can be very expensive.

Chip & PIN

Cards come with Chip and PIN facilities. A PIN is a personal identification number that the person must key in whenever making a purchase or a cash withdrawal at a cash machine. Some disabled people find it difficult to remember or use PIN numbers. If this is the case, then they can contact their bank or credit card company for advice. It is possible to get a Chip & Signature card instead.

 www.chipandpin.co.uk

Tips

- Change the PIN to a number that is easier to remember.
- Use a visual aid like a pattern if you can't remember a number
- Keep the number private.
- Don't use an obvious number that someone else can guess - like a birthday or house number or a sequence like 1234.
- Don't tell anyone else your number or write it down.

Direct debits

These can be used to pay bills or make other regular payments direct from a bank or building society account. The person usually has to complete a direct debit mandate from the company they want to pay. They send this mandate form back to the company who then forward it to the bank and request payment.

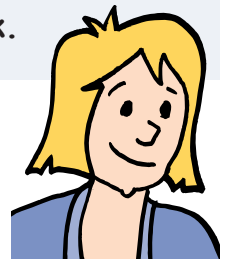
- ✓ It is flexible as the authorised person or company can vary the amount requested.
- ✓ It is a useful way to pay things like utility and telephone bills especially as companies offer reduced rates to customers who pay this way.
- ✗ It can cause problems if there is not enough money in the account to cover the direct debits. The account can become overdrawn. The bank may refuse to make the payment and the person may have to pay bank charges.
- ✗ Some accounts do not allow direct debits or make a small charge for each debit. Check with your bank or building society.

Utility card

It is possible to use a pre-payment meter card to pay for gas and electricity.

- ✓ It is useful in helping people to budget or where they do not have a bank account.
- ✗ Paying this way costs more.

I know it costs a bit more but I like to know where I am with the bills each week.



Standing orders

These can be used to pay bills or make other regular payments direct from a bank or building society account. The person has to write to their bank and say exactly how much to pay regularly to a company or person and how often. You can get a form from the bank to do this.

- ✓ The person is in control of the payments.
- ✗ If the amount changes then the person has to write to the bank and change the standing order.
- ✗ It can cause problems if there is not enough money in the account to cover the standing order. The account can become overdrawn. The bank may refuse to make the payment and the person may have to pay bank charges.

Savings stamps

You can buy savings stamps to help budget for specific bills like the TV licence. The post office has multi-purpose savings stamps that can be used to pay for goods and services through the post office eg. bills and some forms of insurance.

- ✓ This is a form of saving that can help with budgeting.
- ✗ Stamps can be lost or stolen.
- ✗ You cannot pay for everything this way.

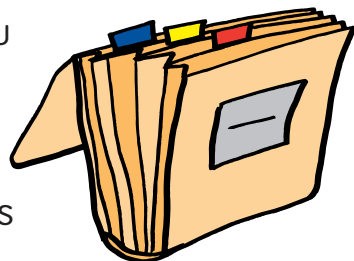
I have one for my Council tax - it's so easy to pay at the post office.



Keeping Records

Good money management includes getting in as much income as possible and controlling spending. It is very difficult to manage your money without keeping some records to help track income and spending. This includes receipts, claims, payments, and financial statements.

You may need to help the person you support to set up a simple system for dealing with letters, bills and statements. They may need advice about sorting and organising receipts and paperwork, and deciding what needs kept and how this is going to be stored.



Bills can be an important form of identification when someone is trying to open an account or obtain a financial service or product. Encourage the person you support to have at least one household bill in their name, if possible, and to keep copies of recent bills.

Get rid of paperwork safely especially if it holds personal and financial information. Identity fraud is increasing - where a person's details are stolen and used to obtain money and goods illegally. Tear up or shred any unwanted letters, statements and bills and do not simply put them in the bin.

Making a budget

You may need to help the person you support to do some planning and make a budget.

When you make a budget you:

1. Decide what kind of budget will suit you - weekly or monthly.
2. Work out how much money you have coming in every week or month.
3. Work out how much money you need every week or month for bills and living costs and where the money is going.
4. Compare the money you have coming in with the money you need.

Working out costs

Here are some costs to think about when working out how much money to budget for.

You could include -

Housing costs-

rent, mortgage, council tax, house insurance, gas and electricity.

Other household costs -

telephone, household repairs, window cleaning, TV licence, life insurance.

Everyday costs -

food, groceries.



Transport costs -

daily fares, car tax and insurance, fuel, maintenance and breakdown services.

Health costs -

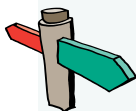
dentist, prescription charges.

Personal spending -

hairdressing, TV or video rental, outings, hobbies, holidays, gifts, magazines, tobacco, alcohol.

You may be able to think of other things.

There is a simple budget planner in the companion booklet **Being in control of your money** that the person you support can use to make a budget.



Other sources of budgeting advice and planners:

Money basics ☎ www.moneybasics.co.uk

Credit Action ☎ www.creditaction.org.uk

Consumer Credit Counselling Service

☎ 0800 138 1111 ☎ www.cccs.co.uk

Financial Services Authority consumer website

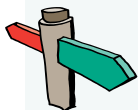
☎ www.moneylaidbare.info/

Increasing income

One way to improve a budget is to get more money in. This can include working more hours, asking for a pay rise or getting a better job. If the person gets benefits then it can be worth getting a benefits check-up from an experienced adviser. This will find out if the person is

claiming all their entitlements or check how working more hours might affect benefit income.

The Citizens Advice Bureau is a good source of free benefits advice and can help to work out the implications of any change. Your local social work services department may also have benefits advisers that can help.



Benefits advice:

Citizens Advice Bureau - ☎ look in phone book

🌐 www.citizensadvice.org.uk



Tips for doing a budget

- Be honest - don't underestimate spending.
- If you are not sure how much you spend or need, write all spending and outgoings down in a notebook for a few weeks.
- Include some money for emergencies and unexpected events.
- If you don't have enough money coming in then work out the most important costs and pay these first.

Choice and control

The decisions that a person makes can have a big impact on how well they manage their money. If someone is not used to paying the bills or being in charge of their money, they may not realise how this affects what they can and cannot do.

Part of doing a budget may be to help the person think about:

- Am I spending my money on the right things?
- If I spend money on these things or activities, does it mean that I will not have money for something else?
- How much do things cost and am I getting good value for my spending?

I had to work with my son and his support staff on budgeting. He was going out for lunch every day and didn't realise this meant he couldn't afford a holiday.

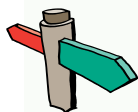


Contracts and borrowing money

When a person borrows money or takes out any kind of loan they enter into an agreement with the lender. The person must be given a written contract setting out the terms and conditions of the loan. Sometimes, they may rent something (eg a house) on the agreement that they make a regular payment for this. Types of agreement include credit agreements, hire purchase agreements, mortgages and tenancy agreements.

The borrower has a legal obligation to repay the loan or pay for the service at the agreed amounts and dates. If they fail to keep up with the repayments, then the lender or service provider may be able to take action to get the money back. This can include taking the borrower to court.

Some disabled people may be vulnerable to persuasion and may have entered into loan agreements without a proper understanding of what they are doing or the consequences. If there is any reason to doubt the person's legal capacity to have entered into the contract, then seek legal advice.



Community Legal Service (England & Wales)

☎ 0845 345 4345 🌐 www.clsdirect.org.uk

Law Society of Scotland

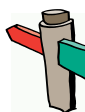
☎ 0845 1130018 🌐 www.lawscot.org.uk

Citizens Advice Bureau - ☎ look in phone book

🌐 www.citizensadvice.org.uk

Preventing unwanted offers

It is illegal for organisations to telephone or post sales information or offers to individuals who have stated that they do not want to receive this information. The easiest way to prevent unwanted calls or mail is to register with the Telephone Preference Service and with the Mailing Preference Service. These are free services.



Mailing Preference Service ☎ 0845 703 4599

🖱 www.mpsonline.org.uk

Telephone Preference Service ☎ 0845 070 0707

🖱 www.tpsonline.org.uk



Tip

- Talk things through or get advice from someone independent before signing a contract.

Dealing with debt

At some time, you may need to help the person you support to deal with debt.

Do not ignore debt. It can have serious consequences. For example, if the person falls behind with rent or mortgage payments, then they might be evicted or have their house repossessed and become homeless.

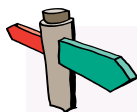
Here are some actions that you could help them take.

- Prevent the debt from getting bigger. Stop spending.
- Do a budget and work out how much money is available to put towards the debt each week.
- Make a list of all debts and who these are owed to.
- Pay priority debts first. These include mortgages, rent arrears, loans secured on your home, fuel bills, council tax, court fines.
- Look for ways to get more income.
- Contact each lender and negotiate freezing the debt or making smaller repayments over a longer period.
- Deal with paperwork and keep a record of all letters and telephone calls.



Getting help with debt

Dealing with debt and contacting lenders can be intimidating. There are lots of independent advice agencies that offer free help to sort out a debt problem. You could support the person you care for to contact one of the following agencies for free help with debt problems.



- Citizens Advice Bureau - ☎ look in phone book
📞 www.citizensadvice.org.uk
- National Debtline - ☎ 0808 808 4000
📞 www.nationaldebtline.co.uk
- Money Advice Scotland - ☎ 0141 572 0237
📞 www.moneyadvicescotland.org.uk
- Consumer Credit Counselling Service -
☎ 0800 138 1111 📞 www.cccs.co.uk

Tips

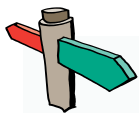
- Don't ignore debt!
- Do not go to a debt management company which charges for assistance with debt problems.
- Avoid companies that will consolidate all loans into one single loan - usually secured against the person's home. If the person fails to keep up with the new single payment then they run the risk of losing their home.

Consumer rights and money

When a customer enters into a contract with a company that provides goods and services there are rights and responsibilities on both sides. People with disabilities have the same consumer rights as other people and should expect to get a good service. They also have a responsibility to do what they have agreed to do in the contract eg make payments on time.

Consumer protection

There are lots of laws that protect consumers generally. The Trading Standards Institute provides a central website with useful guides about your rights when buying or hiring goods, shopping at home, buying mobility aids and equipment and many other consumer problems. It covers the law in all 4 UK countries.



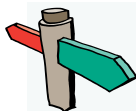
www.tradingstandards.gov.uk/

Disability discrimination

It is illegal for a person or company that provides goods and services to discriminate against a person because they have a disability. This includes providers of financial goods and services like banking, insurance and other

financial products. Service providers have to make reasonable adjustments to make their services accessible to disabled people. This means access to premises and can mean adjusting policies and procedures to ensure disabled people are not unfairly excluded from obtaining a product or service.

If the person you support has been treated unfairly by a company or service provider simply because of the person's disability, then complain to the company and ask them to look again at the situation. If this does not work then contact the Disability Rights Commission or the Equality Commission for Northern Ireland. These bodies can provide information and advice about tackling discrimination.



Disability Rights Commission helpline -

☎ 08457 622 633

🖱 www.drc.org.uk

Equality Commission for Northern Ireland -

☎ 028 9050 0600

🖱 www.equalityni.org

When someone cannot make their own financial decisions

Sometimes people either want or need someone else to manage their financial affairs.

Nominating someone else to help

An adult can arrange for someone else to manage some or all of their financial affairs if they wish.

If they want help to operate a bank account they can sometimes set up a third party mandate. This gives a named person access to the account. The adult should ask their bank if this is possible and how this works.

If they want wider help then the adult can draw up a power of attorney giving another person certain powers to manage some or all of their finances. It is important to do this through a solicitor and the adult must be able to give the solicitor clear instructions about what they want to happen and not have been unduly influenced by anyone else.

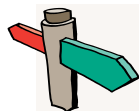
Benefit appointees

Some people who are ill or disabled may have an appointee who makes their benefits claim and collects the benefit for them. If this is the case, make sure that the person is involved as much as possible in filling in the forms and collecting the benefit.

Most benefits are now paid into a bank or Post Office account. The benefit belongs to the person on whose

behalf the claim is made. If you are an appointee for someone, make sure that their benefit money is held in an account that is separate from your own account. This will help with keeping track of the person's income and savings.

Remember - An appointee can only deal with benefit claims and payments. It does not give any other powers to manage a person's money.



The Department of Work & Pensions Benefit

Enquiry Line ☎ 0800 88 22 00

🖱 www.dwp.gov.uk

Contact your local office first.

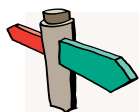
Adults without legal capacity

Sometimes a person lacks or loses the capacity to manage their financial affairs. If a person's sole source of income is benefits then an appointee may be all that they need. However, if they have other sources of income and savings they may need more support with managing their money. In this case another person may need to be appointed to assist. It is important not to assume that you, as the carer, have the right to do this for another adult no matter how severe the person's illness or disability is.

In Scotland, under the Adults with Incapacity Act, it is possible for someone else to apply for authority to access someone's bank account to deal with their household and general expenditure, or to become the person's Financial

Guardian. If the person is in residential care, then the residential care manager may be able to manage the person's funds up to a certain amount. The Office of Public Guardian can give more information about these options.

In England & Wales it is possible to apply to the Court of Protection to become a 'receiver' for an adult who lacks the capacity to manage their financial affairs. The Mental Capacity Act will bring in new options in April 2007. The Public Guardianship Office can give more information.



The Office of Public Guardian (Scotland)

☎ 01324 678300

🌐 www.publicguardian-scotland.gov.uk

Public Guardianship Office (England & Wales)

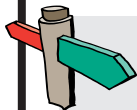
☎ 0845 330 2900

🌐 www.guardianship.gov.uk

Office of Care & Protection (N. Ireland)

☎ 0289 072 4732

If you are supporting someone with a learning disability and want more information, then contact ENABLE Scotland or Mencap.



ENABLE Scotland

☎ 0141 226 4541

🌐 www.enable.org.uk

Mencap Helpline (England)

☎ 0808 808 1111

Mencap Helpline (Wales)

☎ 0808 800 0300

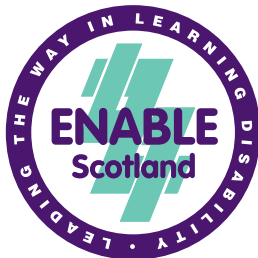
Mencap Northern Ireland

☎ 08457 636 227

🌐 www.mencap.org.uk

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Understanding learning disability

Date: April 2006

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Mencap is a registered charity number 222377