

Institution: Queen's University Belfast		
Unit of Assessment: 4		
Title of case study: The Psychology of Debt Advice		
Period when the underpinning research was undertaken: 2008-2019		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Professor Aidan Feeney	Deputy Head of School	Feb 2009 -
Dr Nicole Andelic	PhD student ESRC DTP postdoctoral research fellow	Jan 2014-Dec 2017 Oct 2018-Sept 2019
Period when the claimed impact occurred: 2013-2017		
Is this case study continued from a case study submitted in 2014? N		
1. Summary of the impact <p>In 2019, 122,181 people were declared insolvent or bankrupt in England and Wales—a statistic likely to deteriorate as governments rescind pandemic mitigation measures. QUB work with Aperture IVA (formerly part of Grant Thornton LLP) led to a series of annual training seminars on psychological aspects of debt advice aimed at the voluntary debt advice sector, and the development of strategies for handling emotional and difficult advice conversations by Aperture's debt advisors. This led to an increase in Aperture's client numbers due to referrals from the voluntary sector, whilst client adherence to telephone-mediated advice rose by 21%. The research increased awareness of client mental health issues in Aperture which implemented suicide awareness training for workers and provided clients with 24-hour counsellor access.</p>		
2. Underpinning research <p>Psychologists at QUB (Professors Aidan Feeney and Teresa McCormack) are leading attempts to understand relationships between time, decision making, and emotions such as regret and relief experienced when we compare outcomes of actual choices to outcomes of choices that we might have made. Feeney & McCormack have demonstrated important relationships in adolescence between decision making and different conceptualisations of future thinking [R1]. They have tackled decision-related emotions from a variety of perspectives including their cognitive underpinnings, e.g., their relationships with autobiographical memory [R2], and their development [R3]. Much of this work has been funded by grants from ESRC and the Leverhulme Trust and has received considerable attention in the media. Moreover, members of the same group have made significant contributions to our understanding of communication related to decision making and the potential role played by social motivations in systematically biasing the interpretation of ambiguous information [R4].</p> <p>In 2012, this expertise led to a collaboration between the School of Psychology and the Recovery and Reorganisation group at Grant Thornton LLP which specialised in negotiating Individual Voluntary Arrangements (IVAs) between people with problem debts and their creditors. Debtors in an IVA agree to use the money left over after essential expenses in order to repay a portion of their debt, usually over a five year period. In 2015 this group became a company in its own right, Aperture IVA which, following changes to senior personnel, was bought out by a commercial rival in 2020.</p>		

Initially funded by Grant Thornton and the Business Alliance Office at QUB, the collaboration moved from focussing on emotions such as shame and regret experienced by people in IVAs, to investigating the difficulties associated with advising people with problem debts about their decision options, and how best to ensure that people decide to adhere to the advice they receive. Much of this work was carried out by Dr Nicole Andelic who, as a PhD student, was embedded for two days a week with the commercial sponsor. Following a period spent working in industry, Dr Andelic was awarded an ESRC postdoctoral fellowship in 2018-19 to continue and develop her work.

The collaboration with Grant Thornton/Apture permitted access to an extremely hard-to-reach sample of people with problem debts. Many existing studies consist of general population samples or describe surveys of clients of money advice charities. By contrast, in addition to surveying people in IVAs, the team at QUB has analysed recordings of debt advice conversations [R5], and contrasted face-to-face and telephone conversations [R6]. This has enabled an in depth study of debt advice, revealing that difficulties in delivering successful debt advice relate to the debtor's concern for his/her moral identity and to conflicts between the debtor's knowledge of his/her circumstances and the adviser's knowledge of the rules governing IVAs [R5]. Moreover, the research shows important differences in emotional expression between telephone and face-to-face advice conversations [R6].

Prior to the pandemic, in collaboration with Advice NI, the team at QUB were exploring whether future thinking interventions promote better debt advice adherence.

3. References to the research

- R1. McCue, R., McCormack, T., McElnay, J., Alto, A. & Feeney, A. (2019). The future and me: Imagining the future and the future self in adolescent decision making. *Cognitive Development*, 50, 142-156. doi: [10.1016/j.cogdev.2019.04.001](https://doi.org/10.1016/j.cogdev.2019.04.001)
- R2. Davison, I.M. & Feeney, A. (2008). Regret as autobiographical memory. *Cognitive Psychology*, 57, 385-403. doi: [10.1016/j.cogpsych.2008.03.001](https://doi.org/10.1016/j.cogpsych.2008.03.001)
- R3. O'Connor, E., McCormack, T. & Feeney, A. (2014). Do children who experience regret make better decisions? A developmental study of the behavioral consequences of regret. *Child Development*, 85, 1995-2010. doi: [10.1111/cdev.12253](https://doi.org/10.1111/cdev.12253)
- R4. Bonnefon, J.F., Feeney, A. & Villejoubert, G. (2009). When some is actually all: Scalar inferences in face-threatening contexts. *Cognition*, 112, 249-258. doi: [10.1016/j.cognition.2009.05.005](https://doi.org/10.1016/j.cognition.2009.05.005)
- R5. Andelic, N., Stevenson, C., & Feeney, A. (2019). Managing a moral identity in debt advice conversations. *British Journal of Social Psychology*, 58, 630-648. doi: [10.1111/bjso.12303](https://doi.org/10.1111/bjso.12303)
- R6. Andelic, N., Feeney, A. & McKeown, G. (2019). Evidence for communicative compensation in debt advice with reduced multimodality. ICMI '19 2019 International Conference on Multimodal Interaction. Association for Computing Machinery (ACM), p. 210-219. doi: [10.1145/3340555.3353757](https://doi.org/10.1145/3340555.3353757)

4. Details of the impact

Personal debt is a serious problem in the UK. Two statistics illustrate the scale of the problem: even with the financial measures introduced to counter effects of the pandemic, 316 people a day were declared insolvent or bankrupt in Wales and England from September to November 2020, and Citizens Advice dealt with 1871 debt issues every day during the year to October 2020. These statistics are likely to worsen as the financial consequences of Covid-19 unwind. One solution for some people is an Individual Voluntary Arrangement (IVA) negotiated with creditors by an Insolvency Practitioner on behalf of the debtor and 77,973 new IVAs were registered in England and Wales in 2019, up from 70,689 the previous year. Our commercial collaborator, Apture IVA (formerly Grant Thornton LLP Reconciliation and Reorganisation Group), was the second largest provider of IVAs in England and Wales in 2018, accounting for 15% of all IVAs negotiated that year [C1, C2].

Our work with Aperture led to three distinct impacts. First, the results of our research on debt were presented at its annual series of spring seminars. These seminars were central to its business development. As part of its business model at the time, the company relied on referrals from voluntary and government debt advisors. Providing opportunities for continuing professional development for debt advisors, the spring seminars were an extremely important marketing tool for the company. They allowed it to increase its client base on the basis of referrals from the voluntary and government debt advisors who were introduced to the company via attendance at the seminars.

Our results formed the basis of presentations by the CEO and Head of Customer Experience at spring seminars from 2013-2017 [C3]. For example, the seminar in 2016 was titled Face-to-Face vs. Telephone Advice and was based on our analysis of the company's own debt advice outcome statistics and the results of an emotional computing analysis of recordings of conversations carried out face to face and over the telephone. Feedback on these seminars (N = 140) revealed that, in the light of our results, attendees believed that debt advice is best delivered face to face (avg. = 4.2 on a 1-5 scale), and felt that they were more likely than not to change the way that they delivered debt advice (avg. = 3.3 on a 1-5 scale). These seminars played a part in Aperture IVA's position as a market leader in IVA provision. Our research revealed the scale of the increase in Aperture's IVA provision from 831 agreements negotiated in 2009 and 1979 in 2014 to 10417 in 2018. Research described in Nicole Andelic's PhD thesis demonstrated that in 2014 approximately 60% of referrals came from a small number of nationwide organisations whose staff would have been a target for the spring seminar series [C4]. As the CEO of Aperture IVA states in [C3] "Staff at these organisations tended to attend the seminar series. Thus, the seminars were successful in allowing us to make contact with debt advisors who referred their clients on to us so that we could investigate whether an IVA was the appropriate solution for their debt problems."

The second impact of our work was to help improve rates of debt advice adherence amongst potential clients. Potential clients (whether referred by an external organisation or not) met with a Grant Thornton debt advisor who assessed their suitability for an IVA. Amongst clients deemed likely to benefit from an IVA, adherence to advice was defined as making an application for an IVA after the initial advice conversation. Our analysis of historical company data from 2009 revealed that whereas 80% of clients advised face-to-face adhered to that advice, only 31% of clients advised by telephone did so. Our research revealed barriers to advice adherence when these initial meetings took place by telephone. Barriers included the debtor's concern for his/her moral identity and conflicts between the debtor's knowledge of his/her circumstances and the adviser's knowledge of the rules governing IVAs. These insights informed training we provided to Aperture's debt advisors about strategies for handling difficult advice conversations. Following the delivery of this training, in 2014 the telephone advice adherence rate had risen to 52% [C5, C6].

The third impact of our work with the company was to raise awareness of the mental health problems experienced by its clients. Our client surveys repeatedly showed that, compared to general population data, client scores on a number of measures suggested that they suffered from poor mental health (see 4 and 5 below). As a consequence, all staff with a client-facing role received training in suicide awareness and all Aperture IVA clients had 24 hour telephone access to a counsellor [C7].

The insights provided by the work we did with Aperture, around barriers to debt advice adherence and debtor mental health, are part of a broader body of work on regret and decision making [C8]. These insights are likely to become increasingly important given the widely anticipated post-Covid upsurge in problem debt.

5. Sources to corroborate the impact

C1. For information on Aperture IVA's market share in 2017 and 2018:

The Insolvency Service (2018). Individual voluntary arrangements: Outcome status 1990-2017 and provider breakdown 2018, England and Wales. (p 7, Aperture as second largest provider of IVAs) <http://go.qub.ac.uk/UKGovInsolvencyServiceIVA1>

C2. For information on Aperture IVA's market share in 2018 and 2019:

The Insolvency Service (2018). Individual voluntary arrangements: Outcome and providers 2019, England and Wales. (Commentary, p 9-10, numbers of newly registered IVAs in 2018 and 2019)

<http://go.qub.ac.uk/UKGovInsolvencyServiceIVA2>

C3. For direct corroboration of the impact:

Testimonial letter from the co-founder and CEO of Aperture IVA, formerly a partner in Grant Thornton LLP Recovery and Reorganisation Group.

C4, 5, 6. For historical analysis of adherence rates in Aperture IVA and evidence of poor mental health in Aperture's clients:

Andelic, N. (2018). The Psychology of Debt Advice. Unpublished PhD thesis, School of Psychology, Queen's University Belfast.

C4. Chapter 4 contains historical details of adherence rates

<http://go.qub.ac.uk/C4AndelicPhDChapter4>

C5. Chapter 6 contains evidence of poor mental health among Aperture's clients.

<http://go.qub.ac.uk/C5AndelicPhDChapter6>

C6. For ease of reference, the tables underpinning the statistics described above are presented here.

<http://go.qub.ac.uk/C6AndelicPhDChap4Extracts>

C7. For further evidence of poor mental health in Aperture's clients:

Feeney, A. & McNair S. (2012). Emotions and the psychology of debt. Report prepared for Grant Thornton UK LLP, Recovery and Reorganisation Group (Executive summary of the main findings is on p4).

C8. For media coverage of Feeney and McCormack's work on regret and decision making:

<http://go.qub.ac.uk/FeeneyArticle>. This article featured on the BBC National Health page, was tweeted to 2,200,000 followers and received 172,000 total views.