Tackling Personal Debt to Enhance Wellbeing

Tom Levitt

The 'poverty premium' that the poorest people pay to access goods and services damages personal wellbeing; wellbeing itself is a subjective measure but it is likely to be connected to personal finance in several ways, especially for families below or around the poverty line. Indebtedness caused by the high cost pay day loan market has been identified as a contributory factor in suppressing wellbeing in that part of the economy, exploiting as it does those households for whom it is the only way practical to borrow; it has recently been regulated, to some extent, but excessive charging and unethical practices of rent-to-own (RTO) companies' selling of white goods (household items such as washing machines and refrigerators) still exists, largely under the radar.

High interest loans take money out of communities although too many families need to use them for essential household purchases. For the poorest families, whose wellbeing is already fragile, such lenders' undignified and disrespectful approaches often make matters worse, adding to the humiliation of poverty. A household lacking credit cards or access to direct debit, with an urgent need for a washing machine, today may have to choose between a high interest RTO loan or the perils of the doorstep loan shark.

This was the background against which a new, ethical, low cost lender in the not for profit sector, Fair For You, was created in 2014 with a national launch planned in 2016.

Why an ethical approach is needed

That there exists a 'poverty premium', a cost of being poor that better-off households do not have to pay, is beyond argument; Consumer Futures, working with the Joseph Rowntree Foundation, has calculated that the premium is equivalent to 10p in every pound spent on essential household items and services (Hirsch, 2013; see Figure 1). Nowhere is this more potently illustrated than in access to consumer credit.

The name of Wonga is well established in British consciousness; when the Church of England took upon itself the role of nemesis of the worst excesses of the pay day loan market Archbishop Welby had Wonga in his sights. And when the Chancellor brought in new regulations in 2014 and that giant lender had to write off £30M of loans as no longer recoverable, there were smiles of relief as justice appeared to have been done.

If only things were so simple.

The problem with regulating a specific target in a specific market is that regulation is leaky; one of its effects, counter to the intention, is to stimulate innovation in the high interest loan market - to encourage lenders to find ways around the regulation, to change their offer just enough to conform to new rules but not enough to make a significant difference to the borrower. Another outcome, intuitively, is to force those who cannot get a conventional loan (because they are too poor) into the black market for loans, where collection techniques are more likely to involve baseball bats; fortunately there is little evidence yet that this trend is occurring on any significant scale since the regulations were changed. But how would we know?

What is true for the high interest pay-day loans sector must also be true for other high interest loans such as the RTO market. Yet in the absence from the marketplace of a radically more ethical alternative to the abuse of credit it is difficult to see what impact regulation may be predicted to have. The market needs competition, not homogeneity.

Some competition does, of course, exist: credit unions and latterly some Community Development Finance Institutions (CDFI) are designed to promote saving and provide low cost personal loans principally within poorer communities, but it can be argued that many credit unions pursue a conservative, risk averse, lending policy which does not effectively target those whose income or credit rating is just below that at which a commercial loan might be available from a bank. The interest rate that a credit union may charge is capped at 3 per cent per month (42 per cent APR) but a CDFI might lend at up to three times that level. Of course, the worst excesses of the pay day loan world charged much higher annual rates than that.

As Figure 1 shows, a low income family pays through the nose for commodities such as energy and car insurance and the poverty premium generated by not being able to access a standard current account with a High Street bank is also significant. But they pale into insignificance beside the cost of credit for basic household equipment.

	Typical cost	Cost to low income family	Reason for higher cost	Difference
Basic cooker	£239	£669	High interest loan	£430
£500 loan (paid off on time)	£500	£750	Doorstep lender	£250
Cash: 3 x £200 cheques	£0	£36	No bank account	£36
Annual energy bill	£881	£1,134	Poor value tariff (e.g. prepayment)	£253
Home contents insurance	£67	£99	More expensive insurance area	£32
Car insurance	£310	£598	Ditto	£288

Figure 1: The Poverty Premium (After Save the Children, 2011, quoted in Hirsch, 2013)

There is a range of washing machines, for example, available in High Street stores at £250 or less. Some people will buy theirs with cash, some with a cheque (possibly supported by a small, free, temporary overdraft) and some with a credit card. The latter can then enjoy up to six weeks of interest-free freedom before they have to pay for it and, if they pay off all of their credit card bill at once, that credit will remain interest free. None of these options is available to people whose only financial management tool is a basic bank account or Post Office Card Account (POCA), neither of which allow overdrafts and may charge for services that standard accounts do not; or they may have no account at all, nor access to that quantity of spare cash. According to the official Family Resources Survey[1] these categories together constitute one in every six families (16 per cent) in the bottom fifth of the population by income - a third of this group have no account at all, a third have only a POCA and a third have a basic bank account only. This suggests that two million of the poorest people in the UK do not have access to easy or cheap credit as a matter of course.[2]

In 2013 almost a million people (not necessarily from that lowest income quintile) were members of the 232 credit unions that are members of ABCUL; at that time they had a combined savings asset of almost a billion pounds with a loan book equivalent to about two thirds of their assets. Five years earlier that ratio had been around 80 per cent and it has been falling steadily, suggesting that lending levels have not been maintained. It is known that some credit unions struggle to lend at a level which meets poorer people's needs - and that RTO companies do lend to people whom even

[1] Quoted at http://www.poverty.org.uk/73/index.shtml

[2] In 2010 Consumer Futures assessed that a total of one million families had neither a bank nor Post Office account at all: http://www.bbc.co.uk/news/10277151 - although some of these will be from higher income quintiles who may have chosen not to have an account

credit unions would not consider to be an acceptable lending risk.[3] Members of any particular credit union are required to meet common bond criteria such as living in the same geographical area, being a member of a particular organisation or working for the same employer, so some poorer people may not qualify for credit union membership for one or more of these reasons.

Any discussion of poverty may, until recently, have been conducted on the assumption that people in poverty were out of work but this is no longer the case. In 2012, according to the Joseph Rowntree Foundation:

- 13 million people were living in poverty (i.e. with an income lower than 60 per cent of the median income)
- 6.7 million of those people - over half - were living in a household where at least one person was in work, including one child in every three
- 5 million people in work received less than the 'living wage'.[4]

At the same time, levels of pensioner poverty have fallen to an all time low. In short, a sizeable and growing younger sector of the population is considered to be too much of a lending risk to be allowed access to mainstream bank accounts and many of them cannot access a legitimate alternative without having to pay a hefty poverty premium.

	Before housing costs	After housing costs
2002/03	18	22
2003/04	18	21
2004/05	17	21
2005/06	18	22
2006/07	18	22
2007/08	18	23
2008/09	18	22
2009/10	17	22
2010/11	16	21

Source: Households Below Average Income, Department for Work and Pensions

Figure 2: Relative poverty in UK: percentage of individuals living in households with less than 60 per cent median income (UK). (Self, A. et al, 2012)

'Official' figures for poverty levels are given in Figure 2. What is clear from a number of reports, whichever measure of poverty they use, is that:

- relative poverty has risen since 2011 (the date of the data in Figure 2) as society has become economically more unequal (e.g. Dorling, 2014)
- the principal factors most likely to be associated with poverty are underemployment, unemployment, disability, single parenthood, mental illness, chronic sickness, low educational attainment, poor financial management, being born into a poor family, suffering discrimination and paying the poverty premium
- poverty in London is around 8 per cent higher than in the rest of the country
- in-work poverty is rising quickly.

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[3] http://www.abcul.org/about/report

[4] http://www.poverty.ac.uk/editorial/most-people-poverty-are-working-families-—-jrf

The Rent to Own (RTO) Market

The RTO market was not covered by the regulatory changes which the Chancellor introduced to prevent excesses in the world of Pay Day Loans. The largest retailer of RTO domestic white goods is Brighthouse, part of a network of companies based in several European countries. It has 270 stores in Britain, situated exclusively in areas of low income and high deprivation and it has announced plans to open 35 more. During the period 2007-14 it allegedly made an operating profit of just £191M on a revenue of £1.6Bn, yet paid very little UK tax - it is registered in Malta where Corporation Tax is 5 per cent (Private Eye, 2015). Its pricing policies and practices are well known[5] but the following account is typical of the experiences of many of its customers who choose a product from a Brighthouse catalogue that comes through their door and go to a nearby store to order it.

- Making a purchase requires visiting a store. For a single mother on low income with children below school age (a typical Brighthouse customer) this is not only inconvenient and time consuming but it allows shop staff an opportunity to 'talk up' higher specification products and pressurise sales (for example, in the catalogue Brighthouse lists only two washing machines at 7kg or 8kg capacity but five at 10kg or 11kg, which are more expensive both to buy and to run. High spin speeds also add to running costs).
- Base line prices are not generous ('higher than in Harrods' in some cases)[6] and are not detailed in the main part of the Brighthouse catalogue. A washing machine priced at around £250 on the High Street or internet is advertised as '£10 per week', but within that compulsory package it is obligatory to purchase a warranty and insurance and to pay delivery and associated charges (which are all then subjected to the interest rate).
- A family with three young children but lacking a washing machine could easily spend £10 per week on using a launderette - if there is one conveniently available.
- Only in small, pale script at the back of the Brighthouse catalogue does it say that the '5-star package' of £10 per week will last for three years at 64.7 per cent APR, a total of £1,560. The package is compulsory even though the machines will already carry a manufacturer's warranty, the customer has legal rights in respect of faulty goods and she may already have home insurance.
- An actual example: a Beko 9kg machine is on Amazon at £289 (including free delivery) and in Brighthouse's Christmas 2014 catalogue it costs £7 per week for three years, or £1,092. This is for a white model, which is listed in the catalogue index but is not illustrated in the brochure: the model illustrated is red, but otherwise identical, and this costs £9 per week or £1,404.
- Weekly payments also have to be made in person - another cost in time (and transport) and another opportunity to be subjected to high pressure sales techniques; many customers buy more than one item at a time.
- Re-possession is rife: a significant proportion of washing machines and other household goods sold through Brighthouse are repossessed due to defaulted payments. When this happens, a low income family will have lost both their washing machine (hardly a 'luxury item') and their money.
- A single day's delayed payment triggers a flat rate penalty of £5.50 per item which is added to the customer's account (although there is no mention of this in the catalogue). No flexibility is allowed in terms of brief payment holidays, rescheduling of payments or overpayment.

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[5] http://money.aol.co.uk/2013/10/16/weekly-payment-store-brighthouse-doubles-apr/

[6] The Sun, 'The Peril of Easy Credit at Christmas', 7 December 2009

One children's charity has said[7] that when an impoverished family, lacking the wherewithal to purchase a washing machine, approaches it for help then they may refer them to Brighthouse, despite the high interest rates: taking into account recent cuts in funding for crisis grants and loans in both local authorities and cash-strapped charities there is simply no alternative, they say.

The Government's Social Fund used to provide crisis loans and community care grants to poor people in need, in an emergency. In April 2013 this was replaced by a local authority-based system of Local Welfare Provision but the transferred funding, of £175M in 2013-14 and £172M in 2014-15 will no longer be ring-fenced from 2015-16 and, following a judicial review, is being replaced by a 'notional' figure of £74M at a time when demand is rising and other budgets are being cut. The Government's view is that councils can now choose how or whether to give grant assistance from their already overstretched and diminishing general revenue grant. This means that across the country funds available through LWP will be considerably less than under the previous system.[8]

Other commercial RTO companies operate in this market place although Brighthouse is the largest and is held to be the most extreme in its combination of practices. The Chancellor recently announced that he was not proposing to make significant changes in the RTO regulatory regime imminently, although he had done so for payday loans only a few months earlier. For the reasons given above, therefore, it is necessary to introduce a large scale, mainstream competitor into the market - a low cost, ethical alternative to Brighthouse.

Already, by summer 2015, no fewer than three recent reports had been published on aspects of financial inclusion which includes the RTO market; all of them have highlighted the concerns raised above and backed the ideas and strategy embodied in Fair For You.[9]

Fair For You

Fair For You is the brainchild of a banker with twenty years of experience of lending, an experience she thoroughly enjoyed. But, following the 2007 crash Angela Clements started to lose faith in 'the system' and found an opportunity in her native Birmingham to step in, take over and turn around a struggling credit union, one of the biggest in the country. Five years later she moved on again, determined to create a new way of lending - ethical, low cost, accessible, supportive - aimed at households in low income communities. 18 months later Fair For You was born, thanks to development funding from the Esmée Fairbairn Foundation; though it has not as yet (August 2015) started trading.

In 2014 Angela commissioned some original research from a business research company, Shine, which is unpublished although I have had access to it. The work has informed Fair For You's development since that time. The proposition was that the new lender should be low cost, transparent, flexible and easy to access; and that it should be combined with an incentive to save. The target market was women aged between 20 and 40 living with children under ten years old and with incomes below £20,000 per year, living in rented accommodation in low income areas. They may or may not have regular work, would be in receipt of benefits and/or tax credits and have experience of using credit to purchase household goods. Three of the four in-depth focus group events involved single mothers whilst one was specifically aimed at those with co-habiting partners.

All of the groups were sceptical about 'lending' and many individuals had had bad experiences of being refused credit and running up unexpected charges either with their creditor or their bank, whilst some had ceased using a basic bank account because of its associated charges.

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[7] Personal communication

[8] http://www.londoncouncils.gov.uk/our-key-themes/tracking-welfare-reforms/local-welfare-provision; and https://www.nao.org.uk/work-in-progress/local-government-local-welfare-provision-2/

[9] The three reports are of the Financial Inclusion Commission; the All Party Parliamentary Group on Debt and Personal Finance and the Centre for Social Justice (see Bibliography)

Mainstream bank or store credit is not available to people on this level of income; sources that were available to them included catalogues, store cards, high interest credit cards, RTO retailers (such as Brighthouse), doorstep lenders and pay day loans.

Members of the focus groups described lenders as 'vultures', 'horrible', 'extortionate' and 'they take advantage'; those on the lowest incomes, the most dependent on credit to buy goods, were the most critical. There was a low level of understanding of the RTO concept in which ownership does not transfer to the purchaser until the payment is complete; APR and compound interest were also poorly understood and there was widespread experience of being subjected to hidden charges. Some had experience of having their goods repossessed whilst others reported that the lender would telephone their friends and neighbours ('guarantors' of the loan) to apply pressure on them to make up late payments, which was highly embarrassing for them.

Member of the focus groups were shown mock-up, dummy catalogues of the Fair For You offer. Features which they regarded as attractive included:

- A simple explanation of the financial deal
- Prominent detail of total price per item, including the actual cost of the credit
- Repayment status and reminders are available online or by text on a mobile phone
- Not having to attend the outlet in person to make weekly payments
- Endorsement by, and the catalogue distributed through, trusted agencies
- No hidden costs (e.g. free delivery of goods) or unnecessary warranties
- Flexible payment options.

Despite the common perception of a 'digital divide', that poorer people are excluded from making full use of the benefits the internet can bring, the focus groups clearly wanted online and mobile access to the service; this would remove the sales pressure of face to face negotiation and give users a greater feeling of being 'in charge'. Emotions displayed in the focus groups included: 'It's good because it's in your hands'; 'You have the control'; 'It's all about the person, and that makes it good for people who are struggling'.

Since those focus groups took place in August 2014 the Fair For You offer has matured: a not-for-profit company has been created, wholly owned by a charity of the same name; directors and trustees respectively have been recruited and delivery partners are 'on board'. I am chair of the trustees of the charity and the company has applied for a lending licence and registration with the Financial Conduct Authority.

This is what Fair For You will look like when our proposed pilot projects are launched this autumn and our national roll-out takes place, hopefully in the spring of 2016:

- Catalogues will be clear, attractive, focused on the needs of the target demographic and distributed in low income areas through local authorities, housing associations and groups such as churches, community organisations, trade unions and charities
- The catalogue will initially consist of a small range of washing machines, refrigerators and other essential electrical items; expanding over time into furniture and combined packages such as baby requisites
- Our APR will be 42 per cent (3 per cent per month); Brighthouse typically charges 64.7 per cent on their compulsory '5-star package' at the time of writing and some CDFIs charge over 100 per cent. 42 per cent is the maximum level that credit unions may charge (and some do). This sends a message to credit unions that Fair For You is not trying to compete with them (though credit unions are not generally equipped to provide RTO finance)
- We will not sell warranties or insurance at the point of sale; we seek to supply goods with a generous manufacturers' warranty

- Goods will be of a specification appropriate to the target demographic; we will not sell high cost or high performance machines such as American-style ‘walk-in’ fridges or those which include dispensers of ice or chilled water. Low energy products will be promoted.
- Our retail partner and initial supplier of goods will be Co-op Electrical; our customers will have access to their respected and reliable service of delivery, installation and removal. Our customers will be entitled to the same product support as Co-op Electrical’s own customers and, of course, customers’ legal rights will be paramount
- A decision on credit will be made quickly, by telephone or online
- Where appropriate, applicants may be referred to a charity partner for a benefit entitlement check and financial advice
- The very same washing machine which might have cost £10 per week for three years with Brighthouse (£1,500) might be £7 per week for one year with Fair For You (£350)
- Requests for payment variations will be treated sympathetically - we understand that January, for example, is often a month of financial stress following early benefit receipts in December and the costs of Christmas, school holidays and winter heating bills
- Customers with no bank account will be offered a basic bank account with a trusted partner and customers will be invited to take part in a savings plan with a local credit union
- One way in which the charity which owns the lending company will use its funds will be to research ways of fighting poverty in a practical and sustainable manner
- Our social impact will be monitored and reported upon by an independent and reputable body.

If even a small proportion of families in this market place purchases just one washing machine or refrigerator from Fair For You over five years then, between them, those households will have saved millions of pounds, compared to the cost of using Brighthouse. That money will remain in those communities, at least in the short term; one of the dastardly impacts of deprivation is the way in which the exercise of purchasing power leads to the removal of money from poorer communities towards more affluent communities elsewhere, a process exacerbated by the poverty premium which we discussed earlier.

Wellbeing and Social Progress

Reading the research which informed the establishment of Fair For You one is struck by the fatalism of the focus group members; there is an air of inevitability that they will be ‘ripped off’ (a euphemism for the poverty premium) by their need to use high cost credit in the absence of other feasible options. Their financial horizons are short term - the following week’s payment is a high priority and there are stories of families having just toast for tea in order to be able to afford that payment - leaving no room for longer term financial planning. In the past, low income families would have had high visibility of their incomes: however low their earnings, barring catastrophe they would be predictable from one week to the next and earners could plan to some extent. Today, with people on low income often have a number of different jobs, some on zero hours contracts, and in the light of major upheavals of the benefit system, predictability of future income has become a more difficult challenge.

There is also a sense of obligation: a commitment made, however unsatisfactory, is still a commitment and people’s propensity to pay is higher than an objective assessment of their actual capacity to pay might suggest. Customers do understand that a failed finance deal makes it more difficult to borrow again, and it is clear that focus group members saw borrowing as an ongoing part of their household management in perpetuity. This high propensity to pay, ‘the system might not be fair but I’ll try to do what I committed to do’, is what convinces Fair For You that the low cost model of finance will work. ‘I’m doing the right thing’ is a state of mind consistent with wellbeing.

Low income leads to frustration, which leads to stress - and the proportion of the population which finds it ‘quite’ or ‘very’ difficult to cope on their level of income has grown in recent years (Figure 3).

Response	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Finding it quite or very difficult	5.6	4.9	5.6	5.9	6.2	6.0	7.5
Source: British Panel Household Survey (from data cited in Self et al, 2012)							
Figure 3: Households 'Managing' financially							

According to the New Economics Foundation:

> 'Learning encourages social interaction and increases self-esteem and feelings of competency. Behaviour directed by personal goals to achieve something new has been shown to increase reported life satisfaction' (quoted in Self, 2012)

The lowest decile of the population by income is also the decile with the lowest level of educational qualifications and thus a lesser opportunity to create 'self-esteem and feelings of competency', which are major factors in generating feelings of wellbeing. It is also the section of the population most likely to live in rented accommodation, where 'life satisfaction' levels of 68 per cent rank significantly lower than those with a mortgage (80 per cent) and outright home owners (81 per cent) *(op. cit.*). Adding to this lower life expectancies in more deprived communities and other well known correlations between health indices and deprivation leaves us in no doubt that wellbeing levels are lowest in the lowest income deciles of the population.

The 'health of a nation' is often measured by Gross Domestic Product, a concept which was introduced in the 1930s, recognised internationally in the Bretton Woods agreements of the 1950s and criticised as inadequate as a holistic measure of progress by its inventor, Simon Kuznets, as early as the 1960s. More recently an alternative measure of progress, the Social Progress Index, has been created by a team led by the Harvard business guru, Michael Porter.[10] The Social Progress Index takes 54 internationally established measures of social (rather than economic) progress in the three fields of Basic human needs, Foundations of wellbeing and Opportunity. The 16 criteria earmarked 'Foundations of wellbeing', according to Porter, are themselves in four categories: Access to basic knowledge, Access to information and communication, Health and wellness and Ecosystem sustainability, whilst Health and wellness is itself represented by measures of Premature death from non-communicable disease, Life expectancy, Obesity, Deaths attributable to outdoor pollution and Suicide. The most successful country in the world by each measure is given a score of 100 and the least successful zero, with others in between ranked according to their progress relative to these two markers. Intuitively we are not surprised that northern Europe, North America and Australasia are found towards the top of the ranking and sub-Saharan Africa dominates the lower reaches; but there are significant differences at the country level from the ranking according to GDP. The top ten includes five Scandinavian countries but not UK (11th), Germany (14th), Japan (15th) or the USA (16th). Another surprise is that the very poor but socially progressive Costa Rica is 28th out of 133 for which full data was available, ranked far higher than its economic performance would suggest.

What is particularly interesting about the Social Progress Index is its correlation with GDP. As figure 4 shows, in poorer countries there is a strong correlation between increased levels of GDP and increased levels of social progress but this is not as marked in better-off countries, where even the addition of significant GDP through economic 'success' creates little discernible advancement in social progress. Even when the three strands are disaggregated the same phenomenon is shown in each field; we can conclude that Wellbeing is linked to economic success in poorer countries but less so in richer ones.

But it gets better. In the three years since the Social Progress Index was launched it has been formally adopted, alongside GDP, as a measure of national progress by a number of countries,

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[10] http://www.socialprogressimperative.org/data/spi

starting with Paraguay but now including several others including Brazil. Brazil has also discovered that when Social Progress is measured on a sub-national, regional level the same patterns can be seen and same conclusions can be drawn; and in USA it is to be used at a state level in Michigan, in Colombia for measuring progress on a city by city basis and across the regions of the European Union similarly.[11]

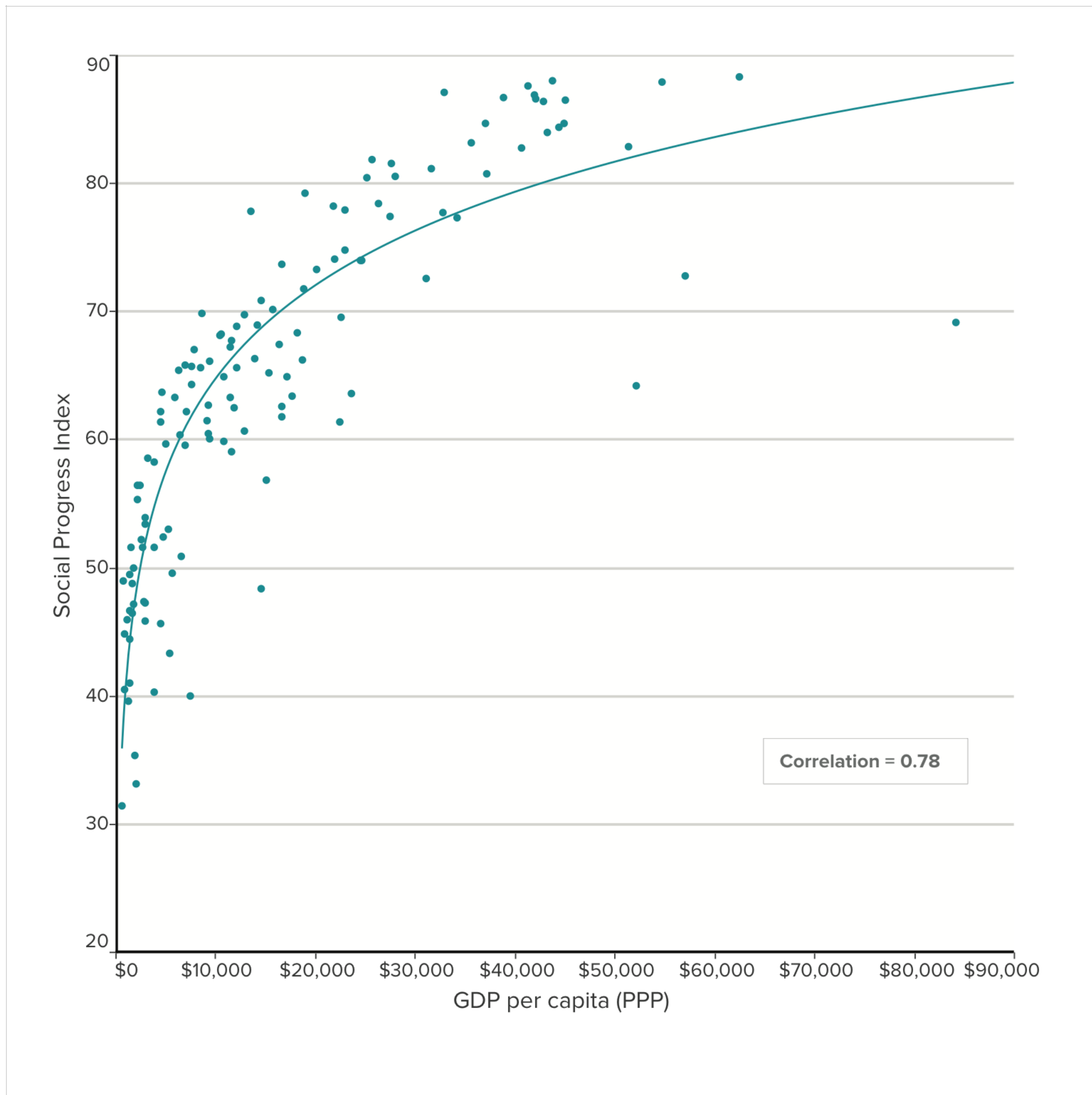

Figure 4: Correlation between GDP and Social Progress Index

If this correlation is evident at country, regional and city levels then perhaps it works at a community level too:[12] increasing the economic activity, relative wealth and money flow will have a bigger impact on a poor community than on a more affluent one. In which case, the retention of money within a deprived community, allowing it to circulate, that Fair For You allows, compared to the situation today, could have a very significant positive impact on the wellbeing of individuals in that community.

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[11] http://www.socialprogressimperative.org/blog/posts/michigan-selected-as-first-u-s-state-for-deployment-of-new-social-progress-index

[12] Correspondence with Michael Green, Executive Director of the Social Progress Imperative, August 2015

Conclusion

There are many challenges ahead for Fair For You and the broader campaign to reduce and eliminate poverty, not least as there is a strong feeling across many concerned sectors that the tide is running in the opposite direction: economic inequality in Britain continues to grow and the resources to tackle its symptoms are becoming more scarce. Yet when we look at the resources traditionally used in this cause we have to ask which are sticking plasters and which represent behaviour change? Which alleviate the symptoms temporarily, which truly tackle the causes of poverty? Which are ephemeral transactions and which involve the development of sustainable relationships?

Following the Chancellor's recent Budget there is currently a political argument about the tax credits available to individuals. Child Tax Credit (CTC) and Working Tax Credit (WTC) came into existence in 2002 as part of the then Government's programme of Tackling Poverty and Making Work Pay (HM Treasury, 2000). CTC was part of their commitment to reducing child poverty, having noted that households with children had significantly less disposable income than those without. Today, CTC is accepted as a temporary, child-focused and means tested complement to Child Benefit whilst WTC is increasingly regarded as a subsidy for poor employers; if bosses paid the 'rate for the job' then such a handout from the taxpayer would not be necessary. This view is reinforced by the observation that whilst the nation's disposable income has fallen in recent years the dividends paid to private shareholders, money which could have been paid to employees, have rocketed. It is difficult to see how WTC is more than a sticking paster; it is not a sustainable measure, although the impact of ceasing or dramatically reducing it without the introduction of more sustainable balancing measures would be catastrophic.

It is this lack of sustainability in available measures of fighting poverty that frustrates those engaged in that campaign and which leads to a growth in hopelessness in those suffering from it; a lack of light at the end of the tunnel. Traditionally the sustainability argument has been 'grow the economy, grow employment to defeat poverty' but this is no longer credible as employment has proved itself to be no antidote to poverty, the measures involved in calculating economic growth through GDP have proven increasingly irrelevant to real people's needs and 90 per cent of the new wealth created in the economy since the crash of 2007-08 has gone to the richest one per cent (Dorling, 2014).

This is why sustainable measures, such as Fair For You proposes, are so important. They are part of a widespread movement slowly finding its way into areas such as health provision and employment services, of putting the client first and central, acknowledging the importance of community in building the sustainable relationships that will bring about change in the lower echelons of society and a rejection of the traditional transaction-based approach. Fair For You acknowledges that borrowing is a legitimate way for all customers to purchase goods and that the poverty premium represents a real barrier to engaging low income families with the benefits of partaking in a modern economy.

Within a group in society that does not buy its own home, new cars or expensive foreign holidays the purchase of domestic white goods represents a major financial commitment. When that commitment is called upon in an emergency - such as when an unemployed mother of three finds that her washing machine has irreparably failed - it is easy to rush to the first available solution and '£10 per week' does not sound a lot of money to get her out of her hole. It is not lack of financial acumen that drives her to the most expensive option but the fact that she has no real options at all in this situation: the chance of getting a grant to replace the washing machine is small and receding, even if she knew how to go about it, and the chance of getting it immediately, which is when the children's clothes need to be washed, is nil.

We have seen how focus groups have identified 'being in control' as one of the attractions of the Fair For You offer and 'saving money' and 'inspiring trust' were also attributed to the proposal. All of these qualities contribute to feelings of wellbeing and, although it is unlikely that the £1 per day (over three years) saved as a result of buying that washing machine from Fair For You rather than

Brighthouse will be really noticeable in the short term it will quietly be contributing significantly to family finances, peace of mind and the local economy generally.

As I write, Fair For You believes it will achieve the loan funding it needs to commence pilot projects in London and the Midlands this autumn and has visibility of the first tranche of lending finance which will allow it to move to a national launch early in 2016. If Fair For You were to fail it would send out a message that high interest, rip-off, RTO loans are not only sustainable but are the only way for low income families to acquire basic household essentials, legitimising the poverty premium and working against the growth of wellbeing in poorer communities. For it to succeed would be to declare that change is possible, that economic tools can be successfully focused on helping the bottom of the pyramid and that wellbeing - if only from the knowledge that you have obtained a new washing machine at a fair price and without an excruciating experience - can be enhanced through financial emancipation.

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