

Witness Name: Mrs Jayne Bellis

Statement No.: WITN5256001

Exhibits: WITN5256002-WITN5256005

Dated: 3 February 2021

INFECTED BLOOD INQUIRY

WRITTEN STATEMENT OF JAYNE BELLIS

I provide this statement in response to a request under Rule 9 of the Inquiry Rules 2006 dated 2 November 2020.

I, Jayne Bellis, will say as follows: -

Section 1: Introduction

Question 1: Please set out your name and a description of your academic and professional background and qualifications.

1. I am Jayne Bellis, Managing Director and Founder of Pennysmart CIC ("Pennysmart"), company registration 07284231.
2. My date of birth is GRO-C 1958. My work address is Unit 59-60, The Business Centre, Minerva Avenue, Chester, Cheshire CH1 4QL.
3. A community interest company or CIC is a social enterprise, a business with purpose that sets out to meet charitable aims through good business practice and any surpluses or profits are either used for the benefit of disadvantaged communities or re-invested to grow the business.
4. In terms of my background, following university I worked for 10 years at the Department for Work and Pensions ("DWP"), followed by a spell in the financial services industry and finally 15 years working for the UK's largest debt charity

(Step Change, formerly the Consumer Credit Counselling Service) where I trained and managed teams of debt counsellors. I left this role in 2009 with the aim of helping vulnerable clients who needed a more 'client centric' holistic approach to advice service delivery. This is where Pennysmart began.

5. Pennysmart has a team of 3 qualified accredited advisers, 2 trainee advisers, together with 4 customer services staff and 2 business support staff. We have 3 non-executive directors and 2 executive directors on our board.
6. We provide specialist debt services primarily to the beneficiaries of other organisations such as social landlords, social prescribing services, local authorities, and other grant-making charitable trusts. We are funded through a mix of grants, service contracts and earned income from our training courses.
7. Debt counselling is a regulated financial activity, we are authorised by the Financial Conduct Authority No 618817. We are VAT registered No 170 485015 and ICO registered. Pennysmart also hold the Advice Quality Standard which is Money & Pensions Service accredited and the IAQF Wales quality mark, this involves a thorough audit of all our case files every two years and a strict adherence to an approved case quality and review procedure.
8. We also hold professional indemnity insurance up to £10 million and are part of the Advice UK network (the UK's largest network of independent free advice agencies and legal practices).
9. Advisers at Pennysmart follow a strict route to qualification which takes approximately 2 years. Debt advice industry qualifications are 'Money and Pensions Service' approved. Our training culminates in taking the Institute of Money Advisers Certificate of Money Advice Practice (MIMA Cert. MAP). Once this qualification is achieved an adviser then takes a further course to become a licensed Debt Relief Order intermediary (3 advisers at Pennysmart have reached this level).

10. Pennysmart advisers can often hold other qualifications that support their work such as formal 'counselling' certificates, mental health training or teaching/training qualifications.
11. With regard to my own qualifications, I hold a BA (Hons) in Business Studies, Institute of Personnel Management (IPM) Level 3 and 4, Certificate in Basic Counselling Skills Level 2, Certificate in Basic Skills level 2 (numeracy and literacy) and the MIMA Cert. Map. I have taken the course to be a licensed Debt Relief Order intermediary and have kept up with CPD requirements.

Question 2: Please provide a brief description of the duties and responsibilities of your role as a financial adviser and debt counsellor. Particularly in relation to advising and representing people infected from infected blood and infected blood products and their families (infected and affected people). Please also include the period over which you worked in this capacity.

12. I should make clear that Pennysmart are not 'financial advisers'. We have never acted in such a capacity and are not authorised or approved to give 'financial advice'. Financial advisers give advice on pensions, investments, wealth management, inheritance planning etc. This is a separate discipline to debt counselling, if clients present requiring such advice, we signpost them via an impartial list of providers.
13. The relationship with the Caxton Foundation ("CF") and Macfarlane Trust ("MFT") was with Pennysmart not with me in a personal capacity. This was to facilitate the requirements for regulation, quality standards, insurance, licensing, software etc. I was aware through conversations with the trusts that the decision had been made by the CF/MFT board that this was a more cost-effective solution to outsource rather than bring in-house debt counselling, prior to our engagement.
14. Indeed, this is common practice in smaller grant making trusts because to provide the infrastructure of licensing can take considerable time and there are other costs and burdens associated with providing such a facility, such as the need to maintain CPD. Pennysmart has a similar relationship with, for example,

the Soldiers, Sailors and Air Forces Association. Some larger organisations, such as the Royal British Legion, have their own in-house teams.

15. Debt and benefit advisers facilitate 'added value' by leveraging statutory benefits, other charitable trusts, bill reductions, debt write-offs and debt management. The business case argues that debt and benefits advice can achieve around £8 worth of financial gains for beneficiaries for every £1 in service costs (these figures are available from a study into the impact of Citizens Advice¹).
16. Over 11 years Pennysmart has experience working with the most vulnerable beneficiaries, not only with the beneficiaries of the CF & MFT. We have a joined up (holistic) approach which enables us to work alongside a carer or support worker to ensure the vulnerable client receives the best possible advice and support tailored to their situation. We currently work extensively with Social Prescribing organisations and health care providers.
17. Our duties and responsibilities concerning CF/MFT can be summarised as follows:
 - a. Our service has a duty to provide 'free-to-client' money, debt and benefits advice and advocacy/casework support services for those that require it.
 - b. We received referrals (with consent) to work with beneficiaries to manage their money, maximise income to make ends meet, access other charitable grants where required and assist with any debt problems, sometimes by accessing formal debt solutions.
 - c. Debt counselling services were always confidential, impartial and advice recommendations given in the best interests of the client.
 - d. Casework support was available to those beneficiaries who felt they needed extra support to act on any advice given e.g., help to fill in forms, apply for benefits, negotiate with lenders, set payment arrangements, ask for debt write

¹ https://acfa.org.uk/images/Documents/Benefits/Impact/2014-02_Proving_the_Value_of_Advice.pdf

offs or help to access formal debt solutions such as DRO's or personal bankruptcy.

- e. If signed consent is given by the beneficiary (LOA) we would submit a report of our findings and recommendations to CF/MFT and detail how their grant fund might best support the beneficiary to reach financial stability. A copy of this would be shared with the beneficiary.
18. Pennysmart advisers were made aware from the outset of the challenging circumstances under which those affected by infected blood had to live. Advisers chosen to work with the beneficiaries were selected for their suitability to give the best support, and outcomes for their needs. I chose them personally (from the existing team), mindful that it needed to be someone with more experience and sufficiently mature enough to give the appropriate level of room and empathy, and to be able to personally cope with the emotional demands that such work entailed. They included the most challenging cases but also most rewarding.
19. I personally felt that the beneficiaries situations were so very sad. Many were women my own age, who gave birth at the same time as me (but each and every case was, in different ways very touching). We did our best for them and had some amazingly grateful clients. CF was based in London and I did home visits for some beneficiaries in Manchester, which was unusual as we are really a telephone service, but I wanted to help those in need.
20. Case referrals from CF/MFT were only ever accessed by Pennysmart Advice Team Members with access to the shared email inbox (advisers and advice admin staff) with the beneficiaries' full informed consent.
21. 'Counselling' formed an important part of the services we provided, some beneficiaries appreciated the opportunity to have someone to listen to them in a non-judgmental way, in a safe space, knowing the service was completely confidential. Sometimes beneficiary stories could be particularly traumatic, often it was the first time they have spoken to anyone about the events/challenges they faced, the impact on their lives, love ones lost, prejudices faced, bullying, abuse,

and disadvantage. Talking about money is intrinsically linked to personal values and heightened emotions of every shade were displayed.

22. Our service was always optional and never mandatory. Even in the limited cases where the beneficiaries had been told by MFT/CF to engage, it was expected that they were always made aware that they could approach other free debt advice agencies such as StepChange, National Debtline or Citizens Advice. We routinely provide a list of other providers to any clients who do not engage with us (such as in response to missed appointments or specific complaints, the current list has been provided to the Inquiry [Exhibit 1, WITN5256002]). It would jeopardise our licensing if we did not inform them of this option.
23. I am aware that there were some cases where individuals were told by MFT/CF to use our services (subject as I say to our standard disclaimer that all users may use other debt advisors). Whilst I was not privy to the specific reason in these cases, I believe that this was a minority of cases where particular individuals made repeated requests without taking steps in respect of managing their debts and effectively treated the grants as income. Of course it is understandable where those individuals considered that they should have received lump sum compensation rather than discretionary payments, but that was not how the trusts system was set up. As I say, this was a minority and the majority were grateful for our assistance, some of whom were not originally aware that help from the trusts was even available.
24. We were able to help beneficiaries to be better off financially, to help them regain control of their money and many were grateful for the service. We have many examples of letters and cards written following our interventions displaying gratitude, satisfaction, and thanks for the support we had given.
25. Pennysmart not only had a duty of responsibility to the beneficiaries, but we also had to arrange extra support and supervision to safeguard the emotional and mental wellbeing of our staff and advisers because as I have said, the work was challenging at times.

26. Pennysmart provided debt and budgeting advice and advocacy support to CF and MFT beneficiaries from November 2012 until Nov 2017.

Section 2: Experience and Role with the Caxton Foundation & The Macfarlane Trust.

Question 3: Please outline how you first became aware of The Caxton and Macfarlane Trust and any other trusts, schemes and charities that provide/provided financial assistance to infected and affected people.

27. CF placed an advertisement with John West Recruitment for a self-employed debt counsellor for 1 or 2 days per month. I became aware of this contract from an internet search for debt advice contracts.
28. I submitted an application explaining that I ran a small organisation which could meet this role. There were around 4 of us and the CIC had only been going for about 2 years. Initially the trusts provided us with 1 or 2 days per month but within 18 months to 2 yrs there were 2.5 of us working on the cases and a single person couldn't do it all unless they were full time.
29. There were clear benefits for the trusts using us in this way - as we were incorporated we could bring the licensing, professional indemnity insurance and similar requirements all ready made irrespective of the increase in case-load. Pay as you go was high risk for us as we could have no referrals one month and other times it required more than two of us, so planning was difficult. We always maintained certain service level agreements, such as to offer appointment within 48hrs irrespective of the case load.

Question 4: Please explain how you began working for and with the CF and MFT and any other trust, scheme and charity that provided/provides financial compensation to infected and affected people, and detail your role with each trust, scheme, or charity.

30. Insofar as the Alliance House Organisations are concerned, Pennysmart and its advisers worked exclusively with CF and MFT. We were engaged based on

providing debt counselling, money management, budgeting and income maximisation advice and advocacy support. We also provided the beneficiaries with support to submit their applications to the discretionary grants board when required. We worked in partnership with Mr Neil Bateman Welfare Rights specialist who was engaged separately from Pennysmart, but often we would cross refer clients where each other's expertise was required.

Question 5: What induction training and information did you receive from the CF and the MFT as to its functions, aims and objectives.

31. I attended the Alliance House Offices and spent a day with Ros Riley, who went through functions, aims and objectives with me informally and verbally.

Question 6: Were you aware of how the amount of financial support provided by each trust scheme and charity was calculated, and how payments were administered? If yes, please provide details.

32. We were kept abreast of the levels of the standard awards for our advisers to construct accurate financial statements of income and expenditure for the beneficiaries that accessed our service. However, we were not aware of how the calculations were made or had any involvement in that process.
33. We also received notice of discretionary award decisions following grant board meetings for those beneficiaries' applications we were supporting (and who consented to such information being shared with us).

Question 7: Please discuss your experience with, and any difficulties encountered by you and/or infected/affected people in relation to, the accessibility, management, administration of financial support provided by the CF and the MFT.

34. In the main our experience of infected/affected people in relation to the accessibility of financial support from CF and MFT was positive.
35. Pennysmart's main involvement was with the 'discretionary grant awards' and sometimes beneficiaries had struggled to make their case well in a written format

to the board for an award and often a supporting letter and report from one of our advisers enabled them to successfully navigate the process.

36. The reasons a minority of beneficiaries struggled to make their applications, or put in an application that was likely to be successful, include:
- a. Lack of capacity or motivation due to poor health or mental wellbeing;
 - b. Lack of awareness of the discretionary fund;
 - c. Lack of confidence or too proud to ask for financial support;
 - d. Concern over any perceived stigma of receiving help from the CF or MFT.
37. It was clear that CF and MFT understood that providing financial support meant more than awarding grants, it also involved supporting beneficiaries to ensure they were claiming their full entitlements to any welfare benefits, other government help, accessing help with any special tariffs on household bills and getting the best free advice for dealing with any problem debt.

Question 8: Please set out your membership, past or present, of any other committees, associations, parties, societies, or groups relevant to the Inquiry's Terms of Reference, including the dates of your membership and the nature of your involvement.

38. No such memberships or associations.

Question 9: Please confirm whether you have provided evidence to, or have been involved in, any other inquiries, investigations or criminal or civil litigation in relation to human immunodeficiency virus ("HIV") and/or hepatitis B Virus ("HBV") and/or hepatitis C ("HCV") infections and/or variant Creutzfeldt-Jakob disease ("vCJD") in blood and/or blood products. Please provide details of your involvement and copies of any statements or reports you provided.

39. No such involvement.

Section 3: Your relationship with the CF and the MFT

Question 10: When did you formally enter a working relationship with the CF and the MFT? What were the terms upon which you were engaged?

40. I, through Pennysmart was engaged in November 2012. It was agreed verbally that an invoice would be provided monthly in arrears, for the total number of hours worked in that month and that a cap would be applied to each beneficiary case referred. All regulation, quality standards, licensing, training, insurances, admin support, IT, telephony, and infrastructure would be provided by Pennysmart.
41. As our relationship with CF and MFT worked well and we received positive feedback from staff and beneficiaries the numbers of referrals increased over time and Pennysmart made a number of approaches to the board to formalise our relationship in the form of a 'service level agreement' or some form of contract agreement. The relationship had become increasingly risky for Pennysmart and we were concerned that there were no terms for exiting the relationship, conflict resolution, service standards or TUPE rights for our advisers, and we also assumed CF/MFT may benefit from a more cost-effective (but guaranteed) pricing structure.
42. It is of course a trade-off between risk and cost for a trust – the hourly rate was high, especially compared to hiring a single person, but there was no guarantee of work and at other times far more than could be done by a single person. If they could offer 12 months at a time that would have taken away some risk so we could have planned better and charged less but I think they were unsure as to their future funding and wanted the flexibility that was provided by the existing arrangement.
43. Pennysmart concerns came to fruition when in September 2017 we were informed the relationship was to end in 30 days due to the closure of CF and MFT, we subsequently had no contract/SLA and were forced to make staff redundancies, which came at considerable cost to us. Debt counselling support moved to NHS Business Services and The Velindre Trust, but we were given no opportunity to provide services through the new providers.

Question 11: Please describe your role and give details of the assistance you provided to the CF and MFT beneficiaries.

44. Pennysmart advisers provided telephone-based money management, budgeting, income maximisation and debt advice to support the beneficiaries of CF and MFT.
45. Once Pennysmart contacted a beneficiary we would arrange a 'money health check' appointment where we would put together a personal household budget and a list of any debts. We would then identify from this if they needed additional help with any shortfall in income, such as applying for welfare benefits, or help to access special schemes to reduce their bills such as social tariffs. We would agree actions to address any budget shortfalls, then if required we would give advice and casework support to address any problem debts. We would support beneficiaries if required to access a formal or informal debt solution depending on recommendations tailored to their personal circumstances and preferences. We also provided support (when required) to make applications to the CF and MFT Discretionary Grant Awards, providing advocacy support to their application with full supporting documents. This service was also provided to make applications to other charitable trusts where required e.g., where an application to the Alliance House Charities had been declined or the reason for application was deemed 'out of scope'.
46. If the beneficiary gave consent, Pennysmart would then provide a written report back to CF/MFT to detail our findings, what interventions we had provided and if required a letter in support of the beneficiary's application to the discretionary grant fund.

Question 12: Please explain how the CF and MFT beneficiaries you assisted were referred to you from the CF and MFT. Were there set procedures and criteria outlining how beneficiaries should be referred to you? If yes, what were they? If not, what was the arrangement for referrals?

47. Referrals were sent from CF/MFT either via telephone call or via our dedicated email inbox. The referrals consisted of a CF/MFT referral form and signed consent which the CF/MFT had created. All documents travelling to or from Pennysmart email were 'password protected' for privacy and security.

48. There were no written procedures from CF/MFT, but Pennysmart are required to provide standard levels of service by our authorising body and AQS quality standards to cover all our clients.

Question 13: Did the nature of your assistance or the terms of your engagement differ between the CF and MFT? If so, please summarise these differences.

49. There was no procedural or service differences, the only difference is that we received fewer referrals from MFT than CF.

Question 14: Were you ever requested by the other Alliance House Organisations (AHO's) to assist the beneficiaries or did you ever offer to do so? If so, please provide details.

50. No

Question 15: To the best of your knowledge, what were the beneficiaries referred to you told about the terms upon which you were being commissioned by the CF and the MFT to provide advice and assistance to them?

51. It was a pre-condition of our accepting work from CF and MFT that Pennysmart was free to act as a separate independent advice provider, we were duty-bound by our industry codes of practice, authorisation, and service quality standards that any advice and or casework support must always be in the best interest of the client (beneficiary) even where that may be contrary to the best interests of the funding organisation. I would have expected CF and MFT to have made this known to beneficiaries but I do not know for certain whether they did in practice.

a. Were those terms ever set out in writing? If not, were they ever discussed orally with you? When and with whom? What was said?

52. These terms were not set out in writing but were discussed during the recruitment interview at the beginning and emphasis was always placed that the staff and board at CF and MFT were willing to act in the best interests of the beneficiaries whilst acknowledging at times they needed a certain amount of guidance from Pennysmart as industry experts. CF and MFT were undoubtedly aware of our independent status.

b. What were the arrangements between yourself and CF and MFT about sharing of information given to you by beneficiaries? Was it understood between you and the CFT and MFT that all information would be shared?

53. Information would only be shared with full consent from the beneficiary. The referral was received by Pennysmart usually with signed consent unless the advice was urgent (possibly to deal with an emergency e.g., bailiffs house visit) and then we would accept verbal consent via telephone. Once Pennysmart had supported a beneficiary, we would only provide information back to CF/MFT with a further signed consent from them. There was never any agreement to share all information with CF/MFT.

c. Did you have an obligation to share information with CF and MFT? If so, what information was required?

54. Pennysmart had no obligation to share any client personal information unless the client requested or gave us consent to do so.

55. To the best of my knowledge the only information we provided without consent was anonymous monthly statistical reports which provided figures relating to numbers of case referrals, engagement levels, financial outcomes, benefits secured, money saved etc. It was seen as critical by me and my team to maintain confidentiality and this is something that the trusts were conscientious about.

d. Did you share information provided to you by beneficiaries, with the MFT and CFT?

56. If the beneficiary had signed our LOA and agreed for us to send a report back to CF/MFT we would share a copy of their financial statement, letter of support for funding and a case close summary of our interventions and the outcomes/impact for the beneficiary.

e. Did you consider that there was ever a conflict between your obligation to the beneficiary and your obligations to the CF/MFT? Please give examples. What did you do?

57. We are aware that to those outside the industry, or to the those who are not aware of our regulatory requirements, there might be an incorrect perception of

conflict of interest. However, Pennysmart were given complete autonomy in their relationship with CF/MFT to manage the relationship with beneficiaries – to act impartially, independently and in the best interests of our clients (beneficiaries).

58. Beneficiaries were also made aware at the outset that if they preferred to access the same service through another free-to-client advice agency such as Citizens Advice they were free to do so. Most opted for the Pennysmart option through convenience and trust.
59. Free-to-client debt advice agencies regularly come up against similar perceived 'conflicts of interest' with those who lack understanding of our duty to our client's best interests; for example how a landlord could fund a tenant for debt advice when they owe rent arrears, or how could a bank fund a borrower to go to a debt advice agency when they have defaulted on a loan, or how can a local authority pay for debt advice when they are owed thousands in council tax? The answer lies in the quality of the resolutions. Good debt and money advice are likely to provide a tailored workable and realistic solution.
60. For example, a client who has a council tax debt of £1000 and is being pursued by bailiffs for £50 per week payment, but the client is too ill to work and receives state benefits only sufficient to cover basic living costs and has no assets to sell, there would be little chance of them meeting such an unrealistic payment schedule and so it would be doomed to failure. The local authority would spend much money on debt collection and enforcement and have little chance of success. However, by engaging a debt advice organisation a more realistic arrangement can be set, such as the client repaying £3.75 pw towards their council tax debt through direct deduction from their welfare benefits. This is a win: win resolution for both parties.
61. This was made clear to all referring staff at CF/MFT and these terms are made clear to all clients (beneficiaries) upon accessing our service in our Pennysmart Statement of Service [Exhibit 2, WITN5256003] Pennysmart Privacy Notice [Exhibit 3, WITN5256004] and Feedback and Complaints [Exhibit 4, WITN5256005] (these documents have been updated over time to meet the

reporting requirements of all our funders but are similar to those which would have been in place when we were acting for CF/MFT beneficiaries).

62. We assumed that this was also made clear to beneficiaries by the trusts when they were referred by CF/MFT. Where the issue of impartiality was raised by beneficiaries, we would reassure them – if that wasn't sufficient, we reminded beneficiaries that they could go elsewhere.

Section 4: Advice on eligibility and policies

Question 16: Were you, in your role, consulted about the eligibility or procedural requirements for the CF or MFT or otherwise involved in formulating them? If so, please provide details.

Question 17: Did you advise the CF/MFT about the development of any of their policies?

Question 18: Have you ever provided any advice to the CF/MFT about any of its policies? If so, please provide details.

63. I answer these three questions together because there is an overlap in my answer. Our role was to support beneficiaries in their applications for funds to the discretionary awards fund. We did not assist with wider policy matters or setting requirements.
64. We did sometimes get a phone call describing an anonymous situation or scenario and asking if it is worth a debt advisor getting involved. We also signposted elsewhere if it was appropriate. Occasionally we would provide academic papers, industry articles and influential think tank information. This was occasional, informal and unpaid.
65. We also provided 'awareness' training for grant officers, to enable them to understand the debt advice process and identify symptoms that someone might be struggling with money and potentially failing to 'self-identify' or reach out for help.

Question 19: What advice did you provide to staff or trustees on an individual's eligibility to receive payment from the CF/MFT in particular?

66. Pennysmart advisers did not act in an 'advisory' capacity about the eligibility of a beneficiary to receive payment from CF/MFT.

67. Our role in the decision-making process as to whether to award grants was one of 'advocate' for the beneficiary only. We do so by putting the beneficiary's situation across in the best way possible to maximise their chances of success. We provide a letter of support, but this is not advice to the trust as to whether or not to make an award - it is a summary of the beneficiary's circumstances; what their need is; what challenges they have; and what they need to resolve that need. It will often include a number of options, without taking a position on which should be adopted.

a. In what circumstances would you make a recommendation to the CF or MFT? See for example the minutes of the MFTNSSC dated 5 March 14, where it is noted at Case 15 that 'based upon the recommendation of [yourself]; the committee would reconsider a request at the next meeting or via round robin' [MACF0000149_001]

68. It is important to understand that neither I nor any of my Pennysmart advisers attended any of the board or committee meetings of CF or MFT and that neither I nor Pennysmart staff were responsible for the wording used by those writing the minutes of these meetings.

69. Whilst I don't know which beneficiary this concerned (and cannot give an answer in respect of this individual case), it is likely that the beneficiary in question submitted a request for a loan which was declined as being out of scope. The note refers to our service being offered, as Pennysmart may have been able to provide advice and support so that the beneficiary may consider alternative solutions to meet his need, for example: a charitable grant, rather than a loan, the loan may have been symptomatic of an underlying budgeting or debt problem, or it may be that benefit entitlements were not being claimed. Sometimes a simple 're-framing' of the application and re-submission to the CF/MFT with relevant supporting documents could result in a successful outcome.

70. The 'round robin' they refer to is where an application was submitted and was clearly 'in scope' and the need was urgent and could not wait for the date of the next scheduled grant board meeting, the CF/MFT staff would sometimes send an email to each of the decision makers to make an emergency payment.
71. As I set out above, a letter of support is not itself a recommendation, even if on occasion the CF/MFT may have seen it as such because one option was more prominent or obvious than others (such as where there were no better alternatives to trust support). I wouldn't presume to recommend to a charitable trust what they should do. We are submitting the best possible application to increase the beneficiary's chances but I would expect the trust to scrutinise the application. Indeed the Trusts knew the beneficiaries well and they may have been aware of things that we weren't even aware of. It was not apparent to me that there was any delegation and from what I knew the trusts consciously separated us from the decision-making trustees, with whom we did not have a relationship.

b. Where you made aware of the CF and MFT's decisions following recommendations? If so, were your recommendations usually followed or not?

72. Pennysmart advisers/I, were only notified of the outcomes of the cases we were supporting through the application process where there was beneficiary consent to do so.
73. There were both successful and unsuccessful applications, our debt advisers did not assume the role of 'decision-makers' in the process.

c. Were there any instances that you are aware of, where the CF and MFT decided a case against your recommendations? If so, what was your response to this?

74. As I have set out above, we did not make recommendations but provided a letter of support. There were instances where we 'supported' beneficiary applications, but they were unsuccessful. We understood our role was to support the beneficiary, not to force the decision.
75. Our response in this situation, as it would be of any money adviser, would be to accept the decision and to look for alternative options for the beneficiary to resolve their need in another way. As part of a debt advisers work, making applications to grant making charitable trusts is something we do daily; so, an unsuccessful application is very normal whether that rejection came from CF or MFT or any other of the 3500+ trusts in the UK that we use.

Section 5: Client referrals and recommendations to the CF and MFT.

Question 20: Please list the most common findings as to why CF and MFT beneficiaries would fall into debt.

76. Not all beneficiaries that received our service were 'in debt'; often they could simply be struggling to manage their money, or they needed help to maximise their income, reduce their bills, apply for a grant, or access welfare benefits.
77. Our case management system 'AdvicePro' can report on main reasons for clients needing help, but not specifically those 'in debt'. According to AdvicePro, across 'all CF/MFT beneficiaries' between 2012 and 2017 the main reasons cited for needing help with money issues are:
- a. Managing a long-term illness
 - b. Lack of budgeting skills
 - c. Low income
 - d. Poor mental health
 - e. Bereavement/Relationship breakdown

Question 21: In your professional opinion, based on your time handling the debt of beneficiaries of the CF and the MFT, please describe to the best of your ability what the impact of being infected/affected with HCV and/or HIV through NHS blood/blood products had on beneficiaries socially, economically, mentally, and physically, and how this impacted their money management.

78. In my professional opinion, it would be wrong for me to even begin to describe what the impact of receiving infected blood has had on the lives of these beneficiaries. I have no access to quantitative data and our qualitative data is only with a small sample group of around 300 beneficiaries who worked with us during that time.
79. Each beneficiary we worked with reacted and was impacted in different ways to the next, ranging from those who struggled to ask for support because they were proud, those who lacked the motivation or wherewithal to ask for help and finally those who were so angered by the travesty that they took an adversarial position with CF and MFT.
80. Our advisers strove to treat all our clients with equal compassion and support no matter how they presented.

Question 22: What feedback would you usually provide to the CF/MFT following your consultation with referred beneficiaries? Please describe your method of reporting (email/formal reports etc) and to whom you reported (individuals committees or a mixture of both).

81. Our feedback happened in 3 main ways:
- a. When we were advocating for the beneficiary and we were helping them make an application to the Grant Decision making board, we would provide a letter of support, Letter of consent, copy of the FS and any supporting evidence such as quotes etc. This was password protected and sent to the Grants Officer via email.

- b. When we closed a case once our work was complete, we sent a summary (if consent was given) back to the Grant Officer to summarise the work done and outcomes achieved. This was sent via email and password protected.
- c. We compiled monthly statistical reports to show volumes of cases and outcomes achieved. These contained no personal or sensitive data and were purely to show the service was being managed appropriately. These were sent monthly in arrears to the Director of Finance and Chief Executive and were password protected.

Question 23: Were you aware that on occasion the MFT and CF required beneficiaries to accept a referral to you to receive payment? How common was this? Did you consider this to be reasonable? Please explain your answer.

- 82. Pennysmart advisers had been made aware that a very small minority of beneficiaries made continued, substantial, and repeat requests to the discretionary grants fund. It was also made clear that the grants decision makers had a duty to deploy the limited grant funds fairly and diligently to help as many of those in need as they possibly could.
- 83. In a very small minority of challenging cases, the board offered Pennysmart service to explore alternative solutions to the beneficiaries' needs, rather than declining a request outright.
- 84. This only ever happened in one or two instances and, in such situations, it was particularly challenging for our advisers to establish the required level of trust and rapport to resolve their issues, as the beneficiaries had lost faith by the deferral or decline of their application decision.
- 85. Pennysmart had made it clear that it should be communicated that any free debt counselling service could provide the same level of service to avoid a perceived 'conflict of interest'.
- 86. As manager of the Pennysmart Money Advice service I also owed a duty to the wellbeing and safety of my advice team. There had been isolated incidences where beneficiaries who had become frustrated, angry, and disaffected had been

rude to Pennysmart staff, and supervisory intervention had been necessary to calm the situation and advise that working with us was not mandatory and signposting to alternative providers as an alternative.

87. However, I must point out that the main cohort of beneficiaries worked with Pennysmart advisers well, secured positive outcomes and gave us positive feedback.

88. The percentage of dissatisfied beneficiaries was no worse in the CF/MFT population of clients than it was in our general population of clients (we have only ever had 2 formal complaints in our 11 year history and neither of these were from CF/MFT beneficiaries). .

You may wish to refer to [CAXT0000110_087, specifically paragraph 109.13] and the minutes of the Macfarlane Trust Grants Committee dated. 20 May 2014 [MACF0000171_044, specifically paragraph 634.13]

89. It was very rare, but on the odd occasion a beneficiary who may have had substantial support in the past and continued to present with the same issues may be asked to provide a FS and supporting paperwork from Pennysmart advisers (or another independent debt adviser e.g., Citizens Advice if preferred) to accompany their application, prior to the board accepting any further applications for discretionary grants to be considered. This would be to explore fully if they had considered all other alternative money solutions and that the award of the grant would best assist them towards financial stability above those other solutions.

Question 24. Please also consider the following email correspondence between a beneficiary and Jan Barlow dated 24 November 2013 regarding a recent complaint and request for assistance [CAXT0000116_152]. Please explain why you considered it reasonable to require beneficiaries to apply for 'benefits of the highest calibre' and assistance from other charitable trusts before recommending the CF aid, particularly in circumstances where such payments were time consuming or difficult to obtain.

90. In line with the Inquiry's redaction of this individual's name I will not comment on the specifics of the case mentioned (and have not looked up this particular case

as this would require a name search) but will set out the process of our advice journey:

- a. We would receive a referral with signed consent.
 - b. We would arrange a 'Money Health Check' with the beneficiary at a suitable time.
 - c. We would create a realistic budget of income and expenditure and a list of any problem debts.
 - d. We would then give advice as required (i) to maximise income through claiming welfare benefits according to the client's circumstances; (ii) to highlight where social tariffs could be accessed to reduce fuel/water bills; (iii) to identify where external charities/trusts can be approached; (iv) Recommendations to deal with any problem debts.
 - e. Once the Money Health Check is completed a summary of advice pack would be sent to the beneficiary identifying the advice we have given and offering for the client to join our case support service if they require a higher level of support to follow the actions recommended.
 - f. To access casework/advocacy support we require the beneficiary to sign consent and agreement forms for us to act on their behalf.
 - g. If beneficiaries opted not to return for casework support and opt to follow our advice alone, then this can often be challenging to some. But it also means we have no 'signed consent' to contact charities or creditors on their behalf if they later ask us to.
91. The majority of charitable trusts we deal with won't consider applications for financial support until all statutory remedies have been explored. This is because they are not an alternative to the benefits system but are a funder of last resort. We therefore will seek to maximise income through claiming benefits where they are available.

92. With regard to approaching other charitable trusts, there are about 4,000 trusts which sit as a safety net and can be called upon by individuals who have a particular link. For example, where they have done a particular job (such as legal trade, bankers, teachers, construction industries, which all have funds) or local parochial trusts. We use these as part of the tool kit all the time. Furthermore, if beneficiaries are applying for something out of scope it would be more helpful to make this suggestion than a letter saying there is nothing that can be done.

Question 25. With reference to a letter from yourself to Victoria Prouse regarding an application to the board for a grant to repay the loan on a client's car, you note that although [your client] has stressed the importance of having his car to travel to work and to live a normal daily life [you] are struggling to see how having the car back moves him closer to attaining financial stability and independence in the long term [CAXT0000005_008]. What consideration did you give when making recommendations to what was required to:

93. In line with the Inquiry's redaction of this individual's name I will not comment on the specifics of the case mentioned (and have not looked up this particular case as this would require a name search) but, in general, Pennysmart debt advisors are sometimes involved in difficult situations where there are no easy answers. In the case of a car, whilst it may make it easier to travel to work, a beneficiary may well not have a job and if their financial statement showed they had only enough income from out-of-work benefits to cover basic existence living costs and insufficient income left to pay ongoing running costs for a car such as insurance, tax, fuel, maintenance then a car would be of little benefit.

a) Enable a beneficiary to return to work, and

94. A debt adviser must promote the payment of priority bills for a client, for example paying rent to preserve a place to live, to buy food to maintain health, to pay council tax to prevent bailiffs' action or to pay a court order to prevent eviction. Although harsh, if paying for the ongoing costs of a car, even though it increases the chances of securing work in the future, puts the client at risk of not sustaining

their priority bills, then we would advise securing the client's safety now at risk of reducing opportunities in the future.

95. Acting as a debt counsellor can sometimes (although rarely) involve unpopular advice (although we try to give as many options as possible), it is then up the client whether to act upon that advice or not as they see fit.

b) to maintain a reasonable standard of living.

96. A reasonable standard of living as defined by The Joseph Rowntree Foundation² should be the right of all citizens of the UK, including the beneficiaries of the CF/MFT. However, our welfare benefits system payment rates have always fallen short of those income levels.

97. When working with clients (beneficiaries) in receipt of a welfare benefits-based income, Pennysmart advisers use all their knowledge and skills to help clients claim their full entitlements, maximise their income and access special tariffs/schemes to minimise their bills. But managing on welfare will always mean having to live below what many describe as a 'reasonable standard of living'. The role of the debt adviser is to help clients 'survive' on welfare by prioritising their essential spending and deferring non-essential spending until their circumstances improve.

Question 26: With reference to the minutes of the Caxton Trustee Ltd meeting on 19 Nov 2013, the case of a widow with a large loan was discussed. It is noted that the client had now been advised that further support was conditional upon her working closely with you to develop and implement a comprehensive plan to resolve her financial difficulties [CAXT0000110_087]

a) What constituted working closely with you

² <https://www.jrf.org.uk/income-benefits/minimum-income-standards>

98. I have not looked up this particular case as this would require a name search and I am mindful of confidentiality obligations to clients, but I can answer the question in general terms.
99. Pennysmart advisers could sometimes be asked to provide advocacy and casework support to beneficiaries such as those with ongoing debt issues requiring negotiation of more affordable payment arrangements, challenging fees and charges, taking steps to reduce the escalation of debts, checking and supporting PPI reclaims and reviewing these arrangements at regular intervals as required by the beneficiaries' creditors. All were carried out with the aim of ensuring the beneficiary was able to balance expenditure with income and maintain priority household bills without falling further into debt, whilst constantly reviewing longer term debt solutions that would have been both appropriate and acceptable to the beneficiary.

b) How was this assessed and reported back to the CF and MFT?

100. In cases such as this progress would have been reported back regularly to the Grants Officer.

Question 27: If a beneficiary refused to follow your advice what information did you provide to the CF/MFT about their case? Were you aware of any impact this would have on the CF and/or MFT's decision making? When answering this question, you may wish to refer to the email between Rosamund Riley and a beneficiary dated 10 December 2012 [CAXT000080_037 page 3].

101. For all cases we provided a report (assuming beneficiary consent was given) outlining our findings, the clients' financial situation, their statement of income and expenditure and any problem debts, we would then list the options open to the beneficiary to resolve the debt (or other money issue). The beneficiary would then choose whether to follow our advice or choose their own path. Similarly, our advocacy/casework support was available only to those that chose it. Many beneficiaries were satisfied to take their own action upon our list of options without further support.

102. In the case [CAXT0000080_037 page 3] we would have had no knowledge or involvement in the writing of the email to the beneficiary, so I am unable to offer any explanation. However, I am encouraged that the beneficiary has sought alternative impartial advice from her local Citizens Advice, so she was not without support when she needed it.

Negotiation of Debts

Question 28: With reference to the minutes of the National Welfare Committee on 13 Dec 2013, there are discussions regarding the ongoing debt problems that a widow was experiencing. It is noted that you were looking at negotiating down the large number of debts the widow must deal with and offering token payments [CAXT0000097_005]

a) Was negotiating down debts a widely used strategy with regards to debt counselling? How successful was it in reducing the debt?

103. A debt advisers' first and main priority is to put together a realistic and workable budget of income and expenditure covering reasonable ongoing living costs and modest payments towards any priority arrears, but not any payments to non-priority debts that the client/beneficiary agrees that they can live to.

104. Once the budget (also called a financial statement) has been compiled and agreed, the debt adviser can see the exact amount of surplus or disposable income that is then available to repay any non-priority debts. Generally, if clients/beneficiaries are presenting with a debt problem it will be due to them having insufficient income to cover minimum contractual payments on credit debts and other non-priority debts.

105. In the case of some clients/beneficiaries the surplus or disposable income available to offer non-priority debts is a negative figure which means they have more money going out on living costs than they have as income.

106. The money adviser would then work with that client/beneficiary to 'balance the budget' in order that the client/beneficiary's financial situation becomes 'stabilised' or 'balanced' and they can afford to keep all their essential living costs covered and priority bills paid without building up further debt month by month.
107. In a rare number of cases, even though the adviser has maximised income and claimed all entitlements, there may be factors in the client's financial situation that means their budget cannot be balanced. It could be that the client already has their full entitlement to benefits in place or is unwilling to make cutbacks on non-essential spending, or that they have over borrowed on secured lending and/or mortgages (which are classed as priority bills and must be paid first), or taken on rent that is unaffordable (this list is not exhaustive).
108. Even if a client's budget can be balanced, often it does not increase income sufficiently to meet contractual monthly repayments on non-priority debts. This means that the client has a 'debt problem', the adviser would then look forward to see if this reduced circumstances situation is likely to be short or long term and whether the client has property and assets that need to be protected with any advice given.
109. In England and Wales there several remedies for dealing with problem debt, some of those are classed as 'formal debt remedies' e.g., Debt Relief Orders, Personal Bankruptcies and IVA's. Then there are 'informal' debt remedies where a money or debt adviser could negotiate with the non-priority lender to accept a reduced offer of payment for a period based upon a pro rata portion of the client's surplus or disposable income. If the debtor has no surplus income a debt adviser would normally suggest £1 pm token offers is something they could consider. The debt adviser would also offer to attempt to negotiate a corresponding interest freeze to prevent the debt from escalating during this period of reduced payments. This is a common arrangement in England & Wales and non-priority creditors are familiar with it and will often give a concession on further charges if payments are made regularly and reviewed at regular intervals and in the hope that circumstances will improve in the future and the debts will eventually be repaid.

b) What were the advantages of this to the beneficiary?

110. The advantages to a client/beneficiary of this arrangement are that it gives 'breathing space' for them to consider more long-term options to clear the debts, it means all their income is made available to keep priority bills and living costs paid and so protects the home, their warmth, their health and to a certain extent their assets.
111. Although clients/beneficiaries can negotiate token offers directly with creditors themselves, a debt adviser will often understand the credit industry systems and terminology and the chances of getting a favourable agreement often increase. Clients/beneficiaries are always advised that it is their right to 'self-administration' if they prefer.

c) Were there any disadvantages to the beneficiary? In particular with respect to credit ratings or the like? What advice was the beneficiary given about these disadvantages?

112. All beneficiaries/clients are advised on both the pros and cons of this option, it is a regulatory requirement for an advice agency to do so. Disadvantages include impaired credit file and increased collections activity from non-priority creditors including an increased risk of county court procedures.
113. Clients/beneficiaries are advised regarding how this would/could be dealt with if it arose and what the risks are likely to be. Pennysmart give full support with advocacy through the county court process.
114. Often the disadvantages of token offers are outweighed by the relief in knowing they have enough money to live and that token offers are a legally recognised short-term remedy in England & Wales. Often clients/beneficiaries have little choice due to their lack of funds and credit scores are often already impaired (due to missed payments and robbing Peter to pay Paul) by the time a debtor presents for debt advice.

d) Was it necessary to disclose medical information about beneficiaries when negotiating down debt? If so, why? Was there no alternative to this? Was consent to do this sought from the beneficiary? If not, why not?

115. It was not necessary to divulge health information when negotiating token offers (i.e. easing the debt burden rather than writing it off altogether). The fact that the client/beneficiary was in reduced circumstances (evidenced by the professionally prepared financial statement) is sufficient.

116. However, sometimes when a client/beneficiaries' circumstances are so desperate a remedy used by debt advisers is to request a debt write off. It is unusual for creditors to agree to debt write-offs unless it can be proved that the debtor is terminally ill, or so incapacitated that their life is seriously impacted. For this a debt adviser would need to provide evidence of extreme ill health. But a debt adviser would not be allowed to use health evidence without the full explicit consent of the client/beneficiary and debt advisers are trained to understand that some clients/beneficiaries are not prepared to do this.

117. However, we did successfully negotiate debt write offs and something called 'short settlements' (where the CF/MFT were able to make a partial payment to the debts) in a small number of beneficiary cases. We did not need to use specific medical evidence of infected blood in all cases, often beneficiaries had other substantial medical problems that were sufficient to justify write-offs. But it is important to note that we never coerced any beneficiaries into divulging sensitive information against their wishes and not all beneficiaries were reluctant to share their medical information, many did not view it as a problem.

118. Advisers at Pennysmart have Data Protection / GDPR training and we are aware that the explicit consent of the beneficiaries would be required to pass on this information.

Recommendations to Downsize

Question 29: In what circumstances did you advise a beneficiary to sell their home to pay off debts? You may wish to refer to [CAXT0000110_110] and [CAXT0000110_115] when answering this question.

119. I have not looked up this particular case as this would require a name search and I am mindful of confidentiality obligations to clients, but I can answer the question in general terms.

120. It is extremely rare for a debt adviser to suggest downsizing as one of their debt remedies. It would only be suggested as a last resort. If a client's income was never going to be sufficient to cover the amount of secured lending that they had taken on, despite all their non-priority debts agreeing to £1 pm token payments, then it may be suggested.

121. A debt adviser can attempt to challenge the ethics of the mortgage brokers who had set up such levels of borrowing, but at the end of the day they had the security of the property. In such an instant a debt adviser may attempt to negotiate 'reduced or interest-only' payments on secured loans/mortgages, but this only serves to push the problem into the future and can attract further interest and charges. If the client was unable to consider an option such as personal bankruptcy because they still had equity in the property, or an IVA because they had no disposable income, then unfortunately equity release or downsizing may be the only route out of the situation.

122. At Pennysmart we understand that some of the debt remedy options that we suggest are not what the clients/beneficiaries want, so in the end it is our professional duty to list the options they have open to them together with pros and cons but, they must then make the final choice themselves.

Recommendation to declare personal bankruptcy

30. In what circumstances was it advised that a beneficiary could declare personal bankruptcy to alleviate their debts? What were the advantages and

disadvantages of this for the beneficiary? What advice was given to them about these? You may wish to refer to [CAXT0000097_22 pages 3 and 4]

123. At Pennysmart we use a standard approach to bankruptcy advice as would any FCA authorised agency such as Citizens Advice. Citizens Advice set out the advantages and disadvantages as follows³:

“Advantages of bankruptcy

- *When a bankruptcy order is over, a debtor can make a fresh start - in most cases this will be after a year.*
- *The pressure is taken off the debtor because they do not have to deal with their creditors. This is important where the debtor is suffering extreme mental health issues exacerbated by their debt problem.*
- *Debtors can keep certain things known as 'exempt goods', for example everyday household items, tools they need to do their jobs, a car if they need it to get to work or are a carer and it is not worth more than £2,000 (previously £1000)*
- *Debtors can keep a reasonable amount from their income to live on*
- *If debtors must make payments from their income, this can only be for 3 years - they will not have to make payments if their only income is from welfare benefits*
- *Creditors must stop most types of court action to get their money back following a bankruptcy order*
- *The debtor will not have to pay back the debts that bankruptcy covers*

Disadvantages of bankruptcy

- *To apply to go bankrupt the debtor will need to pay a £680 fee.*
- *If the debtor's income is high enough, they may be asked to make payments towards their debts for 3 years*
- *It will be more difficult to take out credit whilst the debtor is bankrupt, and their credit rating will be affected for 6 years*
- *If the debtor owns their own home, it might have to be sold - this depends on how much it is worth after any amounts secured on it are repaid*
- *If the debtor rents their home, their landlord could end their tenancy*
- *Some of the debtor's possessions might have to be sold if they are not 'exempt goods'*
- *Some jobs do not let people who have been made bankrupt carry on working e.g., financial services.*
- *If a debtor owns a business, it might be closed, and the assets sold off*
- *Going bankrupt can affect someone's immigration status*

³ <https://www.citizensadvice.org.uk/debt-and-money/debt-solutions/bankruptcy-2/bankruptcy-explained/bankruptcy-overview/>

- *A debtor's bankruptcy will be published in the insolvency register online (although if someone is worried that may cause adverse circumstances, they can go to court to get an order, so their address details are not given out)*
- *The debtor could have a bankruptcy restriction order made against them lasting up to 15 years which can restrict their financial affairs"*

Applications for financial support

Question 31: Please set out the criteria you applied when deciding how to make a recommendation on behalf of a beneficiary for regular funding from the CF/MFT? How frequently did you make these types of requests? You may wish to refer to your report to The National Welfare Committee regarding debt assistance dated 29 September 2016 [CAXT0000060_020]

124. It was very rare for beneficiaries to ask us to support regular funding from CF/MFT, it was our understanding that the funds were discretionary one-off amounts in the main.
125. As I have previously explained, it would not be usual to make a 'recommendation' to the board the Pennysmart report, rather it would list the options open to the beneficiary and the board would have decided accordingly.
126. I have not looked up this particular case as this would require a name search, and I am mindful of confidentiality obligations to clients, but I can answer this question in general terms by looking at the information that has been provided by the Inquiry. In this case there appear to be several disabled benefit entitlements that the beneficiaries and their financially dependent adult children could have claimed that they opted not to, which the board had to take into consideration when deciding on whether to award the payments or not.
127. It is our experience that other grant-making trusts have policies that state benefits must be claimed before any form of discretionary grant is considered, thus protecting their grant funds from being deployed as an alternative to the state welfare system.

Question 32: Were there criteria that you used to assess whether financial assistance from CF/MFT could be recommended to enable a beneficiary to pay off their overdraft/clear some debts? You may wish to refer to [CAXT0000099_026] as a case example.

128. As with all cases referred to Pennysmart, we arranged a Money Health Check, created a budget of income and expenditure, looked at available income, the overall debt situation, and the possibilities for maximising income, then we looked at whether there were alternative options to resolve their request for help, before completing a supporting letter/report and submitting to the board.

129. I have not looked up this particular case as this would require a name search, and I am mindful of confidentiality obligations to clients, but I can answer this question in general terms by looking at the information that has been provided by the Inquiry. In the case quoted the Pennysmart adviser did not appear to make a recommendation as to the decision of the board. We would typically set out our findings and list options open to the beneficiaries to enable to board to make a more informed decision considering all the facts.

Question 33: Please advise whether there are instances where you would advise the CF/MFT to limit or stop financial support for a beneficiary. If so, please explain why. You may wish to consult [CAXT0000059_017] when answering this question.

130. I cannot recall any instances where a Pennysmart adviser would recommend limiting or stopping financial support. There are instances in debt advice where lump sum payments can jeopardise someone's eligibility for a formal debt solution such as a DRO if lump sums are paid towards one creditor as this would be regarded as 'preference' but I do not recall this ever happening to any CF/MFT beneficiaries.

131. I have not looked up this particular case as this would require a name search, and I am mindful of confidentiality obligations to clients, but I can answer this question in general terms by looking at the information that has been provided

by the Inquiry. The case [CAXT0000059_017] payments appear to be for the purpose of covering a budget shortfall whilst the beneficiary was working with Neil Bateman to challenge their benefit decisions. It would be reasonable to expect that at some point their financial stability would be resumed. In those kinds of cases I would outline in my reports that the needs of the beneficiary in such circumstances were likely to be short rather than long term, and that payments would be reviewed regularly until the benefits issues were resolved.

Section 6: Department for Work and Pensions (DWP)

Question 34: How were beneficiaries of the CF and MFT updated about changes to the benefits system? Was this done by you? If so how?

132. I do not know how this was communicated to beneficiaries. It was out of scope for the debt counselling service. Pennysmart dealt only with case-specific benefit issues. We did not provide this service.

Question 35: What impact did the 'bedroom tax' have on beneficiaries of the CF and MFT and in particular, the bereaved?

133. Pennysmart were not commissioned to collect data regarding under occupancy changes due to the Welfare Reforms. We have no quantitative data and no specific anecdotal evidence relating to widows.

134. However, our advisers are trained in welfare benefits and we use that knowledge to ensure clients/beneficiaries claim their full entitlements, which may include 'Discretionary Housing Payments' if they are impacted by the under-occupancy rules, benefit cap or two-child limits.

135. Bedroom Tax affected only a small minority of beneficiaries as it applies only to those of working age who were also in social housing and would only be triggered in bereavement if the beneficiary was occupying a single room which then became unoccupied upon death and the bereaved were then reliant upon means-tested housing benefits.

Section 7: Other

Question 36: There is evidence in the papers the Inquiry has seen of some beneficiaries being dissatisfied with the service you provided. We set out some of the examples below:

a. With reference to an email chain dated 19 February 2014, a beneficiary is critical of your services, noting that they have no wish to be put on the Jane Bellis' treadmill and that they know people that have used her services only to be told some months down the line that they have to see her again. [CAXT0000112_133]

136. Having reviewed the document [CAXT0000112_133] I am unable to identify the beneficiary as personal details are redacted.

137. No complaint was made known to Pennysmart around this time. If we had been made aware, we would have provided a copy of our complaints procedure and asked the client if they wished to escalate to a 'formal complaint' as is our obligation under our FCA regulation. (See complaints and feedback document [Exhibit 4, WITN5256005]. Whilst this has been updated over time, its core content has remained the same).

138. However, the email states that the author of the email had never received services from Pennysmart and had only 'heard others' complain about the service.

b. With further reference to [MACF0000171_029], issues of breaches of confidentiality were discussed. It is noted that during their time as your client, JB 'called the house' and [their] daughter answered, and she explained who she was phoning on behalf of.

139. It is difficult for me to comment on this individual case without breaching client confidentiality and my concern is heightened given that the question itself is directed towards issues of confidentiality.

140. However, in general terms, we would not give out sensitive information (such as medical or financial information) over the telephone. In a case such as this we would undoubtedly apologise, and it is possible to file a formal complaint in cases where clients wish to escalate matters.

141. I can also confirm that there has been a change in procedure and we now ascertain with all advice clients at first point of access, whether it is safe and secure for us to leave messages, SMS, voicemails, emails etc., and whether there is anyone else in the house from whom they wish their details to be kept private.

c. With reference to an email from a beneficiary to Nicole Hornby dated 11 Jun 2014, it is noted that you 'had the confidence to imply that [the beneficiary] had received too much money from the TFC and that when [the beneficiary] tried to contact you by telephone to confirm information for a NWC meeting that day, he was told by email 'not to call her office again' [CAXT0000101_011].

142. No complaint was made known to Pennysmart around this time. If we had been made aware, we would have provided a copy of our complaints procedure and asked the client if they wished to escalate to a 'formal complaint' as is our obligation under our FCA regulation. (See complaints and feedback document [Exhibit 4, WITN5256005]).

143. Pennysmart could only provide services to CF/MFT beneficiaries once we received a referral from the CF/MFT Grant Officers. We were bound by a case cost cap and did not have a funding arrangement for unlimited support. Some beneficiaries would have liked 24/7 access and could be disappointed if that were not offered.

d. With reference to an email from a beneficiary to Jan Barlow dated 24 Nov 2013 regarding a recent complaint and request for assistance it is noted that the beneficiary explained to you that the best way out of her present situation was employment, and that your response was to 'admit defeat' [CAXT0000116_152]

144. Having reviewed the case CAXT0000116_152 I am unable to identify the beneficiary as personal details are redacted.

145. No complaint was made known to Pennysmart around this time. If we had been made aware, we would have provided a copy of our complaints procedure and asked the client if they wished to escalate to a 'formal complaint' as is our obligation under our FCA regulation. (See complaints and feedback document [Exhibit 4, WITN5256005]).

146. I can however comment on the contents of CAXT0000116_152 in general terms (having reviewed the document, rather than from personal knowledge of this case). From an advisers' point of view this beneficiary is clearly fiercely proud and determined to retain control of her finances, with a deep-rooted mistrust of the Alliance House Charities and all who are connected by association.

147. I do not agree with your interpretation that 'admitting defeat' represents a statement of dissatisfaction with the service. I would argue this simply means that the beneficiary viewed the relationship as adversarial but was expressing their preferred option was to seek employment at all costs and not to claim the benefit entitlements the adviser had suggested, the adviser was acknowledging the client's right to choose the option which suited them best.

148. The beneficiary also mentions on page 3 that the adviser refused to confirm details with British Gas Energy Trust on their behalf. The reason for this will have been because no signed LOA (Letter of Authority) was held, and Pennysmart advisers would be in breach of confidentiality if we were to do so.

149. The beneficiary also complains that applications to British Gas Energy Trust and EDF Energy Trust were unsuccessful, their chances of success would have been

increased had they submitted applications supported by a debt adviser and this would have been explained to them at the time, and they could have accessed this support from alternative providers such as Citizens Advice, Stepchange or National Debtline if they did not wish to deal with Pennysmart.

Question 37: As to these matters: a. Were these complaints brought to your attention at the time? If so, by whom? b. What if anything did you do in response? c. Is there anything you would like to say now in response?

150. I have addressed these questions in my answers above.

Question 38: Were you aware of any concerns or dissatisfaction about the CF and the MFT by beneficiaries? If so, what were these concerns?

151. A degree of anger and upset was always anticipated in light of the difficult experiences of the beneficiaries and, in some cases, the feeling that the level of financial support from the trusts was inadequate. We sometimes experienced beneficiaries who were angry, but we understood this anger to be associated with their anger at the CF and MFT and at us because of our association with that overall system.

152. Pennysmart were commissioned as an 'impartial and confidential service' it was not our place to pass an opinion, our advisers just wanted to be a listening ear and to try and make beneficiaries lives a little better by helping them sort their money worries where possible.

153. Most beneficiaries were genuine, grateful, and gracious in their manner and Pennysmart staff were privileged to have been given the opportunity to support them for 5 years.

Question 39: Did you observe any difficulties or shortcomings in the way which the CF and MFT operated or in its dealings with beneficiaries and applicants for assistance? If so, please provide details.

154. All Pennysmart dealings with the staff and board at CF and MFT was positive. They presented as very well intentioned good and honest people. We were aware that they were given a hard time by some of the beneficiaries who directed their anger and frustration at the CF/MFT front line workers when their anger was more likely the result of the overall system of funding or the Trusts overarching policies.

Question 40. With reference to an invoice you submitted to the CF from Pennysmart on 1 July 2013, it is noted that you charged £65 per hour for your services [CAXT0000116_194]. To what extent were your fees proportionate and/or commensurate with the charitable sector?

155. CF/MFT were fully aware of the hourly charge for Pennysmart services at outset. If the charges had been prohibitive, they were at liberty to request a review or to re-tender at any time.

156. The charge was subject to a max hour's cap for each beneficiary and we also provided *ad hoc* informal advice and training without any charge (see my answers to Section 4). The fees charged were of course not simply profits and had to pay for our premises, telephony, software, licensing, accounts, administration and other costs.

157. Pennysmart had requested on more than one occasion that it would be more business-like to have a written contract or SLA with a longer term (and thus cheaper) charging structure, outlining roles and responsibilities of each party, but this was declined by the CF/MFT board.

158. We did provide a significant financial benefit for the trusts. Pennysmart worked with CF and MFT for 5 years and during that time we helped 300 beneficiaries with debt advice with over £2 million worth of debt. From analysis taken using our case management system, our casework support secured financial gains of £905,000 made up of £140,000 benefits claimed, £20,000 in bill reductions, £250,000 grants secured, £150,000 debts managed, and £345,000 debts written off (the figures rounded to the nearest £5,000).

159. The pricing was unusual in the sense that it had to reflect the high level of risk that we took on by maintaining staffing without any guaranteed long-term work. I have previously worked with a housing association in Wales in a similar situation for £50 per hour, but unlike our work for the trusts that hourly rate also paid for travel time (of which there was a lot) and it was no-where near the same level of risk because it was a much smaller instruction. There was a time when the trust work accounted for around half of our income so the risk of suddenly losing that work (which did ultimately happen) was particularly high. A fixed annual fee would have been cheaper for the trusts during those times when case numbers were high, but that would have shifted the risk to the trust in 'guaranteeing' us work for a fixed period.

Question 41: Where there any incidents where your invoices were not paid or where funding of your services was uncertain? If so, please provide details, how this was resolved and what impact this had on beneficiaries.

160. There may have been 1 or 2 instances where an invoice was paid late, nothing untoward.

161. Funding was very uncertain as Pennysmart were only ever paid in arrears for work completed, this was a 'pay-as-you-go' arrangement and there were months when no work was invoiced at all, but advisers still had to be paid salaries.

162. This had no impact on beneficiaries

163. However, in September 2017 we were informed of the ceasing of our contract with only 30 days-notice, forcing us to have to make staff redundant, with no TUPE or offer to transfer our services to NHS Business Services/Velindre Trust.

42. Please provide any other information and or views you may have that is relevant to our Terms of Reference

164. I do not have anything to add at this stage.

Statement of Truth

I believe that the facts stated in this written statement are true.

Signed _____

Dated 3 Feb 2021

Table of exhibits:

Date	Notes / Description	Exhibit number
N/A	Free Advice Providers Fact Sheet	Exhibit 1, WITN5256002
N/A	Statement of Service	Exhibit 2, WITN5256003
N/A	Privacy Notice	Exhibit 3, WITN5256004
N/A	Feedback and Complaints	Exhibit 4, WITN5256005