

Simplicity pays

Solutions to avoid debts

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Summary

Having debts can significantly impact people's health, well-being and social relationships. It also leads to significant costs on the part of, for example, creditors, debtors, government bodies and care and social support organisations. It pays to avoid debts. For that reason the Council for Public Health and Society [Raad voor Volksgezondheid en Samenleving] (RVS) wants the prevention of debt to be placed high on the social agenda.

Steps especially need to be taken to prevent the rapid escalation of what were originally small debts. More account needs to be taken of the skills and circumstances of people for whom society is too complicated. In particular, government provisions and rules are shrouded in complexity. It is precisely the people who come into contact with these provisions and rules most that are often least equipped to deal with them.

The increased uncertainty in the field of work and income, the confusing income schemes and the extensive system of fines and additional charges make things even more complicated for these people. This complexity has to be reduced if we want to do something about debt escalation. Simplicity is the point of departure. Simplicity is often referred to as the solution, but is still implemented too little in practice. The RVS is of the opinion that government bodies, companies and social organisations have the social responsibility to make their systems, policy and practices simpler.

Based on the point of departure of simplicity the RVS is working on three types of solutions for avoiding debt. The first solution is to simplify complicated government systems and rules which - unintentionally - make the escalation of small-scale debt more likely (*technical unburdening*). Good solutions would be the abolition of the system of allowances and the faster and more effective linking of people's data. The RVS believes that research should be carried out to establish how these solutions can best be realised. In the short term the direct transfer of allowances to the respective organisations and the organisation of emergency shortcuts may offer some relief. The second solution focuses on supporting people with their day-to-day finances (*social unburdening*). People must be able to get help easier and faster in the event of financial problems. This can, for example, be achieved by getting rid of the taboo on financial problems, or by creating low threshold services that people can contact with financial questions. Thirdly, the (potential) creditors need to take more responsibility.

Government bodies, companies and social organisations must make it easier for people to avoid debt. A duty of care comprising, among other things, agreements about early identification and accessible communication would be a step in the right direction. The possibility of a national debt collection agency could also be investigated.

The RVS calls on governments, companies and social organisations to implement the solutions in practice.