

Press release: Budget/Inflation

## Inflation is pushing more into poverty and more to insolvency, says debt charity

THE rise in the price of food, clothing and fuel will result in the very poorest unable to pay off their debts, charity Christians Against Poverty is warning.

While households know in practice that the cost of living has increased, figures out today – ahead of the budget – have confirmed inflation rose to 4.4 per cent in February.

Now the growing debt counselling charity, which has 150 centres throughout the UK, is warning that not only will it push households onto the breadline but that more will become insolvent.

New figures show that 59 per cent of clients receiving CAP's free debt counselling help are below the poverty line as defined by the Institute of Fiscal Studies.

The charity's CEO Matt Barlow said: "If the cost of everyday living goes up, it hits the poorest the hardest. Relative to their income, these small changes make a big impact.

"The vast majority of people with spiralling debts want to pay them off and given the right support that's just what they do. Every day we celebrate people becoming debt free, often after a significant personal battle.

"They find a great deal of dignity in tackling the problem themselves. Most would rather avoid the insolvency route, although there are cases where it is the best option."

He added: "Our concerns will grow if we see a rise in the interest rate to balance inflation as we're sure there are many home owners who just have no buffer to cope with the added pressure of a mortgage rise."

Typical annual income of a CAP client is just £12,067, far below the average UK earnings of around £26,000.

The Consumer Price Index (CPI) rate of inflation rose to 4.4 per cent from 4 per cent in February driven up by increases in the price of fuel, food and clothing according to the Office for National Statistics.

The Retail Prices Index (RPI), which includes house prices and is thought to be a more accurate reflection, rose to 5.5% from 5.1% in January, its highest level for 20 years.

- Anyone with spiralling debts is urged to contact CAP for help without delay on 0800 328 0006 or find out more by visiting [www.capuk.org](http://www.capuk.org)

Ends

## **About Christians Against Poverty**

Christians Against Poverty is a home-grown debt counselling charity which is determined to reduce poverty in the UK caused by debt. It partners its financial expertise with the care of the local church to offer free debt help and a solution to people through 150 centres.

The service is available to everyone regardless of gender, age, background or beliefs and is unique in its holistic care and home visits.

The fast-growing charity intends to have a debt-counselling CAP centre in 500 towns and cities across the UK by 2015. For more about CAP see [www.capuk.org](http://www.capuk.org)

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