

## Conversations about financial exclusion from Leysdown, Kent

### A spotlight on how financial exclusion impacts on our lives

Local Trust has published extracts of interviews with residents to support the Community Investment Coalition's Community Banking Charter. The adoption of the charter by politicians and regulators will enable better access to fair finance. Many of those we support identify financial exclusion as an issue.

We interviewed nine people from Leysdown in the Eastern Sheppey Big Local area. The area has a seasonal transient population living in local caravan parks, which triples the permanent population. There is a standalone post office, which is a lifeline for the people in the area, as there are no other banks within a 30 minute drive. Public statistics show that Leysdown is in the top 5% most deprived areas of the country and 44% of the population have no formal qualifications. The population has a high number of pensioners and almost 9% of the population are economically inactive due to long term sickness or disability.

Local Trust believes that every adult, household and business should have access to a basic package of fair and affordable finance tools, including:

- a basic transactional bank account
- physical access to branch banking facilities
- access to affordable credit
- a savings scheme
- insurance
- independent money management advice.



### What is Big Local?

Big Local is an opportunity for residents in 150 areas around England to use at least £1m to make a massive and lasting difference to their communities.

Big Local is being run by Local Trust, working with the Big Lottery Fund and a range of partners providing expert advice and support for residents.

'1.4 million people in the UK do not have a bank account.'

'DWP Credit Union Expansion Project', Project Steering Committee, Feasibility Study Report, May 2012

## A basic transactional bank account

The postmaster in Leysdown, estimates that 10% of residents in the area have no bank account. Most people pay their bills through direct debit or online but there are people who use the post office to pay bills.

'There are probably loads of people who would want to take money out and to use the bank if there was one here but then comes the winter when the [camp] sites shut, the place becomes very quiet and then it's just us. The people that live here are a lot of retired people and they are the people that don't need to stand in the rain and the snow and the sleet waiting to get to Sittingbourne or Sheerness to get to a bank.'

### Mother from Leysdown



'Nearly half of British high street bank branches have closed since 1990.'

**The Daily Telegraph, May 2014**

## Physical access to banking facilities

The nearest bank branches for the people we spoke to were in Sheerness or Sittingbourne, at least a half hour drive by car or a much longer journey by limited local public transport. Many people are not able to drive and 18.3% of the local population have no vehicle.

There are many cash machines available in Leysdown, particularly in the arcades and shops, but most of them charge £1.85 per use. There are no 'free' cash machines. Residents need to have a bank that is linked with the post office to access cash without charge.

Most people in Leysdown are not being charged for their accounts, except for business accounts, which typically cost £30 per month. Nevertheless, there is a feeling that banks are not offering their customers value for money, and also that it is difficult to build a relationship with a bank.

'If I had a single point of contact for the bank, if I had a phone number of a branch manager that I could phone ... it's a different person every time because they have removed the branch management structure and bunged it all in Manchester.'

### Leysdown business owner

'Years ago you used to be able to trust your bank and you would go in and see people that you knew... And now there is nothing like that, wherever you go there are different people, so people find it very hard to trust a bank. And people find hidden charges. If they are not computer literate at all, they have to wait for another month for their statement and by that time they realise they have had another charge for something or there is a mistake.'

### Married retiree living in Leysdown

Some of the people we spoke to are reliant on friends, family or public transport to get to the bank branch. Some regularly drive others to the bank and one person we spoke to is not always able to afford the petrol to get to the bank.

'There is no one there who knows you. If you get in financial difficulty at the moment you are lost. They don't know us, we don't know them because we never get to the bank to actually see anyone to start a relationship.'

### Mother from Leysdown

There is a sense of bank loyalty for some, others are resistant to change and still others are quite angry with the banks. There was a sense of outrage with a particular bank because residents are not able to withdraw cash free at the post office in Leysdown.

The post office is clearly a financial lifeline for residents, but it does not open on evenings, Wednesday or Saturday afternoons or on Sundays.

'I can't afford to drive to Sittingbourne to have to go and speak to them or to have to go and change the bank even, it is just a hassle.'

### Mid 20s woman living in Leysdown

## Access to affordable credit and lending

Most of the people we spoke to do not currently have a credit card but the two small business owners we interviewed use credit cards. They were not sure about the interest rate they are paying on the cards. Others have clearly been caught out previously by fees, charges and high interest rates.

‘You learn that getting hold of money is very, very easy but paying it back is almost impossible if you go beyond your means and there is no clear indication that you have gone beyond your means. It is so easy to put yourself in that position.’

### Leysdown business owner

‘Years ago I applied for loans and got turned down shortly after I got divorced. Then I applied for a credit card, which was the worst thing I could have done. I got one, got accepted for it but the percentage, the payback rate was like astronomical and I am still paying it off now seven years later.’

### Single mum who works part time and lives with her parents

At least half of the people we spoke to have no arranged overdraft facility and could be trapped by charges. One person explained how the bank charged him twice for one mistake.

‘...I didn’t manage to get money in...there were a couple of direct debits that went out. One was £150 and one was £50 and it sent me overdrawn by £80. The way they put them through, they put the bigger one through first and then the smaller one afterwards and they charged me £25 an item for paying them and charged me for two.’

### Married man in his 70s, runs a local car hire business

Most of the people we spoke to did not have a mortgage. It was mentioned that small business owners face a particular problem getting approved for a mortgage if they are sole traders.

Residents have seen evidence of doorstep and payday lenders locally and think that there is a need for access to short term affordable lending. The local postmaster has been very supportive of getting credit union services in place locally either through a new credit union or in partnership with the Kent Savers Credit Union.

‘People here borrow within the community, among friends and family. That works well until someone stops paying someone back and then friendships fall apart and animosity develops.’

### Leysdown postmaster

There is a feeling that younger people rely more on parents or other family members to provide loans and cash. People use informal networks such as lending within families, friends, joint saving schemes and pre-payments of trips. This is especially prevalent among young people and older people. Members of a club for older people rely on the club to help them save money as well as pay for trips in instalments.

‘We take them on holiday once a year. There is nowhere for them to save for this so they save up with us through the club...but then they asked was there somewhere that they could save their money. So my husband then opened a separate account and he takes £20 or £30 off them, he is a little banker if you like. They trust him.’

### Married retiree living in Leysdown

## A savings scheme

In Leysdown, half of the people we spoke to had no savings at all. Of those that did have savings this was either due to having sold their home (and living on the savings) or a lifetime of working full time with a savings plan in place. Of those we spoke to, people who were more isolated or vulnerable were less likely to have any financial safety net such as savings, credit cards or an overdraft yet they were also the people who were most likely to need it.

‘There is not really any member of the family I can ask [for help], my mum and dad haven’t got any money, my nan and granddad are no longer with us, there is just nobody around if I needed it. You try and do what you can and you just get kicked in the teeth each time.’

### Single mum who works part time and lives with her parents

‘I have nothing in savings. We lost the house when he [her husband] had a massive heart attack, followed three years later by a stroke. I had to give up my job and we had to rely on social security and of course that wasn’t a lot. When he died in 2003, I had to cope...I get housing benefit and council tax relief now but it is still a struggle.’

### Widowed pensioner living in Leysdown

## Insurance

Other than vehicle insurance or insurance that was legally required, most of the people we spoke to had very little insurance coverage. Both life and contents insurance, for example, were seen as expensive and a luxury that they could not afford. Additionally, there was very little information about how to find out about insurance or to compare plans or costs.

50% of the poorest households in Britain are uninsured, whereas only 20% on average incomes are uninsured.

**'Monitoring poverty and social exclusion 2005'**  
**Joseph Rowntree Foundation, 2006**

## Independent money management advice

Some of the people we spoke to did not feel confident about their ability to manage their finances. A single mum we spoke to, has never felt 'clever' with figures and two widowers only learned about managing their finances after their husbands died.

'I learned about it 14 years ago, he [her husband] did all the financial stuff like the rent, telephone, television license. I went to work but I didn't do anything, the money went into the bank and my husband was responsible for paying everything out.'

**Widowed pensioner living in Leysdown**

'The education system doesn't really equip people to leave school with finance [knowledge]. You then discover, oh I'm overdrawn, you go through a cycle. Many years ago we went through the whole cycle to the extent that in 1992 I got repossessed.'

**Leysdown business owner**

Many Big Local areas are exploring how they can support residents to strengthen financial capability, but it is clear they need support of the sort prescribed in the Community Banking Charter.

'One of the things I wanted to encourage when we were looking at this credit union idea was to spend more time trying to educate people about how to handle their own finances, and how to budget correctly and reconcile cheque books and things like that. One of the things we were hoping to do at the time was to go into schools and start small savings clubs. There should be some form of community education. It should start at the school and build from there.'

**Leysdown postmaster**

## Conclusion

**These interviews demonstrate the fact that financial exclusion remains an issue for people.**

**People face daily difficulties due to lack of access to a basic transactional bank account; physical access to branch banking facilities; access to affordable credit; a savings scheme; insurance; and, independent money management advice.**

**Local Trust supports the Community Banking Charter.**

