

Open space

Over indebtedness: the role of social services

This group discussed differences in law in their countries (Czech Republic, Hungary, Finland, Malta, Germany, Ireland). In Malta and Austria, for instance, a person in debt is left a minimum income, and anything above that goes towards reimbursement. Austria, France, Malta and Ireland offer a system of non-judicial settlements. Participants agreed on the need for integrated services, so that clients aren't bounced back and forth between social workers and debt advisors.

Colette Bennett works for the effective Money Advice and Budgeting service in Dublin

"It's often difficult to persuade people to use our services. There is a stigma attached to over indebtedness and people are reluctant to admit to it, particularly in rural areas. It's about where we see our sense of self-worth."

Bennett says Ireland lags behind the other countries as far as property and mortgages are concerned, although the government is soon to introduce a law reform over personal debt and bankruptcy.

Her service – founded in 1992 to help people on low income cope with debt and take control of their finances - takes a "holistic approach", and looks at psycho-social as well as economic issues. "Our target audience has grown now includes middle-income people dealing with redundancies."

David Smejkal, Czech, founded Poradna, an organisation that deals with debt counselling. The number of people who rely on their services has doubled since 2008 when the organisation was founded.

Smejkal stresses the importance of financial education. "There should be a consultative body for people on very low earnings on how to

manage their money and debts.” Malta has a state-funded agency that offers advice on how to cope with family budgets; they also give out information on social benefits.