

RadcliffesLeBasseur

Mental Health Law Briefing 152

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Mental Health & Debt

The recent recession has seen increasing personal debt problems and it has recently been reported that as many as one in two people with debt problems may also have a mental health condition. [1]

In this context it may be useful for practitioners to know that a new Lending Code came into force on 1 November 2009 to cover the relationship between lenders and borrowers. This replaces the credit and debit elements contained within the old Banking Code. The old Code had some guidance on how lenders should approach mental health issues and further work has now been done on that guidance.

The new Lending Code provides more extensive guidance and includes a debt and mental health evidence form. This is a form that may be used when people are unable to manage their own affairs because of their mental illness and is a structure for sharing information from health and social care professionals with lenders and creditors, albeit taking account of confidentiality. [2]

The guidance in the Code mainly covers guidance on what should be done by lenders when they realise that a borrower has or may be suffering from a mental health related issue. The Code suggests that the lenders approach such cases sensitively and in particular that the issues are referred to the lender's "sensitive case department".

This should mean that the case will be dealt with by staff at the lender who are familiar with healthcare issues and will often include, for example, a request that the borrower provides information about their condition within a stated period.

Mental health professionals are likely to see increasing issues with debt in the current economic climate. Hopefully initiatives of this sort will increase the prospect of such problems being dealt with appropriately.

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[1] Royal College of Psychiatrists and Rethink.

[2] The Royal College of Psychiatrists is also notifying members of the existence of this form.

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